

Subject Area: Economics
Level: CSEC
Curriculum Topic: Role of Trade Unions in an Economy
CSEC Economics Section 6 Objective 14

Key teaching points:

- Explain the role of trade unions in an economy

Section 1

Definition

Trade unions are associations comprising workers of a particular industry who nominate members to serve on an executive for the purpose of ensuring the rights of workers are observed and that working conditions are acceptable. The union is funded by payments received from members on a continuous basis. Workers are not obligated to be unionised but receive all benefits that trade unions bargain for. Workers elect a shop steward to represent them at management meetings. Employees find that sometimes approaching management with issues on their own can lead to victimisation in the workplace. Having their union represent them is often safer.

The main types of trade unions are

1. Craft unions – representing workers with particular skills. For example, electricians.
2. Industrial unions – representing workers from a particular industry. For Example, Oilfield Workers Trade Union (OWTU).
3. White collar unions – representing workers of particular professions. For example Trinidad and Tobago Unified Teachers Association (T&TUTA)
4. General unions – representing different kinds of workers. For Example Bank and General Workers Union.

Activity 1

1. Identify 4 trade unions in Trinidad and Tobago and complete the following table.

Name	Acronym	Leader

Section 2

Role of Trade Unions

1. Collective bargaining - Negotiating for better working conditions (salary, maternity/paternity benefits, travelling)
2. Protecting/improving workers' rights
3. Accessing education and training for employees
4. Providing advice on workplace occurrences
5. Encouraging governments to adopt policies that lead to increased employment of labour or improve minimum wage
6. Regulate relations between employer and employee
7. Take collective action to highlight workers' rights (strikes, picketing, work to rule)

Advantages and Disadvantages

Advantages	Disadvantages
Where there is only one employer (monopsony), the worker may only have skills for that job. Labour mobility will be low so the employee may be forced to accept unacceptable working conditions. Trade unions can bargain for improved conditions.	Where there is an adequate labour supply, a trade union that bargains for an increase in wages may cause unemployment as firms meet cost increases by laying off workers to pay others.
Trade unions are the representative of workers in industrial court disputes.	As trade unions continue to bargain for higher wages, workers will continue to spend more money causing inflation.
Labour Productivity increases as working conditions improve.	Labour productivity declines as workers take collective action by striking.
Relationships between employer and employees improve as they work together.	Relationships between employer and employees are strained due to disputes.

Activity 2

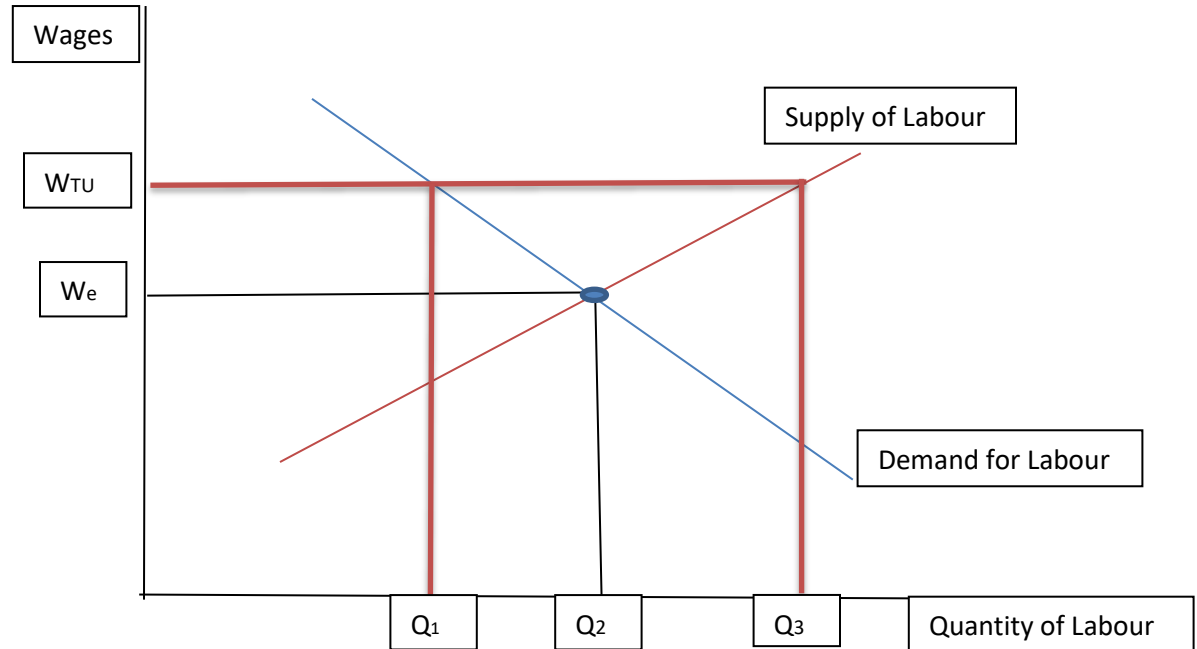
1. Seth returned to his physical work space after working from home during the period April – June 2020 due to the “stay at home” measures resulting from the COVID-19. However, he is very upset because there is no sink for handwashing upon entry nor does his office appear to have been sanitised. After approaching his supervisor about his observances he is told that he should stop complaining.

