A New Social Partnership for Jamaica?

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EXECUTIVE SUMMARY

Social partnership has emerged as a means for countries to cope with harsh economic circumstances. However, its success lies, not just in concluding the partnership, but in sustaining it as well. Jamaica has done neither. In these challenging times, it seems ideal to explore the causes for failure and strategies for successful social partnership(s). In this paper, we survey the experiences of other countries with social partnership agreements, including Ireland, the forerunner. This survey is the substance of Section one of this paper. Section two refers to the one-on-one consultations conducted with Jamaican stakeholders to ascertain the prospects for and elements of another, more successful social partnership process.

Section One: the Experience of Others

In Section 1, we survey the experiences of Ireland, Barbados, Bulgaria and Jamaica. All experimented with social partnerships, but with varying degrees of success. By comparing both like and unlike cases, we are able to tease out common elements of success (and failure). Although it is not the only driver of successful social partnership, an economic crisis that threatens important macroeconomic and social pillars of the society appears to be a condition which favours the use of this model, as is occurring now. This was clearly the case with Ireland and Barbados which once faced deteriorating economic and social conditions periods before the implementation of their social bargaining programmes. It would then seem as an ideal a time as any for Jamaica to revive its social partnership efforts.

Our assessment shows that the experiences with social partnerships have been both diverse and worthwhile.

One of the most successful outcomes started in Ireland in 1987 and has since led to the introduction of six consecutive agreements as well as noticeable improvements in economic and social conditions. Barbados also had success with social partnerships and recently managed to draft a Third Protocol. Bulgaria's and Jamaica's experiences on the other hand, were not entirely commendable, because they did not last long and lacked the support needed at the government level.

An assessment of foreign experiences with social partnership implies that any prospect for successful collective bargaining in Jamaica is dependent on a number of factors.

- One is the government's acknowledgement of the importance of securing the support of workers and employers and its willingness to share its authority.
- Secondly, Bulgaria's experiment with social partnership made it all the more clear that a successful partnership model should also be "home-grown" rather

than imposed or copied. Its ultimate success depends on the full commitment of all key partners – labour, the private sector and government.

- Thirdly, social partnerships must be guided by clear, realistic goals.

Section Two: Is a Social Partnership Feasible for Jamaica?

In Section two, we present the insights offered from local [Jamaican] consultations on the key elements for a successful social partnership agreement in Jamaica. The four main stakeholder groups were identified – government, opposition, labour and the private sector- and representatives from each group, particularly those who had participated in the previous attempt at social partnership were interviewed. The goal of this part of the exercise was to determine a) if a social partnership was a feasible and desirable exercise for Jamaica to engage in at this time, and b) if so, what the conditions of a successful partnership would be. These consultations were conducted after section one – the comparative experience of social partnership – had been circulated among the stakeholders. Paul Haran – a former senior civil servant in the Irish state, and someone with intimate knowledge of the Irish social model – visited Jamaica to support the programme involving a series of consultations conducted by CaPRI with local stakeholders (during the November 2008), as a resource person.

The methodology of this investigation was simple. We held one-on-one meetings with representative stakeholders, at which Mr. Haran both shared the Irish experience, but also answered questions from the stakeholders he was meeting. In addition, a representative from CaPRI, accompanied him, asking stakeholders specific questions to do with the Jamaican experience, as well as pertaining to what stakeholders would both seek from, and bring to, a future social partnership. This exercise was instructive and useful, especially given the wide range of stakeholders consulted. Meetings were held with both the Prime Minister and the Leader of the Opposition; a significant portion of the Jamaican Cabinet; representatives of the private sector – both large and small businesses; the University of the West Indies; the Jamaica Confederation of Trade Unions; the Ministry of Tourism, among others. Moreover, two group events were held – a business roundtable and a seminar at which representatives from the four major groupings – government, opposition, private sector and unions - were present.

The findings from this segment of the research points to:

- the willingness of all stakeholders to explore another social partnership attempt. All agreed that an agreement was desirable. However, previous initiatives had shown that the attention to detail in future negotiations and agreements was necessary, particularly regarding the gains by labour for their forbearance in terms of wage restraint.

- Another element of a successful social partnership in Jamaica mentioned was the strong leadership and commitment by the government – no more voluntary committees, no more ‘talk shops’, and clear targets set.

- Stakeholders spoke of building on and rationalising existing institutions to avoid duplication – as it was felt that, much like the Irish effort, social partnership needed a home with research capacity within the Office of the Prime Minister.

- Stakeholders desired a social partnership that was not an end in itself, but was part of an economic growth programme – addressing fiscal deficits and debt reduction. The legacy of previous failed and limited initiatives made some suggest a new name to wipe the slate clean.

Careful reflection and feedback from all stakeholders are key to creating a home-grown Jamaican social partnership agreement. The context of an ongoing and likely worsening economic crisis makes another attempt at social partnership in Jamaica the best option. All the stakeholders – government, opposition, labour and the private sector – appear to share this conviction.

Section One: the Experience of Others

INTRODUCTION

Jamaica arguably finds itself at a crossroad. Among the collapse of a number of informal investment schemes, the effects of the global financial crisis, and the expected global downturn, our economy faces what may be deemed the "perfect storm." This appears to be compounded by the country's worsening crime situation, as criminals take advantage of the growing precariousness to prey on their victims in ways that are increasingly horrifying to public decency. Notwithstanding, there appears to be a growing consensus within Jamaican society that there is need to put aside all prevailing political and social discordances and to work towards a social partnership that will create the necessary resilience to these outcomes. Ideally, what is required of all citizens is a social partnership that the OECD describes as:

> *a system of formalised co-operation, grounded in legally binding arrangements or informal understandings, co-operative working relationships, and mutually adopted plans among a number of institutions… [this should involve] agreements on policy and programme objectives and the sharing of responsibility, resources, risks and benefits over a specified period of time.*[1]

The most successful social partnership model arguably originated in Ireland in 1987 and has been applied in other countries around the world. Many countries have since been able to overcome political and economic turmoil through the creation of similar national partnerships. This paper will survey a few experiences with social partnerships in order to adduce the common elements of success or failure. It will then look briefly at Jamaica's own experiences with social partnerships, to identify the elements that have been missing in past attempts which would render them less effective than those seen in countries like Ireland.

[1] Organization for Economic Cooperation and Development (1990), Partnerships for Rural Development, OECD, Paris.

II. UNDERSTANDING SOCIAL PARTNERSHIPS

When the challenges facing a society are considerable, broad local involvement increases the likelihood that social projects will be accepted and supported over the long run. In general, social partnerships emerge under at least two of three conditions: (i) an economic crisis, (ii) external pressure, or (iii) a history of collective bargaining. An economic crisis can be real, such as a decline in GDP growth and increased unemployment, or a perceived threat, such as the force of globalization on domestic industry competitiveness. External pressure can come from various sources–for many countries, the International Labour Organization is the principal institution influencing the emergence of social dialogue. The influence of the ILO on the dynamics between workers, employers, and the government in many countries has come primarily through the proposition and member countries' ratification of its Tripartite Consultation (International Labour Standards) Convention (C144, 1976), which states,

> Each Member of the International Labour Organization which ratifies this Convention undertakes to operate procedures which ensure effective consultations, with respect to the matters concerning the activities of the International Labour Organization... between representatives of the government, of employers and of workers.[2] Employers and workers shall be represented on an equal footing on any bodies through which consultations are undertaken.[3]

While this convention is only binding after ratification and the consultation it sets out is limited to issues in interaction with the ILO, such as government responses to ILO questionnaires, comments on texts, and proposals submitted to the ILO, the ratification of the convention commits member countries to at least a minimum level of dialogue between the government, employers and workers.[4]

In the case of the European Union member countries or those going through the accession process, the European Commission is most likely the main pressure source regarding social partnerships. The European Commission plays an even stronger role in encouraging social partnerships through its institutionalization of social dialogue and partnership under the Treaty of Rome (1957), detailed and expanded through several subsequent Treaties, as well as by laying out social dialogue as a pre-condition for membership.[5]

Though most examples point to crises, political transitions, or the need to adapt to EU requirements for membership as catalysts for the creation of social dialogue, this need

[2] ILO (1976), Convention 144 (Art. 2, paragraph 1).
[3] ILO (1976), Convention 144 (Art. 3, paragraph 2).
[4] ILO (1976), Convention 144 (Art. 5, paragraph 1).
[5] See, Iankova, "Europeanization of Social Partnership in EU-Acceding Countries" (2007), p. 4.

not always be the case. The ILO Convention 144, for example, may be a useful stepping stone for the initiation of a partnership. In a series of dramatic steps after independence from the Soviet Union in 1991, Kazakhstan became a member of the ILO in 1993, ratified the Tripartite Consultation (International Labour Standards) Convention and adopted its own Social Partnership Act in 2000. Since then it has also established a permanent National Tripartite Commission to facilitate tripartite dialogue.[6]

A history of collective bargaining and dialogue based on trust between different labour institutions is also important for the creation and sustainability of social partnerships. As Reginald R. Farley, MP of Barbados, a country with a successful experience in social partnership explains, “a tripartite relationship (albeit informal) must exist based on mutual respect before any country can contemplate the formalities of a Social Compact or Protocol on the Social Partnership.”[7] It must be emphasized, however, that this pre-condition on labour relations may stem from tradition, emerge from the need to collectively address a crisis, or grow from responses to international pressure.

Social partnerships generally depend on the existence of a common need or goal, such as, inter alia, economic transition, unification, or stability. When they are properly planned and implemented they can result in a greater sense of responsibility, involvement and commitment among citizens. To be efficient, a social partnership should have a recognizable and autonomous structure to help establish its identity. The structure should have stability and permanence as well as flexibility; lines of communication must be reviewed to ensure that all partners are kept informed and involved. It is also felt that farsightedness from the government, where parties promise to uphold a “bipartisan growth strategy” during their time in power, is invaluable for the continuity of any growth plan.[8]

A closer look at the experiences of other countries will highlight the main conditions for successful social partnerships. The next three sections will survey the experiences with social partnership models of Ireland, Barbados and Bulgaria – three cases quite different from one another, but which enable us to tease out common threads. In all cases, the support received by the social partnership from the incumbent and opposition parties was critical in ensuring its sustainability beyond the first couple of years. This will be useful to bear in mind as Jamaica experiments with its own version of social partnership.

[6] Ishikawa (2003), p. 29.

[7] Farley, “The Social Partners Experience of Barbados” (2000).

[8] Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (2008), p. 27-28.

III. COMPARATIVE EXPERIENCES

A. IRELAND

Ireland's first social-partnership initiatives occurred at a time when its government and private entities confronted grave economic and social problems. In 1986, Ireland faced a recession and was in a state of economic disintegration, with severe macroeconomic conditions: the economy was growing at a rate of only 0.3%, and its gross domestic product was a mere 64% of the European Community average GDP rate; the unemployment rate was 18.5%, a percentage that had been worsening over the years, and which accounted for 242,000 persons in the Irish population – 73,000 of whom were under the age of 25.[9]

In addition, the country's inflation rate climbed to 20.2% in 1981 and remained in double digits for the next two years. Subsequent attempts by the Irish government to address these economic problems led to the accumulation of national debt totalling £25 billion by 1987. This amount was, at the time, over one and a half times the Gross National Product and required a third of the Exchequer tax revenue for annual servicing. The country was also faced with high levels of nominal and real interest rates which acted as a barrier to investment, and sectors such as agriculture declined steadily – sometimes at rates twice the average of the European Community. [10]

Undoubtedly, the worsening economic conditions had a devastating effect on the standard of living of Irish citizens. This also led to high levels of emigration of most of Ireland's well educated labour force.[11] Consequently, despite possessing one of the most skilled and educated labour forces

Box 1

Important Facts about Ireland

The government explains the reasons for the improved performance of the economy over and above the targets set in 1993:

- ✓ Ireland's high birth rate in the 1970s has led to large increases in the working-age population in the 1990s.
- ✓ Combined falls in unemployment, and modest increases in the number of people reaching 65 years of age, have led to a large fall in Ireland's dependency ratio. This falling dependency ratio alone explains part of the rise in per capita incomes. Investment in education over a long period has improved the average educational levels of the workforce.
- ✓ High levels, by historic standards, of public investment in physical and human capital, undertaken with the help of substantial EU Structural and Cohesion funding, improved the stock of public infrastructure.
- ✓ For most of this period relatively low interest rates have encouraged strong private sector investment.

