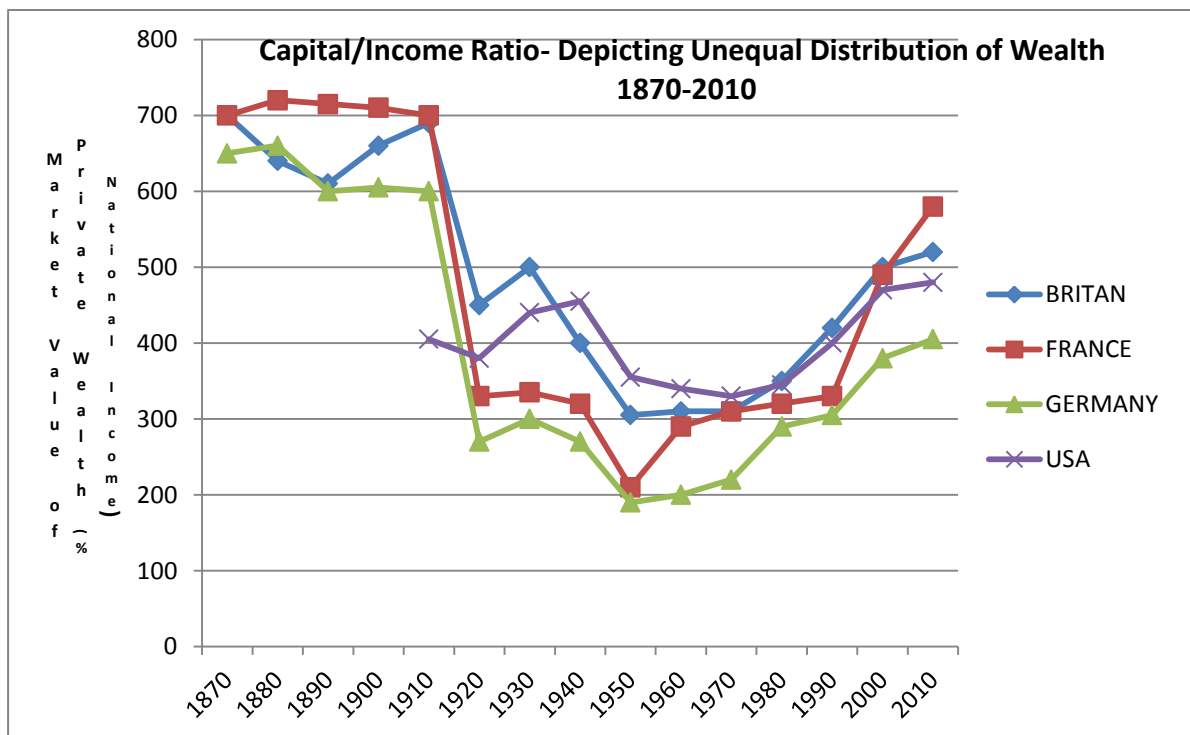


Collective Agreements Negotiated on the Principles of ILS; Narrow the Income In-equality

The principles of ILO conventions have made huge contribution for fair distribution of wealth, since the founding of the unique tripartite institution in 1919; said **Jayasri Priyalal**, UNI Apro Director for Finance Sector Activities at a public lecture on “**Benefits of Collective Agreements**” at the Bank of Ceylon Auditorium organized by the Federation of Bank Officers of Sri Lanka.

He justified the argument from the statistics collated by Thomas Picketty in his book; **Capital in Twenty First Century**.

French Economist Picketty highlights, that during the period 1920 to 1970; the huge income in-equality in France, Germany and Great Briton was brought under control. Situation has been identical in USA as well. There after the income inequality shot up with the advent of Liberalization, Privatization and Globalisation (LPG) era. Refer the illustration below.



Source: Capital in Twenty First Century – Thomas Picketty

The First ILO convention on Hours of Work became historic labour standard in **1919**, thereafter conventions 27, Forced Labour [**1930**], Con. 47 Forty hours Work [**1935**] Con. 87 Freedom of Association [**1948**] Con.98 Right to Collective Bargaining [**1949**] Con. 105 Abolition of Forced Labour [**1957**] Con.111 Discrimination against Occupation and Employment [**1958**] are some important labour standards that would have equally contributed to restrain the unhealthy trends of income inequality in the industrialised countries as shown above said Priyalal in his analysis.

Trade unions giving effect to labour standards and getting them ratified by the respective countries and negotiating collective agreements under the principles laid down in the conventions, to improve the terms and condition of employment of their members, helped to improve the quality of life of the societies.

Decent work deficiencies, witnessed since 1980's worsened the situation. Income inequality rose sharply to the current unhealthy levels. Debt burdened, consumption driven, savings drying economic model, which ballooned the informal economy, multiplying precarious work contributed to the current economic down turn. Neo liberal economic model was designed in such a way that, wealth flows up to the privileged 1% without any hindrances inflicting hardships on the sandwiched 99% in many societies.

Referring to the situation in Sri Lanka; ILO conventions and the principles have influenced the enactment of national laws such as the Trade union ordinance of 1935 and Industrial Disputes Act 1950. Collective agreements of Banking and Mercantile sector, negotiated by then trade unions, through hard bargaining and struggles became benchmarks for subsequent national labour laws. Especially, the laws enacted for social safety nets such as, payment of gratuity; employee's provident fund and similar superannuation schemes in Sri Lanka.

Sharing his own experiences as a member of the negotiating team of the CBEU in early nineties; Priyalal emphasised that, trade unions bargaining in good faith for the benefit of the employees and the banks; many options could be found for negotiated settlements realising benefits for employees. One such achievement was Provident Fund contribution rates were increased with retrospective effect from the date of last amendment of the EPF Act.