Recommend a course of action for Seth.

2. What are the possible advantages and disadvantages of the action recommended?

Section 3

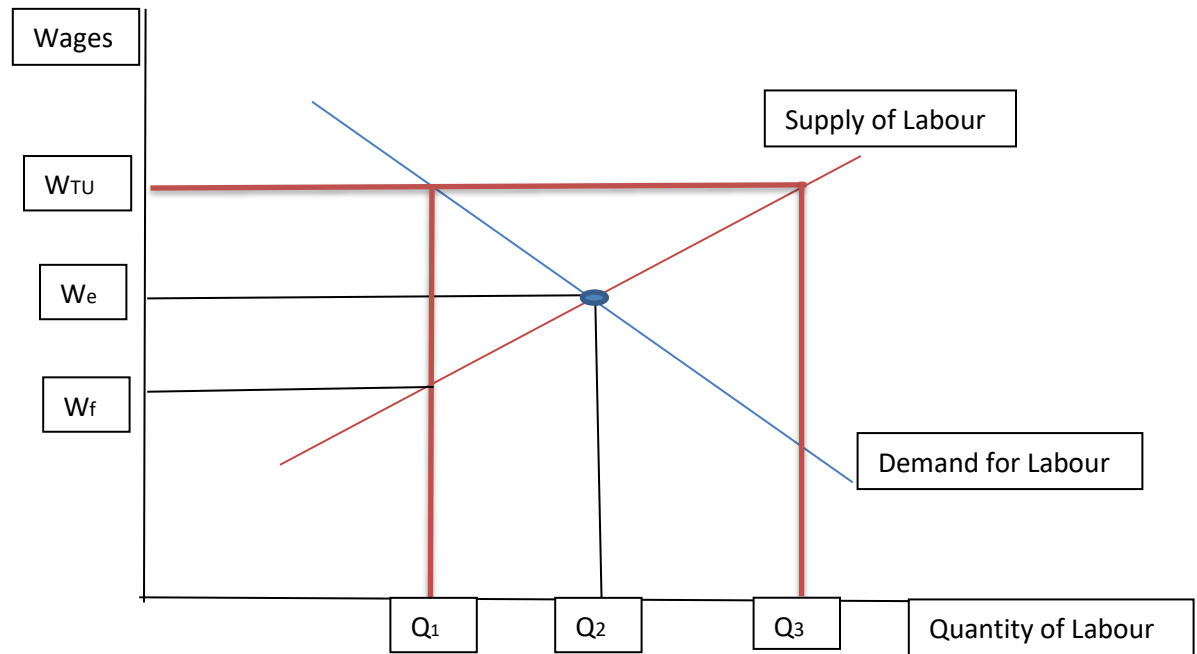
Effect of trade union bargaining on employment.



The equilibrium wage rate exists at Q_2W_e as the demand for labour coincides with the supply. The trade union bargains for an increase in the wage rate which now becomes W_{TU} . This will lead to a fall in the demand for labour from Q_2 to Q_1 as firms will only be able to afford to pay the increase in wages by hiring less workers. Of course more persons will offer their labour due to the higher wage, moving supply from Q_2 to Q_3 . The number of unemployed will be $Q_3 - Q_1$. This is called real wage unemployment.

Activity 3

1. What would a fall in the wage rate from W_e to W_f mean for workers and employers?



Answer Key

Activity 1

1.

Name	Acronym	Leader
Trinidad and Tobago Unified Teachers Association	T&TUTA	Antonia DeFreitas
All Trinidad Sugar and General Workers Trade Union	ATSGWTU	Nirvan Maharaj
Banking Insurance and General Workers Union	BIGWU	Mario Als
Oilfield Workers Trade Union	OWTU	Ancel Roget

See also <http://www.tntisland.com/unions.html>

2. Seth should speak to his shop steward for trade union representation for all employees. If he does so individually there is a fear of victimisation. Collective bargaining is more effective. This can improve the relationship with management if they comply and respect workers' rights. Management can also develop a strained relationship with employees. If the requests of employees are met there can be an increase in labour productivity. If not, employees can decide to take collective action.
3. At W_fQ_1 the wage rate has fallen below the equilibrium wage rate. This means that the supply of labour has fallen as some employees are not prepared to accept the lower wage rate. Demand for labour increases as firms wish to hire more workers at the lower wage rate as costs are reduced. When demand for labour is higher than the supply, wages will be forced upward towards the equilibrium wage rate.