There has been a positive environment for business including a falling tax burden on both employees and companies

Source: National Development Plan 2000 – 2006)

[9] This was among the highest rates of unemployment in the European Community. See, Programme for National Recovery, Government Publication Sales Office, October 1987

[10] Ibid

[11] Ireland invested heavily in its education system; in 1967 it introduced free secondary education and by 1968 special grants were offered for third level education. See, Dermot Ahern, Speech of Dermot Ahern TD, Minister for Communications, Marine & Natural Resources

in the world, Ireland hardly benefited as most of its young, qualified minds chose to reside elsewhere. Thus, by 1987 net emigration was estimated at 30,000, an amount equivalent to the natural increase in the population.[12]

The initiation of the social partnership in Ireland began with a change of government. In February 1987, Charles Haughey became the new Prime Minister of Ireland and instituted a number of changes, one of which was the inception of the social partnership model. Haughey administered what was the first phase of the social partnership agreement that began to put Ireland on the path to growth and development, under the three-year nationwide recovery plan dubbed "Program for National Recovery."

1. The Social Partnership Model

The original social partnership process in Ireland began in 1987 with a negotiated approach to influence the economic and social policy. While the traditional corporatist agreement is a tripartite agreement in which trade unions, employers and the government work together to govern the labour market and achieve social and economic enhancement,[13] the Irish model also allowed for the participation of several other interest groups. It incorporated the main employers and trade unions, employer organizations such as the Small Firm Association, the agricultural community and a variety of groups representing the voluntary and community sectors, as well as the government. As time progressed there was not only a gradual widening of the representation of civil society[14] but the initial agreement was followed by a series of social partnership programmes, the most recent of which was signed in 2006.

Box 2

National Economic and Social Council

The National Economic and Social Council (NESC) was established in 1973 and is one of the first institutions to conduct long-term study on Ireland's socio-economic issues and problems.

The function of the Council is to analyse and report to the Prime Minister on strategic issues relating to the development of the economy; the achievement of social justice; and the development of a strategic framework for the conduct of relations and negotiation of agreements between the government and the social partners.

The role of the Council was re-shaped in the 1980s with the onset of economic crisis in Ireland – it formulated the (agreed upon) strategy on which the first social partnership agreement was signed. The NESC prepares and circulates every three years to all partners an overview of Ireland's social and economic conditions. These overviews serve as the basis of future social partnership agreements.

Source: National Economic and Social Council, www.nesc.ie

12 Programme for National Recovery, October 1987.

13 Mary Murphy and Paul Teague. Social Partnership and Local Development in Ireland, 2004.

14 In addition to the traditional social partners (e.g. trade unions, employers' associations and farming organizations) as time progressed there was increased involvement of organizations representing the unemployed people, women's groups and others working to counter social exclusion. See, http://www.eurofound.europa.eu/eiro/1998/01/feature/ie9801109f.htm, cited November 2, 2008.

In general, the social partnership agreement involved pay settlements and increased participation by non-governmental entities in the country's policy making process. Pay settlement agreements for public and private sector workers were made in exchange for tax cuts and government expenditure agreements. This pay settlement was set at no more than a 2.5% increase in salary in each of the three-year periods[15] and made special provisions for lower-paid workers.[16] The inclusion of the voice of social partners was another exceptional characteristic of the agreement. The intention was to give social partners, including non-traditional ones such as women's groups and the unemployed,[17] the ability to influence the construction and delivery of social and economic policies through the National Economic and Social Council (see Appendix). The inclusion of the 'fourth pillar' – the community and voluntary sector demonstrated foresight. In today's world, technology has allowed the fourth pillar to become much more influential.

The National Economic and Social Council (NESC) is the most important of a number of advisory bodies to the Social Partnership. There is also the National Economic and Social Forum, which evaluates the policy and programme implementation to achieve social inclusion and equality. The Economic and Social Research Institute is an independent research body on economic and social policy in Ireland. Research capacities and clear lines of communications are the supports on which the social partnership was created, but also on which it continues to grow in its seventh incarnation.

The success of the original agreement and the need to further direct the country on a path of economic and social growth led to a renewing of the agreement year after year. Hence, social partnerships in Ireland have since taken on the following forms:

- 1987-1990 – Programme for National Recovery
- 1991-1994 – Programme for Economic and Social Progress
- 1994-1996 – Programme for Competitiveness and Work
- 1997-2000 – Partnership 2000, for Inclusion, Employment and Competitiveness
- 2000-2003 – Programme for Prosperity and Fairness
- 2003-2005 – Sustaining Progress
- 2006-2016 – Towards 2016

[15] Roughly one third of firms had no difficulty in paying an increase in wages, one third could just about pay, and one third said they couldn't, but to get an exemption from the increase they had to reveal the true state of their books (only about 50 companies ultimately came into this category).
[16] Concerns about working hours were also addressed. See, Programme for National Recovery, Government Publication Sales Office, October 1987
[17] See, http://www.cpa.ie/links/irishsocialpolicy.htm, cited December 11, 2008, for a complete list of social policy groups. The National Traveller Women's Forum, the National Women's Council of Ireland, and the Irish National Organisation of the Unemployed are among them. These groups are part of the Community Platform, which is in turn, part of the National Economic and Social Forum (NESF).

The inception of each programme was driven by the major concerns of Ireland prevailing at each stage of the partnership. Each programme was therefore centred on a particular issue and was named accordingly. Today, the success of these programmes has been an example to the world.

2. Key Insights from the Irish Experience

In Ireland, the result of the introduction of the first social partnership was an overall improvement in economic and social conditions. Social conditions were targeted through the provision of child income support, improvements in the pension scheme, a review of health policies, educational programs for disadvantaged groups of women, and a reduction in unemployment, among other efforts.[18] Social equity was also a central focus of the Programme for Competitiveness and Work (1994-1996). The priorities of the programme were to at least maintain the level of real income of those on social welfare, maintain the social insurance system and to achieve the priority rates for social welfare set by the Commission of Social Welfare in Ireland. Similar issues were targeted in subsequent years of the partnership, resulting in overall social improvements.

Indeed, Ireland's social partnership programmes contributed to periods of unprecedented economic success for the country. During the mid-1980s to mid-1990s, Ireland had the highest rate of growth of GDP in the OECD, averaging 4.9% per year.[19] This resulted from deliberate efforts by participants to see to the achievement of long-term sustainable growth performance. A major part of the agreement was a new pay arrangement that was intended to take the country in a new direction. This included changes in tax rates and limitations on salary increases over the three-year period of the original agreement. Tax initiatives included adjustments to income tax, corporation tax, capital taxation and also attention to the issue of tax evasion. The government also agreed to reduce payable income taxes while restricting expenditure to necessary expenses. This was done with the intention of improving pay expectations and encouraging equity in the country.[20]

The revision of corporate tax rates also played a significant role in the plan for development. Lowering corporate taxes along with the planned improvements in interest rates opened the door for significant improvement in investment levels. The move from tax rates in the high 40s to rates as low as 10% on manufacturing provided very attractive conditions for multinational corporations. The plan to reduce tax evasion in Ireland included greater equity in tax collection, increased regulations and penalties for tax evasion and the introduction of lower tax rates and tax relief packages. These initiatives resulted in improvements in tax compliance over the years. Eventually, there was a move towards a standard corporate tax rate of 12.5%, at

[18] Programme for Economic and Social Progress, January 1991

[19] See, http://www.eurofound.europa.eu/eiro/1998/01/feature/ie9801109f.htm, cited November 2, 2008.

[20] This new tax system also included the provision farmers to pay the same income tax as other self employed labourers.

which point Ireland started enjoying the most competitive corporate tax rates within the European Community.[21]

With the agreement to lower taxes came greater restriction on spending by the government. Greater control over government expenditure was reflected even at the departmental level, where government ministers were instructed by the Prime Minister, at the onset of the agreement, to propose areas for expenditure cuts in their own departments. This laid the foundation for an effective plan to reduce spending and therefore national debt. Thus by 2001 the national budget had a surplus of 0.7% of GDP, an improvement on the 1987 budget deficit of 8.3%, while the debt to GDP ratio went from 130% to approximately 37% over the same period.[22] Tighter control over government expenditure not only positively impacted the national debt but also influenced interest rates downwards and subsequently increased investor confidence and investment levels.

These economic strategies contributed positively to the country's unemployment problem, through the dual effects of improvements in the investment level and job creation. The government sought to strengthen the manufacturing sector by supporting existing organizations and attracting new manufacturing firms. It was therefore imperative to lower interest rates and create an environment that was conducive to business development. In addition to corporate tax cuts and the reduction of national debt, proponents of the agreement also sought to reorganize and simplify industrial promotion agencies, offering training grants and financial contributions to other areas of business development, while setting up new trading houses. As a result, the first stage of the social partnership saw an increase in Ireland's productivity (although there was no improvement in employment). However, overall improvement in the total workforce was manifest after the second agreement in 1990, with the unemployment rate moving from 17.6% in 1986 to 14.6% in 1991.[23] By the year 2006 the total workforce in Ireland had grown from 1.1 million in 1990 to over 2 million and at that time, it shared the highest rate of growth of employment with countries such as Australia and the Netherlands.

The issue of increased female participation in the workforce must be mentioned. The inclusion of women's groups in the social partnership agreement led to increased participation by women in the workforce, contributing to increased economic growth. A significant portion of Ireland's human resources which had been under-utilised, was employed and trained.

Similarly, the problem of high rates of emigration also subsided, with the country now retaining much of its skilled labour force. Not surprisingly, with the improvement of the Irish economy and the reduction in the rate of unemployment over the years following the social partnership, the educated labour force that had left because of

[21] Keith Collister, From Celtic Tiger to Carib Tiger – Lessons from Ireland, November 2007

[22] Budget 2001 and Budget 2004 Department of Finance, Ireland.

[23] Since 1993, Ireland has achieved a 4% increase in employment *in each year*. See, http://www.eurofound.europa.eu/eiro/1998/01/feature/ie9801109f.htm, cited November 2, 2008.

worsening conditions returned - in some cases more highly-skilled than they had left - and was able to make significant contributions to Ireland's productivity.

B. BARBADOS

Barbados serves as a model for social partnerships within the Caribbean. Facing one of its worst eras of economic turmoil in the early 1990s - partly triggered by an economic crisis due to the global recession, as well as the structural adjustment policies tied to the economic relief provided by the International Monetary Fund (IMF) - Barbados sought to address its resulting vulnerabilities by uniting its employers and workers, who later collaborated with the government to form what would become a social partnership. Workers' and employers' groups led the creation of the partnership, as they saw their economic positions threatened by the structural adjustment policies (SAP) implemented by the government.

