Case Study

The Grit that Makes the Pearl: Collaborative Problem Solving in the Midst of National Crisis

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Barbados, at the start of the 1990s, was a society in conflict and crisis. It was to witness its largest ever demonstrations, rising fiscal deficits, increased foreign borrowing and general disenchantment with the government and International Monetary Fund-supported austerity measures. The Barbados that emerged from this crisis has moved past its Caribbean neighbours, becoming the most developed country in the region and placing highly among international development indicators. What marked this nation apart from others in the region has been its specific form of governance and approach to addressing the crisis. This paper investigates this form of governance and its place in helping the country to overcome the turbulence of the early 1990s. It demonstrates the role of collaborative governance as a tool for conflict management and consensus building in times of crisis. It also shows how and under what conditions, groups can collaborate to elevate national interests above the sectional. Copyright © 2012 John Wiley & Sons, Ltd.

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INTRODUCTION

Barbados, at the start of the 1990s, was a society in conflict and crisis. Growing fiscal deficits and increased foreign borrowing were accompanied by unprecedented levels of industrial action against reforms deemed to be unequal and burdensome to society. However, by the end of the 1990s, Barbados was the most developed country in the Caribbean and Latin American region. This was achieved through its specific form of governance and approach to the initial crisis.

This paper investigates the crisis and this specific form of governance, social partnership (SP), and its place in overcoming the crisis. It assesses the role of such forms of collaborative governance as tools for conflict management and consensus building in times of crisis. In so doing, it demonstrates how groups can work together when sectional interests are superseded by the national and the circumstances under which consensus can be built.
Social partnership refers to ‘cooperation among government, the private business sector and labour on strategies to address immediate and long-term economic and social challenges’ (Minto-Coy, 2011, p.4). SPs can also include civil society groups and serve as a tool for securing positive transformations in industrial, political, social and economic relations (Goolsarran, 2006, p.211). This is evidenced in countries such as Singapore, Finland, Sweden and Ireland.

Practically, SPs have their foundation in the International Labour Organization’s conventions governing the rights of workers and employers to collaborate and freedom of association (Minto-Coy, 2011, p.5). Conceptually, SPs are akin to corporatist-type arrangements, to cross-sector partnerships, tripartite and public–private partnerships, noted as important for addressing problems that governments are unable to tackle on their own (Ghobadian et al., 2004; Carino, 2003; Sullivan and Skelcher, 2002; Steele, 2000). However, SPs arguably differ from other types of tripartite arrangements in their depth of collaboration and inclusiveness, resting on a ‘whole of society’ as opposed to sectoral approach. Here, stakeholders are co-opted into the actual process of governance (Maloney et al., 2000, p. 216) as active partners and not simply as joint financial backers or underwriters for infrastructure projects. Social, as opposed to financial capital, becomes the adhesive for the partnership.

ORIGINS OF THE CONFLICT

After gaining independence in 1966, Barbados practiced great care in managing its economy, minimizing the impact of the 1970s oil crisis (Wint, 2003, p.45). However, by the end of the 1980s, the country found itself struggling with rising deficits, unemployment, declining foreign exchange reserves and widening balance of payments. These social and economic problems were related to fiscal relaxation undertaken as part of an election strategy in 1986 (Wint, 2003, p.46). This resulted in the reduction of eligible tax payers from between 60 000 and 70 000 to 20 000 and an increase in allowances, which reduced government’s ability to finance its budget. The government turned to borrowing on the international market but this only served to increase debt servicing from 10.4% in 1985 to 21.3% in 1987. The financial collapse of one of its main trading partners also reduced export earnings and compounded the crisis.

These problems continued into the 1990s with the country experiencing its largest fiscal deficit in 1991. The national debt, $B493m in 1980, expanded to $B1880.1m, forcing the country to exhaust its foreign exchange reserves, reducing them to less than 3 weeks of imports. Barbados witnessed its most sustained period of low to declining growth between 1988 and 1992, dipping to almost −6% in 1990 and 1992.

In response, the government turned to the International Monetary Fund (IMF) and World Bank (WB), negotiating a Structural Adjustment Programme (SAP) in 1991. However, the SAP compounded a growing unease between government and workers, leading to disenchantment with the reforms, which required reductions in wages (8%), benefits (e.g. unemployment) and casual and temporary workers. Workers were forced to contribute to their own severance packages and accept shorter work weeks (Codrington, 2003; Wint, 2003; Minto-Coy, 2011). The conflict was also fuelled by the requirement to devalue the currency pegged at $B2:US1 since 1976 (Blackman, 2006). The value of the currency was symbolic, and in the face of negative examples of devaluation in other countries, Barbadians were unhappy with this suggestion. The evidence from other countries also suggested that SAPs could have adverse political and socioeconomic impacts (Charles-Soverall and Khan, 2004, p.28).

