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## Social Partnerships and Development: Implications for the Caribbean

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## Author

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## CIGI

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## Acronyms and Abbreviations

|         |  |
|---------|--|
| CaPRI   | Caribbean Policy Research Institute            |
| CARICOM | Caribbean Community                            |
| EU      | European Union                                 |
| GoI     | Government of Ireland                          |
| ILO     | International Labour Organization              |
| IMF     | International Monetary Fund                    |
| NESC    | National Economic and Social Council (Ireland) |
| NDPs    | National Development Plans (Botswana)          |
| NGOs    | non-governmental organizations                 |
| PPPs    | public-private partnerships                    |
| SAP     | Structural Adjustment Program (Barbados)       |



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## Summary

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The effects of the ongoing global financial crisis have intensified the existing economic issues facing the Commonwealth Caribbean, including declining investment, productivity levels and employment opportunities for its citizens. Although the current crisis presents challenges for governments in the region, it also offers an opportunity for these countries to implement innovative solutions to contend with the short-term effects of the financial crisis, while addressing long-standing problems. A solution that has been successful in Botswana, Ireland and Barbados, is the use of social partnerships. Undertaken while these countries were facing economic and social crises, social partnership as a specific governance model allowed them to achieve levels of development and stability that other states yearn to attain.

This paper evaluates the value of social partnerships as a governance tool for the Commonwealth Caribbean by examining the experiences of Botswana, Ireland and Barbados, as well as the less-than-successful attempts to implement a social partnership in Jamaica. The analysis offers key considerations for small developing states in the Caribbean for implementing successful social partnerships, including the importance of strong decisive leadership; transparent and accessible rules of engagement; clear, measurable goals; and the recognition that social partnership is both a practical and philosophical experience. The wider lesson to be drawn for the Caribbean is that any development reform needs to be sustained with some degree of flexibility and responsiveness built into the reform process.

## Author Biography

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## Introduction

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The ongoing global financial and economic crisis has presented significant challenges to small developing states. Included in this group of countries are the islands of the Commonwealth Caribbean, which comprise the bulk of countries in the Caribbean Community (CARICOM). Here, the global challenges have increased the budgetary strains on governments,<sup>1</sup> while contributing to a reduction in essential remittance and tourism funds (Minto-Coy, 2010: 2–18). It is not clear to what extent the financial crisis can be blamed for the recent downward trend in the Caribbean, but it is certain that the ongoing crisis has intensified the economic challenges that many CARICOM nations were already facing, including declining investment, environmental and energy sustainability, the loss of preferential trade arrangements, rising crime rates, decline in productivity levels and the inability of some governments to provide adequate employment opportunities for their educated citizens.<sup>2</sup>

While the current crisis presents challenges for individual CARICOM governments, it also offers an opportunity for these countries to attempt innovative solutions that will contend with the short-term effects of the financial crisis,

1 In this context, Dominica, Grenada, Jamaica, St. Lucia and St. Vincent are among the states that have secured assistance from the International Monetary Fund (IMF), since the crisis began.

2 Seen, for example, in the sustained migration of the most talented from the region (see Minto, 2009a; Minto-Coy, 2010 and 2011; also see, Docquier and Marfouq, 2004).

Her research and publications span areas of public management, ICTs, diasporas, regulation, entrepreneurship and development. She has an upcoming book, *Public Policy and Administration in the Caribbean*, co-authored with Evan Berman, which will be published by Taylor and Francis in 2013.

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as well as address long-standing problems. One solution that has proven successful in a variety of states, such as Botswana, Ireland and Barbados, is the use of social partnerships as a specific governance model.

Social partnerships in all three countries were undertaken during some of the most trying economic and social crises in their history, allowing them to achieve levels of development and stability yearned for by other states, although the latest global financial crisis threatens the foundations and relevance of the social partnership models in these countries.<sup>3</sup>

This paper aims to assess the value of social partnerships as a governance tool for the Commonwealth Caribbean by examining the largely positive social partnership experiences of Botswana, Ireland and Barbados, as well as the less-than-successful attempts to implement a social partnership in Jamaica. These differing experiences offer fundamental lessons for future efforts to create social partnerships as a model that can be implemented to deal with a crisis and to establish a long-term economic strategy. The objective is to offer a guide or recommendations that can be used by individual Caribbean territories to develop social partnership arrangements. This evaluation can help to determine if, and to what extent, policies enacted in one setting can be transferred with similar results to another (Rose, 1993: 27; James and Lodge, 2003: 180). This is critical given that the CARICOM states remain structurally and institutionally diverse, while also sharing many similarities.

This assessment takes place at a time of ongoing interest and debate on the role that social partnerships could have in countries such as Belize, Grenada, Guyana, Jamaica and St. Lucia, which have been encouraged by

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<sup>3</sup> That is, in spite of the existence of partnership arrangements in these states, they have also suffered from the financial crisis and, as in the case of Ireland, (for example, Stafford, 2010), the failure of its financial system and general economic woes since 2008 have led to the questioning of the value of the social partnership among the partners. Nevertheless, it remains that the social partnership did help these countries at critical points in their history, a fact that is not lessened by the current pressures on those systems. Indeed, it is not proposed here that the existence of a social partnership means that a new crisis cannot occur. This is particularly true given the nature of global governance, where policies and problems tend to be international and transborder in nature, thus beyond the full control of any one country. Indeed, the prior existence of social partnerships can be argued to have provided the economic and social growth and stability that have helped Botswana and Barbados to respond to the crisis more successfully than their neighbours. Nevertheless, in all three cases (and arguably even more so in the case of Ireland), a question to be considered for future research is the extent to which the existence (as opposed to the formation) of social partnerships can facilitate states in their ability to respond to new crises.

the success witnessed in the neighbouring territory of Barbados as well as Ireland (see *Caribbean Daily News*, 2010; Caribbean Policy Research Institute (CaPRI), 2008a and b; Government of St. Lucia, 2001 and 2010; Fayoshin, 2001). Nevertheless, although Barbados, Botswana and Ireland have been hailed as models of social partnership,<sup>4</sup> there has been little examination of the concept itself and its implications for stakeholders in the Caribbean, while some misconception surrounds the term “social partnership.”

This paper is laid out as follows. It will begin by defining social partnerships. The next section discusses the successful cases of social partnership in Botswana, Ireland and Barbados, and the less-than-successful attempt in Jamaica. The section following lays out the lessons that can be drawn from the case studies and applied in Caribbean nations that are considering implementing social partnership arrangements. The final section contains a summary of the conclusions and recommendations for employing social partnership as a development model in the Caribbean.

## What Are Social Partnerships?

As used in this paper, social partnership refers to cooperation among government, the private business sector and labour on strategies to address immediate and long-term economic and social challenges. Such strategies can include controls on wages and prices, as well as tax reform. Social partnerships are, therefore, overarching in their aim to provide stability for national growth and development. Social partnerships can also include civil society and voluntary groups, and tend to be implemented when governments have been unable to address societal and economic challenges unilaterally. The historical basis is in the conventions of the International Labour Organization (ILO) relating to the rights of workers and employers to engage in collective arrangements and freedom of association.<sup>5</sup>

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<sup>4</sup> For instance, Jamaica used the Irish model as its template in 2004.

<sup>5</sup> Convention 87: Freedom of Association and Protection of the Right to Organise, 1948 and Convention 98: Concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, 1949. Convention 144: Tripartite Consultation (ILO) Convention, 1976 encourages member states, “to operate procedures which ensure effective consultations...between representatives of the government, of employers and of workers.”



Social partnerships also have some relationship with the more recent public-private partnerships (PPPs). However, whereas PPPs tend to privilege the private sector partners, social partnerships, as used here, privilege government and accord a much stronger role to labour, while recognizing the value of the private sector and unions (also civil society) in the growth process. Further, the social partnership arrangement is more “...akin to a marriage contract and less related to a sound business undertaking, because of the extreme emotional investments and the seemingly irrational expectations that are involved” (Osei, 2004:

36).<sup>6</sup> It is for this reason, perhaps, that social partnerships have not been popular at international institutions such as the IMF and the World Bank, which have tended to support policies that are advantageous for markets and private capital while reducing the role of government. In the cases of Barbados and Ireland, the adoption of social partnerships were consciously informed by a desire to avoid the “trickle down” approach implicit in the Washington Consensus and neo-liberal ideas on growth and development.<sup>7</sup>

Put simply, social partnership planning is economic and development planning. The advantage of collaborative governance in the social partnership model is its ability to increase the stakes for success and failure for all participants by according each a role and a stake in attaining objectives, as opposed to government or the private sector going it alone. The dialogue that takes place within social partnerships also facilitates democratic governance while empowering participants (Iankova, 2007; Ishikawa, 2003; CaPRI, 2008a and b). However, the risks and rewards must be distributed equitably and the process must be transparent (Heymans, 2002: 213).

6 O’Hearn believes that Ireland’s social partnership has simply concealed existing divisions while restraining labour’s demand for higher wages (2001: 208). Ironically, this is not a bad thing, particularly given that social partnerships are, in fact, intended to help secure a more stable industrial environment and increase productivity, and, in themselves, are fiscal austerity measures. Further, as rebutted by Yeo, this criticism may not be on point, given that “social organization is a key ingredient for economic reform” (2004: 42).