Barbados boasts a long tradition of voluntary negotiations held on an ad hoc basis among the government, workers, and employers - although before the implementation of the social partnership, most negotiations took place at the company level.[24] Barbados' structure as a small, service-based, open economy made it very vulnerable to economic crises, and while its GDP was highly volatile due to economic shocks at least since independence, the plunge from a 6% and 5% growth in GDP in 1988 and 1989, respectively, to -5% in 1990, forced the government of Barbados to seek assistance from the IMF (International Monetary Fund).[25,] Among other measures, the structural adjustment program (SAP) designed by the IMF entailed an 8% cut in public sector salaries and the layoff of 8,000 public sector workers, increased taxation, decreased subsidies given to import substitution firms, a higher discount rate, and the devaluation of the Barbadian dollar.[26]

The implementation of the SAP in 1991 outraged workers and employers, for three important reasons. First, they had not been consulted by the government on the matter, despite the fact that the policies adopted affected them directly. This went against the spirit of voluntary agreement that previously prevailed in industrial relations in the country. Second, employers worried that in the face of rapid globalization, increased taxation, trade liberalization, and the devaluation of the currency would lead to increased external competition. For their part, workers believed that the burden of the SAP measures would be unevenly distributed among the Barbadian population.[27] Though perhaps taking an overly simplistic view, Charles-Soverall and Khan (2004) interpret the Democratic Labour Party's (DLP) fall from power in 1994 in Barbados as "further evidence of the political fallout that

[24] Fashoyin, "Fostering Economic Development through Social Partnership in Barbados" (2001), p. 13.
[25] World Bank, "World Development Indicators" (2007), http://ddp-ext.worldbank.org/ext/DDPQQ/report.do?method=showReport. Fashoyin (2001), p. 2.
[26] Ibid, p. 2, 20.
[27] Ibid, p. 2, 21, 22.

awaited any government that implemented salary cuts or devaluations because of the destabilizing impact it had on the political economy and social fabric."[28]

Though unions joined forces in employing traditional response methods – such as protests and demonstrations – against the SAP measures, the vast majority of them also consolidated their leadership and created the Congress of Trade Unions and Staff Associations of Barbados (CTUSAB). This proved to be a critical move, as umbrella or "peak" organizations enhance bargaining power as well as credibility.[29] Naturally, employers responded with the establishment of the umbrella Barbados Private Sector Agency (BPSA) and joined CTUSAB in trying to forge dialogue with the government and the IMF. At first the government was not responsive and Leroy Trotman, heading CTUSAB, had to contact and negotiate with the IMF directly.[30] Seeing the unpopularity of the SAP and CTUSAB's success in convincing the IMF to remove its requirement for the devaluation of the Barbadian dollar, the DLP-led government decided to begin a dialogue with CTUSAB and BPSA. In 1993, the Protocol for Implementation of a Prices and Incomes Policy ("First Protocol") was signed, focusing on economic stabilization through the control of prices and income by setting wage freezes and price reviews, so that wages and prices could only be increased according to productivity gains and higher input costs, respectively. A National Productivity Board was established and the government, workers, and employers agreed to share information and meet at least four times a year for review.[31]

When the First Protocol expired in 1995, a Second Protocol – mostly reaffirming the previous one –was signed despite improved economic conditions, indicating that the three parties saw their cooperation as at least somewhat economically beneficial. The protocol also established a Sub-Committee of Social Partners, which met on a monthly basis and was responsible for drafting the Third Protocol. This formally extended the interaction among the government, workers, and employers from consultation to partnership. The social partnership has since continued through the signing of further protocols. In the face of improved economic conditions, these have extended the dialogue from a narrow focus on economic stabilization to social security and inclusion.

In general, the Barbadian experience with social partnerships has been hailed as a great success. Although the island had a tradition of public consultation, the conflicts arising from the early 1990s economic crisis revealed the weakness of the system. And, as Fashoyin (2001) argues,

> While [ad hoc or informal dialogue] is usually (though not always) contrived to resolve a threatened or existing problem, institutionalized social dialogue not only seeks to resolve conflict, it also acts as a

[28] After 1994, workers and employers continued negotiations with the Barbados Labour Party-led government. The DLP returned to power in early 2008. See, Charles-Soverall and Khan, p. 28.

[29] Ishikawa, *Key Features of National Social Dialogue: A Social Dialogue Resource Book* (2003), p. 38.

[30] Charles-Soverall and Khan (2004), p. 27.

[31] Farley, "The Social Partners Experience of Barbados" (2000), p. 2.

conflict prevention mechanism as its stability promotes understanding and cooperation.[32]

An important step still remains, however, in fully institutionalizing the social partnership in Barbados. While the Fourth Protocol included an agreement to move towards the establishment of a secretariat – which would provide staff exclusively dedicated to research and briefing the partners, thus enabling a quicker responsiveness from the social partnership to economic events – one is yet to be formally established.

Another important problem faced by the social partners in Barbados is the difficulty in transferring the decisions made at the national level into practice at the company level. Although the share of workers belonging to unions in Barbados is relatively high, at 36%, and a large fraction of non-unionized workers still benefit from the social partnership through negotiations at the workplace level, it is estimated that roughly 26% of workers, usually employed in small businesses, lie outside the unions' sphere of influence.[33] Although the island's tradition of voluntary agreements assumes that deals settled at the national level will be voluntarily accepted at the company level – even by those not directly involved or represented in the dialogue – the partnership has nonetheless been confronted with issues of non-compliance with the agreement, often because of lack of awareness or difficulties encountered by companies in adapting the decisions to their specific conditions.[34]

Springer also criticizes the Barbadian social partnership's limitation to the government, workers, and employers, to the exclusion of NGOs and the media.[35] It was found that in African countries emerging from conflict for example, partnerships that included civil society along with the government and the private sector were critical in re-establishing political stability and rebuilding economic infrastructure, since civil society organizations *inter alia* mediated disputes, encouraged long-term dialogue, and attracted funding from external donors.[36] The participation of the media in social dialogues would also have led to better education of the Barbadian society regarding the agreements reached by the social partners. In the future, this could address the need for stronger transfers between the policies issued at the national level and decisions taken at the company and industry level.

C. Bulgaria

In contrast to Barbados and Ireland, Bulgaria instituted a social partnership not as a result of internal forces, but due to external pressures: the need to comply with the

[32] Fashoyin (2001), p. 28.
[33] Fashoyin (2001), p. 9-10.
[34] Fashoyin (2001), p. 10, 33.
[35] Springer (2005), "Social Partnership – The NGOs and the Media," cited in Charles-Soverall and Khan (2004).
[36] Adebayo (2003), "Countries Emerging from Conflict: Lessons on Partnership in Post-Conflict Reconstruction, Rehabilitation and Reintegration."

European Commission's requirements for EU membership. However, Bulgaria chose to retain its own institution of industrial relations as well, feeling that an externally imposed partnership was not wholly compatible with its tradition.

After the collapse of the USSR (Union of Soviet Socialist Republics), ex-communist countries by and large rejected central planning, embracing democracy and the market economy through a transition process that inevitably increased inequality. In Bulgaria, in order to ensure social peace during the painful adjustment period, the government, employers, and workers negotiated a 'tripartite coordination' to distribute the resulting economic burden as evenly as possible. As Iankova explains, "in the conditions of economic crisis and difficult economic restructuring, the social partners often did not negotiate real wage and income increases, but mutually acceptable, reasonable drops in living standards."[37] Nonetheless, tripartite dialogue emerged in every single post-communist country during the transition period.

Despite this history (albeit recent) of collective bargaining – including the establishment of a National Council for Tripartite Cooperation and the enforcement of mandatory talks between the partners, - when Bulgaria applied for EU membership in 1997, the European Commission rejected its social dialogue as lacking scope for bipartite negotiation between labour unions and employers (in contrast to Western Europe, which has a long tradition of bipartite dialogue).[38] With the standardization of labour laws to prevent social dumping resulting from the expansion of the EU to include new members, the European Commission was entrusted, through a series of acts and treaties, to promote social dialogue to achieve a common approach to labour laws in Europe. The Amsterdam Treaty of 1997, for example, made a strong statement by allowing member states to use agreements between social partners as an alternative to legal harmonization in order to implement Community directives. Thus, the Treaty enabled governments to use their social partners as scapegoats when implementing the sometimes unpopular economic measures required for membership in the Economic and Monetary Union.[39] However, this proved to have only limited success in most countries, as the social partners often were not strong enough to properly participate in the arrangements in the first place.[40]

To fill this gap in capacities, the commission made another effort by creating working groups comprised not only of governments, but also their partners, who would represent each country in labour negotiations for the accession process. Bulgaria complied with this requirement, even extending the representation of partners to NGOs. However, the EU rules were still found to be lacking – though social partners were active in the working group negotiations, they were not directly represented during the actual EU negotiations. Because only government representatives negotiated directly with the European Commission, when they met on their own with

[37] Iankova (2007), p. 3.

[38] See, Iankova (2007), p. 4 and Stubbs and Zrinscak, "Extended Social Europe? Social Policy, Social Inclusion and Social Dialogue in Croatia and the European Union" (2005), p. 164.

[39] From a different angle, Stubbs and Zrinscak (2005) see the Amsterdam Treaty as "[giving] social partners the *right* to be consulted on a series of issues." Strubbs and Zrinscak (2005), p. 169.

[40] Iankova (2007), p. 5.

the Commission, government representatives could, and often did, ultimately ignore the 'input' given by their partners, overriding any consensus reached in the working group and relegating the social partnership to a formality.[41]

A bold decision taken by the Commission to include partners in the management of EU funds (structural funds and the cohesion fund) in 2002 finally set a different pace to the partnership negotiations. This was made possible by the transformation of the role of the private sector from a consultative one into that of a full-fledged partner. In Bulgaria this entrenched a tradition of public-private partnerships. Taking another step, the Commission encouraged the creation of economic and social councils, making the existence of them a pre-requisite for candidate countries *before* accession. In all countries except for Bulgaria, these councils, which encompass economic issues beyond labour but which are primarily consultative, have come to replace older tripartite institutions, in what appears to be a full-circle return.[42] Bulgaria, however, has chosen to preserve its existing National Council for Tripartite Cooperation alongside the Economic and Social Council, since the former is perceived as stronger and its limited concerns with labour are understood as constantly important. Furthermore, Bulgaria "felt that [its] specific structure of social dialogue reflects the reality of industrial relations [in Bulgaria], and should not be modified just because they would not suit the structure of social dialogue that take place in Brussels."[43]

It is interesting to note that Croatia, which is currently going through the EU accession process, received an assessment of its social dialogue similar to Bulgaria's, whereby the Commission noted that it is "quite developed" but lacking on the bipartisan front.[44] The former assessment is questioned by Stubbs and Zrinscak, however, as Croatia's commitment to establish economic and social councils quickly collapsed because of disagreements and lack of trust between the unions and the government.[45] Nonetheless, in Croatia the EU has focused on other social issues such as inequality, minority rights, and the legal system rather than on strengthening social dialogue for the time being.

D. JAMAICA

There have been several attempts at social partnership in Jamaica, none of which have yet succeeded. This section provides a brief overview of the initiatives under these social partnership attempts and the primary areas of failures under what was dubbed the 'Partnership for Progress' (PFP).

[41] Iankova (2007), p. 5-6.
[42] Iankova (2007), p. 7.
[43] Lado and Vaughan-Whitehead (2003), cited in Iankova (2007), p. 9.
[44] Commission of the European Communities (2004), cited in Stubbs and Zrinscak (2005), p. 177.
[45] Stubbs and Zrinscak (2005), p. 175.

Like Ireland, Barbados and to a lesser extent, Bulgaria, Jamaica's social partnership initiatives emerged out of an economic crisis that threatened important macroeconomic and social pillars of the society. Arguably, Jamaica's poor economic standing was highlighted by Standard and Poor's downgrading of the country's outlook from a then B+ long-term foreign currency sovereign rating to negative from stable[46] –- a similar outcome to Ireland's which, within the periods leading up to its economic crisis, was about to be downgraded by the same international rating agency. In justifying the outlook revision, S&P's sovereign analyst Jane Eddy had noted,

> Jamaica's projected budget deficit is about 8% of GDP for financial year 2002, which greatly exceeds the 4.5% budgeted deficit," and noted that "This slippage occurred during a parliamentary election year, when the government eased its traditional tight fiscal control..." The analyst also explained that, as a result, the general government's heavy debt burden will climb to an estimated 139% of GDP for financial year 2002, reversing the recent gradual downward trend, noting that proposed tax measures and expenditure cuts "may prove insufficient to lower the government's significant debt level over the medium term, thus tilting the risks to the rating to the downside.

It should be noted however, that Jamaica's problems were not common to the emerging debt market universe as a whole, as JP Morgan's emerging market bond index (EMBI) returned 13% in 2002, outperforming all U.S. bond asset classes that year.

By early 2003, a noticeable acceleration in capital flight had begun in Jamaica. The high net- worth domestic clients of a number of leading money market players began to ask for their money to be moved outside of Jamaica immediately. Still, some analysts and leading business officials who were a part of umbrella organizations in Jamaica remained optimistic of the outcomes at that time and even believed that the then minister of finance's participation in the Bear Stearns Central American and Caribbean Credit Conference, was just business as usual.[47] Other policy changes by the central bank and the Ministry of Finance were also treated with the same degree of speculation.[48]

There were other developments that spurred interest and debate at the time. Interest rates, for instance, were subsequently raised sharply by more than double over the period, which led some to believe that the Bank of Jamaica was trying to apply its traditional high interest-rate medicine to protect the dollar. Also, at one of the Private Sector Organization of Jamaica (PSOJ)'s meetings, the issue of what was ultimately

[46] This happened shortly after the release of the supplementary budget estimates in early December 2002.

