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Labour and Globalization: Union Responses in India

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Abstract
Workers' rights in India were weakened since Independence by the large proportion of informal employees in the labour force. From the late 1970s, the situation deteriorated further, with attacks on unions by employers assisted by government policy. The attacks peaked during 1998-2004, after the globalization of the Indian economy from 1991 onwards, but declined thereafter. Therefore they cannot be explained by globalization alone. Neo-liberal policies resulted in assaults on labour rights and social welfare, but trade unions and social activists struggled successfully against them. They even gained ground, in the form of the National Rural Employment Guarantee Act, which counteracted job and wage losses resulting from the global economic crisis.

Globalization could help to strengthen workers' rights in India if unions worldwide could agree on a social clause in WTO agreements which would guarantee the basic human rights embodied in the ILO Core Conventions to all workers, including those currently in informal employment relationships, and launch campaigns for employment creation programs. Additionally, they would need to put pressure on governments to slash military expenditure and redirect public spending to the social sector, infrastructure, and civilian research and development. These steps would also help to end the economic downturn.

Keywords
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Labour and Globalization: Union Responses in India

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ABSRACT

Workers' rights in India were weakened since Independence by the large proportion of informal employees in the labour force. From the late 1970s, the situation deteriorated further, with attacks on unions by employers assisted by government policy. The attacks peaked during 1998-2004, after the globalization of the Indian economy from 1991 onwards, but declined thereafter. Therefore they cannot be explained by globalization alone. Neo-liberal policies resulted in assaults on labour rights and social welfare, but trade unions and social activists struggled successfully against them. They even gained ground, in the form of the National Rural Employment Guarantee Act, which counteracted job and wage losses resulting from the global economic crisis.

Globalization could help to strengthen workers' rights in India if unions worldwide could agree on a social clause in WTO agreements which would guarantee the basic human rights embodied in the ILO Core Conventions to all workers, including those currently in informal employment relationships, and launch campaigns for employment creation programs. Additionally, they would need to put pressure on governments to slash military expenditure and redirect public spending to the social sector, infrastructure, and civilian research and development. These steps would also help to end the economic downturn.

KEY WORDS

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Introduction

The first major shock of what subsequently came to be called globalization in India was the economic liberalization program initiated in July 1991. The Congress government headed by Narasimha Rao, faced with a crisis resulting from foreign exchange reserves sufficient for just a fortnight's imports, undertook some of the measures recommended by the International Monetary Fund (IMF) and World Bank in the late 1980s. The new policy included abolition of licensing procedures for manufacturing investment (which had popularly come to be known as a corruption-ridden 'license-permit raj'), reduction of the high import tariffs on most goods (but not consumer goods), liberalizing terms of entry for foreign investors, and liberalizing capital markets (Balasubramanyam and Mahambare 2001). It would be a mistake to see these changes simply as being imposed on India. Many of them were designed to encourage the expansion of big business after what were perceived as

decades of stagnation, for example by removing restrictions on mergers and acquisitions, encouraging businesses to seek finance abroad, and sparking a wave of expansion into new sectors which had either barely developed (e.g. telecom), or had until then been reserved for the public sector (e.g. banking).

The next milestone was the birth of the World Trade Organization (WTO) on 1 January 1995, with India being a member from the beginning. This involved new pressures, for example to eliminate quantitative restrictions on imports, simplify and reduce tariffs, reduce export constraints, reduce the number of activities reserved for the public sector and small-scale sector, further liberalize the Foreign Direct Investment (FDI) regime, and address the fiscal deficit (cf. WTO 2002). The process of integrating India more closely into the world economy has been more or less continuous since 1991, despite changes of government, and the world economy itself has globalized rapidly during this period.

The meltdown of the US subprime mortgage market in August 2007, leading to the global economic crisis that hit the world in September 2008, not only had an impact on labour in India, but called into question the stability of the whole system. The Ministry of Labour and Employment estimated that approximately 500,000 workers lost their jobs in selected industrial sectors during October-December 2008, with total earnings declining by 3.45 per cent; during the January-March 2009 quarter, employment was estimated to have risen overall by about 250,000 in the selected sectors (which did not include construction), although it declined in some of them; and in April-June 2009, there was an overall decline of 130,000 jobs in the same sectors, although in some sectors (automobiles, leather and handloom/powerloom) there was an increase. Production for export was hit harder than production for domestic consumption, and the IT/BPO sector suffered less than might have been expected, with employment increasing in the first two quarters examined, and declining only slightly in the third (Ministry of Labour and Employment 2009a, 2009b, 2009c).