7 Even before instigating social partnership, Barbados demonstrated an early penchant for going against the tide with its policies from 1970–1985 described as being “...based on economic principles which, from the conventional IMF and the World Bank perspective, must be viewed as distinctly heterodox” (Blackman, 1986: 4). The Irish model was also informed by a desire to go against the Reagan and Thatcherite reforms of the 1980s (see Taylor 2002: 1-8; Minto 2009b: 226).

## Social Partnership and Development: A Review of Select Cases

### Botswana: An Early Mover

For decades, landlocked Botswana has stood apart from many of its African neighbours. With a population estimated to be a little over 1.9 million (World Bank, 2010a), Botswana has managed to overcome many of the impediments of size and geography to become a stable and prosperous society. Characterized as a democratic nation that recognizes the need for constant development in the quality and performance of its public sector, Botswana has exercised sound economic and social management, allowing for decades of growth (see, for example, Hope, 1995: 52).

When Botswana became independent in 1966, only three percent of senior-level positions were held by locals, public-sector efficiency was low, and both the quality of education and educational attainment levels were low (Hope, 1995: 54, 59). At that time, Botswana could have been described as a fledgling, post-colonial society with little local organization and infrastructure, and one of the world’s poorest countries. Independence presented an opportunity to design a blueprint for charting the country’s future with social partnership emerging as the best option. Through sound social partnership policies, the country has created a model of economic stability within Africa.

Botswana’s reform strategy was assisted by strong political leadership that sought support from economic interests, and redirected ethnic differences towards the creation of a more homogenous society. The evolution of governance was informed by a tradition of consensus seeking among ethnic groups. Seretse Khama, the newly elected independent leader, sought to unite the various ethnic groups into a network of local government linked directly into the central government. This was established along the lines of traditional community meetings, in which the majority held sway and anyone was allowed to air their views. This tradition was carried over into the governance style of the independent state (*African Business*, 2000). Presidential commissions were charged with investigating and offering solutions to complex governance issues, such as the structure of the country’s national development plans. These commissions drew their members from labour unions, government, non-governmental organizations (NGOs), the private sector, universities and think tanks. The government demonstrated a willingness to abide by the commissions’ recommendations and the National Development Plans (NDPs) produced by the commissions. Policies were formulated through

widespread consultation and discussion at the local level before being taken to Parliament.

The commissions provided various groups with a voice in the organization and governance of independent Botswana. Policy making and the formation of contracts was, therefore, guided by consultation and negotiation among different interest groups (Maipose, 2008: 5). This form of collaboration had been preceded by a tradition of compromise and Khama's belief that the privilege provided by his royal background also came with responsibility. The overwhelming majority that Khama received in the country's first general election, in spite of the country's ethnic diversity, made it easier to introduce more broad-based development policies in the national interest (Leith, 2005: 121; see also Tsie, 1996: 602). Ideology, local tradition and visionary leadership played a major role in the choice of social partnership as a development model. Thus, rather than work against the existing culture and tradition of consultation and participation, Botswana was able to creatively include and institutionalize these characteristics into its model of political and economic governance that emerged upon independence (see Maipose, 2008: 5).<sup>8</sup>

This partnership approach informed the management and organization of the labour market, with public-sector salaries being changed to align with those in the private sector. This helped to achieve some balance in the spread of salaries and limit social disparities while reducing competition for scarce talent (Leith, 2005: 88–9; 118). This move was governed by the recognition of the need for growth to proceed unhindered, and the value of a predictable and stable industrial relations climate to achieve such growth. The individual desires of the various interest groups, including skilled and unskilled labour, as well as employers, were subjugated for the sake of national interest (ibid.), resulting in increased productivity in the public sector. Fiscal discipline was vital to sustaining reform,<sup>9</sup> which meant that extra budgetary projects were placed on hold to ensure budget projections were not exceeded (Leith, 2005: 57–58). Emphasis was also placed on the development of a professional civil service, with much of the initial capacity sourced externally (see

<sup>8</sup> In fact, the principles of “social harmony” and “unity” implied in the social partnership concept were enshrined as two of the five principles governing independent Botswana. The remaining three are democracy, self reliance and development.

<sup>9</sup> The first NDP, the *Transitional Plan for Social and Economic Development*, was prepared in 1965. The latest, *NDP 10*, pledges to further economic diversification while the recurrent and development budgets have been slashed by seven percent and five percent respectively for the 2009–2010 tax year. For more details, see Box 1 in the Appendix.

Hope, 1995). The open and democratic approach also meant that Botswana welcomed foreign aid and external private capital investments (Maipose, 2008: 14).

Economic and social reforms undertaken through the social partnership arrangement helped to mark colonial from post-colonial Botswana. Capital for much of its developmental policies (for example, infrastructure improvements) was provided by its income from diamonds. Even with this capital, the reality is that the country's policies, as suggested by its first budget after independence, indicate the specific goal of focusing on good governance at the macro level. This was apparent from the emphasis on setting aside funds for debt servicing and stabilization reserves. The country has, therefore, managed to stave off some of the worst effects of international crises and the rise and fall of its mineral wealth, as debt servicing is comparatively low. Wages, as a proportion of total government spending, is also low when compared to Botswana's neighbours (Maipose, 2008). The focus on good governance was also illustrated in the emphasis on rural development, and allowing different groups to have a say in the affairs of government. Resources were thus used to deliver benefits more equitably across the country and, in doing so, to unite the country (Maipose, 2008: 5). Importantly, it is the sustained interest in good governance via social partnership that has ensured the wealth from the mines has been used to fuel growth and development, thus, largely avoiding the resource curse (or the paradox of plenty) of many other countries.<sup>10</sup>

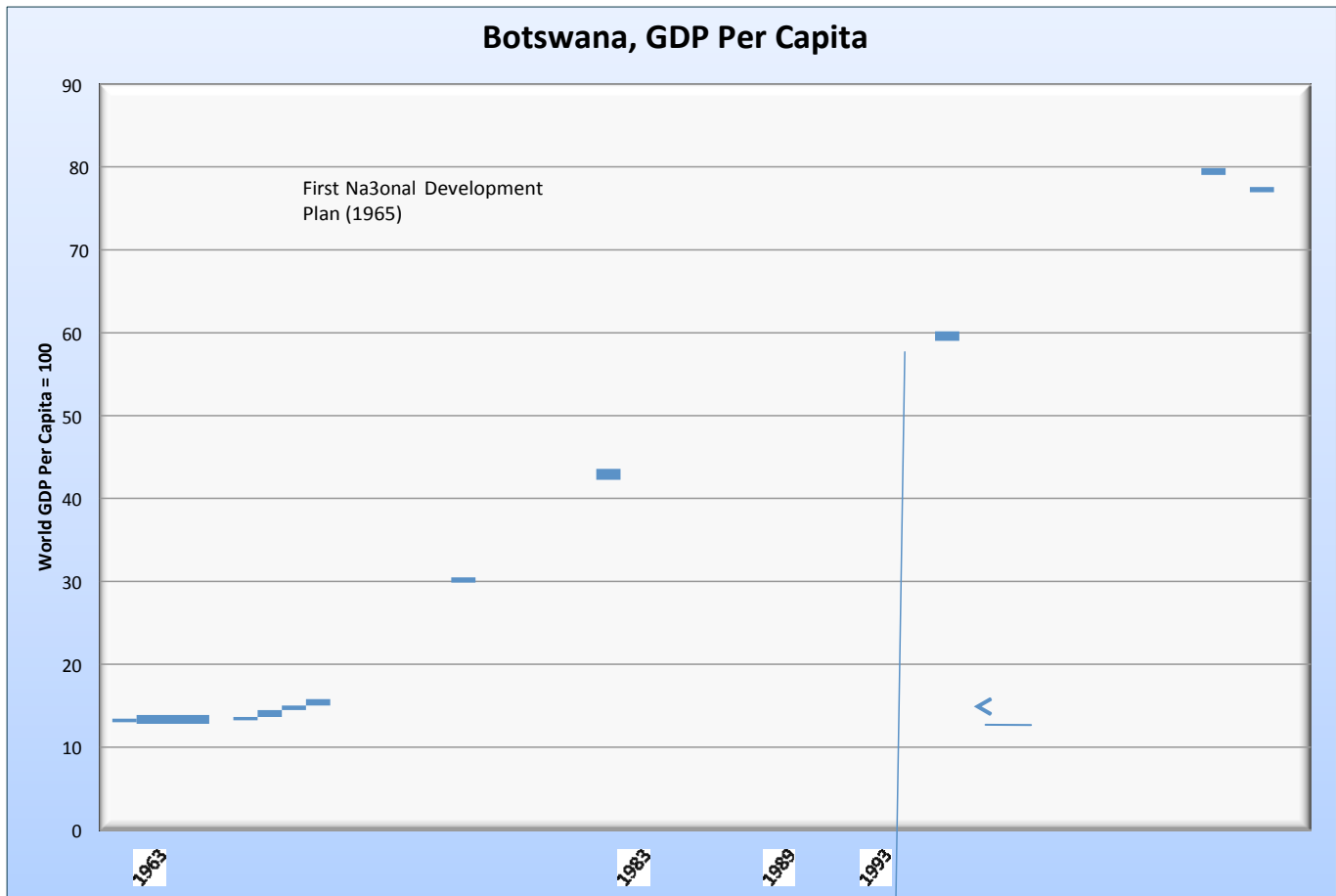
Figure 1 presents the relative GDP per capita of Botswana over a 40-year period. The figure depicts a sustained growth rate particularly since the late 1960s. It is no surprise that the discovery of the Orapa and Selebi-Phikwe mines by 1968 coincided with the unprecedented growth rates of 20 percent per year in real terms from 1968 to 1973.<sup>11</sup> But the sustained growth has been remarkable. For instance, whereas Botswana's per capita income increased at a rate of 8.5 percent a year from 1965 to 1989, the “miracle economies” of Singapore and South Korea grew at only 7 percent over the same period. In the case of Hong Kong, this increase was 6.3 percent (McCarthy, 1994: 235).