[47] The Bear Stearns Central American and Caribbean Credit Conference is said to be one of the leading conferences of its kind on the Caribbean. Coincidentally, Dr. Davies' presentation at the conference on the 14th of January 2003 was at the time open to select institutional investors.

[48] Despite the move by the Bank of Jamaica and the Ministry of Finance to institute a special reserve requirement on banks which somehow appeared to have been aimed directly at currency speculators betting against the Jamaican dollar, one prominent analyst felt that although the dollar moved to $50.50 from $52.05, that this was only temporary and that "this is a very blunt policy instrument, so "we do not expect the Jamaican dollar to collapse", no doubt reflecting the views of the policymakers he had recently spoken to.

proposed in the budget as a 4% cess to be charged on all imports (inclusive of capital goods and raw materials) to meet the large fiscal gap, was raised in the form of a "Discussion Document" as an Advanced Income Tax on Operations[49]). The cess was vigorously opposed by the Private Sector.[50] At the same time, the stress on the domestic financial sector was increasing sharply from falling Eurobond prices, margin calls and even a massive negative carry on the money market players' domestic bond portfolios.

As time progressed, the debate surrounding the existing sequence of events grew stronger, especially among technocrats and business groups in the country. Several articles by Keith Collister, "From Celtic Tiger to Carib Tiger" and "From Celtic Tiger to Carib Tiger Revisited", based on the book The Making of the Celtic Tiger by Ray McSharry, were published in the Gleaner in the months of February and March – just before the budget debate began. These were also sent to Denis O'Brien through the intervention of former Jamaica Chamber of Commerce (JCC) President Tony Chang. On April 1st 2003, O'Brien agreed to send an Irish team of former "Celtic Tiger" technocrats to Jamaica for the PSOJ's Annual Economic Seminar on April 16, 2003, with the proviso that a working meeting be arranged with the key government technocrats (not the politicians), as well as union and business leaders. This seminar, which was impeccably timed as it occurred just after Jamaica's foreign exchange crisis, gave a public platform to the Irish team responsible for Ireland's 'Programme of National Recovery' in October 1987. The members of the private sector, and the Irish delegation who attended this seminar were all struck by the similarities between Jamaica's economic problems in 2003 and Ireland's fiscal crisis of 1987.

Efforts to continue this working relationship continued in the JCC/Conference Board's closed-door session of

Box 3

The Union Movement in Jamaica

The PFP initiatives had not, in fact, been Jamaica's first attempt to create a social partnership, with the last attempt occurring over a decade ago in 1996. The union movement leadership had demonstrated initial enthusiasm, even bravery, in accepting a wage freeze as part of the MOU, at least partially in the spirit of the shared sacrifice demanded by a partnership approach. The MOU, whilst separate from the PFP (which was not a tripartite agreement as it was negotiated only between the Unions and the Government) was at least initially informed by a sense of partnership. Over time however, the MOU appears to have become just the normal wage freeze and subsequent catch-up process that has been a regular recurrence in Jamaica, with the only real benefit of the MOU being more coordinated wage bargaining (as opposed to a huge number of different units) in reducing the cost of separate bargaining in terms of valuable ministerial time. The evidence for this sombre assessment is the increase in the wage bill of well over 40%, including unbudgeted items, as opposed to the originally promised 20%, agreed in the last MOU of March 2006 (MOU2).

[49] This became a draft version of the supporting budget document Ministry Paper 19

[50] See, Tax Proposals Budget 2003/2004, 27th April 2003 prepared by Roy and Keith Collister.

April 17, 2003.[51] This private session, moderated by a leading developing-country economic consultancy – On the Frontier – involved representatives of government, unions and the private sector in discussing the practical issues involved in creating a social partnership. The overall initiative appeared to get official blessing approximately one month later when the Prime Minister's Development Council called for a "coalition of the willing" on May 14 to create a social partnership.

1. Driving the Process: Jamaica's Social Partnership

The 'Partnership for Progress' (PFP) initiative began as the outcome of collaboration between the economic policy committees (EPC) of the Private Sector Organization of Jamaica (PSOJ) and the Jamaica Chamber of Commerce (JCC)[52] as a result of their mutual concerns over the economic situation at the time, particularly the threat of a financial crisis. It is important to note, however, that the Partnership for Progress was intended to be collaboration between the wider private sector and the major unions, and was to improve the relations between the two sectors, particularly via the efforts of the private sector/union Acorn group.[53] Hence, by November of 2003, representatives of a number of key stakeholders in Jamaican society – including the major trade unions, the major private sector organizations, academe, agriculture and key non-governmental organizations such as Jamaicans for Justice – began meeting with government representatives with the objective of creating a social partnership. The Jamaica Confederation of Trade Unions (JCTU) also responded favourably to this private-sector initiative, and the organization's paper 'Towards a New Vision for Jamaica's Socio-Political Survival and Economic Growth' showed that the unions were already thinking along similar lines. The importance of research on the issue was epitomized by the formation of an economic modelling committee, which was set up in late 2002 to take a "fresh look" at Jamaica's economic model.

At its heart, the 'Partnership for Progress' initiative was an attempt to create a process to achieve a shared vision of a better Jamaica, with its first step being the signing of a social partnership agreement, whose key goals were clearly stated in the name of the agreement, "A Programme for Growth with Equity." The first paragraph of the agreement described the aim as "a social dialogue and partnership agreement designed to build trust and seek consensus on issues of national importance, with the objective of promoting a climate which will foster sustained economic growth, equity

[51] The Irish team included Matt Connolly (Director, MECA, Ireland), P.J.Mara (Press Secretary to PM, Ireland), Padraig O'Huiginn (Secretary General to the PM Ireland), Kieran Mulvey (CEO Labour Relations Commission, Ireland), Bill Attley (Director, European Union's Economic Social Committee).

[52] Under the new PSOJ President Mrs. Beverly Lopez and her newly appointed EPC Chairman (Colin Steele) and the Jamaica Chamber of Commerce (JCC).

[53] The Acorn Group refers to policy network whose goal is to find common ground between employers and trade unions. This network emerged out of the public discussion around the 1996-7 social partnership effort in Jamaica. It is independent of government.

and social justice for the benefit of the widest cross-section of the Jamaican people". The group believed that a lack of trust - and consequently the lack of a process to create consensus - in the society was a key impediment to creating the agreement necessary to achieve a sharply-increased level of economic growth - and consequently job creation - and to deal effectively with critical issues such as crime.

The group's primary objective was to build a sufficiently broad-based coalition to create the necessary consensus in the society to design and implement tangible measures to move the economy forward and to achieve an improvement in governance overall. The context for the proposed agreement was the general disappointment with the economic performance of Jamaica since independence, and the widespread desire for Jamaica to return to the first rank of developing countries in terms of growth and other key aspects of development.

In January 2004, the PFP working committee made its first recommendations in the form of a draft memorandum of understanding to the Government. These, and subsequent drafts over the subsequent year and a half included among other things:

- Fiscal stringency, particularly a call for the government to achieve its fiscal targets for 2004/5, and subsequently for 2005/6. The grouping uniformly supported the balanced budget target from inception as a critical part of the economic turnaround
- Creation of a monetary policy committee (MPC)
- Privatization
- Tax reform
- The debt swap initiative
- Education reform
- Crime initiatives, including recommending the implementation of New York's crime management system COMPSTAT

However, the proposed signing of the agreement with the government on August 18th, 2005 never happened because the union movement had pulled out, under pressure from their members for agreeing to a wage freeze.[54]

2. Review of the Successes and Failures of Jamaica's Social Partnership

The signing of the government's Memorandum of Understanding (MOU) by the major trade unions in February 2004 was a critical element of the government's fiscal turnaround. This wage-restraint agreement was not formally part of the Partnership

[54] U.S. AID had also agreed to fund a research and public communications programme on the signing of the agreement; this never happened, as there was no agreement.

for Progress initiative, having been negotiated directly with the government in return for a no-lay-off policy. Nevertheless, it was heavily informed by the Partnership's initiative, particularly by those representatives from the union.

During this same critical period from November 2003 to January 2004, the banking sector[55] was in the process of finalizing a debt-swap agreement to replace high-cost debt with a mixture of low-to-zero coupon debt so as to reduce the Government's interest cost and thus its fiscal deficit. This message of strong local financial sector support for the government was communicated to the international market mainly through former U.S. investment bank Bear Stearns, at its annual Central American and Caribbean Credit Conference. The government was able to refuse the 17 per cent interest rate (internal rate of return) offered by the local banks as part of the debt swap initiative in return for significantly higher interest (coupon) debt. It thought, correctly as it turns out, that local interest rates would fall to even lower levels[56]: in the period between February and May of 2004, there was a huge increase in international bond prices on the back of local investor confidence, and a virtual doubling of the Jamaican stock market in only four short months as a result of the sharp reduction in domestic interest rates.

The other critical element was the government's commitment to a balanced budget in the 2004/5 fiscal budget and the subsequent 2005/6 budget, a target also supported by the private sector and other partners as part of the initiative.

Despite these achievements, there were areas of weaknesses in Jamaica's social partnership initiatives. In brief, one criticism is that there were large gaps in both the private sector and government's understanding of what social partnership actually meant. Of particular note is that the initiative was from inception private sector-led. It should have been in fact government-led, something key members of the former government claimed to discover for the first time on their own subsequent trip to Ireland in 2006. Of course, the main reason for the private sector taking an initial leadership role was their frustration with what they saw as the lack of appropriate government action, particularly during the near-crisis of 2003.

A related critical issue was that there was no sustained attempt to properly study and understand the Irish "Celtic Tiger" experience (particularly by the government), on which the Partnership for Progress initiative was very loosely modelled. The research effort was entirely voluntary. Outside of the core voluntary EPC commitment to drive the process, the only research was undertaken by the banking sector as part of the debt swap initiative, along with the preparation of a debt dynamic model led by Dr. Damien King.[57] However, without full government buy-in, which appeared to recede as

[55] Excluding the Bank of Nova Scotia, which it could be argued had already made a critical contribution in the form of US$100 million loan to the Government from its parent company on the well-known principle of "if a man owes you a million, you have a problem."

[56] It is important to remember that not long before, rates had been more than double this level. International capital market access was regained in February with the issue of a Eurobond, ironically during a meeting with the then Opposition leader Edward Seaga.

[57] Now vice president of the Caribbean Policy Research Institute.

swiftly as the sense of crisis for most Cabinet members, the initiative was clearly doomed.

3. Lessons: Comparing Jamaican and Foreign Experiences with Social Partnership

While the Irish and Barbadian models of social partnership were generally successful, the Bulgarian one shows the difficulties inherent in externally-driven social partnerships. As Ishikawa warns, "what worked well in one country may not work well in other countries due to differences in their industrial relations systems, traditions, and structural endowments."[58] Guyana, for example, experimented with copying the Barbados model, only to learn a lesson already understood in Bulgaria – that even successful models of social partnerships are not necessarily transferable. In 2000, the Guyana Trades Union Congress (GTUC) prepared a draft protocol heavily based on the Barbadian Third Protocol, focusing not only on a stable economy but also on social inclusion and decreasing inequality. Fashoyin (2001) questioned whether the document was relevant for the specific social and economic conditions in Guyana, warning that

> … [T]he path to a sustainable social partnership is hardly the replication or transfer of a system from one environment to another, even if this system has already performed reasonably well in one or the other. This is because the formulation of a social partnership ought to emerge from the national realities and be based on the specific conditions prevailing in the particular society…[59]

With regards to Guyana, it is thus not surprising that recently there have been serious divides in the negotiations between the local "social partners." In an article drawing contrast between the social partnership in Barbados and the collapsed dialogue in Guyana, the British Broadcasting Corporation pointed to the conflict between different trade unions. The meltdown of the partnership is clear, as the GTUC General Secretary accused the government of Guyana of trying to divide the unions while the First Vice President of the GTUC blamed the government for a "massive national debt" and increased unemployment.[60]Furthermore, it may be that the draft, which was based on the Barbadian Protocol implemented only after half a decade of close partnership, fell apart because it was too ambitious as a first step for Guyana. One of the principal criticisms made about the Jamaican draft proposed in 1996, for example, was also precisely its "extremely ambitious and complex" agenda that may have been "too complicated for a still embryonic social partnership."[61] It is noteworthy, however,

[58] Ishiwaka (2003), p. 1.
[59] Fashoyin (2001), p. 59.
[60] BBC Caribbean (2007), "Social partnership praised".
[61] Fashoyin (2001), p. 56.

that like the Irish and Bulgarian councils, the Jamaican draft included NGOs as partners, avoiding a criticism received by Barbadian models.