While it is clear that employment and wages in India were hit by the global crisis, the extent of the damage was less than in Europe and the US. Paradoxically, the most effective stimulus package was probably the scheme put in place by the National Rural Employment Guarantee Act (NREGA) *before* the crisis as the result of a sustained Right to Food campaign by social activists. Promising to provide 100 days of employment (or unemployment benefit) per year to each rural household demanding it, it sustained rural livelihoods and consumer demand while building rural assets like irrigation wells and roads. In the words of some of the leading activists working for the scheme, 'the NREGA is having an impact: wages are rising, migration is slowing down, productive assets are being created, and the power equations are changing too' (Drèze and Khera 2009: 4-6); 'It has given people a right to work, to re-establish the dignity of labour, to ensure people's economic and democratic rights and entitlements, to create labour intensive infrastructure and assets, and to build the human resource base of our country' (Roy and Dey 2009). By mid-2009, predictions that the global economy would be pulled down by the crisis in the US were beginning to be replaced by hopes that the resilience of the Chinese and Indian economies would help to pull the rest of the world out of recession.

Right-wing Opposition to Globalization

In order to understand the responses of party-affiliated unions to globalization, it is necessary to examine the ideologies of their respective parties. Right-wing opposition to globalization was spearheaded by the 'family' of Hindu nationalist organizations (the 'Sangh Parivar') associated with the Rashtriya Swayamsevak Sangh (RSS)[1], such as the Swadeshi Jagran Manch (SJM) and the Bharatiya Mazdoor Sangh (BMS), the union affiliated to the Bharatiya Janata Party (BJP). These organizations on various occasions protested against 'handing over the nation's consumer market to foreign companies' (*Business Standard,* 1994), 'globalization and foreign investment' (*Business Standard* 1995), India's accession to the WTO (*Business Standard* 1998) and, more generally, liberalization and globalization (*Economic Times* 1999). Opposition to international capital has been the hallmark of the extreme Right since Hitler wrote, 'The development of Germany was much too clear in my eyes for me not to know that the hardest battle would have to be fought not against hostile nations but against international capital' (Hitler 1943: 213, cit. Henwood 1993: 303), and Hindutva – the ideology of the Sangh Parivar – follows in this tradition.

There have been attempts to argue that 'What we might call the *political projects* of Hindutva and neoliberalism share certain socio-political agendas,' including 'reduction of social processes to individual choice' (Gopalakrishnan 2008). But this proposition is not supported by Hindutva's hostility to free markets and international capital, nor is it credible that an ideology which discourages inter-caste and inter-community marriages and idealizes *sati* – the burning of Hindu widows on their husbands' funeral pyres – has much to do with individual choice. In India, religious nationalism and neo-liberalism do converge in their unqualified opposition to workers' rights and any form of social democracy, but they are distinct agendas, and the reasons that motivate this opposition are quite different in the two cases. Hindutva's opposition is grounded in a caste and gender system which puts workers (*Shudras*) at the lowest level, with Dalits and Adivasis even below that (in the sense that they are outcaste), and women below men. Here, any attempt to organize and fight for workers' rights is seen as antithetical to their whole culture, which is consciously based on hierarchy, and of course this stance also provides practical benefits to capitalists (including farmers) whose predominant method of competing is by absolute surplus value production. Their defense of domestic business groups (or their economic nationalism) also explains their hostility to international capital. By contrast, neo-liberal opposition to trade unions draws its inspiration from the ideology of 'free markets' in everything including labour, and is not only compatible with free trade and the internationalization of capital flows, but actually require these. However, the observation that hostility to workers' rights is shared by the Hindu Right and neo-liberalism is a useful one, and helps to explain the trajectory of attacks on labour in India.

Left-wing Opposition to Globalization

Left-wing opposition, on the other hand, has relied on construing globalization as imperialism and neo-liberalism, and on defending 'national sovereignty' against international

institutions and large international firms. Thus, in replying to Amartya Sen's criticisms of the Left, a Communist Party of India (Marxist) (CPIM) leader writes, 'Surely Dr. Sen recognises our concern about the links between food security and national sovereignty… Dr. Sen…would accept there are some exceptional imperialist acts such as the war on Iraq, but for the rest, imperialist-driven globalization with its twin instruments of neo-liberal policies and military interventions are not germane to the central issues of social justice that are close to Dr. Sen's heart' (Karat 2009).

The definition of globalization as imperialism draws on Lenin's analysis in *Imperialism, the Latest Stage of Capitalism*, written in 1916 and published in 1917, and usually mistranslated as '*Imperialism, the Highest Stage of Capitalism'* (see *Monthly Review* 2004). This was never intended to be definitive, and now, almost a century after it was written, its flaws have become evident. Lenin's analysis pulled together two phenomena coexisting at the time that he was writing – finance capital and colonialism – and assumed there was an intrinsic link between them. Yet going into the separate dynamics of each would reveal that decolonization has been accompanied by the exponential growth of finance capital globally: 'The fundamental point is to see the territorial and the capitalist logics of power as distinct from each other,' and in the early 21st century 'there appears to be a deep inconsistency if not outright contradiction between the two logics' (Harvey 2003: 29, 204).

