

THE SOCIAL PARTNERS EXPERIENCE OF BARBADOS

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The Nation Newspaper in its May 3, 2000 Edition carried the following reports" Barbados Third Prices and Incomes Protocol was extended yesterday - May Day –with Government) Labour and Private Enterprise singing its praises. The protocol and the partnership arrangement had gone further than any other single act of governance, in facilitating the mutual upliftment of the country said Senator Leroy Trotman, Head of the Congress of Trade Unions and Associations of Barbados (CTUSAB).

The brief signing ceremony which involved Prime Minister Owen Arthur, the General Secretaries of the respective trade unions and staff association as well as the leaders of the private sector took place on the grounds of Government Headquarters yesterday morning.

The signing means that the third protocol which expired at the end of March, will continue for another year and in the interim, the fourth Protocol and what it would embody will be discussed. What is this Social Partnership and the Protocol referred to in the article? Why did the Government, private sector and trade unions enter into this arrangement in the first place and why have they chosen to renew and/or extend it over the past seven (7) years?

What has been the impact/achievement of the Protocol?

What about the future of this tripartite arrangement?

In Barbados, the Social Partnership has ushered in a new era and indeed a paradigm shift in the concepts and practices of governance. In the words of Senator Le Roy Trotman "We have to a very great extent changed the meaning and interpretation of consultation and participation. "According to the Prime Minister, Owen Arthur, the role of the Social Partnership is to allow each of us in our own respective ways to make that little bit of sacrifice our own constituent interest to the higher national purpose".

The preamble to Protocol Three compares and explains it well, as follows:

"The Social Partners recognizing that there resides among them a mutuality of interest, an inherent interdependence and a maturity in the exercise of their relationships.

"Further recognizing that the sources of any, sustained social and economic progress in Barbados will depend to a considerable extent upon their on-going individual and collective commitment to a philosophy of governance which is characterized by participatory democracy and the subjugation of their sectoral interests to the national good."

And continuing

"Recommit themselves to a formal structure to govern their continued collaboration and consultation of fundamental issues affecting their individual and collective contributions to all aspects of national development." In short therefore, the Social Partnership is a philosophy and a new form of governance based on consultation and participation. It is given practical effect by way of expression in the form of a Social Compact or 'Protocol ".

Background

The first protocol covering the period April 1, 1993 to March 31, 1995 was developed as part of the response to the grave economic crisis which faced Barbados in 1991 and 1992. The protocol had a very clear economic focus and was in fact a central part of the efforts to strengthen the economy. More specifically it was a core strategy to avoid the prescriptions of the International Monetary Fund (IMF) which included the devaluation of the Barbados dollar, a move which all of the Social Partners believed would have been disastrous for Barbados. The Social Partners instead agreed on a series of tough policy measures; encompassing Prices and Incomes Policy for Barbados as part of an overall strategy for the sustained economic development of the country, since it is recognized that there has been a gradual

In addition to the leaders of the day, i.e., Prime Minister Erskine Sandiford (for the Government), Mr LeRoy Tronnan, now Senator (for the workers) and Sir John Goddard (for the private sector), we must give credit to previous leaders who built the base for a relationship such that we can boast in Protocol Three that "there resides along them a mutuality of interest, an inherent interdependence and a maturity in *the* exercise of their relationship." The first lesson to be derived from Barbados' social partnership experience is that a tripartite relationship (albeit informal) must exist based on mutual respect must exist before any country can contemplate the formalities of a Social Compact or Protocol on the Social Partnership.

THE PROTOCOLS

PROTOCOL ONE

The first protocol covered the period April 1991 to March 31, 1993 and was styled as a "Protocol for the Implementation of a Prices and Incomes Policy".

As the name suggests it was primarily focused on economic stabilization through the control of prices and incomes. Set

against the background of a major contraction on the economy, massive lay-offs in the public and private sectors, and 8 % reduction in the salary of remaining public sector workers and social sector spending cutbacks, the first" protocol set out to achieve the following:

1. Maintaining *the* existing parity of the rate of exchange.
2. Expansion of the economy.
3. Enhanced competitiveness through productivity improvement.

"To achieve these", objectives the Social Partners agreed to the following:

- 1) Freeze on basic wages and salaries in the public and private sectors with increases permitted on the basis of productivity improvement.
- 2) Prices to be kept under review and increases based only in higher' input costs.
- 3) Establishment of a National Productivity Board to develop and improve productivity.
- 4) Industrial relations harmony I' built around the continuation of collective bargaining.

Meetings were to be held four times per year and chaired by the Prime Minister.

PROTOCOL TWO

Covering the period 1995 to 1997 the second protocol essentially reaffirmed commitment to the objectives and C Principles of the first protocol. The major changes were:

1. Agreement to wage and price restraint. Rather than a freeze (in light of improved economic circumstances).
2. The establishment of a Sub-Committee of the Social Partners to meet at least once per month as the first line of consultations regarding all aspects of the implementation of the Protocol. Full meetings under the chairsmal of the Prime Minister to be held once every three months.