Another key criterion for successful partnerships is the representativeness of the social partners, including, in the political sphere of the Caribbean, incumbent and opposition parties. This is crucial for ensuring that the partnership is sustainable and effective. In Barbados 36% of workers are unionized, and in Ireland the unionization rates are as high as 48% and 52% for the private and public sectors, respectively.[62] One criticism of the composition of Jamaica's past partnership initiatives is that it lacked full support by the government- a problem which may have been compounded by relatively weak unionization of workers, with rates ranging between 10 and 15 per cent.[63]

Another important lesson for Jamaica therefore, is that the level of representativeness of all future social partnerships must be carefully balanced and aligned by the principles of democracy. Ishikawa explains that even where unions have high membership rates; their representativeness may still be put into question. It is interesting to note that conservative parties in France, England, and Sweden argue that while social partners do have a role to play, unlike the government their representatives are not elected by the people as a whole. Thus, decisions ultimately rest with the government, and allowing otherwise would undermine accountability.[64] And as has been noted with respect to Ireland, social partnerships bypass Parliament and can, in that sense, be undemocratic[65]. Nonetheless, it is well accepted that there are benefits to be found both in the social dialogue *process* and among its *outcomes*. As was kept in mind by the European Commission as it imposed the requirement that member states establish social dialogue, the consultation process itself opens the door to democratic governance.[66] By giving legitimacy and ownership, it may also empower the social partners.[67]

Finally, that the outcomes of the social partnership greatly depend on its intended goals cannot be emphasized enough. In the case of Ireland and Barbados, it was initially economic stability and eventually growth. In South Africa it was political stability during transition. In Korea a social partnership was forged to respond to the Asian economic crisis, and in Singapore a social partnership institution was established for the same purpose.[68] Ultimately, social partnerships require a shared goal or need, though this does not have to be in the form of re-emerging from a crisis or joining an economic community. Rather, a common desire for democratic

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[62] US Department of State (1994), "Ireland: Country Report on Economic Policy and Trade Practices."
[63] US Department of State (February 2005), "Jamaica: Country Reports on Human Rights Practices." http://www.state.gov/g/drl/rls/hrrpt/2004/41766.htm, cited November 9, 2008.
[64] Ishikawa (2003), p. 13.
[65] http://www.shane-ross.ie/archives/125/social-partnership-unrepresentative-and-undemocratic/#more-125, cited November 2, 2008
[66] Iankova (2007).
[67] Ishikawa (2003), p. 28.
[68] Ibid, p. 23, 32.

participation and instilling governance in realistic, country-appropriate steps should be sufficient to ensure a sustainable and continuous social partnership.

IV. Setting the Context

The key lessons which were drawn from the comparative survey above were that social partnerships generally emerge under circumstances that challenge the economic and social viability of a country. Worsening recession, rapid emigration of skilled labour, unemployment and slow growth rates preceded Ireland's plans for partnerships; while for Barbados increased economic vulnerability resulting from unfavourable global conditions provided the impetus for collective bargaining. Bulgaria, in contrast, instituted a social partnership not as a result of internal forces or economic crisis, but due to external pressures – the need to comply with the European Commission's requirements for EU membership.

The experiences with social partnerships have been both diverse and worthwhile, regardless of the duration. Ireland has had one of the most successful outcomes with social partnerships since 1987, with the introduction of six consecutive agreements since and noticeable improvements in economic and social conditions. Barbados managed to draft a Third Protocol as a result of the successful experiments with its previous social partnerships. This success is embodied not only in improved economic conditions but also extended dialogue on other important social issues such as social security and inclusion. Bulgaria's and Jamaica's experiences on the other hand, were not entirely successful, because they did not last long and lacked the support needed at the government level.

An assessment of foreign experiences with social partnership highlights that any prospects for successful collective bargaining in Jamaica, calls for strong internal support by the government, employers, unions and all members of civil society; and clear and realistic goals.

These insights were carried forward to the stakeholders of a potential future social partnership in the second stage of this research project. This involved consultations with the said stakeholders to determine whether or not there was an appetite for a social partnership in Jamaica; and if so, what the essential conditions of its success would be. To facilitate these consultations, Paul Haran, a former senior civil servant in Ireland and an architect of that country's successful social partnership, was brought to the island to participate in the consultations. His role was to serve as an outside expert in the discussions, and to answer questions from those consulted as to possible problems and solutions in the forging of a social partnership.

These consultations took place from 14-19 November, and culminated in a seminar at the University of the West Indies in which all key stakeholders, as well as the government and opposition were represented. The principal finding of this exercise was that there is certainly a strong shared wish for a social partnership in Jamaica at the moment; but that for such an initiative to succeed, a number of conditions will need to be put in place. These are outlined below.

Section Two:
Is a Social Partnership Feasible for Jamaica?

V. Insights from Consultations with Jamaican Stakeholders

A. Consensus

The most important thing that can be said was that there was a broad, shared commitment to the principle of social partnership. The devil, however, will be in the details. While the strategic vision that would animate a social partnership is widely shared – namely, that all stakeholders should make short-term sacrifices in order to yield medium- and long-term collective gains – the tactics involved in its implementation will tax the ingenuity of all involved.

B. Previous Initiatives

Indeed, it seems likely that one of the things which undermined previous initiatives at social partnership in Jamaica was that the details were left unresolved. This was because the previous initiatives were driven largely by voluntary action, and lacked the sort of research support which would have enabled all these vexing issues to be broached. Most of those consulted were struck by the fact that the Irish model was built upon a National Economic and Social Council (NESC), which had a full-time staff devoted to advising the government on proper implementation.

Because previous social partnerships foundered in Jamaica, there remains both a lingering cynicism about the concept, as well as some residual mistrust. In particular, the unions tend to regard the last social partnership as an initiative which froze their wages, but allowed business to keep raising prices – in short, a means of redistributing wealth from capital to labour.

Perhaps it is reassuring that our respondents from the business community did not necessarily see these complaints as unwarranted. Furthermore, despite their demand that any new partnership would have to promise workers more than the last deal got them, it is also encouraging that the unions still remain favourable to the principle of social partnership. Indeed, just about any of those involved in previous Jamaican initiatives appeared to share the sentiment that a successful social partnership will need to do more than earlier efforts. When the causes of the mistrust resultant from previous initiatives were probed, what emerged was not any apparent evidence of ill will, but rather structural flaws due to imperfect implementation, the lack of agreement and discussion of the details of the plan, prior to proposed signing. This explains the widespread approval of a secretariat for any new social partnership initiative to be housed within a secretariat, much like Ireland's NESC (National Economic and Social Council).

In other words, while the devil is in the details, it does seem that getting the details right will make it possible for a successful social partnership to get off the ground. Indeed, one of the striking facts revealed in the consultations is that there is virtually unanimous positive sentiment towards a revitalised social partnership: both government and opposition expressed support for it, as did the major spokespersons for both the unions and the private sector.

C. Impending Crisis

No doubt a perception that Jamaica faces a crisis has concentrated minds on common challenges and shared goals. But there is little evidence of structural cleavages in the society which would make differences irreconcilable. On the contrary, putting in place the structures that will ensure both broad "buy-in" as well as sustainability, it seems likely that a social partnership initiative could go a long way towards forging a consensus on the way forward for Jamaica.

VII. Elements For Success

With that said, it must be noted that a number of essential features must be in place for a social partnership to succeed. Both the comparative research, and the consultations in Jamaica, indicated that the following are likely to be necessary factors in the implementation of a successful and sustainable social partnership.

- It is all but incontestable that for a social partnership to succeed, it will require strong leadership from the highest level of government. The initiative must also be housed in the Office of the Prime Minister (OPM). In our consultation, the Prime Minister advised us of his strong support for the initiative, and the Office of the Prime Minister has in fact been assigned responsibility for a renewed initiative. This is a promising start. Translating this into concrete action will now be the most important thing that can be done to signal this support.

- A social partnership cannot operate on the basis of voluntary implementation bodies alone. The government's support for the initiative needs to be manifest in the creation of a permanent body tasked with monitoring and advising the prime minister as to the course of the initiative. This body – possibly a partnership secretariat – must be adequately resourced with research and support staff (alternately, it may elect to contract research support to external bodies, but it must have the capacity to contract and process outputs effectively).

- There has been a multiplication of bodies – especially voluntary committees – and initiatives – Vision 2030, the National Planning Summit – which are geared towards the same essential goal of a social partnership: to raise the rate of growth and development in Jamaica. A social partnership will succeed if it integrates these and avoids duplication. Rather than creating yet another new body and initiative, a social partnership should build itself upon existing initiatives and bodies, therefore giving itself a stronger base from which to start.

- Support for a social partnership by the political opposition will enhance the likelihood of such a partnership's success, particularly in the Jamaican context of political tribalisation. It is therefore significant that the current opposition has also expressed its support for a renewed initiative.[69] In our consultations, the Opposition also underscored the importance of the creation of a permanent body – the said secretariat – which is significant because it would indicate to all players the continuity of any initiative taken by the government. One suggestion made by the opposition is that the body created in the OPM could be given a legislative basis, so as to signal its permanence.

- A sine qua non of a social partnership, in the Jamaican (as in most any) context, is a reduction in the fiscal deficit and debt-to-GDP ratio. Doing this will almost certainly necessitate a reduction in the public sector – something many participants in the exercise saw as a good thing in its own right. However, for their part, public-sector unions believe their members are not always adequately compensated; nor can they rationally be expected to sign onto any initiative which will be inimical to their membership's interests – which is to say, job cuts. One possible solution to this dilemma is to implement a version of the Irish one-in-three hiring freeze. In addition to freezing wages, the Irish allowed only one public-sector position to be filled for every three which became vacant; they also enabled public-sector employees to take job leaves with guarantees of returning to state employment if they so wished. Moreover, early retirement was encouraged. Attrition therefore slimmed down the public sector. Not only did this reduce public expenditure and increase public-sector productivity, but it could also enable the government to raise compensation and working conditions for remaining employees (over the long term), thereby making the slimming of the public sector beneficial to all involved.

[69] It is also important to note that the opposition underscored that the partnership must lead to tangible gains for all involved, and most importantly labour.

ADDRESSING WORKERS' CONCERNS

- A key element lacking in previous Jamaican attempts at social partnership was that workers felt they made sacrifices to no real end: the economy did not emerge substantially stronger – something which has also caused business to be cynical about the possibilities of social partnership initiatives. From workers' standpoint, they conceivably ended up worse off: their salaries were frozen, but prices continued rising. In addition to cynicism, therefore, there is a legacy of mistrust among unionised workers, caused by a widespread conviction that the social partnership transferred revenue from workers to employers. These are legitimate concerns, shared by almost all: that any new social partnership must offer the workers a better deal. This deal should be defined prior to signing, rather than evolve after.

There are three – mutually-reinforcing - ways these concerns can be addressed:

- Effective monitoring of price changes can be done to increase the transparency with which business operates. Identifying what price-rises are exogenous and therefore beyond the control of businesses, and which are due to internal factors, may restore some sense of confidence. At the same time, greater transparency will make it difficult for any business to take advantage of a low-inflation environment in order to boost their profits. CaPRI has the research capacity to generate and implement such a research programme, and could offer this support to a future social-partnership initiative. Monitoring committees, of the sort already used in Jamaica, are important, but they need to be adequately supported with research capacity from either the permanent body created in the OPM, or from independent groups supporting or contracted to the said permanent body.