The country has also performed above the world average on the World Bank's Index of Economic Freedom (see World Bank, 2010a) and it is rated among the upper middle-income countries of the world (IMF, 2010).

<sup>10</sup> See Robinson (2006) and Ross (1999) and Knowledge@Wharton (2007) for a discussion of this concept.

<sup>11</sup> By 1971–1972 these contributed to 18.5 percent of Botswana's GDP (Colclough and McCarthy, 1980: 57–8).

Figure 1: Botswana, GDP Per Capita



Source: CIGI, compiled from World Bank data.

The attention to developing broad-based policies has, however, more recently been tempered as wealth has increased, resulting in a number of problems, including corruption, lowering levels of public sector productivity, increased inequality and employment in the informal sector accounting for roughly half of total employment (ILO, 2008: 121). Nonetheless, the growth experienced in the early years thanks to income from its mineral wealth, sound development policy and leadership, has meant that Botswana has been afforded the framework, capacity and time in which to address most of these challenges as it seeks to protect the gains achieved over the years (Hope, 1995; 1997; Leith, 2005). For example, concerns surrounding declining levels of productivity in the public sector prompted the creation of the Botswana National Productivity Centre in 1993 (Hope, 1997: 27). This body was charged with addressing efficiency in the public and private sectors with an emphasis on training, consultation, research, information and productivity, suggesting the

need to monitor the policy and economic environments in which the social partnership operates. The lesson to be drawn from this is that social partnerships can not only help countries through a crisis, but the gains secured through the partnership can help set a country on a path to sustained growth, while also allowing for self-renewal and the flexibility to respond to future challenges.

### The Irish Model: Social Partnership and Growth in Ireland

Developments in Ireland since 2009 may challenge this notion of self-renewal noted above. However, the reality is that social partnership has been a significant feature of growth in Ireland since the late 1980s. Social partnership in Ireland emerged out of the intense economic crisis in the mid-1980s. The Irish economy in the early 1980s was in a state of social and economic crisis, marred by high government debt (for example, 114 percent

GNP in 1987), a GDP per capita that was 64 percent of the European average, budget deficits (10 percent of GDP), inflation (20.2 percent in 1981), slow growth and unemployment. Although emigration (which has marked the nation's history) continued, it was now compounded with the departure of skilled and educated nationals in addition to a falling living standard. Ireland was thus an underperformer among its European neighbours (Government of Ireland [GoI], 1987).

Irish social partnership originated with the National Economic and Social Council (NESC), an independent economic advisory body created in 1973, with membership consisting of representatives from private, non-governmental and public sectors (Beary, 2007). The NESC presented its three-year Programme for National Recovery in 1987 at the height of the economic crisis in the 1980s. (Box 2 in the Appendix outlines the main features of this and subsequent programs.) This program was formed through consultation with unions, employers, government and interest groups aimed at preventing social dislocation and protecting the unemployed. The NESC was also charged with working out the details of how the partnership would work, including advising the government on its implementation. Momentum for reform also came from the new coalition government headed by the charismatic leader, Charles Haughey, in 1987 (Beary, 2007).

From the outset, the NESC was keen to communicate the gravity of the crisis and the need for considerable sacrifice if the country was to emerge successfully from its turmoil. Due in large part to the success of the first program, seven other partnership agreements have been undertaken (with the latest 10-year program beginning in 2006). Each agreement underscores past gains, while attempting to address gaps and respond to emerging circumstances.

A key component of the Irish model was the introduction of a hiring “freeze” that saw only one in three public-sector vacancies filled. A wage agreement of a 2.5 percent salary increase each year for both the private and public sectors was reached, allowing the government more control over expenditures. In return, the government promised and delivered a number of tax cuts while simultaneously introducing measures to reduce tax evasion.<sup>12</sup> Public-sector employees were allowed to take work leaves with guarantees of a job upon their return. In an effort to reduce social dislocation and inequity, the condition of low-paid workers was given attention (see GoI, 1987). As

was the case in Botswana and Barbados, conciliation and seeking consensus were not foreign concepts, as voluntary negotiations between unions and employers were common prior to 1987, with non-unionized workers also benefiting from such negotiations (Roche and Cradden, 2003: 76; Minto, 2009b: 226).

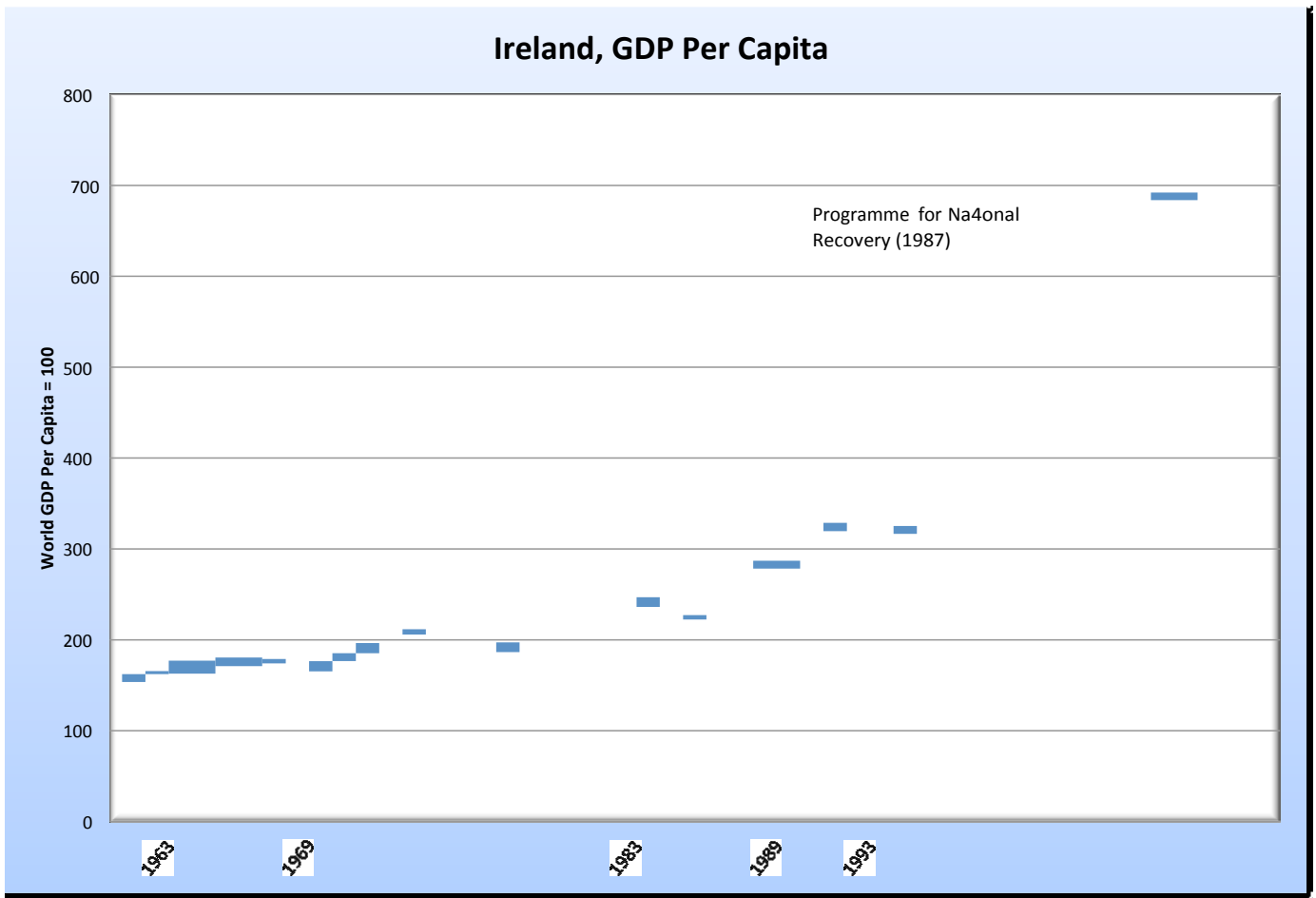
A review of GDP per capita growth in Ireland since the introduction of the social partnership (see Figure 2) indicates why the Irish experience has been held up as a model of social partnership success. The late 1980s marked the beginning of a period of rapid growth in Ireland, where productivity, employment, investment and the inflow of skilled labour increased. In the years following the introduction of the social partnership, the size and cost of the public sector declined, resulting in a leaner, more efficient and productive government. This allowed the government to improve pay and working conditions for the workers who remained (CaPRI, 2008b). Inflation was reduced and the national debt (which stood at 120 percent of GDP in the 1980s) was reduced to 40 percent by 2001 (Cassidy, 2002: 52). The budget deficit of 8.3 percent GDP in 1987 was converted into a surplus of 0.7 percent of GDP in 2001. Ireland's social partnership remains relevant, even as the country's economic foundation has been threatened by the global financial crisis of 2007–2010.<sup>13</sup>

One of the greatest economic accomplishments in Ireland since the introduction of the social partnership has been the reduction in unemployment (see Figure 3), in a country where unemployment had been a perennial problem (Cassidy, 2002: 8; Yeo, 2004: 31). In addition, the number of strike days has been reduced by almost a third (Yeo, 2004: 42), contributing to an increase in productivity and growth. Social conditions were also improved thanks to investments in social welfare. Emigration, a feature of Irish society, was reduced for the first time when the country experienced positive gains in net migration in the mid-1990s (Minto, 2009a: 9).