In fact, *imperialism and globalization are characterized by very different relationships between capital and the state*. Under imperialism, capital depends on the state to control territory outside the borders of the nation politically and militarily in order to secure cheap raw materials, labour, markets, and profitable investment opportunities. Colonies have to be subjugated and other powers fought off; two world wars resulted from the imperial struggle for territory. Military might is certainly an asset for imperialism. But in a globalized world, the most competitive capitals rely not on state backing but global regulation to aid their expansion, and this is best achieved not through militarism but through multilateralism. Indeed, it can be argued (see below) that militarism constitutes an obstacle to capital accumulation in a globalized economy.

The conflation of globalization with neo-liberalism is understandable, since there is in fact a large area of overlap between the two: namely, the elimination of barriers to the international flow of goods, services and capital. However, there are also differences. Neo-liberal policies, in the sense of the economic stabilization and structural adjustment programs imposed by the Bretton Woods institutions, go much further than the free trade policies envisaged by the classical economists or the policies demanded by globalization. The short-term stabilization measures include cut-backs in government expenditure, high interest rates, and currency devaluation, while the longer-term adjustment measures include deregulating the economy and privatizing public services, none of which are required by globalization.

Another difference is far greater multilateralism in the WTO, highlighted by the fact that the Doha Development round of WTO negotiations was stuck for years due to the stubborn refusal of developing countries to agree to US and EU proposals on agricultural policy (Subramaniam 2003, Khor 2006), whereas the IMF and World Bank could effectively

compel developing countries to accept the policies they recommended willy-nilly. The emphasis on 'deregulation' which is characteristic of the IMF and World Bank, and resulted in its privatization efforts being marked by corruption and the creation of private and often criminal monopolies (Stiglitz 2002: 54-56, 71), is not shared by the WTO; on the contrary, the avowed purpose of the WTO is to *regulate* the world economy, and this makes it possible to contest the question of whose interests its regulations should serve. Thus, although there is an area of overlap between neo-liberalism and globalization, there is more to each than this area. And while they are compatible with each other in the short run – indeed, the dominant model of globalization thus far has been a neo-liberal one – it can be argued (see below) that the global economic crisis is a signal that this model is in serious trouble.

Globalization can be defined as a new stage of capitalism emerging out of imperialism, and distinguished from all previous epochs by: (a) the existence of communication and information technologies which allow capital to operate worldwide in a way that had not been possible before; (b) a partial reversal of the distortion of Third World economies imposed by imperialism, and reintegration of key Second and Third World countries into the capitalist world economy on a more equal basis; (c) a dynamic sector of capital which depends not on the support of a nation-state for its expansion, nor on rigid national borders to protect it from imports, but on porous borders and global regulation that will allow it to expand globally; (d) the growing dominance of institutional investors, such as pension funds and insurance companies; and (e) new institutions of global governance.

Attacks on Labour Rights

It is important to periodize the assault on labour rights in India, because it does not follow the trajectory of globalization. Independence made no difference to the preponderance of informal labour which lacks the most basic rights. The bulk of labour legislation deliberately excludes informal workers – defined as workers either in small-scale unregistered establishments (in India referred to as 'the unorganized sector') or as workers in irregular employment relationships – and this provides employers with a variety of ways to evade these laws: splitting up an establishment into small units which are supposedly independent of each other, creating artificial breaks in employment so that workers never attain permanent status, employing large numbers of contract workers on site who are controlled by labour contractors and therefore do not appear on the payroll of the company, or subcontracting production to smaller workplaces. Although in theory informal workers have the right to organize, in practice the lack of legal recognition of their work – or even of their status as workers – makes it almost impossible to organize without being dismissed. And once dismissed, they have no access to legal redress, because there is no legal recognition of their employment or even their existence as workers.

In 1977, when the Emergency was lifted and the Janata Party came to power, there was a massive strike wave as workers fought for long-repressed demands. There was an opportunity to strengthen union rights, but the new government's policy had the very opposite effect. Its Industrial Policy Statement issued in December 1977 declared that 'the

emphasis of industrial policy so far has been mainly on large industries…relegating small industries to a minor role. It is the firm policy of this government to change this approach' (Government of India 1977). More than 500 items – many more than before – were reserved exclusively for the small-scale sector, with special assistance for 'tiny' units with investment in plant and machinery of up to Rs 100,000. Cottage and household industries were to be protected. Financial and marketing assistance would be provided to these informal units, but there was no mention of extending basic rights to the workers employed in them. Clearly, the intention of the policymakers was to tilt the balance decisively in favour of the informal sector.

