

His Excellency the Honourable Timothy Hamel-Smith, Acting President of the Republic of Trinidad and Tobago.

Honourable Senator Larry Howai, Minister of Finance.

Mr. Andrew Sabga, President of the Trinidad and Tobago Chamber of Industry and Commerce.

Other members of the Head Table.

Distinguished business leaders of Trinidad and Tobago.

Other members of the Chamber of Commerce.

Members of the news media and the listening public.

Good morning,

Allow me on behalf of the National Trade Union Centre of Trinidad and Tobago (NATUC) and the Seamen and Waterfront Workers Trade Union (SWWTU) to express my profound appreciation for the Chamber's kind invitation to be part of the annual post-budget panel discussion.

From the outset, let me assure all present that NATUC takes its responsibilities as a social partner seriously and accepts its responsibility to contribute meaningfully to the development of our country. NATUC also notes with satisfaction the recently convened "Tripartite Plus" workshop under the theme, "Towards People-Centered Development.. Social Dialogue as a Key Driver" and welcomes it as an indication of Government's intention, Honourable Minister of Finance, which are in keeping with previous recommendations of NATUC. We believe that the opportunity exists for a more integrated approach to consultations and economic and social issues facing

the country. Honourable Minister, NATUC therefore looks forward to the early allocation of resources to institutionalize this process and restates our recommendation for the establishment of a national economic and social development committee as a standing multipartite consultative mechanism to look at issues such as economic and social development, income and wages, prices and other matters affecting the development of the country.

NATUC also wants to publicly express our thanks to the Honourable Prime Minister and her team that met with a delegation of NATUC approximately three days before Independence Day to discuss the resolution of all outstanding negotiations, given the concerns in NATUC over the long delay in concluding those outstanding negotiations and the implications that the continued failure to resolve the negotiations can have for harmonious industrial relations in Trinidad and Tobago. I am happy to state to this audience that after our meeting with the Honourable Minister of Finance and his team which included the Honourable Minister of Labour Errol McLeod, the Honourable Minister of Housing Roodal Moonilal and the Honourable Minister in the Ministry of Finance Rudranath Indarsingh over a three-week period, we were able to successfully conclude all outstanding negotiations that I was mandated as President of NATUC to resolve. I further wish to state that we are in some instances a year or more into the second three-year review collective bargaining period and it is my hope that these negotiations will be settled without much delay.

The topic that I have been asked to address this morning is “The Implications for a Productive Labour Force”. In this regard, I wish to state that the national budget is such an important issue and so is productivity. I note with disappointment, however, that it seems the issue of productivity continues to be framed as mainly a labour consideration. I believe that we will never address national productivity in any effective manner unless we have a fundamental shift in the way we conceptualise productivity. We have to move away from the perspective that national productivity is total output divided by cost of labour. That simplistic

formula seriously reduces our ability as a country to address the important issue of raising productivity.

It is interesting to see the way we have bought into the competitiveness brand which the Noble Laureate, Paul Krugman, calls a “dangerous obsession”. The same Krugman believes the more meaningful focus for countries must be on the need for productivity improvements, which go fundamentally to the way a country’s economic system operates. Krugman has said, “...*the economic performance of any country, the competitiveness of its business and **the standard of living of its people depend primarily on productivity over time; and the higher will be the standard of living of the people it employs... productivity isn’t everything, but it is almost everything.***”

I am always pleased to share the perspective of labour on issues of national importance and I am grateful to the Chamber for its invitation this morning. Before I address the implications of the national budget on national productivity, I hope you would permit me to spare a minute or two on labour’s perspective on productivity. Recently, I was invited to share thoughts about the latest World Competitiveness Rankings and there was the general lament about Trinidad and Tobago’s drop in those rankings.

In other words, productivity is not about blaming and fault-finding but it is more about how a country’s economic governance is organised. It is less about an initiative here and an initiative there and more about creating a national culture in which productivity is mainstreamed. I will therefore want to suggest that there has to be some kind of national framework within which the productivity culture is developed and it has to be part of a long-term economic development strategy. Unfortunately, in my humble opinion the budget presentation did not address this issue in any tangible way. Therefore, “What are the implications for labour productivity?” is the wrong question to ask. In my humble view, the correct question

has to be, “What are the implications in the budget for national productivity and the development of a national productivity culture?”

In this connection, we need to first look at the economic institutions in our country, both government institutions and private sector institutions to make a determination as to whether they are in fact conducive to high levels of productivity. With regard to government institutions, we first need to ask whether they are structured and staffed in such a manner that they are relevant to the requirements of a modern economy. Do they function on the basis of transparency and are they designed to encourage merit and performance? Or are they designed to allow discretion and satisficing, where just the minimum is enough? In my opinion, I have not seen the articulation of a long-term vision to improve the functioning of government institutions and certainly there was nothing in the budget for the next year that shows we are moving to an institutional framework that will encourage a productivity culture.