12 For example, income, corporate and capital taxes were all reduced.

13 See Footnote 3.

Figure 2: Ireland, GDP per Capita



Source: CIGI, compiled from World Bank data.

Figure 3: Measures of Irish Economic Performance, 1981–2000 (Average Annual Percentage Change)



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*Source: Compiled from OECD (1999, 2001) and Central Statistical Office 2001 (in Burnham, 2003).*



It is important to note that, as was the case in Botswana and Barbados, social partnership was not the only factor responsible for this growth. A number of other measures and factors combined to achieve the level of development witnessed in the Irish economy, including the earlier adoption of a competitive tax rate, access to EU markets and financial support, a young and educated labour force, support from the global Irish diaspora (Minto, 2009a and Yeo, 2004: 36–37, 43), and a number of education and structural reforms that welcomed foreign investment in areas such as pharmaceuticals and technology.

Ireland's social partnership allowed the government to access the nation's goodwill, exercise fiscal prudence and support for productive forces, creating a stable industrial relations climate to undertake reforms. Social partnership was a means to an end, providing the framework to establish the consensus for reform, allowing the government room to create an environment in which stern policies could be introduced at a time when these measures were required the most. Boylan (2002: 9–27) and Wallace (2002: 12) have given social partnership credit for achieving one of the most sustained and noticeable periods of growth, not only in Irish history, but also European history. The importance of government as architect is demonstrated here as well. In such a role, the state is seen as proactive and innovative — putting in place the structures and institutions required to allow the market and society to function effectively.

## Social Dialogue in Barbados

Much of the interest in social partnerships in the Caribbean is due to the experience of its CARICOM neighbour, Barbados, which has been hailed as a model of good governance for small developing states (Farley, 2000; also see, Fayoshin, 2001). Barbados's partnership emerged out of growing economic and social burdens — rising fiscal deficits, unemployment, declining foreign exchange reserves and the widening external deficit — witnessed from the end of the 1980s into the early 1990s. For instance, by 1991, the country had experienced its largest fiscal deficit, increasing the need for a solution. This period marked a departure from the fiscal discipline the country had exercised in its first two decades of independence, which had allowed it to realize surpluses.

Much of the crisis experienced during this period can be attributed to the ineptitude of politicians who used public spending and tax cuts as a means of securing electoral

victories.<sup>14</sup> The national debt stood at B\$493 million, or about 25 percent of GDP, in 1980 and rocketed to B\$1,880.1 million, or about 50 percent of GDP, a decade later (Blackman, 2006: 377–380; Wint, 1999: 55). Servicing this debt exhausted Barbados' foreign exchange balances, moving the country to a point of crisis. This was not the first economic challenge that Barbados had faced; however, the crisis experienced at the end of the 1980s into the early 1990s was the first time the country had witnessed such sustained negative growth.

The government of Barbados initially sought support from the IMF and the World Bank through the Structural Adjustment Program (SAP). Implementation of the SAP was later halted by the government given concerns over the potential adverse social and economic impacts, including the requirement to devalue the local currency pegged at US\$1 to B\$2 since 1976.<sup>15</sup> In particular, it was felt that the weight of the SAP would be unevenly distributed, with workers paying a heavy price for the adjustment.<sup>16</sup> The overwhelming support of community groups and massive strike action were instrumental in forcing the government to rethink its strategy of introducing the SAP and begin dialogue with its citizens, providing the momentum for a collective agreement.<sup>17</sup> In the case of both Ireland and Botswana, the government played the decisive role in initiating their respective social partnership agreements. In Barbados, however, it was the workers and the employers who rejected the social and economic strains of the SAP that the government had unilaterally introduced, which led directly to the country's adoption of a social partnership.

The first social partnership protocol was implemented in 1993, and there have been five additional agreements, with the latest, Protocol 6, running until 2013. Similar to the Irish and Botswana models, successive protocols have built upon previous ones. The protocols aimed to address the nation's economic and social problems, and reduce the incidence of labour disputes. Importantly, they focused on maintaining employment security while addressing competitiveness.

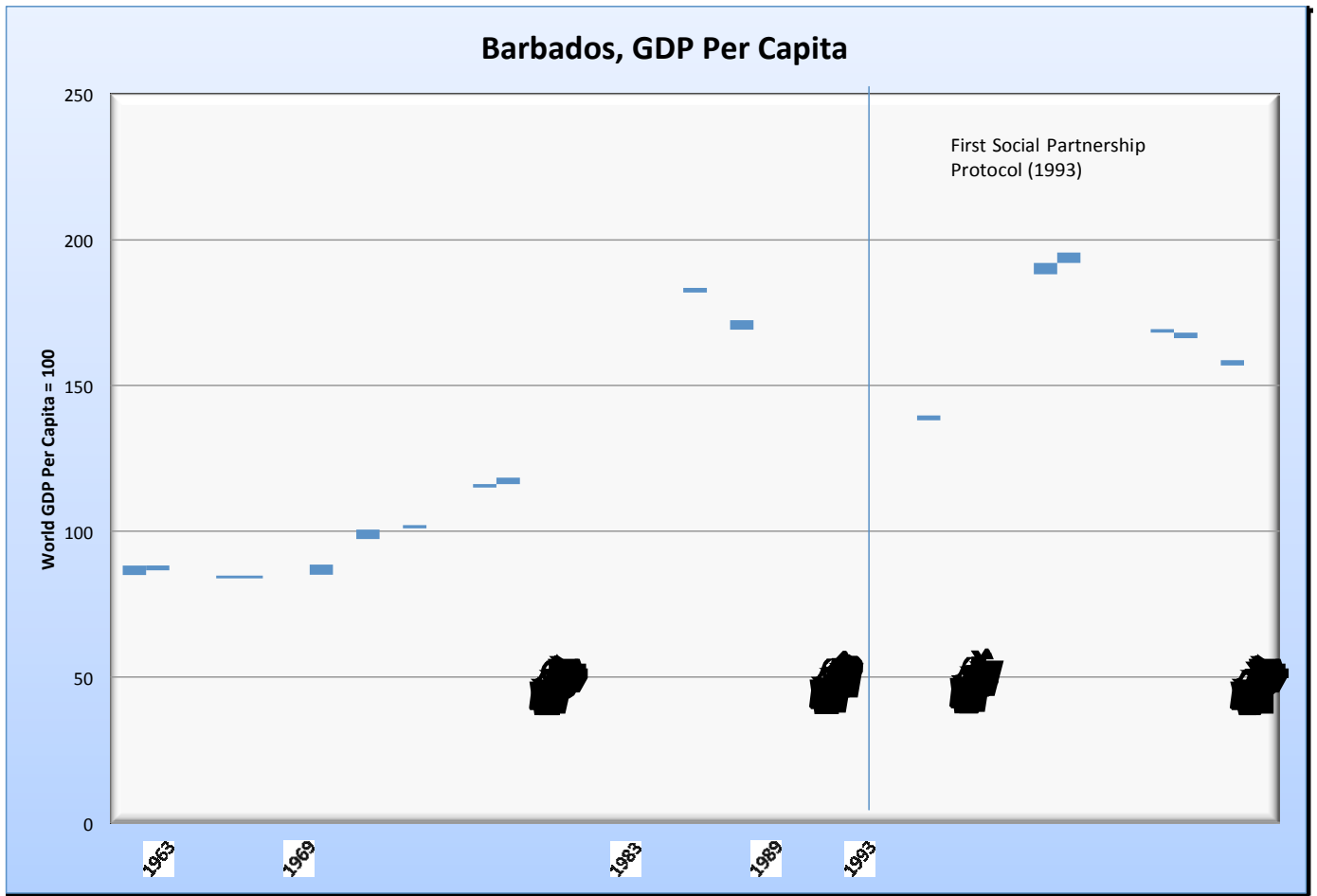
14 For instance, an election promise had seen a sharp decline in taxes in 1986 leading to fiscal deficit from 1986–1988. Election pledges led to the loss of fiscal restraint again in 1991 (see, for example, Blackman, 2006: 377–380).