When Indira Gandhi came back to power in 1980, her government scrapped the Janata industrial policy and launched a new Five Year Plan. But instead of abandoning the emphasis on small-scale production, the Industrial Policy Statement of 1980 – and thus the Sixth Five Year Plan that followed – reiterated and expanded it. With the boost for small-scale units in the new industrial policy, they could afford modern technology, and having much lower overheads and labour costs, could compete successfully with the large-scale sector. In addition, the government, 'decided to encourage dispersal of industry and setting up of units in industrially backward areas. Special concessions and facilities will be offered for this purpose' (Government of India 1980).

The consequences were predictable, and, indeed, were predicted:

> 'The legal requirements binding the factory sector under the Factories Act 1948 are designed mainly for the protection of the consumers by quality control and of the workers by regulating the working conditions… More important still, it gives the workers legal rights to unionize for collective bargaining. As against this, even the Draft Sixth Plan places small units in the unorganized sector, implying that regulations of the factory sector do not apply to these units. The unorganized sector is distinguished by the absence, on the one hand, of such regulatory laws and, on the other, of collective bargaining by workers…. If the projected rate of growth for this sector by the planners does materialize, then, by the end of the Sixth Plan period, it should account for about a third of the manufacturing output in the country. Such a large part of the production system will be receiving Government assistance, such as cheap credit, reserved markets, tax concessions, etc. but will not have to accept any regulations as to…how it should treat its workers, etc. Do we really want to encourage subminimal wage rates, a weakening of the bargaining strength of the industrial workers, or the very high profit margins which go without taxation?' (Banerjee 1981: 280, 293).

That, it seems, was exactly what the government wanted to do, and it succeeded only too well.

Employers in large-scale industry found it hard to compete with the upgraded small-scale sector; most responded by transferring more jobs to informal workers, using the methods outlined above. Having shifted production, the company could proceed to liquidate the existing workforce. The textile industry was the first to do this in a big way. It is estimated that the Bombay textile strike of 1982-83 was followed by the loss of roughly 75,000 jobs due to closures and downsizing, with another 25,000 lost soon after (van Wersch 1992: 234-44). In Ahmedabad, the decline started in 1982, with the closure of 50 private mills and 20 government-owned mills and the loss of almost 100,000 jobs over the next fifteen years, the majority in the 1980s (Patel 2001: 6). Other textile centres like Kanpur and Coimbatore witnessed a similar decline (Joshi 2003: 314; Baud, 1983). In every case, weaving was transferred to the decentralized powerloom sector (Baud 1983: 31-32; van Wersch 1992: 40-46). In the next round, modern industry was the target. Where workers posed resistance, there were ways of dealing with them. A palpable index of increased employer aggressiveness was the fact that in 1985-86, workdays lost due to lockouts outstripped workdays lost due to strikes, a trend which began much earlier in Bombay; by 1989-90, the former were double the latter at over 20,000 per annum, and although the number fell steeply in subsequent years, it remained consistently above the level of days lost due to strikes (Nagaraj 2004: 3389; Banaji and Hensman 1990). In addition, the generous incentives for setting up units in industrially backward areas encouraged transfer of production from highly unionized workforces in cities like Bombay to non-unionised workers in these areas. In both textiles and modern industry, an attack on secure, well-paid jobs for women preceded the wholesale demolition of jobs (Hensman 1996).

Another common method of eliminating trade unionism and workers' rights was to exclude sections of workers from them, and here managements were assisted by ambiguities in the Industrial Disputes (ID) Act, which protects only those who are designated as 'workmen' (that, too, only in larger enterprises) from dismissal for trade union activities. Courts interpreted this to mean that there is a 'non-bargainable category' of employees, who do not have the right to belong to a union or bargain collectively: an interpretation which is a clear violation of ILO Conventions 87 and 98 on Freedom of Association and the Right to Organize and Bargain Collectively, as well as the Constitution of India. Starting from the second half of the 1970s, an important section of employees to be attacked in this way were medical pepresentatives of pharmaceutical companies. When a medical representative was dismissed for being a member of the union committee of the Sandoz Employees' Union, he took the matter to court, but the court dismissed the complaint on the grounds that the complainant was not a 'workman' according to the definition in the ID Act (Maharashtra Government Gazette 1981: 195ff.). The union appealed, and took the matter up to the Supreme Court. The Supreme Court judgment of August 1994 in the Sandoz case, excluding medical representatives from the definition of 'workmen,' opened the floodgates to managements attempting to push more and more sales, technical, clerical and even service staff into the 'non-bargainable' category.