We should also note that private sector institutions are not in much better shape. If we were to take out the extractive sectors of oil and gas from our economy, it is clear that the rest of the economy is made up of buying, marking-up and selling. There is still little true added value. In an economy where commerce rather than added value is the norm, there is not much incentive or room for the dynamism and potential of high productivity and a productivity culture. In fact, in such an environment the base calculation of how to keep the cost of labour down creates a race to the bottom and is actually counter-productive. With the greatest of respect to my friends in the business community, how can we seriously talk about productivity when the culture is to go to China and buy something for three dollars and sell it for fifteen hundred dollars in Trinidad? Surely, given the competitiveness of the global economy and given the fact that Trinidad and Tobago is part of this global economy, the question of productivity, efficiency and competitiveness becomes paramount if we have to survive as a country and as a people. Therefore, the conversation of productivity, efficiency and competitiveness involving labour,

Government and the business community is a must. If we fail to meaningfully engage each other and other social actors in this debate, and to build consensus on the basis of mutual respect and mutual gains, Trinidad and Tobago will ultimately suffer. In other words, the solution to the contracted economic problems in Trinidad and Tobago cannot be solved by any single or separate unit but it must be done collectively where social dialogue becomes the platform for the necessary changes in Trinidad and Tobago.

Let us now look at policies. Given where we are in our development, to impact on total productivity improvement in the country we have to address deficits in the following areas:

- Our education and training policies – Is there evidence that we are training the right number of persons for the jobs of the future or are we continuing to train for training's sake, taking a supply-side approach; leading to a situation where key skills are not available.
- Our technology policies – Do we have a national innovation, research and development policy which encourages and rewards our people, especially our young people regarding innovation, adopting and adapting technology? In our institutions and companies are there formal or even informal policies that encourage innovation or do we still operate within the narrow confines of rigid formality?
- Our transportation policy – Do we have a comprehensive national transportation system that works so that workers do not spend three or four hours or even more a day travelling to and from work? The result is physical and emotional exhaustion; poor work-life balance; lost enthusiasm and a host of other consequences. I do not think I have seen anything in the budget that addresses this matter.
- Our citizen security policy – The average law-abiding citizen only wants to raise a family in peace and security; enjoy recreation and know that his or her family and belongings are safe. Improving citizen security will

undoubtedly have an impact on creating a strong productivity culture. We note that some four billion dollars has been allocated to national security. We are not sure that this is in the context of an overall plan that deals as much with the root causes of crime as it does with the manifestations; or that the allocation given to the Ministry of National Security is buttressed by programmes located in other Ministries and departments which will address the root of the crime situation and allow the current generation of workers to go about their business secure and able to develop themselves. In other words, what is the policy framework in both the Government and the private sector to create an environment in which the creativity of the society is released?

I come now to people. There are three areas that I want to touch on with regards to people and examine whether the budget addresses them.

- First is managerial capability - A well-run enterprise or government department is the best foundation for productivity. A worker in an environment marked by high trust, openness and candor, mutual respect and joint winning invariably will be inclined to higher levels of productivity than one who is in a working environment marked by the stress of low trust and low respect, poor communication etc. I am not sure that the multiplicity of M.B.A's is leading to any significant improvement in the basic managerial competencies that are needed in the modern workplace. I wonder if it is not time for us to consider in a comprehensive manner what is the operating culture that is needed within the workplace and to put in place strategies and incentives to encourage such developments.
- The second people issue that needs urgent attention is workers' skills and competencies and I speak of a demand-driven approach to skill development. E.g. the Irish Government has established an "Expert Group on Future Skills

Needs". This expert group is made up of representatives from the private sector, the government, the labour movement and academia. The Expert Group scans the environment and projects the skill needs of the Irish economy. As a consequence, even in times of economic crisis the labour market is fairly well-balanced.

- The third matter is harvesting human capital through labour-management collaboration which is an important means of creating an environment more conducive to a high performing productivity culture. Earlier this year, the Government committed itself to participating in and promoting a process of social dialogue. No mention was made in the Minister of Finance's budget statement about this process. I recognise that not everything can be mentioned in the main budget statement. I can only hope that the Minister of Labour will clearly articulate the Government's position on the formal social dialogue process as well as on steps that will be taken to improve the environment for collaboration and joint winning in the society.

In conclusion, I want to emphasize the following:

- First, the labour movement agrees that increases in productivity are in every citizen and resident's interest. Improving productivity will lead to better quality of life for all who live in Trinidad and Tobago.
- Second, the labour movement believes that productivity improvement needs to be addressed in a holistic manner and not piecemeal. The creation of a productivity culture will require strong leadership, with appropriate risk-taking on behalf of the Government, the private sector and the labour movement.
- Third, there is a shared responsibility for productivity improvement in the country and those social partners which control the lion's share of resources have a greater responsibility to create the environment in which productivity is a natural way of life.

- Fourth, our institutions and policies and our patterns of leadership have long been reinforcing a culture that does not encourage high levels of productivity. The transformation which is required will go beyond any one budget and any one year. The means for that transformation requires the recognition of shared responsibility and the willingness to work together openly.

To return to my rephrasing of the question put to me, I do not find much in the way of the budget that leads to the transformation to a productivity culture, but that is not necessarily the fault of the Minister, it may simply mean that the nature of productivity improvement continues to be misunderstood and the need for a productivity culture has not been mainstreamed.

I thank you.

Speaker: Michael Annisette- President of the National Trade Union Centre, President-General of the Seamen and Waterfront Workers Trade Union

Date: October 2nd 2012