15 In fact, the country had turned to the IMF in 1982, but was able to hold out on devaluating its currency. However, at the end of the 1980s, Barbados was in a much weaker negotiating position (Blackman, 2006).

16 Fayoshin (2001) and Wint (1999: 55–58) describe the terms of the SAP.

17 There was also an existing understanding that government would consult these groups in the policy process, but it ignored this pledge by undertaking the SAP unilaterally.

Figure 4: Barbados, GDP per Capita



Source: CIGI, compiled from World Bank data.

The social partnership arrangement comprises both a full and a subcommittee, with the latter meeting roughly once per month. The subcommittee has a monitoring (for example, prices) and maintenance function, as well as responsibility for ensuring that the partnership achieves its objectives. The members of these committees include a variety of players from all sectors of the economy, demonstrating the overarching nature of the partnership and its objectives. The prime minister chairs the full committee and key ministries and departments are members. This structure allows for leadership and coordination at the highest level of both the government and the economy.

Implementation of the social partnership set Barbados on “the most robust economic upswing since independence” (Blackman, 2006: 381; also see Figure 4). Before

independence, Barbados was in the lowest tier of the United Nations Development Programme’s Human Development Index — it now stands among the highest. The incidence of industrial action has also been reduced since the social partnership was introduced (Gomes, 2000), and the country has become more competitive and less dependent on agriculture and concessionary development financing.

There has been an increased level of trust and cooperation within Barbadian society, allowing the country to realize levels of stability, growth and development witnessed in few other developing countries in the past two decades. Social partnership has been institutionalized as a permanent feature of the country’s governance landscape. Its existence has helped the island contend — fairly successfully — with challenges that have caused



stagnation in the economies of many other Caribbean territories.

The challenge for Barbados, and the other successful cases examined here, is whether citizens, accustomed to relative comfort and wealth, will be willing to again sacrifice and bear harsh fiscal measures, which will allow them to weather emerging economic and social challenges.

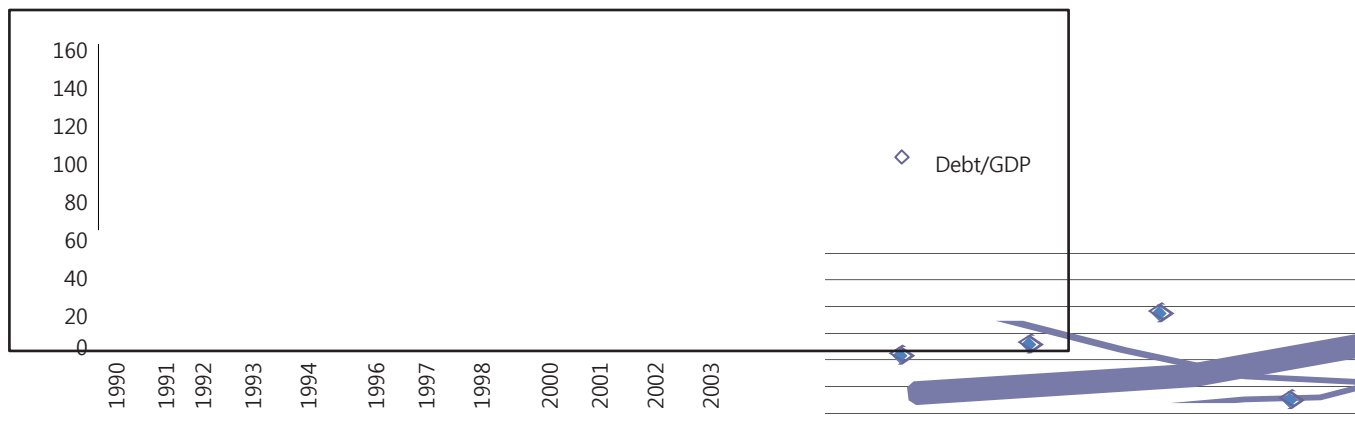
### Fractured Partnership: Jamaica’s Attempt at Social Partnership

Cases of success are important for drawing valuable lessons and developing best practices in designing and implementing successful policy reforms; however, the less-successful attempts at social partnership can also

provide instructive lessons. Jamaica has, for instance, attempted to introduce social partnerships within the last decade, with little success. Its attempt came after a period of economic crisis caused by the government’s effort to address the banking crisis of the late 1990s, by assuming the losses incurred by state-owned entities. This resulted in an increase in national debt, reversing the improvements made in debt management since 1990 (Figure 5).

In 2002, the prospect of an election led to the loosening of fiscal discipline despite increasing energy prices and declining tourism income. By the 2002–2003 fiscal year, the budget deficit had climbed to 8.3 percent of GDP, surpassing the initial estimate of 4.5 percent (Bank of Jamaica, 2004: 27). Thus, by 2003, Jamaica had been downgraded by Standard and Poor’s, and capital flight was becoming noticeable (CaPRI, 2008a: 13).

Figure 5: Jamaica’s Debt/GDP in 1990–2004



Source: Economic data, Bank of Jamaica (2010).

Key business leaders in Jamaica looked to the successful Irish social partnership experience, lobbying unions and government to discuss the creation of a social partnership in 2003 under an arrangement called Partnership for Progress.<sup>18</sup> The social partnership agreement (A Programme for Growth with Equity) was signed and a number of documents covering, among other things, tax reform, crime, debt swap and a balanced budget were subsequently produced. Simultaneously, a memorandum of understanding was signed by the government and unions in 2004, introducing a wage freeze to restrain public expenditure, and agreed to by the unions in lieu of job losses. However, in 2004–2005 the economy was affected by a hurricane that ravaged the country’s infrastructure and agriculture, reducing productivity and increasing expenditure. Despite the fact that the country’s debt to

GDP ratio was still among the highest in the world and the economy had not recovered, interest in the partnership subsided. The social partnership ended prematurely when the unions refused to sign the full agreement due to a protest from their membership for signing the 2004 wage agreement.

The Jamaican experience demonstrates the difficulty in implementing successful social partnerships even where support exists, in principle, for such initiatives. The process in Jamaica was affected by the difficulty in defining the details or shape of the partnership. This may have been due to the initiative being advanced mainly on a voluntary basis, and the absence of research that would have provided the information and support to assist the partners in agreeing on the details (CaPRI, 2008b). There was also a lack of political leadership in the process, as the government joined the social partnership discussions after they had already begun between the other partners.

18 This section draws from CaPRI (2008a and 2008b).

This experience highlights two other factors that affect the success of social partnerships in the Caribbean. First, discussions concerning wages did not take place when formulating the partnership framework. This indicates a failure to recognize the value of securing labour's agreement when developing such an agreement, and suggests a lack of trust among the partners (including the private sector and government), as well as a misunderstanding of the role of the respective partners when engineering a social partnership. This is ironic given the nature and objective of social partnerships in securing wage restraint (as demonstrated in the cases of Botswana, Ireland and Barbados). The second factor is the insufficiently recognized, but increasing, strain between development and the natural environment in the Caribbean. In particular, Jamaica and islands located in the north of the Caribbean face a high rate of natural disasters (for example, flooding and hurricanes interspersed by droughts), adding to the region's development challenges.

A previous partnership effort in 1996 also served to create mistrust and cynicism surrounding the objectives of individual partners and the concept of partnership in Jamaica. For example, labour viewed social partnership as wealth distribution aimed at benefiting capital, particularly since public sector wages remained flat, even as prices increased.<sup>19</sup> Insufficient time was given for the development of the partnership in a culture long affected by sharp political and social divides. The failure of the first effort at social partnership followed by the second failure in 2004, served to create a strong sense of mistrust and an element of partnership fatigue, due to labour's view that their situation had worsened without any real economic growth.

In spite of partnership fatigue, the parties in Jamaica appear to be willing to consider another attempt at social partnership (CaPRI, 2008a and b), although some of the partners still lack an understanding of what social partnership means and what is required for its success. This is, to some extent, evident in the expectation of immediate improvement without recognizing the extent of the sacrifice required for gains and rewards to be realized. Often, gains are achieved only over time and after a period of sustained "giving." As such, there needs to be a realistic assessment of the lessons learned from social partnership successes and failures, before countries embark on this model of governance, particularly if Jamaica considers this path again.

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<sup>19</sup> It is interesting to note that the private sector also acknowledged the validity of this concern (see CaPRI, 2008b).

## Lessons for the Caribbean

It is important to emphasize that the experiences of successful social partnership cases may not be replicable in another country. Efforts to draw lessons, transfer policies or use modelling exercises based on the experiences of other countries can be problematic. Nevertheless, such an exercise is important for understanding institutional or contextual barriers to policy learning across different jurisdictions, the difficulties in designing and implementing reforms, and identifying the ways in which challenges can be addressed. It is, therefore, important to understand why and how social partnerships work in different settings and under what conditions they can be effective in the Caribbean.