THE SEARCH FOR SOLUTIONS

In the context of its need to secure international funding to deal with its challenges, the government approached public sector workers and unions to find ways of reducing expenditure, avoid the prospect of devaluation and obtain support for the IMF–WB strategies (Wint, 2003, p. 47–48). Union and labour’s willingness to take part in the discussion was influenced by their
view of IMF–WB intervention as a serious threat to the country. In their view, adopting a conciliatory approach was the way to avoid this threat (Charles-Soverall and Khan, 2004, p.27). To strengthen their position, the unions came together under a newly formed Coalition of Trade Unions and Staff Associations of Barbados (CTUSAB). The private sector also participated in the discussions as the Barbados Private Sector Agency (BPSA).

However, the position among each group remained entrenched (Codrington, 2003), and discussions, which had begun in July 1991 ended prematurely in September of that year, when the government approached workers directly to accept the 8% wage reduction and implement the SAP. This move instigated wide-spread protests among unions. The large economic crisis took on more of a social and political nature when the protest extended to all groups, including the opposition, employers and community and voluntary sector organizations. The result was the largest incidence of industrial disputes ever witnessed by the country in October and November 1991. Demonstrations were fuelled by a perception that the burden of the SAP was unequally distributed and could worsen economic and social hardships. Government’s unilateral action was also viewed as going against an agreement to consult on major policy issues. The unions also challenged the government’s unilateral approach in court, calling it unconstitutional (Wint, 2003, p.49). The political stakes were raised when the opposition called for the prime minister’s resignation.

At the end of 1991, the stalemate had become untenable and collective; the unprecedented union-led measures steered the government toward engagement. By 1992, the government had returned to talk with the CTUSAB and the BPSA. The talks were mediated by church leaders who helped provide the basis for more open, less confrontational dialogue among partners. Key government officials, including the prime minister and the minister of labour, were all active in the negotiations.

The government’s decision to engage in discussions at this stage was influenced by the force of the demonstration and its partners’ desire to find a more integrated and balanced approach, one informed by national context and values. This marked a departure from the entrenched nature of interests in the previous round of negotiations.

In approaching the government, the unions did not go empty-handed but offered their own alternative to the SAPs. These sought to reduce the strain of the overall reform programme by adopting a collective approach that would see all groups putting their sectoral interests second to the national to improve economic performance and create a more stable society, ideals that also had support from the BPSA.

Nevertheless, the basis for collaboration had already been laid given that the unions and later the private sector had indicated their willingness to talk with the government and to give up some privileges to secure the nation’s future. In fact, as noted, the demonstrations were a result of the government’s decision to depart from its agreement to facilitate dialogue. As such, even during the demonstrations, unions and labour had kept the lines of communication open with the government. This approach of demonstrations and talks helped to encourage the government to change some aspects of the SAP (Wint, 2003, p.49).

The discussions that took place from 1992 into 1993 resulted in the signing of the first SP, Protocol for the Implementation of a Prices and Income Policy in 24 August 1993. As such, the reform package was the direct result of talks involving the CTUSAB, the BPSA and the government. The negotiations included a review of many of the austerity measures, including restoration of the work week. Key to the SP protocol was the pledge to maintain the exchange rate at $B2-$US1 and for parties to collaborate towards securing economic and social changes aimed at increasing competitiveness, reducing unemployment, social dislocation and labour disputes, offering security to labour.

Critical to the implementation of the agreement were the introduction of restraints on wages and prices and the introduction of a productivity board. This institution was charged with regulating and measuring productivity. It also helped to
raise public awareness of the need to increase productivity and efficiency. Prices were to be monitored to track inflation and maintain stability and predictability in the planning process, although ensuring that the situation of workers was not worsened. Price increases were tied to productivity and growth, a move that also helped in reducing social dislocation. The emphasis on consensus was cemented in the protocol, which required agreement of all partners before changes could be made.

Other adjustments negotiated included the reduction of tax exemptions introduced in the mid-1980s. A programme of privatization and reduction in capital expenditure was also undertaken. Nevertheless, the 8% wage reduction was retained. Through dialogue, the parties managed to arrive at a more balanced solution, where the pain of reform was not carried only by workers.

