

**ADDRESS BY THE MINISTER OF FINANCE AND THE ECONOMY
SENATOR THE HONOURABLE LARRY HOWAI**

At the

Workshop on Social Dialogue Process for Trinidad and Tobago, June 26th 2012

Theme: Towards People-Centered Development : Social Dialogue as the Key Driver

Thank you Carl. The Honourable Kamla Persad-Bissessar, Prime Minister of the Republic of Trinidad and Tobago;

Honourable Errol Mc Leod, Minister of Labour and Small and Micro Enterprise Development and my other Ministerial colleagues;

Other distinguished members of the Head Table, I would like to recognize Dr. Moonilal an expert in social dialogue and Minister Sharma a practitioner of Social Dialogue.

Good Morning.

You know it is said that God works in mysterious ways. Yesterday evening I was told that I needed to address this workshop. Initially I delegated it to one of the Permanent Secretaries but when I saw what the workshop was about I immediately decided that there was no better forum to deliver my maiden speech. I understand that as the Minister of Finance and the Economy, I am going nowhere without a meaningful dialogue with persons like Ms. Catherine Kumar, Michael Annisette, Mr. Remy and others in our economy.

Even as we speak, countries in the European Union are seeking to find solutions to the Eurozone Debt Crisis, which is threatening to destabilize the Union itself. Here, at home, the economic environment is not without its challenges although we have done reasonable well.

Truth be told, the Trinidad and Tobago economy contracted by 2.6 % in the fourth quarter of 2011, a similar rate of decline as in the previous quarter. Real GDP declined by 3.3% in 2009, was stable in 2010 and declined by 1.4 % in 2011. Crude oil production for the first 3 months of 2012 was 13.8% lower than for the corresponding period in 2011, while natural gas production for the first quarter of 2012 remained unchanged from the corresponding period in 2011. Revenue projections are challenged. There is the projected depletion of oil and natural gas reserves and there has been limited exploration and investment activity in recent years. We are facing major challenges as we seek to keep an increasing debt to GDP ratio under control while stimulating economic demand. A key strategic decision facing the country, therefore, is determining the appropriate strategy for consuming, saving and investing the energy wealth.

In the context of the economic challenges, which exist at the national level, this Workshop on Social Dialogue Process for Trinidad and Tobago is a most welcome

initiative. There is a large body of literature, which points to the positive effects of participation and good labour relations on organization performance, efficiency and productivity. There is also evidence that shows a positive link between social dialogue and economic success of countries. An analysis done on labour market policies in Austria, Denmark, Ireland and the Netherlands concluded that the economic and labour market crisis in those countries was overcome through three policy approaches: **social dialogue, macroeconomic policy and labour market policy**. As Minister of Finance and the Economy, I welcome any initiative, which promises to improve the economic outlook for Trinidad and Tobago.

While bipartism and tripartism are seen as the cornerstone of social dialogue, social dialogue extends beyond both of those concepts to include a broader context in which large-scale social and economic issues are discussed by the social partners and government as well as by non-traditional actors, such as the NGOs. In this context, national level social dialogue foresees the scope of discussion as extending far beyond employment and the labour market.

I firmly believe that we cannot move forward in Trinidad and Tobago without establishing a social dialogue process. Social dialogue contributes to national development by promoting labour peace and social stability and consequently

economic and social development. It reduces industrial conflict through the use of peaceful and orderly procedures which can resolve potentially damaging disputes. It can also help to promote an acceptable balance between competing sectoral interests and national development goals.

A number of success stories exist which point to the beneficial effects of adopting a social dialogue process. One closest to home, in our own Caribbean Community, is Barbados. In Barbados, negotiations between Government and the social partners has led to the signing of historic protocol agreements. In the first agreement (1993 – 1995), the partners agreed to an incomes policy, as part of an overall strategy for sustained economic development of the country. The second agreement (1995 – 1997) maintained the objectives of the earlier agreement but moved from a regime of wage freeze to one of wage restraint and emphasized the critical role of productivity improvement programmes in economic growth. A third agreement (1998 – 2000) moved beyond economic concerns to address the new issues associated with globalization and sought to foster a more inclusive society, the consolidation of social dialogue and the creation of an institutional framework for social partnership.

I must emphasize that this government continues to emphasize the sharing of wealth and social partnership. The social partnership protocols contributed to the reversal of economic decline and to sustainable development in Barbados.

Clearly, as Minister of Finance, I have a keen interest in the establishment and deepening of social dialogue, since as we have seen, such a development is bound to have beneficial effects on the economy of Trinidad and Tobago. The Government is also keenly interested in the deepening of the process of social dialogue.

As you may well be aware, the principles of partnering with the people in building the conditions for sustainable development and fostering a culture of dialogue are embedded in the Declaration of Principles as well as in the Declaration of Values which form part of Government's official policy document. As I had mentioned earlier, one of the overarching benefits of the social dialogue process is that it provides a way to balance competing, though legitimate, sectoral interests through the recognition that the goal of national development trumps everything else.

I wish you all the best in the deliberations which are about to commence and I look forward to us forming a deep, lasting partnership with labour and business, knowing full well that they promise to advance considerably the work already

started to place Trinidad and Tobago firmly on the path towards sustainable national development.