

ILO: Portugal's post-crisis policies boosted growth and employment

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LISBON (ILO News) – A mix of sound economic and social policies and constructive social dialogue between the government, workers' and employers' organizations have helped Portugal recover from the 2008 economic and financial crisis and have driven economic and employment growth, says a new ILO report.

The study, entitled *Decent work in Portugal 2008-18: From crisis to recovery*, finds that Portugal way out of the crisis lied on a mix of economic and social policies which helped improve the business environment, public sector efficiency, education and training, and integration in global production chains. These factors – some of which pre-dated the crisis – paved the ground for the country's current trajectory towards solid recovery.

According to the report, the Portuguese experience does not support the conventional notion that economic recovery can be accelerated and international competitiveness rapidly regained simply by means of reducing labour costs and making the labour market more flexible.

Reaching 4.8 million by the end of 2017, employment in Portugal has partially recovered from the more than 600,000 jobs lost following the 2008 economic and financial crisis.

With an estimated 351,800 jobseekers (6.7 per cent) in the second quarter 2018, unemployment has reached pre-crisis levels. In 2013, unemployment had peaked at 927,700 compared to only 455,200 job seekers in 2008.

ILO Director-General Guy Ryder commended the study as a solid basis to inform Portugal's future policy decisions which could "also become a point of reference for other countries". He cited Portugal "as an important example of overcoming austerity policies, while continuing to pursue a realistic commitment to needed fiscal consolidation."

Social dialogue between the country's government and social partners before, during and after the crisis, though not always resulting in consensus, was key to the country's achievements over the last decade, the report states. However, "where decisions were made unilaterally, or against the interests of unions and/or employers, conflict and pushback resulted."

Nevertheless, in spite of economic and employment recovery, concerns remain about the quality of jobs and the need to further strengthen the production base to enhance resilience to external shocks, underscoring that these two objectives are not incompatible.

In addition, labour market segmentation "has led to a high rate of involuntary temporary contracts, raising both equity and efficiency concerns. There is a need for policies to address this issue, particularly the low number of workers moving from temporary to permanent employment and unequal working conditions across contract types," the report says.

In this context, the report authors welcome the commitment of the Portuguese government to further tackle labour market segmentation as a step in the right direction. The will of the government and the social partners to work together on this issue was reflected in a tripartite agreement in June of this year.

The study also highlights recent changes in the country's collective bargaining system, noting that the goal of the agreement and subsequent legislation "to decentralize collective bargaining from the sectoral to the enterprise level was not achieved." It also says that the extension of collective agreements was key to promoting collective bargaining, reducing inequality and fostering inclusiveness. The study therefore recommends maintaining this system of extensions.

While wages picked up before the 2008 crisis, they sharply fell during 2010 – 2013 and levelled off just slightly above pre-crisis levels. The report notes, however, that the wages of low-paid workers increased due to Portugal's minimum wage policy, which was pursued in recent years. This contributed to a decline in wage inequality.

Following consultations with Portugal's Ministry of Labour, Solidarity and Security, these findings update a 2013 ILO report, [*Tackling the Jobs Crisis in Portugal*](#) .

This new report be presented on October 16th, at Palácio Foz in Lisbon.

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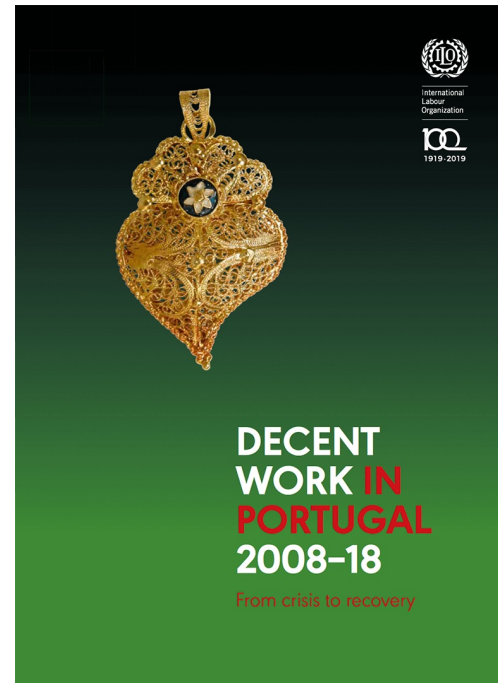
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