### The Ideal Conditions for Undertaking Social Partnerships

Certain conditions may be more conducive to the formulation and success of collaborative agreements than others. The impetus for social partnership can be internal (history of trust, collective bargaining and dialogue) or external (external pressure and international agreements). In particular, a period of uncertainty that threatens economic and social stability constitutes the major stimulus for undertaking social partnership arrangements (Singlaub, 2008: 1–7). The willingness to undertake a partnership arrangement depends, however, on the breadth of the threat and the extent to which the situation is perceived to constitute a crisis, which also determines the willingness of the parties to agree on short-term pain for long-term gain. The route to designing and implementing social partnerships involves discussion, exchange, conciliation, transparency and a review of ex ante rules. The requirements may, ultimately, be instrumental in initiating cultural (or institutional) change in settings where these virtues have traditionally been absent.

It is also worth considering the type of institutional context (for example, political, administrative and socio-cultural) in which social partnerships thrive. The politics of Botswana, Ireland and Barbados have not been confrontational. In the case of Ireland, facilitation and mediation across political lines has been encouraged by the existence of coalition

governments.<sup>20</sup> In Botswana, the Botswana Democratic Party has led the government since independence, never having lost a general election, even though the country has a multi-party system. The gap between rich and poor in these countries has traditionally not been as stark as in some Caribbean nations (for example, Jamaica, Guyana and Trinidad), where social, political and racial conflicts have been more prevalent. Jamaica has witnessed some form of political, class or racial conflict that may help to explain the failure of social partnerships in this country. These cases indicate that the existence of a collaborative culture and the will for accommodation are important pre-conditions for establishing social partnerships (Farley, 2000: 2). Nevertheless, the emergence of a wide systemic threat, as well as international pressure, can provide the stimulus for social partnerships and the beginning of dialogue where it previously did not exist. The extent to which such external factors can spur deep institutional change and over what period of time remains to be seen.

### The Importance of Leadership for Social Partnership Success

Leadership has emerged as one of the critical variables for successful partnering. This speaks to the quality of leadership at all levels — in civil service, civil society, the business community and unions — but above all, leadership at the political level. This has proven to be the case in the successful (and unsuccessful) social partnership cases reviewed here. Jones and Olken have, for instance, emphasized leadership as an important determinant of policy outcomes and, ultimately, national growth (2005), while according to CaPRI: “It is all but incontestable that for a social partnership to succeed, it will require strong leadership from the highest level of government” (2008b: 3).

Support from key stakeholders and partners is important, but it is the direction provided by the government that indicates the extent to which partnership efforts will be taken seriously, and the commitment that will be given to partnership development. This is particularly relevant for the Caribbean, where the state already plays an overarching role in society and other groups have not always been willing or able to take the lead. Partnership in such a context allows the government to include and

empower other societal groups to play a more active role in policy development and delivery. Strong, credible leadership in the context of social partnership requires a government that is both responsive and proactive in monitoring and identifying conditions that may adversely affect the partnership as it evolves, and confronting these issues as they arise. Credible leadership means a willingness to use political capital to secure gains for the country.

The degree of commitment given to the social partnership at government levels not only sets the tone for the partnership, but also suggests the extent to which macroeconomic planning will be aligned to the goals of the partnership. Political leadership must be committed to non-partisan strategies that can withstand the ebbs and flows of the political tide (see Commission on Growth and Development, 2008: 28). Leadership may also be a more valuable capital for social partnership success in states with traditionally divisive political culture or where social capital has been weak.

### Partnership Roles and Responsibilities Need to Be Defined

Each member of the partnership has a particular role to play in achieving success. While the partners may give tacit or symbolic support for the social partnership as an ideal, each group needs to also demonstrate a willingness to challenge some assumptions and expectations as the partnership evolves. For unions and employers, this may mean adopting a conciliatory stance where cooperation is viewed as empowering — not as “giving in.” For the private sector, this will mean tempering the desire to maximize profits, coming to terms with a possible loss of income and overcoming misgivings about government. As noted by Kagan, such events (price or income freeze) are contrary to normal behaviour in the market and society (1978: 24–25). Labour’s concern with any decline in household income, numbers or wages will also have to be addressed realistically. This takes on particular relevance in small developing countries, where the public sector tends to be the employer of last resort. For government, this will require a change from a top-down culture and closed approach to policy making to a willingness to share power in a constructive way. Such recognition is important, since an inability to find a middle ground or basis for exchange may constrain the development of further partnerships in some countries.

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20 In Ireland, the political landscape has been dominated by the Fianna Fail, which has also joined coalitions to form governments when it has not had a clear majority. The Barbados Labour Party held power from 1994 to 2008. Thus, in each case, the governments have been continuous, inviting an examination of political leadership and the relationship between sustained political leadership and policies.

## Equal Distribution of Pain and Gain

Fatigue and mistrust may develop where partners feel unequally “burdened” by the weight of the partnership. This may occur where labour witnesses a wage freeze or reduction while businesses continue to raise prices or the government fails to manage inflation or demonstrate the same restraint on ministerial wages that is demanded of civil servants. This situation will reduce the support for the partnership, as witnessed in Jamaica. A significant degree of implementation success is dependent on labour, but where the weight (and reward) of success and failure are not evenly distributed, the potential for success in ongoing and future collaborative efforts is reduced. The concern of workers with the decline in living standards under such measures may be mitigated by implementing welfare programs and tax cuts, the latter also having appeal for business. Social partnerships are, ultimately, aimed at delivering worker safety and industrial stability and growth; not at raising the anxiety of workers.

The existence of an informal economy, particularly of the size seen in Caribbean states, can also seriously undermine the concept of equal pain for equal gain,<sup>21</sup> which defines social partnership. An informal economy suggests a weakness in regulatory and supervisory mechanisms, information asymmetries and in the financial sector, which Polackova (1999: 47) believes adversely affects a nation’s contingent liabilities. The failure to manage these liabilities impairs a government’s ability to obtain sound fiscal management, as well as plan and implement a growth and development agenda. In such a case, tax cuts may not necessarily offer a sufficient incentive for compliance, requiring greater investments and entrepreneurship from governments in heightening the effectiveness of such measures.<sup>22</sup> By effectively monitoring prices, governments can help to distinguish between necessary and opportunistic increases (CaPRI, 2008b: 5), making businesses and processes more transparent and accountable, a move that would bring more areas of Caribbean society into the formal economy (as was the case in Ireland).

21 An IMF study estimated the informal economy to be around 37 percent of GDP for Guyana, 42 percent for St. Lucia, and 45–51 percent for St. Vincent and the Grenadines, and Belize. The Bahamas, Barbados, Grenada, Trinidad and Tobago, and St. Kitts and Nevis were estimated to be below 25 percent of GDP in the early 2000s, while the World Bank believes Jamaica’s GDP to be 36.4 percent (Vuletin 2008: 12 and 25; eStandardsForum, 2009: 5).

22 Ironically, “entrepreneurship” and “innovation” may, in some settings, simply be about implementing and enforcing existing rules, rather than coming up with new measures, particularly in cultures that have tended to support rule avoidance as a norm.

## Transparency and Trust Are Key

The overarching nature of social partnerships suggests the importance of providing information on the stock of partnership capital (including financial and social) to inform policies. A lack of transparency among partners and in the economic process will, ultimately, affect the level of trust and the ability to measure progress, risk manage the partnership and judge when partnership goals have been met. The selective application of rules, and a lack of transparency and enforcement are not conducive to building trust, which is necessary to achieve a successful social partnership and improve fiscal management in the region.

Trust is key to fostering a cooperative culture and creating the stability necessary for successful policy planning and implementation. The successful cases discussed here have, to varying degrees, been marked by high levels of trust. This is also important in encouraging stakeholders to have confidence that partners will act in the partnership’s or the nation’s best interest. As underscored by Heinemann and Tanz, trust is critical for implementing reform as it helps to mediate the conflict surrounding wealth maximization, making credible promises relating to compensating losers of reform possible, and making it “easier to agree on (in the long run) welfare enhancing reforms” (Heinemann and Tanz, 2008: 173; also in Fayoshin, 2001: 28). The cases presented here indicate that trust not only helps in implementing, but also in sustaining such reforms. While the stakes for success are high, the same is true for failure, since negative experiences with partnerships, such as in Jamaica’s case, can dampen the desire for future partnership arrangements while depleting the stock of goodwill and trust.

The absence of any of these features identified for social partnership success does not necessarily preclude the formation of social partnerships, although the costs of partnering may be higher when they are absent. More time may be required, for instance, when negotiating agreements. Failure of the Jamaican social partnership was due, in part, to insufficient time being allowed for it to evolve. Where trust or a cooperative culture is in short supply, it is necessary for partnership details to be transparent and detailed before the final agreement is reached. This can be achieved through the use of clear and consistent rules of engagement and a legislative process that allows for transparency and accountability. Building trust requires a strong and credible government, with political leaders that are seen to adhere to the principles of the partnership. Fears and concerns must also be acknowledged from the outset. Repeated constructive





contact during the formation process can promote consensus and trust over time.