- A social-partnership geared towards managing a crisis alone is bound to leave its participants frustrated, since the best they can expect from it is to end up where they were before. To succeed and become sustainable over the long term, a social partnership must therefore culminate in a growth-strategy, which will promise long-term gain in return for short-term pain. Therefore, an integrated approach to a social partnership, whereby the Finance Ministry commits itself to using the opportunities created by a partnership to put the economy onto a higher plane of growth, must be a <u>sine qua non</u> of a social partnership agreement.

- Wage-freezes can be set against tax-cuts in order to enable workers to claw back at least some of their short-term losses. Indeed, a partnership initiative would be more likely to gain broad support from the business community were it coupled with a comprehensive programme of tax reform (as part of the growth strategy), a technique utilised in the Irish Social Partnership arrangements.

- Having noted the above, it is also important to take account of another legacy of cynicism that has emerged from previous efforts at social partnership in Jamaica. Respondent repeatedly said that "Jamaicans love chat," and that they regarded all talk of social-partnership sceptically since it would amount to more talk but little action. This, again, is a real concern, especially given the prospect of duplication with other efforts, such as Vision 2030 (see above). One thing that the comparative foreign experiences – and especially the Irish one – with social partnership teach us is that the growth strategy in a partnership initiative should not be a grand scheme, with a long time-horizon. It should be more immediate, with an initial partnership agreement lasting around three years. In that time-period, there should be clear, realistic and measurable targets. If the agreement is successful, these targets can then be renewed. Strong leadership and commitment by the government will be required to achieve this level of target-setting and performance management, whilst at the same time fostering the trust needed to stay the path by all stakeholders. The importance of partnership appears to be as much the destination, as the journey itself – as Paul Haran said of the Irish model; one of its chief achievements should be seen as bringing people together to solve common problems.

- It would be impossible to speak of a renewing Jamaica without addressing a crime strategy. Curiously, though, few of our respondents brought crime into the discussion of a future social-partnership, and were willing to focus on the need to revitalise the country's economy. As much as the country needs to unite to tackle what is an increasingly horrific problem, it would probably be a mistake to integrate a crime-fighting strategy into a growth strategy: 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. In light of our consultations, therefore, we recommend that if the country is to unite behind a crime-fighting strategy, that this exercise be separated from one committed exclusively to putting the country on a path towards higher growth with gains for all.

* The non-mention of gender issues by the Jamaicans consulted was interesting. Unlike the Irish case, women in the region have always worked and have been heavily involved in unions. The issue is usually then one of different classes of workers, rather than different genders of workers. However, the lack of grassroots organisation of the Jamaican women's movement is a contributory factor – there is no one representative organisation to include. Moreover, some of the active women's groups are politically affiliated, such as the PNP Women's Group.

- Finally, it may seem a nice point, but the term “partnership” evokes strong negative feelings in Jamaica, given the disappointment with past initiatives, a different term, which will resonate favourably with Jamaicans and speak to our reality, is therefore advisable.

VII. The Way Forward

Lest we be accused of highlighting grand solutions but not coming up with practical ones, we will now turn our attention to the matter of how such an initiative can be implemented in the very near term. The crisis facing the country is urgent, and grows more pressing by the day. We do not have the luxury of time, and so must be able to speak of a social partnership which could be realised in the coming weeks and months. Ideally, the creation of a social-partnership should be made to overlap with the writing of the country’s next budget, so that a fully-integrated growth strategy can emerge. To this end, CaPRI recommends the following steps as a possible course of action:

- The Prime Minister has signalled his support for a renewed social partnership, and has given Senator Dwight Nelson responsibility for putting it on track. With public backing from the Prime Minister, Senator Nelson could assemble the key participants in social-partnership discussions and commence negotiations forthwith. These could carry on with close consultation between Ministers Shaw and Wehby and their colleagues in the finance ministry, as the latter prepare the 2009 budget.
  .

- In order to build the implementation unit rapidly, an existing unit within the Office of the Prime Minister could be turned over to the task. As it happens, the OPM is currently creating new posts for planning and strategy. One of these, slated to begin operating on 1 January 2009, is the director of development, planning and strategy (DPS). Assisted by an officer, and a (shared) secretary, the director will therefore have an embryonic staff, and will thus satisfy the requirements of being housed in the OPM and reporting directly to the Chief Technical Director of the OPM – who in turn reports directly to the Prime Minister. The Director of DPS is to have responsibility for implementation of Vision 2030, making the post a sensible one for a social partnership initiative.

- Although the position will have a staff, it will – at least initially – be limited in its research capacity. One possible solution to this problem is for the Director of DPS to outsource research to private bodies, as well as using the existing research capacity within the Planning Institute of Jamaica (with which this office is to be integrated anyhow).

- The Director of DPS would then be given primary responsibility for assisting in the crafting of a social partnership that met the requirements listed above. Once the proper reporting structure was finalised, the Prime Minister could announce the launch of the initiative to the public.

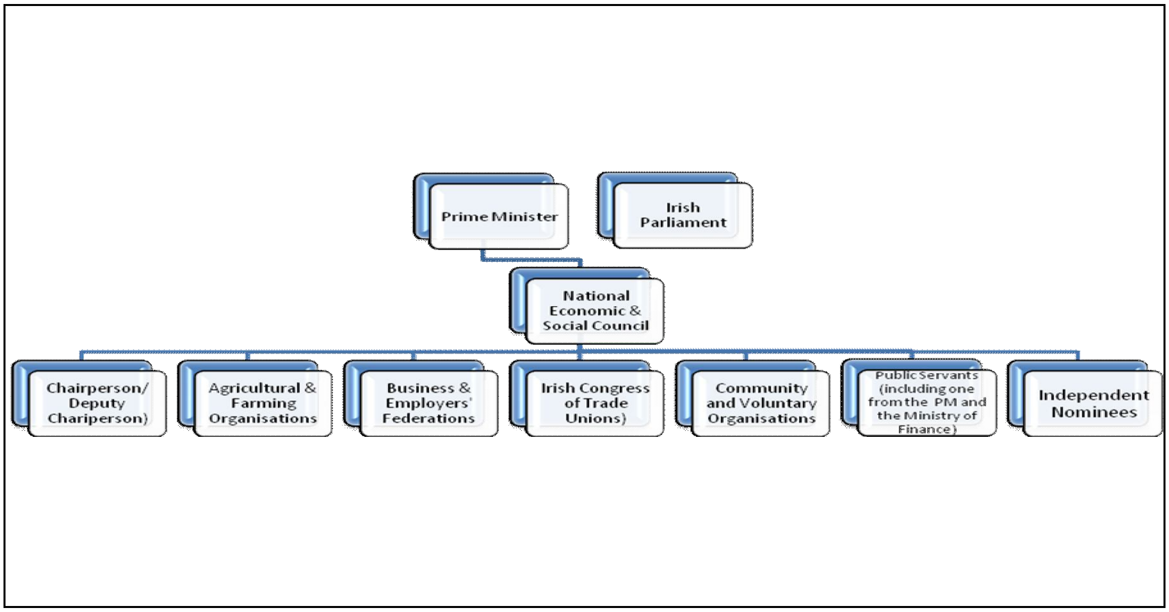
- The public should be kept abreast of developments through public broadcasts and updates. The JIS (Jamaica Information Service) slots could be used, in conjunction with suggestion boxes in public locales, such as post offices.

The time for social partnership is here. One private sector representative noted that “crisis creates opportunities”. Once again, a crisis – this time on a global scale – is ongoing. The full effect on the business sector, the labour force and indeed the entire fabric of the country has not yet been experienced. Armed with the willingness of all parties to explore a social partnership, as well as the embryonic bodies in which to house the effort, it is time to act.

APPENDIX 1

STRUCTURE OF THE NATIONAL ECONOMIC AND SOCIAL COUNCIL, IRELAND

FIGURE 1



MISSION

The mission, as per the NESC's own website, is "is to analyse and report to the Taoiseach (Prime Minister) on strategic issues relating to the efficient development of the economy and the achievement of social justice and the development of a strategic framework for the conduct of relations and negotiation of agreements between the government and the social partners." The NESC has so far produced seven (7) strategy reports[70] – all of which have informed each of the seven social partnership programmes.

CONSTITUTION

The National Economic and Social Council (NESC) are chaired by the Secretary General of the Office of the Prime Minister. Included among the public servants represented on its council are the Secretaries General of the Department of Finance;

[70] See http://www.nesc.ie/inside.asp?zoneId=5&catId=30&artId=50

Enterprise, Trade and Employment; the Department of Social Community and Family Affairs. In all ten (10) public servants sit on this council,

The other interests have five (5) representatives each, exclusive of the Chairman. The other interests include agricultural and farming organisations; business and employers' federations; the Irish Congress of Trade Unions; Community & Voluntary Organisations. Each representative's term of office is three years.

In addition to the Council itself, there is coterie of paid staff (approximately nine in total) – including a director, senior social policy analysts and economists.

POSITION WITHIN GOVERNMENT

The NESC is lodged within the Department of the Prime Minister and is funded by the public purse. All its research reports (and accounts) are laid before the Irish Parliament – the House of the Oireachtas.

APPENDIX 2

CAPRI'S SOCIAL PARTNERSHIP CONSULTATION MEETINGS FEATURING PAUL HARAN
NOVEMBER 14TH TO 19TH, 2008

DR. MARSHALL HALL, JAMAICA PRODUCERS, 14TH NOVEMBER, 2008, 11 A.M.

Paul Haran gave an overview of the Irish society, before the development of the first social partnership model. Mr. Haran stated that the mood for social partnership emerged in 1921 from the Civil War. Subsequently, political isolation and economic expansionism was practiced, which had some deleterious effect on the country. Ireland even joined the European Union in 1972 with the objective to achieve effective sovereignty from Britain. However Ireland had a long way to go before achieving wholesome self-sufficiency as a result of the socio-economic conditions that prevailed at the time.

This effect was manifested in the high levels of unemployment and inflation by the 1970s and was still being felt in the 1980s. Net emigration of the skilled and educated was also significant and took away from the country's productive capacity. The country's GDP per capita was 60% of the European Union's average rate.

Given these problematic circumstances, there was a general call for change. Thus, in 1973 Ireland attempted a partnership agreement through the National Economic and Social Council- which consisted of social partners (Chamber of Commerce, unions, farmers, heads of government departments and chaired by Secretary General of the Prime Minister's Office) who had discussions around issues and problems facing the country and produced subsequent reports. This entity was created and funded by the government. Initially the environment was chaotic; however a relationship was established between unions and employers. Even though political administrations change, this body has remained respected and resourced over time.

As it relates to Jamaica, Dr Marshall Hall informed the group that there was a similar entity in the island which acted as an intermediary between the different stakeholders. This social group, ACORN, serves as an arbitrator between the private sector and government, bringing both parties together by means of communication. It also acts as a facilitator among trade unions, private, public sector and government in negotiations. The key person at ACORN is Mr. Ward Mills. It is, however, a voluntary non-governmental organization.

Mr. Haran further informed the group that a Social Partnership Model emerged in 1987, which contained elements of shared understanding among parties involved. Ireland had reached a critical stage in its history, and its national identity was crucial. The Prime Minister's office played a major role in driving and implementing the process. The late 1980s and preceding years also saw an influx of

Foreign Direct Investment (FDIs) going into Ireland in order to exploit the skilled and educated surplus labour force available. This was also made possible by the fact that Ireland offered a very low corporate tax rate -- 12.5% across the board. In fact at one point, 0% tax was being offered to export companies and 50% to manufacturing companies. The Irish provided a very accommodating environment, and so inward investments increased tremendously. As a result, the economy was restructured, ending the era of jobless growth. Also important was the fact that the European Union gave Ireland the capacity to be independent, and this the country did by experimenting with various interventions. By 2007, Ireland's GDP per capita ranked the second highest in Europe.

