

Globalization and Labour: State, Market, and Organization

Date: December 2-4, 2004

The Institute of Development Studies Kolkata organized an international conference on *Globalisation and Labour: State, Market and Organisation* during December 2-4, 2004.

A summary report of the presentations follows:

Michael Goldfield

In his paper, *The Decline of Organised Labour in the United States and the Impact of Globalisation*, Michael Goldfield (Wayne State University, Detroit, Michigan) analyses the reasons for the decline of union membership and union density among the US workers in the recent past. He notes that globalisation is not the only cause of the US union weakness and decline. Other factors include deregulation of certain industries like trucking and airlines, privatisation and outsourcing in certain sectors, changes in technology especially in mining, and repressive legislation.

Syed M. Naseem

Syed M. Naseem (former Professor of Economics at Quaid-i-Azam University, Islamabad, Pakistan and former Chief, Development Planning Division, UN-ESCAP, Bangkok, Thailand) presented a paper on *Overseas Migration, Outsourcing and Economic Growth in South Asia*. One of the more benign and virtuous aspects of globalisation in the past three decades or so has been the increase in the migration of people from the poorer, labour-surplus economies of the South to the richer, labour-scarce economies of the North, as well as to some resource rich labour-scarce economies within the South itself.

Insistence of developed countries to restrict the applicability of the doctrine of free trade only to commodities and services, without allowing for the movement of the factors of production (and especially labour), has resulted to some discontent with globalisation. In this context, this paper makes an attempt to contrast the evolving pattern of international division of labour, based on the experience of South Asian countries, especially India and Pakistan. The paper also identifies the determinants of the differential pattern of development both within South Asia and between South Asia and East Asia, particularly China and Korea from 1970 onwards.

Howard Guille

Howard Guille's (Queensland University of Technology, Brisbane and Queensland Secretary, National Tertiary Education Union) paper, *Global Pressure and Minimum Wages – A Case Study*, is based on a case study from Papua New Guinea. In 1992, wage indexation was deregulated in Papua New Guinea and the urban minimum wage was cut in half. Given this background, the paper analyses the economic and social consequences of the cut in the national minimum wage on poverty, distribution of returns to capital and labour, employment and capital movements.

Debdas Banerjee

Debdas Banerjee (Institute of Development Studies Kolkata) presented a paper on *Globalisation, 'Flexibilisation' and Labour Standards: Exploring 'High Road' in the South*. Globalisation, the freeing up trade, coupled with the neoliberal instruction for State 'minimalism' has produced the critical debate: Can globalisation improve labour standards? The paradigm of globalisation, that of freeing up of global investment flows has provoked another debate: Are

developing economies in the South capable of improving labour standards under current globalisation?

International capital is like "flying geese" moving from one country to another in search of 'warm waters' of low wage costs or poor labour standards. Thus, unless economic growth is fast and steady, improvements in labour standards are neither politically feasible nor economically viable. Another major debate within the South is centred on the issue: Which direction should the cash standards improvements, in particular, take: from the unorganised (say, the secondary labour market) to the organised sector (say, the primary labour market)? Or, the other way round, especially in economies like India where organised sector provides employment to not more than 20 percent of the industrial workforce? This paper investigated various aspects of international division of labour and argued in favour of improved labour standards in India.

Alakh N. Sharma

In his presentation, Globalisation, Informalisation of Employment and Labour Rights: A Note, Alakh N. Sharma (Director, Institute for Human Development, New Delhi) discusses the global as well as the Indian experience regarding the impact of globalisation on the labour market. Globalisation has not only slowed down the rate of employment growth but also disempowered labour through the process of deunionisation. The decline of trade union in turn has led to casualisation of work and informalisation of contract of employment.

This note depicts the recent Indian scenario with the help of statistics. It was noted that during the seven years of liberalization between 1991 and 1998, the share of permanent manual workers declined in India. On the other hand the share of casual non-permanent workers increased at a fast rate. Moreover, the flexibility in the labour market has increased largely during the period of economic reforms in India. It was further observed that, in spite of the existence of labour laws, the firms have been able to retrench a large number of permanent workers.

Sunanda Sen

Sunanda Sen (former Professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi) delivered her lecture on Labour Flexibility in Reference to Indian Manufacturing Sector (organised): Impact of Globalisation. The conventional definition of flexible labour suggests that labour is flexible when it is not subject to any labour-legislation related contracts. In this scenario, neither the state nor the employer will provide any support/protection to labour.

This is alleged to help labour by freeing it from any compulsion from the employer. Sen disagrees. Labour is not used by labour itself and then the concept of freedom does not apply at all. She found that the capital's share in output in the organized sector grows faster than the wage rate and that the total wage bill is less than the bonus bill. Labour faces more precariousness. The skill and unskill divide widens. The capitalists' claims of increased efficiency and competitiveness, and better FDI-related country advantages are unfounded.

Jayati Ghosh

Jayati Ghosh (Centre for Economic Studies and Planning, Jawaharlal Nehru University) in her paper, Informalisation and Women's Workforce Participation: A Consideration of Recent Trends in Asia discusses the impact of globalisation on women's workforce participation in the Asian economies. It is stated that since the early 1980s there has been an increase in women's participation in the workforce in the Asian region mainly owing to the export-led economic expansion. However, this trend started to change since the mid-nineties. Unemployment rate

started to increase in the South-East Asian countries in the recent years due to the global recessionary tendency.