### Setting Tangible Targets and Goals

Experience underscores the value of starting with precise and measurable targets, and improving them over time, as opposed to designing extensive initiatives.<sup>23</sup> Focusing on specific initiatives allows attention to be placed on appropriate areas as the partnership evolves and the economy transforms, providing more flexibility to respond to changing environmental conditions. Reaching specific targets goes further in building trust for continuing cooperation than adopting massive measures that have a greater risk of failure. Pragmatism is, therefore, critical. The NESC in Ireland was, for instance, keen on pointing out the costs of inaction or the failure to take decisive action in changing course. Such pragmatism helps to keep expectations within realistic and achievable limits (for example, reducing personnel size or incidents of industrial action), and prevents over exuberance or a dampening of momentum when grand targets prove unattainable. To this end, there is the need for ex ante agreement on the goals of the partnership and clear, identifiable markers and indicators of when the “end” has been reached (even if the social partnership is extended).

### Social Partnership Planning Is Development Planning

The examples of both successful and unsuccessful social partnerships demonstrate the value of taking an integrative approach to development and partnership planning. The targets discussed above, should thus be informed by a long-term projection or an overall growth strategy based on national developmental goals. To this end, the ministries of finance and labour and the prime minister (or corresponding leader) should be among the key partnership participants, with the annual budget being informed by the social partnership. The policy environment of some countries may be more unpredictable than others, but cohesive planning can help to minimize ad hoc or politically motivated spending or partnership reversals, which could compromise the viability of the social partnership and, ultimately, the nation’s ability to meet its development goals.

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23 In the Jamaican case, CaPRI has warned against the inclusion of a crime strategy in a growth strategy, even while recognizing the difficulty of addressing growth without addressing crime. As they note, “it would not only make it cumbersome, but it would quite likely set the country up for failure by setting targets that might not be possible to meet in the short term” (2008b: 6).

The successful experiences of Botswana, Ireland and Barbados demonstrate that the introduction of a social partnership is not an end in itself, but rather the means to an end — helping to overcome inequality and deliver balanced development, although the post-growth phase in each country suggests that social partnerships do not preclude the emergence of inequalities.<sup>24</sup> It can also be argued that the existence of a social partnership helps to reduce the extent of inequality that would have emerged under a different development model. In the case of Barbados, the social partnership is an ongoing process that monitors and addresses issues as they emerge, making the social partnership more responsive to environmental changes.

### Develop Partnership Strategies through National Capacity

It is important to have a competent national or local administration and research team for the successful implementation of any social partnership (for example, the NESC in Ireland and the presidential commissions in Botswana). The partners (and citizens) need to have sufficient information and practical advice on the substance and strategies of the partnership that can be laid out in formal national programs such as Barbados’ social partnership protocols. Success requires a clear and identifiable structure for the social partnership, which “should have stability and permanence as well as flexibility, and lines of communication must be reviewed to ensure that all partners are kept informed and involved” (CaPRI, 2008a: 3). It is critical to use local capacity, or at least individuals who are aware of the specific environment when developing frameworks that are contextually and institutionally relevant, as external consultants and expertise are costly and difficult to sustain over the long term, even where international experience is used to inform the local.<sup>25</sup>

Governments within the Caribbean may not possess the capacity to deliver a social partnership agenda and, where this is the case, an option is to use competent parties outside of government — a move in keeping with the concepts of collaborative or networked governance. This could involve more active partnerships between governments

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24 Beyond the obvious implication that social partnerships do have limitations is the question of whether such inequality is simply the *result* of growth and less about the *path* towards such growth; a worthy consideration, which cannot be dealt with in the present discussion.

25 In fact, Botswana, Ireland and Barbados also used national capacity to develop their social partnerships through presidential commissions, the NESC and social partnership protocols respectively.

and educational and non-governmental think tanks across the region, as practised in Botswana. The Caribbean's sizeable diaspora has a significant role to play in this regard, having long been silent partners to governments (Minto-Coy, 2010) and, importantly, they already have the skills and resources necessary (Minto, 2009a). The diaspora have noted their desire to partner with home governments, indicating a willingness to become more active partners with a more audible and visible role in local governance.<sup>26</sup>

### Social Partnership Is Both a Philosophical and Practical Exercise

Social partnership is not only an economic, but also a political and public relations exercise. It is critical for a government to persuade both citizens and partners of the need for cooperation and the benefits that will accrue from social partnership arrangements. Partnership development is not only a practical, but intellectual and philosophical exercise that implies a level of symbolism relating to the value of social partnerships versus other developmental models (for example, the traditional thesis of state versus market as the engine of economic growth). This symbolism plays an important role in garnering mass support for policies. However, viewing social partnership only in philosophical or symbolic terms can be risky. That is, while philosophical underpinnings are important, the practical — the tangibles — cannot be underestimated. As seen in the Jamaican case, mistrust and partnership fatigue may develop where efforts fail to move beyond discussion and symbolism into implementation. Likewise, where initiatives such as salary reduction or redundancies are to be brought in, these must first be introduced among the key ministries and government officials (Minto-Coy, 2011a). Such a move would go some way in appeasing populations in the Caribbean already deeply suspicious of government.

### The Impact of the Natural Disasters on Social Partnership Development

The natural environment and its impact on the economic growth prospects of individual islands is an important consideration in the Caribbean, where climatic conditions have increasingly become more unpredictable. While weather patterns in the Caribbean have, for the most part, spared islands such as Barbados the most devastating effects of hurricanes and tropical storms, islands such as

Jamaica demonstrate the debilitating effect weather can have on national economies and the impact such disasters can have on an existing social partnership. An area for future research, particularly in the present context, would be the impact of such disasters on social partnerships and other attempts at development planning, and the extent to which an existing social partnership would allow a government to effectively build resilience and capacity.<sup>27</sup>

### Take Advantage of Luck and Timing

There is the temptation, particularly in the cases of Botswana and Ireland, to query the role of fortune or luck in the economic success of social partnerships undertaken in those jurisdictions. Botswana, for instance, had the good fortune to discover diamonds after the British had relinquished control over the country. This discovery supplied the funds required to undertake the massive overhaul of what was then one of the poorest and most underdeveloped states in the world. In Ireland, a global boom in the information and communications technology sector provided the capital to support reforms. However, other countries, including some in the Caribbean, have historically been blessed with natural resources and favourable circumstances (for example, preferential trade agreements), but have not been able to successfully use these to transform their economies to a similar extent.<sup>28</sup>

In fact, authors such as Harvey and Lewis (1990, 6–7) and Tordoff (1993: 282) have suggested that although fortune may have played a role in Botswana's growth, sound management has mattered more.

In the cases of Botswana, Ireland and Barbados, the leaders took advantage of uncertain situations — they did not waste a crisis — or major national developments to implement wide systemic reforms to secure their nation's future.<sup>29</sup> From looking down the lens of a dismal future

27 For example, where better economic management can be secured via social partnership, a government may be more equipped to improve on the quality of infrastructure, thus reducing the extent of destruction wrought by hurricanes. Tighter controls over spending may also lead to more savings and leeway in national budgets to recover from natural disasters. Barbados, has, for instance, included this area in its most recent partnership agreements.

28 One exception to this would be Trinidad and Tobago, with the discovery of oil there in recent years.

29 Indeed, it is just such an opportunity that has been presented by the social unrest and resulting uncertainty experienced by Jamaica in May and June of 2010. The grave threat presented by criminal elements must be seen as such an opportunity to marshal stakeholders and convert the sense of unease and urgency into tangible policy solutions for addressing social and economic challenges within the framework of a social partnership.

26 See, for example, Dominica Academy of Arts and Science (2004), Minto (2009a) and Minto-Coy (2011b).

without good governance on the cusp of independence in Botswana, to the heights of unemployment and rising government debt in Ireland, to a major threat to the way of life in Barbados, each government seized the moment to reshape their societies, moving them down the path of growth and sustainable governance. Leadership, planning, consensus and facilitation through social partnership, and a willingness to “seize the moment” were more important factors in these three cases than the role of fortune.

Collectively, the analysis suggests some invaluable lessons and key considerations for small developing states in the Caribbean for implementing successful social partnerships, presented in the box on page 19.

## Conclusion and Recommendations

This paper has examined social partnership as a concept and a tool for economic development, underscoring its application and use for the Commonwealth Caribbean through a comparative assessment of three successful experiences with social partnerships, as well as one unsuccessful attempt to implement social partnerships. Cross-comparative assessments are useful in ensuring that the correct lessons are drawn and that policy makers gain a deeper understanding of the relevance of context, the types of governance institutions that make a difference for development and how such governance models can be secured.

While partnership arrangements may be motivated by either internal or external crises, the countries examined here have underscored the fact that successful social partnerships have emerged from internal motivations — a recognition of the need for change at the highest level of government. This is true even when international pressures may have provided the impetus for action.

Nevertheless, while the cases of Botswana, Ireland and Barbados may have been informed by individual and local circumstances, there were similarities in the structure and aims of these partnership models: the collaboration between workers, governments and the private sector; the attention to controlling government expenditure, particularly through wage restraint across sectors; an emphasis on increasing productivity; and achieving growth while minimizing inequality and social dislocation through tax reform and welfare programs. Social partnership in these cases acted as the framework within which a series of economic and social policies could be implemented, demonstrating the value of social partnerships in reducing conflict, increasing stability and

predictability, allowing for more credible policy making and a society responsive to good governance. These general attributes of social partnerships can benefit the Caribbean.