A caveat was introduced by Dr. John Rapley, who explained, that one of the concerns within Jamaica, was the fact that some employees may feel that they will be "short-changed" in negotiated agreements. Mr. Haran responded that Ireland merged its Labour, Commerce and Industry Ministries to address this concern: thereby, as he put it, Ireland internalized the labour-capital dialectic, introducing a more consensual approach to wage negotiations. The Ministry of Finance in Ireland was also instrumental in the social agreements. Firstly there was a wage freeze, and then there was a recruitment freeze in order to improve public sector productivity. The recruitment freeze lasted for two years: for every three persons who retired, one person could be recruited, a significant development in a land in which government was the largest employer.

Dr Hall then interjected and stated that Jamaica's socio-economic issues will have to be addressed within any agreements that will be negotiated. These issues include double-digit inflation , high unemployment, increased crime, a high emigration rate (over 70% rate for tertiary-educated individuals), and political disagreements which are compounded by the global financial crisis. He also stated that, even with the recent signing of the Economic Partnership Agreement between CARIFORUM and the European Union, trust remains a major problem in the nation. He also reiterated that an important and necessary issue is the fact that the social partnership model needs to be ironed out: there is a need for cooperation, with goals to be agreed upon by all stakeholders before any agreement can be signed. This was well taken by Mr. Haran, who informed the group that Ireland's change came about when the people of Ireland demanded solutions to the problems, forcing the government to create the mood and become the leader of the transformation process.

JAMAICA CIVIL SERVICE ASSOCIATION, 14TH NOVEMBER 2008, 2 P.M.

The meeting at the Jamaica Civil Service Association included trade union representatives and Paul Haran. It was attended by:

- Wayne Jones – President, JCSA
- Robert Chung – First Vice President
- Oneil Grant – Financial Secretary
- Beverly Edwards – Executive Committee
- Angela Rodney – Executive Committee

- Gillian Corrodus -- Ministry of National Security

Mr. Haran started out by giving a brief history of Ireland and describing the conditions that had led to a social partnership agreement. He indicated that in 1921, after the civil war, two political parties were set up in Ireland. Because these parties were defined not by economic ideology but by their attitudes to the civil war and the treaty, little attention was paid in Ireland to the topic of economic growth and distribution; this set the country apart, and helped to reinforce a backwardness vis-à-vis many of its European peers. In 1973, Ireland joined the European Union and gave up some of its control over its own affairs – as Mr. Haran put it, Ireland pooled its sovereignty. Until then, Ireland had defined itself by reference to UK standards both blaming the state of the country on England and inadvertently reinforcing a sense of helplessness and fatalism in the country's politics and economy.

And yet, Ireland went from a state of economic stagnation to having the second highest income per capita in Europe after today, thanks in no small part to the use of a social partnership model. According to Mr. Haran, partnership was initiated Ireland in 1987 because of the following conditions:

- Debt to GDP ratio of 130%
- High emigration
- 12% long-term unemployment
- High levels of inflation

Mr. Haran described the social partnership agreement in Ireland as one that included employers, trade unions and farmers. A major part of the agreement was the negotiation of a nominal wage freeze. Subsequent to the agreement Ireland began to recover and was able to achieve fast GNP growth. It however took a number of years before job creation was achieved -- there was a difficult period in which unemployment remained high. By 1993 there was economic improvement that included job creation and increases in take-home pay. Preceding the agreement, the National Economic and Social Council was set up. This included the social partners and academics that undertook research and analysis of the Irish system.

Paul Haran attributed the improvements to:

- Luck
- Shared understanding
- Personal leadership
- Society's demand for improvement

Mr. Haran noted that, on the road to improvement, Ireland moved away from the legacy of British colonialism. This included rethinking the way labour and capital were viewed in relation to each other and their respective contributions to economic development. Mr. Haran also noted that he viewed education as the biggest inheritance that Irish citizens received from their fore-parents and that this was an important factor in Ireland's successes. For one thing, large companies settled in Ireland to sell into Europe and exploit this educated work force.

However, Mr. Haran identified some problems that still exist in Ireland. These include public service productivity, that is, performance management within the public sector and the bad relationship between people and government departments. He pointed to these as some areas where improvements are still needed.

The president of the Jamaica Civil Service Association, Wayne Jones, spoke about some of the problems in Jamaica and how they complicated previous attempts at social partnership. He indicated that public-sector problems in Jamaica led to the memorandum of understanding (MOU) in 2004. That is, problems within the work force were taken to the Jamaica Confederation of Trade Unions (JCTU), after which the government was confronted. The government was sceptical at first but eventually opened to discussion and eventual action.

Mr. Jones indicated that the wage bill in Jamaica was growing and outpacing the capital development fund, health services, and other public services. Hence, the MOU came into place which led to the redevelopment of public sector and later, the introduction of training programmes. He noted, however, that social partnership requires national support, which was lacking in Jamaica.

The introduction of the MOU was a part of the Partnership for Progress initiative but was not the first attempt at social partnership that was made in Jamaica. There was an effort in the early 1990s called, simply, Social Partnership. However, it was suspended because the then-opposition party was not supportive of the idea, whilst trade unions were dissatisfied with the level of commitment from business—which is to say, businesses were believed to be concerned only with receiving tax breaks and not with national development.

There were a number of problems with the recent attempt at social partnership. Gillian Corrodus noted the attempts at social partnership in Jamaica were done at the sectoral level and not at a national level. Additionally, persons did not believe that it could be sustained because of a lack of trust and transparency. Also, Robert Chang stated that, after visiting Ireland, participants believed that they had a workable plan; nonetheless, there were problems with developing a successful social partnership because:

- The Jamaican charge for social partnership was led by the private sector rather than the government.
- There was no clear national policy – public sector workers signed onto the MOU but little was done beyond this.
- Discussions lacked skilled facilitators.

Mr. Jones believed that neither the Irish or Barbadian model would work in Jamaica but that we had to develop our own model. He also felt the government should take control of the process. He indicated that trade unions were not convinced that the government and other participants were really interested in social dialogue but were only interested in personal benefits such as wage constraints, public financing, employment constraints and tax reduction. However, Mr. Haran and Mr. Jones both agreed that it was important to build relationships and understandings for the agreement to be a success.

When asked about some catalysts to the success of Ireland, Mr. Haran noted that he considered the role of the Prime Minister's personal secretary to be a catalyst to social partnership; so too was the pressing problem of fiscal imbalances.

Mr. Jones spoke to the fact that performance-based pay has been suggested for several institutions in Jamaica. This input- and outcome-oriented compensation has, however, not been widely accepted. For example, this type of payment was suggested for teachers, but has been rejected by them on the grounds that the teachers believe that they are not totally in charge of all the input variables and therefore do not have full control over the outcome. Nonetheless, this has been the longstanding type of reward in the industrial sector.

Mr. Haran opined that the issues being brought up by teachers are valid, but that they call for a sophisticated measurement system of performance-based pay rather than no such system at all. Additionally, he noted that, in the case of Ireland, the success of social partnership resulted in improvements in working conditions. This is so as improved treatment of workers in the private sector by foreign investor companies forced improvements in the treatment by domestic employers.

PROFESSOR GORDON SHIRLEY, UNIVERSITY OF THE WEST INDIES, 14TH NOVEMBER, 2008, 4 P.M.

Paul Haran described the initiation of social partnership in Ireland as an arrangement that was preceded by research and planning. The National Economic and Social Council (NESC) was set up in Ireland by the Prime Minister's office to provide support for a round table discussion, including trade unions, farmers and the Chamber of Commerce, on Ireland's economic condition. The group met to come up with a menu to fix the problems being faced by Ireland. Shareholders came together and developed a shared understanding about what had to be done. This institution, created in the 1970s, was an important precursor to the national agreement.

The discussions in the meetings that created Ireland's social partnership in 1987 were thus facilitated by previous research. That is, researchers were assigned to undertake studies on particular areas of concern, after which the findings were presented to the entire group and the input of all participants was considered.

Mr. Haran identified some characteristics of the NESC in Ireland:

- There was the analysis and presentation of figures in a clear, unambiguous fashion, making discussion easier as decisions could be based on facts.
- Leaders of trade unions and employers' unions and other participants developed shared understanding and close relationships; this made agreement easier.
- Agreement was facilitated by the government.

Mr. Haran pointed out that historically, people in Ireland were largely trained to work in the public sector; though the Irish people were well-educated, they were not being efficiently used or put to work subsequent to social partnership. This educated labour force, along with a welcoming government system and low transportation costs – and on this point, Mr. Haran stressed the role played by the emergence of a low-cost private airline, originally seen as a threat to the flagship Aer Lingus, but now appreciated by the Irish -- attracted large companies to the Irish economy. It is suggested that these investments played a role in the pursuance and success of the partnership agreement.

The Jamaican situation was addressed by Professor Gordon Shirley, who pointed out that underinvestment in the public sector has been tried in Jamaica as a solution to the debt problem. Also, what public investment does take place in Jamaica tends to go mainly into infrastructure, such as highways. However, Jamaica has not attracted investment in the amount the Ireland. In some instances, this has been blamed on Jamaica's extensive and deepening crime problem.

Professor Shirley noted that social partnership in Jamaica has been tried with the plan of maintaining employment and reducing real wages i.e. an indirect reduction of wages by keeping wages stable in the presence of continued and extensive increases in inflation. However, the country has yet to reap the expected benefits of such an action. This led to the question of the extent of the influence of investment in the success of the social partnership in Ireland, and whether or not the lack of investment had something to do with Jamaica's lack of success.

Mr. Haran indicated that the challenges faced by Ireland in the mid-1980s were similar to those which Jamaica now faces. Ireland started on the path to improvement with labour bargaining, which included wage and recruitment freezes. The country undertook its 1-for-3 strategy, where there was one person employed for every three employees who left the public sector. This required some creativity on the part of public-sector managers, in order to ensure that they did not lose skills disproportionately from some categories. Still, Ireland was able thereby to move from a budget deficit to a managed budget to eve a surplus later on. Additionally, the Irish government also sought to improve tax compliance by making tax evasion less attractive.

Professor Shirley looked at the possibility of the effects of race and class issues. He suggested that Ireland did not have a race issue but did have a class issue. Mr. Haran however, pointed out that Ireland did not in fact have a class issue, but that it was no stranger to a virtual ethnic conflict, as evidenced by the "troubles" in Northern Ireland. Professor Shirley however, pointed to the class issues that exist in Jamaica and the lack of trust between the classes and how this is likely to affect such an agreement in Jamaica. He believes that differences in suggested solution between classes will present a challenge to the success of social partnership in Jamaica.

Professor Shirley also indicated that the 1-for-3 strategy that had been implemented by Ireland was a better alternative to underinvestment in the public sector. The strategy being used in Jamaica is believed to have the effect of destroying the productive capacity of the Jamaican work force.

On matters of the work force, Mr. Haran noted that people do not need huge incentives but need a fair and transparent system, and that this will in turn transform productivity.

In a comparison between the Irish and Jamaican experience with foreign investors, Mr. Haran indicated that foreign direct investment in Ireland was not extracting from the economy the way they do in Jamaica. This was because they entered Ireland and set up new companies rather than buying out and taking over old ones. Also, the environment in Ireland was not labour vs. capital but rather labour and capital working together. The approach was therefore to have one Minister representing unions and employers rather than one for each.
Based on this suggestion, Professor Shirley noted that it would probably be useful for Jamaica to rethink the public sector structure to develop a more efficient system.

JAMAICA HOUSE, 17TH NOVEMBER, 2008, 9 A.M.

The meeting was attended by:
- The Honourable Bruce Golding, Prime Minister of Jamaica
- The Honourable Audley Shaw, Minister of Finance
- The Honourable Dwight Nelson, Minister without Portfolio in the Office of the Prime Minister (*Note: Minister Nelson has been given the responsibility by the prime minister for leading the social partnership initiative*)
- The Honourable Karl Samuda, Minister of Industry, Trade and Commerce
- David Jessop, Caribbean Council
- Ms. Sancia Templar, Chief Technical Director, Office of the Prime Minister
- Lois Grant, Communications Consultant, Office of the Prime Minister
- Onika Miller, Deputy Cabinet Secretary, Office of the Prime Minister

Prime Minister Golding, along with the members of his Cabinet who were present, had a number of questions and concerns about the Irish Social Partnership Model being advanced by Mr. Haran. The Prime Minister wanted to know about the possibility of model being replicated in Jamaica, and if the socio-economic conditions that existed in Ireland triggered the development of a social partnership agreement.