It is important to point out that the assault on labour rights began long before 1991, and without any change in the labour laws. Chapter V B of the ID Act stipulates that

in workplaces with 100 workers or more, the employer has to get permission from the government before laying off workers or closing the unit. For smaller workplaces, this was no impediment to closure, but even in larger ones, everything was left to the government. So long as the prevailing public policy was opposed to making workers redundant in a situation where there was no social security, permission was routinely denied, or enterprises were nationalized to save employment. But in an ideological climate which asserted the superiority of small-scale production, it was easy for government to reverse its policies and allow closures of units in the formal sector on the understanding that production would be transferred to the informal sector: indeed, this was even rationalized as 'creating employment'. Moreover, if state authorities did not give permission for closure or dismissals, the company was still at liberty to go ahead with its plans in the absence of a response from them within three months. The ID Act also forbids 'promotions' to the 'non-bargainable' category when job content remains unchanged, but once the 'non-bargainable' category had been created, it was impossible to prevent the expulsion of unionized workers into it.

The assault on workers' rights reached a new level when the BJP-led National Democratic Alliance (NDA) government was in power from 1998 to 2004, with attacks on protective labour legislation. Two concrete proposals for 'reform' of labour laws were made: (a) employers, especially public sector employers represented by the Standing Conference of Public Enterprises, wanted deletion of Section 10 of the Contract Labour Act which restricted the use of contract labour (Hakeem 2000); and (b) they mounted pressure for revision of Chapter V B of the ID Act, to allow employers to dismiss workers and close down units with less than 300 workers in one version, 1000 in another, without having to seek permission from the government (Mitra 2001). There were frequent full-page advertisements in the newspapers alleging that the very existence of permanent workers was responsible for unemployment, and Finance Minister Yashwant Sinha announced, in his budget speech of 2001, that the government would liberalize the use of contract labour and permit employers to dismiss employees and close down units employing up to 1000 workers with no questions asked. The Report of the Second National Commission on Labour (SNCL), which came out in 2002, made recommendations for the formal sector which followed the guidelines laid down by employers and the government (Ministry of Labour 2002). Meanwhile, the absolute number of formal jobs declined, falling by 420,000 in 2001-2 alone, and the ratio of workers in formal employment fell to less than 7 per cent of the labour force (Soman 2003, *Business Standard* 2003).

Unions and Labour Law Changes

The labour law changes proposed in 2000-2001, which would have demolished the job security enjoyed by a small section of the labour force without any social security provisions to ensure the survival of dismissed workers, brought unions together in Maharashtra. The Trade Union Joint Action Committee (TUJAC) of left-of-centre unions undertook a series of rallies, demonstrations, local meetings and other actions, culminating in the Maharashtra *bandh* (general strike) of 25 April 2001. The complete success of this

strike (Kuber 2001; *Business Standard* 2001a), and the unprecedented unity which ensured this success, were not achieved easily. They required TUJAC to approach and negotiate with unions affiliated to the Congress, BJP and Shiv Sena, which at times had been involved in bitter conflicts with its own constituents. It is likely that this unity would never have materialized if not for the feeling of extreme insecurity among members of all unions, and the pressure they exerted on their own leaderships.

On 10 May the Maharashtra government had a meeting with union leaders in which the Chief Minister assured trade union leaders that the proposed labour law changes had been 'nullified' (*Business Standard* 2001b). At the national level, however, the campaign for the same labour law changes continued unabated. On 26 February 2003, over 350,000 workers and activists from Left unions throughout India held a rally in Delhi against the anti-union policies of the government (Nicholas Employees' Union 2003). Members of independent unions affiliated to the Trade Union Solidarity Committee in Bombay and the New Trade Union Initiative (NTUI) nationally not only campaigned against the NDA before the parliamentary elections in 2004, but also undertook to approach opposition parties, including the Congress, and press them to include protection for labour rights in their party manifestos (NTUI 2004). Their activities no doubt played a role in the defeat of the NDA and the fact that the new Congress-led United Progressive Alliance (UPA) government did not pursue the labour law changes which had been the hallmark of the previous regime.

Thus the trade union movement was successful in staving off labour law changes that would have precipitated the remaining 7 per cent of workers in formal employment into informal employment or unemployment at one blow. Paradoxically, one of the main ways in which this was achieved was by voting back to power the very party – Congress – which had initiated globalization in the first place, confirming that it was not globalization which was responsible for the particularly vicious attack on labour that took place in India over the turn of the 21st century. However, trade unions were not successful in stemming the more gradual contraction of formal employment that could, over a longer period, lead to the same result.

One effort which would, if successful, have constituted a major step forward was the struggle by informal workers' organizations for legislation to regulate their employment. Such legislation did exist in particular sectors of employment – for example, the Dock Workers (Regulation of Employment) Act (1948), the Maharashtra Mathadi, Hamal and Other Manual Workers (Regulation of Employment and Welfare) Act (1969), and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 – but it differed from state to state, and was also fragmented by occupation. These Acts required the formation of state-level tripartite Boards, consisting of employer, employee and government representatives, to register all employers and workers and regulate employment (Subramanya 2005: 28), and enabled workers to organize successfully in extremely casualized and apparently unpromising occupations. Demands from unions of informal workers for national legislation along these lines were submitted to the SNCL, which recommended compulsory registration of workers, but not of employers. Subsequently, the Unorganized Sector Workers' Bill, 2004, also mentioned registration, but

made it clear that it would not be compulsory for employers to register, which would of course make regulation of employment impossible. Given that the bulk of the proposed legislation pertained to the setting up of Welfare Boards for informal sector workers, labour activists described it as a 'truncated social security scheme' (Menon 2005: 13).