The SP was managed by two committees (a full and subcommittee) responsible for maintaining the agreement and monitoring the attainment of objectives. Its composition was multisectoral with the prime minister chairing the full committee. Other members include important ministries and government departments, private sector representatives and 26 community and voluntary sector organizations. These committees have been essential in facilitating and maintaining the multisector dialogue that typifies the SP.

Collaborative governance has since been institutionalized with five other protocols being signed since then. Each has built on the other, although accounting for emerging challenges. Reiterative contact, sustained discussion and debate have seen increased levels of trust and cooperation and reduced industrial action (Gomes, 2000). These have brought greater stability and predictability in policymaking.

Indeed, the SP model has been credited for the strongest economic growth since independence (Blackman, 2006; Minto-Coy, 2011; Charles-Soverall and Khan, 2004; Fashoyin, 2001). By 1999, unemployment fell to 10% from a high of 20% in 1992 (Gomes, 2000, p.66). This is not to suggest that SPs are a panacea, as inequalities have still increased, and there is a need to find ways of revitalizing the movement. Nevertheless, Barbados today is one of the world’s strongest democracies, consistently rating amongst the highest on the United Nations Human Development Index.

LESSONS: COLLABORATIVE PROBLEM SOLVING IN THE MIDST OF NATIONAL CRISIS

The following demonstrates the importance of collaborative policymaking in overcoming national conflict and crisis. It illustrates a number of important points about collaboration, the role of crisis in encouraging such forms of governance and the role of SP as a conflict management tool.

Firstly, crisis is shown as a potential motivator in encouraging consensus building and a desire to subject-vested sectional interests for the national good. Where economic pressure and threats to established ways of life from internal and external forces (e.g. IMF and the WB) are at play, parties are shown to be more willing to find consensus, as seen in the partnership involving the unions and private sector. Crisis forced seemingly disparate groups to reassess their interests, forming unlikely alliances to achieve objectives.

Secondly, civil society actors are presented as having a role in engineering collective problem-solving arrangements. In this case, religious institutions acted as mediators, facilitating dialogue among groups. Civil society also helped to bolster the position of unions, in so doing, encouraging more responsive government. Nonetheless, the role of such groups may, more generally, depend on their place in society.

A third point is that the case illustrates certain conditions in which governments and political actors may favour collaboration over unilateral action. Two attempts had been made at conciliation and collective problem solving in this case. The first instance was influenced by government’s desire for workers to understand and support its position. Engagement was therefore not on the basis of an equal partnership. The second and more successful attempt saw more power and voice being accorded to partners. The inclusion sought by
unions and business was not meant to be a replacement for capacity deficits in government as implied under public–private partnerships but as active partners in the governance and policy-making process. Importantly too, the government appeared to be more willing to accord such power and deepen its commitment to inclusiveness when political pressure increased and the breadth of public opinion coalesced against it.

Fourthly, Barbados’s experience proffers insights that may be useful to countries grappling with the aftermath of the global financial crisis of 2007–2010. That is, in so far, as it sheds some light on how to and not to manage major reforms meant to bring about deep systemic changes. Lessons include the importance of adopting a conciliatory approach to problem solving, transparency, ensuring that gains and pains are balanced, according a place to productive forces in policymaking and, ultimately, the value of collaborative policymaking as a means of overcoming conflict and crisis.

However, the extent to which such forms of collaborative problem solving and the overall findings extend to other states in the present context of international uncertainty remains open for further investigation. The reality too is that size is not the only variable in the success of such a model of problem solving, given that other small states have attempted SPs with much less success (Minto-Coy, 2011, p.5; Fashoyin, 2001, p.55–57). Rather, success rests on institutional and practical realities, including political and historical culture and the extent to which an understanding as to the efficacy of collaboration as a solution can be arrived at. Achieving the latter can be lengthy and costly.

A fifth lesson is that collaboration does not necessarily equate to the selection of the easiest policy choice. Thus, the harshest measure introduced during the crisis (wage reduction) was not removed under the SP. Rather, collaboration allows for greater transparency and for all parties to better understand the nature and extent of problems, to assess the imperative for deep systemic reform and their role in this process. Where open dialogue is facilitated, stakeholders are able to assess and negotiate each other’s wins and losses, building the trust necessary for the survival of collaborative arrangements.

Finally, the state in this model is not a Leviathan but an enabler, mediator and facilitator. The result is the design and implementation of more responsive and accountable policies and interventions. The point here is that a strong state is not necessarily the same as a domineering state. Rather, it is one that is capable of determining the best way to manage an economy and how to form coalitions in the midst of conflict to achieve the best outcomes. In turn, SP is presented as an effective strategy for engineering consensus and collaboration in the midst of conflict and crisis.

REFERENCES


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