Unemployment rate also increased due to the use of new technology in production. It has been noted that in the recent years in the Asian countries, there was a decline in the formal sector employment on the one hand and a substantial increase in subcontracting in the form of home-based work, on the other. Increasing unemployment has led to the migration of women workers from the Asian countries who are predominantly employed in the service sector, especially in domestic service, care-giving and entertainment activities.

Finally it has been observed that in some of the Asian countries viz., India, China and the Philippines, a new area of service activity is emerging which relates to the IT-enabled services and the women workers are increasingly getting involved in this sector. Although it may reduce the problem of educated unemployment to some extent, it would not bring about any major transformation in aggregate employment patterns in the near future.

Meena Gopal

In her paper *Revisiting Gendered Home-based Work in the Context of Reforms*, Meena Gopal (Research Centre for Women's Studies, SNDT Women's University, Mumbai) re-focussed on the use of gendered home-based work by reviewing evidence from macro developments and existing micro studies in India. The labour-process in home-based manufacturing is the most preferred by industry as the costs of production incurred for the workplace, machinery, maintenance and labour conditions are transferred to women workers' homes. The employer is also freed of supervisory costs due to the prevalence of piece-rates and there being no opportunity for collective bargaining. These inferences have been elicited in a field-based micro-study on the beedi industry in the mid-90s in south Tamilnadu.

Supriya Roy Chowdhury

Supriya Roy Chowdhury's (Institute for Social and Economic Change, Bangalore) paper *The Relevance of Industrial Conflict*, addresses some issues relating to capital-labour conflict. The struggles of the industrial working classes are now mostly framed within the paradigm of firm-based activities, oriented towards resolution of issues confined to the firm. What is absent is both a movemental character in the activities of trade unions and a broad class-based character in working class struggles.

In this context the following questions gain importance: (a) why has the politics of the working class changed such that it is no longer militant? (b) Is the absence of a broad based class resistance due to the particular nature of politics or is politics itself determined by a deeper structurality? (c) Is there an absence of class conflict? (d) Or, is this a situation where there is a class struggle without classes. These questions are addressed in this paper through a review of industrial conflicts in the city of Bangalore in six large private sector manufacturing firms over the period 1998-2004.

Sharadini Rath

In her paper , *Globalisation in the Agricultural Sector: Markets, Profits and Labour*, Sharadini Rath (Centre for Budget and Policy Studies, Bangalore) presents results and implications of a case study that looks at the impact of globalisation in the agricultural sector, with specific attention paid to the labour sector, in both economic and health terms. Market driven export of fresh grapes to Europe by small and marginal farmers on a cooperative basis in Maharashtra was examined as an example of globalisation in markets and profits. The vineyard labour forms a crucial factor maintaining the high profit margins of the export venture, and the study

examines the evolving role of traditional tribal farm workers in the area who have exploited this situation to monopolise the market for skilled vineyard labour by organizing themselves extensively.

Rakhi Sehgal

Rakhi Sehgal (Ph.D. student, American University, Washington, DC) presented the paper, Social Reproduction of Third World Labour in an Era of Globalisation: State, Market and the Household. This paper seeks to explore the current transformations in the capital-labour-state relationship by exploring the challenges to, and strategies of, social reproduction engaged in by Indian labour and Indian working class households in an era of neoliberal policies and globalisation.

V. Rajendran Nair

In his paper, Labour Unions in the Era of Globalisation: Need for New Identity and Social Solidarity, V. Rajendran Nair (VTM NSS College, University of Kerala, Trivandrum) addresses some issues relating to the socio-economic conflicts faced by labour in the era of globalisation based on a few case studies from Kerala. He observes that the new industrial and economic policies have deleterious effects on labour relations in Kerala especially in the fields of employment and union power. The older traditional industrial sector, in particular, is facing severe peril. In this context his paper focuses on a few specific questions viz., (a) how can traditional sector be sustained? (b) whether the traditional style of trade union functioning can take up the challenges of resolving the socio-economic conflicts? (c) whether the civil society movements are capable of resolving these issues?

Satyaki Roy

Satyaki Roy (Ph.D. student, Calcutta University) presented a paper, Flexible Labour and 'Low Road': Lessons from Unorganised Manufacturing Units. There is a general belief that globalisation evokes a change in existing industrial structure and labour process towards greater flexibility and competitiveness. Flexibilisation of industrial organizations, work process and labour market seems to be the pivotal response to attain greater productivity and increased competitive output.

This paper contests the dominant view of positing labour market flexibility as the central concern to attain greater productivity and growth, and argues that with a fully flexible labour market even in a skill intensive sector, market imperfections and institutional failures may lead to a downward spiral of low productivity, lesser earnings and erosion of skills.

Ketan Makhija and Rohan Shah

Ketan Makhija and Rohan Shah (Ph.D. candidate, National Academy of Legal Studies and Research, University of Law, Hyderabad) presented two papers. In their first presentation, Right to Strike: A Legitimate countervailing Power in the Globalised Economy? They argued in favour of the right to strike by the government employees and workers. They discussed several cases relating to strike in detail which was taken up by the Supreme Court. Their second paper, The Workman: Evolution of its Definition and Ambit in the Era of Globalisation seeks to trace the evolution of the definition of "workman", its scope and ambit, so as to keep pace with the on-going changes in technology, in the structure of the economy and in rights jurisprudence. The latest case laws are cited to substantiate and illustrate the points of law.