



EMPLOYERS' CONSULTATIVE ASSOCIATION OF TRINIDAD & TOBAGO

#17 Samaroo Road, Aranguez Roundabout North, Aranguez

Tel: (868) 675-9388 Exts. 226/242 Fax: (868) 675-4866 Website: www.ecatt.org Email: ecatt@tstt.net.tt

COMMENTARY ON THE RECENTLY CONCLUDED WAGE NEGOTIATIONS

The Employers' Consultative Association of Trinidad and Tobago (ECA) wishes to congratulate the relevant parties on the recently settled negotiations in the Public Service and the Public Transport Service Corporation (PTSC). These negotiations were both settled at fourteen percent (14%) maintaining parity with the negotiated settlement for Teachers late last year. We continue, also, to monitor the on-going battle between the State and the "security forces" Prisons, Fire Services and Police who have placed parity with other security forces, mainly the Airports Authority, as the main issue in contention.

The ECA maintains that the event of Monday March 23, 2015 where the members of the Police Service became engaged in what was described by them as, "normal police action" to be not only unprecedented, but moreover an action which must be strongly condemned. The resulting widespread disruption and marked decrease in business activity and productivity are proof that this "strategic" decision was not in the best interest of the wider public in general and by extension, the nation. Despite the reasons given however, any objective observer will agree that Monday's exercise was nothing short of the Police Service sending an instructive message.

The ECA holds the view that occurrences such as this can be avoided if employers and employee representatives work assiduously and proactively to ensure that employees enjoy wage increases when they are due. While the ECA does not advocate that employees should be made to live on wages applicable to past periods; this is most certainly not the preferred approach. In light of this anomaly, employers are now faced for example with the dilemma of treating with widespread late-coming as well as absenteeism, which should be carefully and sensibly handled. In general, the policy and practice at individual workplaces ought to guide how this particular absenteeism is treated. Employers should be careful however, not to take any punitive action against an



employee for an absence of this unforeseen nature. Accordingly, we hope that a more judicious approach is considered for future exercises.

Collectively, the work disturbances and associated lost time that preceded the recent settlements, especially since they are similar, is of great concern to us. It is clear that our Public Sector and State Enterprises acting on instructions from the Inter-Ministerial Committee, based on guidelines by the CPO is unable to manage the challenges created by the existing negotiation process. The bigger question is whether the way we conduct negotiations in the State Sectors and State Enterprises is still relevant, since parity seems to be the major concern. This issue of parity is exacerbated by the creation of Organizations like NATUC, FITUN and more recently JTUM. It is clear that the Unions/Associations that form their membership are aware of wages, and terms and conditions in the other companies within the body and are making attempts to level the playing field. This is a reversal of the approach to negotiations in the mid 1900's when the oil producers came together to conduct negotiations for prices in that sector.

It is also no secret that the other sectors, principally Manufacturing and Agriculture, have to attract persons from the State Sector as major employers and are therefore forced to set competitive salary scales to create movement of this labour force, if they are to survive.

In the final analysis this has created a very inefficient system of National wage setting.

Many of our economic scholars have written on the "Dutch Disease" for several years since its occurrence in 1977. They, however, have had very little influence on the negotiation process. The Government's attempt at entering into a Compact in 2000 also was not successful. We are hopeful that the signing of the Social Dialogue Agreement between the tripartite partners would create a platform for these discussions in the future.



IMPACT OF INCREASING WAGES ON BUSINESS AND THE ECONOMY

Trinidad is in a precarious situation that can easily worsen with wage increases. The Energy Sector as major earners of foreign income are faced with decreasing oil, gas and product prices. Our non-oil sector on the other hand is uncompetitive with competing imports. Furthermore, our exporters are already faced with an increasingly troubled external environment. This has to be balanced with the reality that the Food Price Index is driving the Retail Price Index and ultimately inflation; creating for many a valid argument for higher wages. This, in our view, cannot be resolved without tripartite discussions and agreements between the three social partners.

An increase in wages without consideration of all economic factors including import/export, productivity and State Sector Reform will, therefore, as Ronald Ramkissoon (then Senior Economist at Republic Bank) warned in 2004, lead to “...strong and sustained price pressures which will make our products (goods and services) sold here more uncompetitive and further reduce our exports, since it will be much more difficult to compete in external markets. These effects weaken our companies. This can in turn slow economic growth especially in our non-oil sector. Secondly, strong and sustained price increases normally mean higher overall inflation which reduces real income or the purchasing power of money. Inflation affects different segments of the society differently. It is well known that those whose incomes are fixed and therefore cannot pass on higher costs, such as pensioners, suffer a loss in purchasing power. Consequently, rising prices affect individuals differently and redistribute income in a way that might not be intended. Thirdly, once set in train history has shown that it is difficult and costly to reverse a trend of upwardly spiralling price increases. The coast of reversal of an inflationary spiral can be a depression, as several countries including the USA has experienced in the recent past. Fourthly, high inflation is associated with higher interest rates. Higher interest rates slow economic growth. This is not what Trinidad and Tobago needs at this time.”

Linda Besson
Executive Director



About the Employers Consultative Association (ECA)

The ECA is a not-for-profit organisation that provides quality representation as the leading national voice in public and legislative debates on Industrial Relations-related issues affecting the Employer community.

For further information, kindly contact:

Antonette Brotherson-Brusco

Team Leader Public Relations and Communications

Telephone: 675-9388 Ext 226

E-mail: abrothersonbrusco@ecatt.org