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GST, and the fine art of negotiation

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Mediation: It's all about avoiding altercations and building consensus

In Parliament, the BJP showed perseverance and patience in dealing with a host of ruffled egos

After August 3, 2016, any discussion on negotiation will be incomplete without mentioning the way the BJP garnered support for getting the GST Bill passed in the Upper House. A story on negotiation will remain untold unless it features the Prime Minister Modi and Finance Minister Arun Jaitley.

One can use the example of GST to best understand the art of orchestrating offers and counter-offers. The fundamental principles of negotiation were in full play here, and decoding the moves of parties during this period has its merit and needs our attention.

Perseverance

The 'negotiation dance' often tests one's patience and requires persistence and perseverance. The so-called "three P's (perseverance, patience and persistence)" are critical for maintaining the dance. All good negotiators have an abundance of perseverance. When their great idea is rejected, they do not harden their stand. They shape it in another way and return it to the table. Zhou Enlai, a famous Chinese diplomat serving under Chairman Mao, once said, "If the other side resists my offer of a pizza cut in six pieces, I offer it later cut in eight."

The GST Bill which was hanging for more than a decade, because it required support from some two dozen States, many of them ruled by opposition parties; and also from more than two dozen political parties, big and small included; could not have seen the light of day if Jaitley, had shown any signs of fatigue.

The fact that he had numerous meetings with several political parties was no less than a marathon. Include in this list, meetings with your arch rivals such as Anand Sharma, P Chidambaram, Mamata Banerjee, Nitish Kumar, Chandrababu Naidu and so on, and the kind of effort that is required to build the momentum for consensus, will become obvious.

Find out 'why'

Harvard professor, James K Sebenius, suggests that knowing why the other party says 'no' to a deal is important to find a solution to it. When Jaitley investigated the reason some of the States were opposing the Bill in spite of the fact that the Centre proposed to fully compensate the loss of revenue to States for next five years, it was discovered that it was lack of trust and the wording in the Bill 'Centre may compensate' left scope for doubt.

The phrase was subsequently changed to 'Centre will compensate' and agreement became easy.

Provide face saving

Many times parties in negotiation take a stand which they later on realise was not the right one. They may be interested in reversing their stand but ego comes in the way. In order to satisfy ego the party looks for a face-saver. Simply put, face-saver means to maintain one's dignity. Conversely, to lose face would mean feeling humiliated, or losing one's reputation. It turns out that face-saving is a big issue in every negotiation.

If we try to decode the reasons the Congress party opposed a Bill that was originally mooted by them in 2009 to replace all indirect taxes, we realise that it was probably to teach a lesson to the now ruling party which had then opposed it. The intention was therefore more political in nature than being grounded in reality. Having realised that the party had been isolated, it was left with no other option but to support the Bill.

The problem then was the grounds on which it should support the Bill. The only face-saver available to them was to claim that it was the Congress who first introduced the Bill and that the BJP does not deserve the credit for the same. The statement that "A big decision such as the GST cannot be taken by deliberately keeping people in the dark" by

Anand Sharma, deputy leader of congress in Rajya Sabha, was an indication that it wanted to get the credit for being the first party to think of such kind of reforms.

He further said: "It is the right of the people of the country to know what the history of the case is. At that time (10 years ago) there were protests. Everyone knows that those protests were purely political... Gujarat had protested a lot. Modi himself protested against it. At that time it was said that the GST is not in favour of India, it will weaken the country. We always wanted the GST to be implemented. So to say we oppose it is unfair. We're glad you have finally come around to believe in GST."

Build momentum sequentially

Negotiators seek to build momentum by eliciting support from those parties that are easy to take on board. In multi-party negotiation the party that is able to form a coalition stands to gain. This dramatically reduces the power of other major player. Thus in order to take the other major player head on, the expert negotiator builds momentum sequentially by bringing other smaller players to their fold one by one.

Considering the resistance from the biggest party in opposition, the Congress, Jaitley completely isolated the party by building a coalition among the nation's 29 State governments.

Once the States gave their nod, the Congress found itself on the backfoot as it did not want to be seen as the only one opposing a key reform measure that essentially was the Congress's own baby once." Congress's growing isolation proved decisive in making a compromise possible.

Every negotiation situation demands that we choose negotiators, considering the demand of the situation. The change of minister for the parliamentary affairs may also be seen as a contributory factor in seeking support from other major political parties. Former parliamentary affairs minister, Venkaiah Naidu, was seen as bit too combative. A less combative person, Ananth Kumar, fitted in this role.

Win-win for all

In the final analysis, in the case of GST, each party wanted to be seen as a winner. BJP took pride in saying that the passing of the GST Bill was the best example of cooperative federalism.

Mamata Banerjee wanted to build a pro-industry image at the national level, more so after the ouster of the Nano project. "We have ideological differences with the BJP but we will always support on issues that are beneficial to the people", said Banerjee. Bihar Chief Minister, Nitish Kumar, offered JD (U)'s support by saying "We have always supported the GST.. This is in the interest of the country and States." Congress took pride in saying that it was their baby. This was democracy at its best.

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