# Chapter 1 Context: Globalization, Crisis, and the Public Sector Memorandum of Understanding (MOU)

## **ABSTRACT**

Globalization has played a transformative role with respect to social processes filtering from the global into the realm of the local. Governance and its modalities within globalization are highlighted and crisis elements are deconstructed leading to a discussion on key crisis "moments" within Jamaica's history, which together create the context from which the Public Sector Memorandum of Understanding Agreement or "MOU" social partnership emerged. The fragility of the Jamaican macroeconomy and key catalysts that precipitated the negotiations are examined as well as insight into issues of governance driving the decision making of the partners. A synopsis of the Public Sector Memorandum of Understanding or "MOU," namely, the principles, provisions, and areas of restraint, as well as specific measures in the areas of health, education, and fire services managed by local government, is highlighted. Social partnership emerges as a governance response to crisis.

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## INTRODUCTION

One recalls the view held by Neumann (2006, p.158) that 'the meaning of a social action depends on the context in which it appears'. Jamaica as a small island developing state has faced numerous challenges interfacing with and integrating within, the global economy (Hughes, 2006). Key historical snapshots of Jamaica, placed in the foreground against the interaction with the globalized environment, consist of the overexpansion of the bauxite industry in the 1970s and economic instability in the aftermath of the reduction in global demand. Other moments concern the crisis of debt and borrowing from the International Monetary Fund (IMF) from the 1980s, (Bernal, 1984), the financial crisis of the mid 1990s and the concomitant effect on the structure of the labour market within the Jamaican state. The resultant combination of globalization and a decline in state capabilities and resources has resulted in changing conditions for domestic policy choice and the need to create a counterweight in leveraging new modalities of governance and enhance government's leveraging of its political capacity.

Jamaica's historical and socio-economic context has contributed to shaping the national and specific legacies and characteristics of social dialogue (Martinez-Lucio & Stuart, 2002) especially with regards to dimensions of the state, (and the economy), the labour movement and the public sector, which, came together as stakeholders or actors to the bipartite arrangement.

### **GLOBALIZATION**

Globalization as an evolutionary phenomenon has historically transformed and taken many shapes with a variety of unfolding and resultant impacts upon national and global life. As a process there is transformation in the spatial organization of social relations with associated transaction costs, involving new forms of space and time compression. There has been a diminishing of territoriality and supra territoriality rises as geographic distinctions become blurred.

The systemic institutional and organizational outcomes from the outworking of globalization processes have generated additional policy processes and priorities in addition to those concerns arising from within the domestic policy environment of the state. The changing arena of global public policy making and policies emanating from supra-national governance institutions

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