The National Commission on Enterprises in the Unorganized Sector (NCEUS) was set up and asked to review the proposed legislation, and in the light of suggestions from Left parties that there should be a separate bill for agriculture, drafted two bills: the Agricultural Workers' Conditions of Work and Social Security Bill, 2007, and Non-Agricultural Workers' Conditions of Work and Social Security Bill, 2007, the first applying to all agricultural workers except those coming under the Plantation Workers' Act, as well as all small and marginal farmers, the second applying to non-agricultural workers in the informal sector and informal workers in the formal sector. While proposing considerable improvements in employment conditions and access to social security, the bills did not propose compulsory registration of employers and employees (NCEUS 2007). The Labour Ministry did not accept the necessity for a separate bill for agricultural workers – pointing out, correctly, that most agricultural workers and marginal farmers shifted to other jobs in the off-season – and did not agree to other proposed changes either (Chatterji 2008). A truncated version was finally passed in December 2008 as the Unorganized Workers' Social Security Bill.

A major problem with this approach to legislative reform is that it lumps together workers who are employees with those who are self-employed, whereas their needs are very different; it is common practice for employers to attempt to pass off dependent homeworkers, for example, as self-employed workers in order to evade the legal obligations of an employer, and it therefore becomes crucially important to distinguish between them legally. At the same time, this approach implicitly accepts the differential treatment of formal and informal employees, instead of attempting to ensure that all employees are covered by the same labour laws. Consequently, it has less chance of success, since the more powerful formal sector workers do not perceive it to be in their interest, and even if passed, it would still leave one section of workers with weaker rights than the other. If unions in India have failed to make any dent in this system of industrial apartheid for over sixty years, it is hard to see this changing without help from outside.

Nationalism Versus Internationalism

This is where globalization could potentially act as a positive force, helping to push the level of labour rights in India upwards. By breaking down barriers to the mobility of commodities and capital across national borders, globalization creates problems for workers in countries with higher labour standards, especially those working in labour-intensive sectors, many of whom have seen their jobs moving to countries with lower labour standards. The most important proposal by unions globally aimed at protecting workers from this effect has been the idea of a 'social clause' in WTO agreements, affirming respect by all members for the fundamental workers' rights embodied in the Core ILO Conventions as well as

environmental protection. While this would not equalize labour standards immediately, it would at least eliminate the possibility of production being shifted to certain countries simply because they allow trade unions to be crushed, child labour and forced labour to be used, or discrimination in employment to be practiced.

There were a few independent unions, organizations of informal workers, and groups working with child labour in India who supported this proposal, but the overwhelming majority of responses to it were negative. All the central unions rejected the idea in 1995 (Central Trade Union Organizations of India 1995). At the forefront of this rejection was the notion that it was a protectionist measure, and therefore against the national interest. According to P.K.Ganguly of the Centre of Indian Trade Unions, affiliated to the CPI(M), 'the attempt to include social clause in multilateral trade is essentially to introduce unilateral non-tariff protectionist barriers to multilateral trade…Being further deprived of free trade and export possibilities, the Third World countries are bound to slip deeper into poverty and unemployment' (Ganguly 1996: 45). K.L.Mahendra of the All India Trade Union Congress (AITUC), affiliated to the Communist Party of India, observed, 'The central trade union organizations of India in their appeal to the fifth conference of Labour Ministers of Non-Aligned and other Developing Countries held at New Delhi, have stated their opposition to linking of the "labour standards" to trade as a non tariff protectionist measure… The introduction of social clause is to prevent exports from developing countries with a view to protect their own industry at home' (Mahendra 1996: 49). The Hind Mazdoor Sabha (HMS) and Indian National Trade Union Congress (INTUC), both affiliated to the International Confederation of Free Trade Unions (ICFTU), subscribed to these views and were parties to the appeal. It is notable that this was not just a criticism of the particular proposal that the ICFTU and some First World unions had made, but a rejection of the very idea of a workers' rights clause in WTO agreements.