Mr. Haran gave an overview of Ireland from the 1960s to the 1980s and explained that the socio-economic conditions along with weak fiscal policies created the impetus for a collective consensus for change in the 1980s. These calls culminated in the creation of a Secretariat – the NESC -- in the 1970s that was formed from the Prime Minister's Office and given the mandate to conduct surveys on the state of the country and produce relevant reports. This Secretariat, though working out of the Prime Minister's Office, was not affiliated with a party. Mr. Haran explained that strong leadership was necessary for any social partnership to be successful.

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Minister Dwight Nelson wanted to know whether there were bipartisan sectoral talks in Ireland for the tripartite agreements, and if so, which of the stakeholders was more dominant. Minister Audley Shaw, on the other hand, enquired about Ireland's level of debt prior to the signing of the social partnership agreement. Meanwhile Minister Karl Samuda asked about the percentage of tourism exports that were produced locally in Ireland.

Mr. Haran informed the group that bipartisan talks existed, however there was always conflict between the trade unions and employers, and the government was the main driver of tripartite agreements. He assured the group that the unit that was responsible for the social partnership agreements was the National Economic and Social Council, which was headed by the Secretary General from the Prime Minister's Office. It was a non-political body, though, which had representatives from other members of the other parties and became a highly-trusted body. In 1987, Ireland had a "burning platform" – a coalescence of difficult circumstances that forced the country to face, as he put it, being taken over by the International Monetary Fund. Thus, something had to be done.

In response to Minister Shaw's query, Mr. Haran outlined that in 1987, Ireland's debt was 130% of total GDP, and every tax dollar earned went into debt servicing (which was mainly external debt). Ireland today has the second highest GDP per capita in the EU, second only to Luxemburg. The country now boasts net inward migration, and a 4% unemployment rate. As it relates to tourism, Mr. Haran told Minister Samuda that Ireland's investments in tourism included a myriad of products such as spas, golf clubs, and museums- as the aim was to attract all kinds of tourists.

Prime Minister Golding also enquired about the sacrifices the various partners made in the agreement. He also wanted to find out the role preferential agreements with Europe played in economic growth. Among the other queries put forward by Prime Minister Golding were whether Ireland provided subsidies, and the level of social welfare offered in the country. He also asked about other welfare matters, such as the role of redundancy payments and maternity leaves. He was quick to point out that one of the difficulties faced by Jamaica was the ability to get the private sector to agree on a fixed price management programme: public sector wages can be frozen, but this is no guarantee businesses will not continue raising prices. This view was supported by Minister Nelson, who argued that Jamaica had a history of reluctance on the part of private sector to agree to price restraint. The Prime Minister further questioned whether a country could ever graduate from the social partnership programme and whether Ireland still needed social partnerships to survive.

In addressing the questions raised, Mr. Haran enlightened the group on initiatives that were undertaken by the different stakeholders in Ireland in order for agreements to work. He stated that the public sector had to agree to a two-year wage freeze and a retrenchment in employment- one-in-three hiring. This led to increased productivity as people worked harder. However, there was economic growth in these years but no corresponding growth in employment. The country stuck to the plan nevertheless. Mr. Haran also stated that Ireland was now a part of EU, which was of course a large market. But he rebuffed the suggestion that access to EU funds was the key driver for Ireland's success, as such transfers added only an estimated 3% to Ireland's GDP. Even more importantly, corporate tax was lowered to 12.5%, which resulted in greater compliance.

Mr. Haran went on to explain that investors who came to Ireland marketed their products into Europe. Ireland, however, provided incentives to these investors. The government also stepped in to provide assistance to domestic industries and consumers, in that borrowers no longer had to provide collateral – such as houses -- to secure bank loans. Ireland's government did this for two three-year periods. There was a commitment to adjust prices, and thus, inflation decreased. The country had very active competitive consumer policies, which lowered prices.

Mr. Haran also mentioned that consensus was needed among members of the private sector. In Ireland the Office of the Prime Minister ensures continuous dialogue among relevant stakeholders including the private sector. This is so, as a country always needs some sort of partnership programme. Ireland produces a report every three years, which serves as a monitoring tool. Mr. Haran acknowledged that the biggest challenge facing Ireland now is the complacent mood in the country owing to its very success. He notes that high incomes do not in and of themselves make a country wealthy; it takes several generation of accumulation made possible by higher incomes to attain this goal.

Prime Minister Golding concluded by stating that Jamaica had tried partnerships before, and is now initiating a new model of one. The country has made some initiatives, however it has not been cemented as yet. He went on caution that there was the need to incorporate the Opposition and other players in the partnership, if success over the long term is to be achieved. Otherwise, there remained the risk that once it came to office, an opposition party might dismantle the previous government's initiatives towards social partnership.

JAMAICA TRADE & INVEST – BUSINESS ROUNDATABLE, 17TH NOVEMBER, 2008, 2 P.M.

Mr. Haran gave a power point presentation to the assembled guests. Following this, there was an open discussion. It soon centred on for trust and building social partnership in Jamaica. In fact, the participants wanted to know how a partnership with all relevant stakeholders could be developed and implemented in Jamaica, given the lack of trust which prevailing among stakeholders. They also wanted to find out the best method to achieve cooperation from the private sector in future partnership arrangements.

Mr. Morrison informed the discussion that Jamaica has thus far made three attempts at Social Partnerships:

- 1973 (provoked by the oil shocks)
- 1996 (provoked by the high rate of inflation)
- 2005 (provoked by high inflation and a pressing fiscal challenge)

He further reiterated that the difference between Jamaica and Ireland as it related to their different partnership experiences was that, within Jamaica, there was hardly any shared understanding, trust or cohesion in policies and agreements. For the first attempt, there was no agreement on a wage freeze, whilst for the last two attempts; partners did not trust each other.

Similar views were expressed by Mr. Robert Gregory, who stated that social capital and trust were very low in Jamaica. Mr. Raymond Miles agreed, positing that transparency and consensus were definitely needed in Jamaica in order for the country to successfully eke out the opportunities being offered in the global village.

Other participants argued that Jamaicans had never ironed out what they were going to do, while the Irish on the under hand had a solid platform. Jamaica never decided who was going to be the driver of social partnership. Mr. Haran pointed out that leadership was extremely critical in social partnership agreements. He went on to state that Jamaica needs to find a way of articulating that vision of change.

There was a discussion about the way that Ireland works to attract FDI and to promote its exports. Mr. Haran was very clear that they do not help Irish people grow their business in Ireland, and that they offer grants to foreign companies because they see it as buying jobs. There was general agreement with this policy. Mr. Haran said quite clearly that he felt trade promotions bodies should examine their roles and ask themselves the question – what do I bring to companies? He pointed to the fact that some trade promotions bodies continue to exist without any real benefit to the tax payer, and that unless they are bringing benefits in real terms, then perhaps they need changing.

Robert Gregory was particularly welcoming of Paul's statement regarding investing in education as a means of developing the country and Paul provided detail about the way in which Ireland has targeted areas for skills development and re-trained people to meet the needs of industry.

ANTHONY HYLTON, OPPOSITION SPOKESPERSON ON FOREIGN AFFAIRS AND FOREIGN TRADE, 1TH NOVEMBER, 2008, 5 P.M.

Mr. Hylton informed the group that the Opposition Peoples National Party will always be committed to the idea of social partnership, as it is a means of deepening the democratic process. This is because governance requires active collaboration and discussions with key stakeholders in society. He highlighted the fact that there is dividend to be had from forming partnerships. He stated that a crisis at this time is palpable, so the government must act in a timely manner, as the opposition is ready to provide assistance and partake in agreements. He was particularly intrigued by the discussion of the NESC, as that such a non-partisan body's centrality in the process of creating a partnership might help Jamaicans transcend the mistrust and partisanship which has derailed previous initiatives at social partnership. He suggested that it might be worth considering given such a body in the OPM a legislative basis; that would send a signal to all stakeholders that any social partnership which emerged would endure a change of government, and that moreover all stakeholders would see that social partnership was not "owned" by any one government.

THE HONOURABLE PORTIA SIMPSON-MILLER, LEADER OF THE OPPOSITION, 18TH NOVEMBER, 11:15 A.M.

Mrs. Simpson-Miller reiterated her party's support for a social partnership initiative, and lent her backing to Mr. Hylton's presentation of the PNP's positions. She also expressed interest in the idea of a non-partisan body housing the social partnership within the OPM. She also noted the central importance to the party that any social partnership must deliver real gains to poor Jamaicans. She stressed that the search for equity must lie at the heart of any such initiative, if it is to enjoy her party's support.

PRIVATE SECTOR ORGANIZATION OF JAMAICA (PSOJ), 18TH NOVEMBER, 2008, 1 P.M.

The meeting was attended by:

- Chris Zacca, President, PSOJ
- Sandra Glasgow, Executive Director, PSOJ
- Keith Collister, Sandals/ATL Group (an active participant for PSOJ in last social partnership initiative)

Mr. Christopher Zacca had a number of queries, foremost of which was related to the funding social partnership initiatives. Mr. Haran informed him that income for funding came from taxes that were collected in Ireland. Mr. Haran also told him that Ireland prioritized the most important needs of the society. Mr. Zacca was very keen on the idea of the single rate of corporate tax, and also was interested in the income tax legislation.

Mr. Zacca was also interested in the Jamaica government's perspective on labour and capitalism. He was also of the view that Jamaica's political representatives needed to prioritize their policymaking objectives. He stated that it was time to see actions within the relevant policy areas, such as the productive sector, in order to put the country on the path to development.

Ms. Glasgow was interested in the trade unions' perspective on social partnership in Jamaica. She was also of the opinion that within Jamaica, the credit bureau legislation lacked agility and thus needed more legislative capacity. She was specifically interested in the impact of the lowered taxes on revenue collection in Ireland. And she pointed out that the proliferation of initiatives, and of bodies driving or implementing such initiatives, was dissipating the energy needed to effect a successful partnership. She stressed that some sort of integration of efforts was needed.

DOUGLAS ORANE, 18TH NOVEMBER, 2008, 5 P.M.

Mr. Douglas Orane was of the opinion that Jamaicans are hardworking and resilient. They are able to rebound in any situation. They know what to do in order for social partnership to work; they just need to commit to it.

SOCIAL PARTNERSHIP SEMINAR, UNIVERSITY OF THE WEST INDIES, 19TH DECEMBER, 2008, 9 A.M.

Anthony Hylton spoke first – he made a point that the JLP had not been helpful in the last social partnership effort. Other than that he spoke positively about the PNP's support of social partnership. He made the point that strong; leadership is required and that he liked the idea of the NESC.

Senator Dwight Nelson, gave a long speech. He responded that the JLP were supportive of social partnership and that they are very committed to it now as one way of addressing Jamaica's current crisis.

Wayne Jones was not able to attend, but was replaced by Vincent Morrison. As the event was running over time, he made a very brief speech indicating that the trade unions are more than willing to come to the table for the good of Jamaica, providing a balance can be struck.

Chris Zacca made an even briefer speech, but a very positive one, stating that Jamaica should work together to solve its problems.

Mark Golding of the opposition asked a question about the role of the Opposition. Mr. Haran was very frank about what happened in Ireland, and that the opposition never recovered from the success brought about by social partnership. However, he did point out that if the opposition had not passively gone along with the Irish model, it would have destroyed the party altogether.

JAMAICA CHAMBER OF COMMERCE, 19TH NOVEMBER, 2008, 1 P.M.

The JCC were very positive in response to the issues Mr. Haran discussed. They had two key areas of concern: 1) what is the role for the opposition? 2) what can the private sector give?

With regards to the opposition, Mr. Haran described that this can be difficult and in the case of Ireland that the opposition never recovered; but that it would have destroyed the party if they had not gone along with social partnership.

On the issue of the private sector, the JCC expressed concern that as it is the government that gives tax breaks and not the PS, that they do not have a lot to bring to the table for the trade unions, and that unless they can come up with a package, they fear that the trade off will not work.

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