One of the key motivations for the implementation of social partnerships in the cases discussed in this paper has been the need to reduce deficits and obtain equitable growth. Fiscal discipline has been shown to be critical in breaking spiralling debt, rising taxation and economic stagnation in the cases of Barbados, Botswana and Ireland, which makes them excellent examples for the Caribbean to follow to curb fiscal excesses. Jamaica’s failure to implement successful social partnerships suggests that room remains for a deeper understanding of social partnerships and the conditions for their success in the Caribbean context.

It is, however, important not to romanticize the experiences of the successful social partnerships of Botswana, Ireland and Barbados, as each of these countries has its own challenges, including the growing concern over inequality, falling productivity and non-compliance with the terms of the partnership as new crises and threats emerge. The wider lesson to be drawn for the Caribbean is that any development reform needs to be sustained with some degree of flexibility and responsiveness built into the reform process.

The task of government is to recognize where the ideal elements for partnership exist and, where possible, help to create the conditions (for example, through its influence, money, legislation and regulation) in which the institutions for good governance can thrive. This discussion adds to the theoretical debate on institutional change, not only by suggesting that path dependencies can be broken, but also suggesting the ways in which that can be achieved in the Caribbean, with social partnerships playing a major role. The cost for a nation may be time and investment, but the prize is even more lucrative — long-term growth and development.



### Some Key Considerations for Implementing Successful Social Partnerships in Commonwealth Caribbean States

- Acknowledge the presence of the ideal conditions for formulating a social partnership — an internal or external economic or social crisis — that makes such a partnership more attractive.
- Strong decisive leadership is critical, particularly political leadership with a demonstrated commitment to the partnership and strong political support (including the political opposition).
- Partners should include key players (for example, ministries and government departments, unions and the private sector as well as NGOs) with roles and responsibilities clearly defined.
- There needs to be an equitable distribution of pain and gain, in order to maximize worker support and emphasize the point that social partnerships are designed to deliver worker safety — not insecurity.
- Social partnership must be informed by transparent and accessible rules of engagement, especially where mistrust exists.
- The goals of the social partnership must be clear, measurable and have fixed time frames.
- Partnership planning should go hand in hand with development planning and budgeting, emphasizing that the social partnership is a means to an end and not an end in itself — the end being increased productivity, growth and development. To this end, environmental scanning and responsiveness are important in protecting the gains of the social partnership.
- Establish a dedicated national or local partnership and research development and implementation team.
- Recognize that social partnership is both a practical and philosophical exercise requiring attention to language and symbols.
- Consider the impact of natural disaster responsiveness in protecting the gains achieved by the social partnership.

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## Appendix

### Box 1: Social Partnerships in Botswana

#### The National Development Plans (NDP) (1965–2015)

- The National Development Plan outlines short- to medium-term development initiatives for Botswana.
- Since 1965, there have been 10 plans, the first of them being the *Transitional Plan for Social and Economic Development*. Recent plans (with some key features outlined) include:

#### NDP 8 (1997-98 to 2002-03):

- Emphasis on sustainable economic diversification and employment creation;
- Higher labour productivity;
- Privatization;
- Poverty alleviation and more equitable distribution of wealth;
- Reduce youth unemployment; and
- Accompanying NDP 8, the *National Youth Policy Implementation Plan (1999–2005)* sought to recognize and promote the participation and contribution of young women and men in Botswana's socio-economic development.

#### NDP 10 (2008-09 to 2014-15):

- Emphasis on the maintenance of productive infrastructure within limited capacity for large increases in investment;
- Continued investment in education and training, with an increased emphasis on the needs of the private sector;
- Further improving the business climate for private sector investment; and
- Additional support (including improved Internet access) for service exports, many of which have less of a comparative disadvantage than merchandise exports in global markets.

#### Vision 2016 (1997–2015)

This long-term socio-economic framework was produced in 1997 and informs the NDPs. It called for:

- **An Educated and Informed Nation:**
  - Increase human capital with an eye towards becoming a regional player in IT.
- **A Prosperous, Productive and Innovative Nation:**
  - Government, in partnership with the private sector, will nurture the spirit of entrepreneurship and creativity in the field of science and technology.
  - Economic diversification.
  - Women will play an equal role in development.
  - Sustained income per capita growth.
- **A Compassionate, Just and Caring Nation:**
  - By 2016, Botswana will have realized a more equitable income distribution that ensures that the majority of its people participate in economic activities.
  - Alleviate poverty.
  - Measures to combat HIV/AIDS.
- **A Safe and Secure Nation:**
  - White-collar crime will be curbed.
- **An Open, Democratic and Accountable Nation**
- **A Moral and Tolerant Nation**
- **A United and Proud Nation**

Source: Compiled by CIGI.

## Box 2: Overview of Ireland's Social Partnerships Protocols

### Programme for National Recovery (PNR) 1987–1990

- Creation of a fiscal, exchange rate and monetary climate conducive to economic growth;
- Movement towards greater equity and fairness in the tax system;
- Diminishing or removing social inequities in our society; and
- Practical measures to generate increased job opportunities on a sectoral basis.

### Programme for Economic and Social Progress (PESP) 1991–1994

- Narrow the gap in living standards between Ireland and the rest of the European Community, based on increased enterprise, efficiency and competitiveness and maintaining a low-inflation economy;
- A major assault on long-term unemployment;
- Develop greater social rights but also promote collective and individual social responsibility; and
- Develop worker participation, women's rights and consumers' rights.

### Programme for Competitiveness and Work (PCW) 1994–1996

- Increase the number of people at work and reduce the level of unemployment;
- Maximize the contribution of the farming and forestry sectors to the national economy, in terms of employment and value added;
- Continue to reduce the national debt to GNP ratio, insofar as international developments permit;
- Stable exchange rate, which will be maintained within the European Monetary System;
- Improve the relative fiscal position of lower and middle-income earners;
- Confine special fiscal preferences and incentives to areas where there is a clear economic or social justification; and
- Continue simplification and streamlining of tax legislation and administration, subject to the overriding need to maintain equity in practice.

### Partnership 2000, for Inclusion, Employment and Competitiveness (P2000) 1997–2000

- Maintain an effective and consistent policy approach in a period of high economic growth;
- Significantly reduce social disparities and exclusion, especially by reducing long-term unemployment; and
- Respond effectively, at national, sectoral and enterprise levels, to global competition and the information society.

### Programme for Prosperity and Fairness (PPF) 2000–2003

- Fiscal correction;
- Achievement of higher living standards and improvements of the environment for work; and
- Establish economic and social foundations of long-term prosperity.

### Sustaining Progress (SP) 2003–2005

- A dynamic economy;
- A participatory society;
- Incorporating a commitment to social justice;
- Based on consistent economic development that is socially and environmentally sustainable; and
- Respond to the constantly evolving requirements of international competitiveness, understood as the necessary condition of continuing economic and social success.

**Towards 2016 (T2016) 2006-2016**

- Nurturing the complementary relationship between social policy and economic prosperity;
- Developing a vibrant, knowledge-based economy;
- Re-inventing and repositioning Ireland's social policies;
- Integrating an island-of-Ireland economy; and
- Deepening capabilities, achieving higher participation rates and more successfully handling diversity, including immigration.

*Source: Compiled by the author and CIGI from Government of Ireland data.*

### Box 3: Barbados: Overview of Social Partnership Protocols

#### Protocol for the Implementation of a Prices and Incomes Policy 1993–1995

- Reform of the tax regime to support the protocol.
- Exchange rate pegged at BDS\$2-US\$1.
- Economic expansion via competitiveness.
- Reduce unemployment and social dislocation.
- Freeze on wages, compensation and prices.
- Monitor prices.
- Participatory decision making and shared gains.
- Establishment of a Productivity Board.

#### Protocol for the Implementation of a Prices and Incomes Policy 1995–1997

- Wage restraint.
- Performance-related pay.
- Job evaluation.
- Negotiated job enhancement.

#### Protocol for the Implementation of a Social Partnership 1998–2000

- Consolidation and institutionalisation of social dialogue.
- Commitment to a stable industrial relations climate.
- Increase employment to reduce social disparities.

#### Protocol IV of the Social Partnership 2001–2004

- Emphasis on making society more exclusive.
- More equitable distribution of growth.

#### Protocol V of the Social Partnership 2005–2007

- Emphasis on occupational health and safety.
- Address issues affecting the disabled community.
- Address environmental concerns.
- Focus on disaster preparedness.
- Initiative for service excellence.
- Secretariat for social partners.
- Support for the CARICOM single market and economy.

#### Protocol VI of the Social Partnership 2011–2013

- Focus on becoming “The Number One Entrepreneurial Hub in the World” through investment and skills development.
- Manage health issues, especially chronic illnesses.
- Strengthen environmental protection and the Green Economy.
- Develop a knowledge-driven economy.



## The Caribbean Papers

**Repositioning the Caribbean within Globalisation,** Anthony Payne and Paul Sutton, Caribbean Paper No. 1: June 2007

**Brain Drain, Brain Circulation, Remittances and Development Prospects for the Caribbean,** Laura Ritchie Dawson, Caribbean Paper No. 2: June 2007

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