The suggestion that defining the social clause as a protectionist measure is a neo-liberal position (van Roosendaal 2001: 287) is confirmed by its coincidence with the views expressed by Arthur Dunkel (cit. Ferguson 1994: 4) and the World Bank (1995: 6). These views recognize the advantages of international trade liberalization for developing countries, in that trade barriers are seen as being against their interests, but oppose any corresponding international regulation of labour. One of the main proponents of this position, Jagdish Bhagwati, argued strongly that labour was not a trade-related issue, and the WTO should concentrate on trade issues while the ILO concentrated on labour (Bhagwati 2002: 79-80). Yet it is obvious that ILO Conventions protecting labour are not enforced – are, in fact, widely flouted – whereas WTO rules are much more enforceable. What was being advocated by Bhagwati and, paradoxically, echoed by the central trade unions of India, therefore, was enforceable protection for capital without enforceable protection for labour.

However, the social clause was also rejected by Left-wing unionists due to their analysis of globalization: for them, the social clause was simply a cover for pushing through the agenda of imperialism and neo-liberalism. Yet a mistaken analysis of globalization alone cannot account for the way in which the anti-union policies of domestic employers and the government were blamed on globalization: an element of nationalism was revealed by the

readiness to blame international capital for onslaughts on labour launched by domestic employers and encouraged by government policies. An obvious problem with such an approach is that it fails to tackle key domestic sources of attacks on workers' rights. Less obviously, but perhaps even more dangerously, the prejudice against international as opposed to national capital strengthens the xenophobic agenda of the extreme Right, and constitutes an obstacle to solidarity with workers of other countries (see Hensman 2001 for a more extended discussion of the union debate on the social clause).

Ironically, then, an important task for those who wish to confront the challenges of globalization in India is to make a much more thorough study of social practices and government policies which deprive either particular groups of workers or all workers of their fundamental rights, and oppose them in a way that has never been done by the Indian trade union movement. In fact, this is not as paradoxical as it may seem. With globalization, the local and national become essential parts of the global; the distinction no longer makes sense. So acting locally to strengthen workers' rights locally is also a way of strengthening workers rights globally. The abysmal record of labour rights in India has helped to pull down standards elsewhere, both by encouraging a shift of employment to informal labour in India, leading to job losses for workers with better rights, and by providing models for employers elsewhere to emulate, for example by carrying out a similar informalization of employment in their own countries.

The second requirement is a better understanding of globalization as neither imperialism nor neo-liberalism but a new stage of capitalist development which began to emerge in the middle of the 20th century with the struggles for independence and national liberation in the Third World, and progressed further as some of the largest of these countries industrialized. As early Marxists recognized (for example in the *Communist Manifesto*), capitalism is inherently global, and therefore solidarity between workers of different countries is crucial in the struggle against it. In the modern globalized world economy, this becomes even more indispensable. The anti-globalization agenda, by itself, is both unrealistic and reactionary, because it seeks to reverse the decline of a nation-state system which has been used against workers in so many ways, ranging from the divide-and-rule policies of international capitalism to the use of workers in uniform to kill each other in the interests of their ruling classes. Opposition to globalization retards the transition from imperialism to a world order marked by more egalitarian and peaceful relationships between peoples; furthermore, it distracts attention from the task of shaping the new global order, leaving the field open for advocates of traditional authoritarian labour relations and modern neo-liberal policies to impose their own agendas on it.

If globalization has weakened the ability of the nation-state to protect employment and workers' rights, this problem is more than offset by the potential for stronger protection of labour rights on a global scale. For example, if unions worldwide were to put pressure on their governments to incorporate a workers' rights clause in WTO agreements empowering the ILO to assist governments genuinely striving to improve labour rights, and penalize countries and companies which persisted in the denial of basic workers' rights, some of the gross violations prevalent in India would surely decline. The ILO is already providing

assistance to eliminate child labour, but this could be stepped up, and it could also help to set up machinery to register informal employees and employers, redress discrimination complaints, and so on. The global coverage of the clause would ensure that companies would not be able to threaten to shift production to other countries, because they would face the same regime wherever they went.

However, it would be impossible to formulate such a clause, much less work for it, without an enormous amount of discussion and debate between workers in all their diversity, including differences of nationality. A weakness of the original social clause proposal was the lack of input from Third World union activists. As Bennet D'Costa of the Hindustan Lever Employees' Union put it in 1998, 'Third World workers must have a say in defining the social clause and putting what we want into it; we can't just accept what trade unions in the imperialist countries suggest' (cit. Hensman 1998: 83).

Opening up communication channels between workers across the world so that this discussion and debate can take place is therefore a priority. For this to happen, several conditions need to be met. So long as the channels of communication are the hierarchical ones set up by national union bureaucracies, it is not likely that much progress will be made; a more democratic model would need to be utilized. Fortunately, globalization has provided the wherewithal for such a process through the internet and email. But not all workers have access to the internet, nor do they all speak the same language. Therefore translations and other forms of dissemination would also be necessary. A research, education and consultation project aimed at defending the rights of women workers in supply chains in the garment industry organized by Women Working Worldwide demonstrated the possibilities of stimulating communication and solidarity using all these resources (Hale and Wills 2005).