The Sub-Committee was responsible for drafting this addendum as well as the Third Protocol. Protocol Two was extended for one year whilst Protocol Three was being drafted.

structure "- to govern their continued collaboration and consultation on "fundamental issues affecting their individual and Collective "contributions to aspects of national development".

"The Statement of intent at Page 4 of the Protocol is instructive. It indicates that the Social Partners:

- 1) Aim through their association in a Social Compact to create a modern, efficient economy which is able to produce high and sustainable economic growth.
- 2) Regard the Protocol as an instrument for achieving industrial harmony.
- 3) Believe thJlt their relationship should be characterized by joint approaches to the formulation of policies, to the solving of problems, and to the management of a process of change for social development
- 4) Commit themselves to strategies to expand the private sector given importance to continued economic growth.
- 5) Agreed that any reduction in the benefits of labor can only be considered in the context of long-term improvement in numbers employed and! or conditions of "labor." As specific major objectives the Protocolisted

1. Consolidation of the process of tripartite consultation.
2. Restructuring of the economy.
- 3 . Sustainable expansion of the economy through its competitiveness.
4. National commitment to increased productivity.
5. Reduction " of social disparities through increased employment.
6. Maintenance of a stable industrial relations climate.
- 7 . Achievement of a balance between prices and incomes.
8. Maintenance of the existing parity of the rate of exchange.

"The Protocol then addresses matters relating to

- 1) National employment policy.
- 2) Industrial liharmony.
- 3) Labor market changes.
- 4) Widening of the social partnership.
- 5) Productive sectors of the economy.
- 6) Training.
- 7) Reduction of social disparities.
- 8) Crime.
- 9) Public Sector Reform
- 10) Persons 'with disabilities.
- 11) Child Lacour
- 12) National Productivity Council
- 13) Prices policy.
- 14) Incomes policy.
- ...
- 15) Sub-standc~d wages.
- 16) Tax reglnl,e.

Protocol Three further departed from the two previous protocols by listing, in addition to the joint commitments, undertakings by each of the three partners.

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There can be no doubt that the economy benefited from the social partnership. Some economic indicators may be illustrative. Unemployment declined from a high of 24.3 % in 1999 to 9.8 % at the end of 1999. The economy underwent a 12% decline during the period: 1991 - 1993 but is now in its seventh successive year of growth, with growth of 5.1 % in the first three months of this year. With respect to foreign reserves, these have moved to a low of three weeks import cover to the present seventeen weeks.

These statistics, though not exhaustive indicate that there has been economic recovery. One of the principal contributions to this result has been an increase in productivity consciousness in companies Government and individuals. Productivity growth outstripped the growth in wages during the protocol period and facilitated economic growth. As I alluded previously, the social partnership has helped to give the meaning to the principle of participatory democracy. I am not suggesting if the solution is perfect or is a panacea for all problems. Instead, I am only indicating the experience for Barbados has been very positive and that in the next protocol one can expect to see further efforts to widen the participation of civil society. With respect to industrial relations~ the point must be made that it was never the intention of the social partnership to stifle union activity and prevent unions from using all of the tools at their disposal in representing the interests of workers. The social partnership having been founded on the principles of consultation and participation in the experience has been that with increased opportunities to discuss issues and jointly take decisions there has been a reduction of industrial relations disputes.

The Future Negotiations and crafting of Protocol Four will soon commence. I anticipate the next protocol will enhance the social partnership by deepening and widening the process of consultations and consensus building. It will also have to recast its objectives keeping with changing circumstances in the local and international environment. The State in the third millennium must be open, transparent and fair in its use of the power and authority conferred on it by the people. It must involve civil society in the decision making process on an ongoing basis and not only at elections. The Social Partnership of Barbados provides such a mechanism and has been an invaluable aid in the robust economic performance, the social cohesion and generally positive atmosphere in Barbados.

I should perhaps close at the point where I started (having already "come full circle (i.e., at the signing ceremony for the extension of Protocol Three on May 1, 2000.

The Chairman of the Barbados Private Sector Agency said "the protocol was vital to Barbados as it made its way in the uncharted waters of globalization. Senator LeRoy Trotman, Chairman of the Congress of Trade Unions and Staff Associations said of the future protocol that has to make provision for, the development of social welfare, the protection of the working people, the development of greater safety nets, the safeguarding of our retired people, the improvement of human capital, and the development of our children. The Prime Minister of Barbados, the Right Hon. Owen Arthur said no instrument of monetary fiscal or economic policy, compared in significance with the Social partnership".

As academics, politicians, social commentators and business persons seek to define the role of the state in the third millennium, and as they reflect on the failed attempt at centrally planned state controlled economies of the 1960s, as well as the failed attempt at the minimalist, non-interventionist state of the 1980s, perhaps the Social Partnership Experience of Barbados may hold some clues.

Thank you