

# THE ECONOMY & YOU

## **Trade Unions, The Private Sector & The Government Sector**

Trade unions are workers' organisations which seek to represent the interests of their membership. Among their interests are growth in real wages, working conditions, and continued employment of their membership. These issues are normally settled through negotiations between the employers (government or private sector) and the trade unions. Often when there is a deadlock in negotiations, the union would withdraw the labour services of its membership through some form of industrial action – a strike, go-slow, or work-to-rule. The aim of industrial action is to force the hand of the employer to reopen negotiations or give in to the workers' demands. It can however, be costly, and may reduce overall productive efficiency.

The private sector refers to all those people in the economy who engage in economic activity for their own benefit. The majority of businesses in the ECCU area are profit-oriented.

The government sector represents those organs that seek the interest of all members of society at large. It involves several branches and has numerous objectives. Among its branches are the executive branch and the legislative branch, represented by its Parliament. The main economic policy document of the government is the budget, which is presented at the beginning of each financial year. The financial year – differs from the calendar year in some countries. In St Lucia, for example, it starts on the first of April and ends on the 31<sup>st</sup> of March.

There are basically three economic objectives of the government:

It's Stabilisation objective is to ensure that inflation, the exchange rate and unemployment are under control, and that the country does not consistently spend more than it earns.

It's Efficiency objective involves reducing the level of waste in the domestic economy. Less waste means increased productivity, which leads to economic growth.

The government's Income Distribution objective refers to a reduction in the level of poverty in the country. Some examples of ways to do this are minimum wage legislation and income taxes.

Depending on what's happening in the country, or in the world, the government may decide to increase or decrease its emphasis on one or more of its objectives.