These are practical requirements. In addition, a minimal degree of mutual respect and trust would be crucial for a productive debate. This was lacking in the debate on the social clause, which was a prime cause for its collapse. Many Third World unionists suspected their First World counterparts of being more interested in protecting their own jobs than in helping workers in developing countries to win their rights, and in some cases this was true. Conversely, many First World unionists thought their Third World counterparts were willing to tolerate child labour and other abuses so long as their countries attracted more investment and employment, and this, too, was in some cases true. However, in other cases, unionists from developed countries genuinely wanted to help workers in developing countries to defend their rights, and unionists from developing countries had valid criticisms of the original social clause proposal, but the emergence of a consensus was precluded by mutual recriminations. A genuine dialogue would require all sides to be free of such prejudices, or at least to be willing to subject their own prejudices to critical scrutiny.

The most difficult task in India is likely to be convincing trade unionists that nationalism is not a positive value. Nationalism is so closely associated in the minds of most Indians with the struggle for freedom from British colonialism that denouncing it is almost taboo, and only an exceptional visionary like Rabindranath Tagore could see that it has nothing to do with either freedom or love of country (Tagore 1976). These distinctions are as important for trade unionists as the distinctions between imperialism, neo-liberalism and

globalization: unless they feel that they can oppose imperialism and love their country without being nationalists, or oppose neo-liberalism and value freedom while working for their own vision of globalization, it would be difficult for them to participate creatively in developing a new global agenda for labour. By pitting workers in different countries against each other, nationalism deprives the working class of its most powerful weapon in the struggle to ensure that workers' rights are protected in the new global order: global solidarity. By contrast, fighting for an alternative model of globalization that is superior to the neoliberal model would be both realistic and progressive.

An Alternative Model of Globalization

What would this model look like? Suggesting the outlines of it becomes fairly urgent, given the danger that the recovery from recession in mid-2009 might not be sustained once the stimulus packages come to an end, and the world could once more be plunged into economic crisis.

The first task would be to clear away the debris from the epoch of imperialism and nationalism, namely ruinous military spending. In the epoch of globalization, militarism plays no useful role for capitalism; indeed, large-scale military spending actually becomes a liability in a globalized economy. The fact that it constitutes a deduction from social spending which could improve the quality of the labour force is obvious. But it is also a deduction from state investment in civilian research and infrastructure that could increase efficiency and productivity in capitalist production as a whole. Excessive military spending by the US in the 1990s resulted in productivity lagging far behind that of Japan and Germany; the failure to modernize resulted in its manufacturing base being decimated by the turn of the 21st century, and contributed greatly to the economic crisis in 2008 (Melman 2001: 110-14, 124-26; Johnson 2008).

Military spending by the US is greater than that of the rest of the world put together (GlobalSecurity.org 2007), and constitutes a huge drain on the world economy. Ending the occupations of Iraq and Afghanistan and the bankrolling of Israel's occupation of Palestine, winding up foreign bases and downsizing the military-industrial complex would go a long way towards shrinking the outsize US fiscal deficit (*Business Standard* 2009), reviving the US economy, and thereby contributing to global economic recovery. But India's military spending too is massive: 3 billion dollars spent on building a nuclear submarine, plans to build four more, buy seven from France and two from Russia, and buy 2 billion dollars worth of missiles from Russia – all in a country where 47 per cent of children are malnourished and around 2 million die each year of malnutrition and preventable diseases (Janson 2009): surely the 'national sovereignty' defended by this expenditure not only does *not* promote food security, but is actually inimical to it! Rapid steps towards global nuclear disarmament, eliminating other weapons of mass destruction, and slashing military budgets would be important features of an alternative model of globalization.

The economic downturn has also made it clear that the neo-liberal model of globalization is extremely flawed, because by impoverishing the vast majority of the world's

working people, it restricts market expansion drastically and thus becomes a fetter on capitalist accumulation. One powerful and obvious way in which this can be remedied is by extending to the workers of the world – including those who are currently informal employees – the basic human rights stipulated in the ILO's Core Conventions, including the right to organize and bargain collectively. This would help to curtail debt, while strong regulation would help to direct finance capital into socially useful production. Another requirement is employment creation programs like the NREGA scheme in which workers are registered and guaranteed basic rights, as well as state support for workers' cooperatives. Finally, if the bulk of state expenditures on militarism are redirected towards health care, education, social security, welfare, infrastructure and civilian research, this would create socially useful employment, upgrade productive resources (including human resources), and create the conditions for far stronger protection of the environment.

In other words, globalization minus militarism and neo-liberalism is a realistic goal for which workers around the world can launch a coordinated struggle.

NOTES

[1] Nathuram Godse, the Hindu fanatic who murdered Mahatma Gandhi, was associated with the Sangh Parivar. The BJP is affiliated to the RSS, but while in power was forced to take a more open position on globalization.

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