



Edited by
K. R. Shyam Sundar

Perspectives on Neoliberalism, Labour and Globalization in India

Essays In Honour of
Lalit K. Deshpande

Foreword by Guy Standing

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ISBN 978-981-13-6971-1 ISBN 978-981-13-6972-8 (eBook)
<https://doi.org/10.1007/978-981-13-6972-8>

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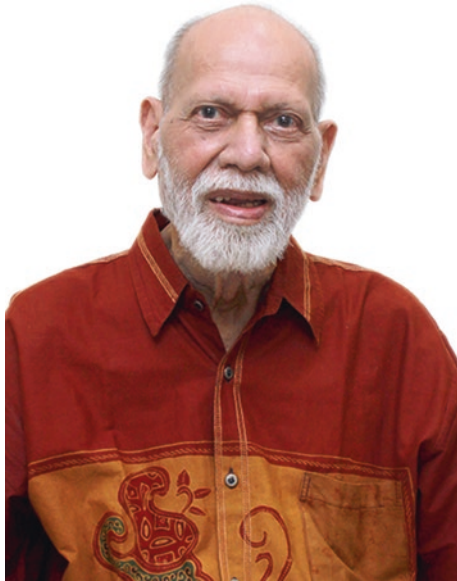
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Cover design by eStudio Calamar

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The registered company address is: 152 Beach Road, #21-01/04 Gateway East, Singapore 189721, Singapore

*Dedicated
with Love and Admiration
and in Gratitude*



PROFILE OF PROF. LALIT DESHPANDE

ACADEMIC QUALIFICATIONS AND AFFILIATIONS

1. B.A. Economics, Elphinstone College, University of Bombay, 1951–55.
2. M.A. Economics, Department of Economics, University of Bombay, 1955–57.
3. Ph.D. Economics, Ford Foundation Fellowship, Department of Economics, University of Bombay, 1957–64.
4. Post-doctoral Research Fellowship, Stanford University, United States of America, 1965–66.
5. Reader in Labour Economics, Department of Economics, University of Bombay, 1966–78.
6. Visiting Fellow, Queen Elizabeth House, Oxford University, 1970–71.
7. Professor of Development Economics, Department of Economics, University of Bombay, 1978–93.
8. Director, Department of Economics, University of Bombay, 1992–93.
9. Supervised the doctoral dissertations of over 10 research scholars at Department of Economics, Bombay University.

MEMBERSHIP OF BOARDS

1. Member, Editorial Board, *Indian Economic Journal*, 1979–2013.
2. Editor, *Indian Journal of Labor Economics*, 1985–1990.
3. Member, Editorial Board, *Indian Journal of Labour Economics*, 1979–1981, 1989, 1991–2006, 2010–2013.
4. Member of Services Board, Reserve Bank of India, 1995–2000.
5. Chairman, Study Group on Labour Statistics, Ministry of Labour, Government of India, 1999.
6. Member of Board of Management, Indira Gandhi Institute of Development Research (IGIDR), Mumbai, 1996–2006.
7. Member, Management Board, Gokhale Institute of Politics and Economics, Pune.
8. Member of Rest of Maharashtra Statutory Development Board (Urvarit Maharashtra Vikas Mandal), Department of Planning, Government of Maharashtra.

BOOKS, BOOK CHAPTERS AND EDITED VOLUMES

1. Sandesara, J.C., Deshpande, L.K. (Eds.) (1970). *Wage Policy and Wage Determination in India*, Bombay: University of Bombay.
2. Deshpande, L.K. (1970). “Competition and Labour Markets in India”. In: J.C. Sandesara, L.K. Deshpande. (Eds.), *Wage Policy and Wage Determination in India*, Bombay: University of Bombay.
3. Deshpande, L.K., P.R. Brahmananda, and E.A.G. Robinson (Eds.) (1983). *Employment Policy in a Developing Economy, Vol. 1 & 2*. London: Macmillan Press.
4. Deshpande, L.K. (1983). “Urban Labour Markets: Problems and Policies”. In: L.K. Deshpande, P.R. Brahmananda, and E.A.G. Robinson (Eds.), *Employment Policy in a Developing Economy, Volume 1*, London: Macmillan Press.
5. Deshpande, L.K. (1983). “Does Output-growth Necessarily Imply Employment-growth?”. In: L.K. Deshpande, P.R. Brahmananda, and E.A.G. Robinson (Eds.), *Employment Policy in a Developing Economy, Volume 2*, London: Macmillan Press.

6. Deshpande, L.K. (1985). *Segmentation of Labour Market: A Case Study of Bombay*. Hyderabad: Orient Longman Limited.
7. Deshpande, L.K. (1992). "Institutional Interventions in the Labour market in Bombay's Manufacturing Sector". In: T.S. Papola, and Gerry Rodgers (Eds.), *Labour Institutions and Economic Development in India*. Geneva: International Labour Organization (International Institute for Labour Studies).
8. Deshpande, L.K. (1993). "Economic Development and Labour Market Interface in India" In: T.S. Papola, P.P. Ghosh, and Alakh N. Sharma (Eds.), *Labour Employment and Industrial Relations in India*, Patna: Indian Society of Labour Economics. Delhi: B.R. Publishing Corporation.
9. Deshpande, L.K. (1994). "Economic Liberalization and Labour in India". In: L.K. Deshpande and Gerry Rodgers (Eds.), *The Indian Labour Market and Economic Structural Change*. New Delhi: Indian Society of Labour Economics and B.R. Publishing Corporation.
10. Deshpande, L.K. and Gerry Rodgers (Eds.) (1994). *The Indian Labour Market and Economic Structural Change*. New Delhi: Indian Society of Labour Economics and B.R. Publishing Corporation.
11. Deshpande, Sudha, Guy Standing, and L.K., Deshpande (1998). *Labour Flexibility in a Third World Metropolis: A Case Study of Bombay*. New Delhi: Commonwealth Publishers.
12. Deshpande, L.K., Sudha Deshpande (1999). *Amsterdam Through the Gateway of India*. Amsterdam Study Centre for the Metropolitan Environment.
13. Deshpande, L.K., Alakh N. Sharma, Anup K. Karan and Sandip Sarkar (2004). *Liberalisation and Labour: Labour Flexibility in Indian Manufacturing*. New Delhi: Institute for Human Development.
14. Deshpande, L.K. and A.K. Satpathy (2008). "Challenge of Full Productive and Decent Employment in South Asia". In: Moner Alam, Armando Barrientos (Eds.), *Demographics, Employment and Old Age Security: Emerging Challenges in South Asia*. Delhi: Macmillan Publishers.

PUBLICATIONS (JOURNALS AND WORKING PAPERS)

1. Deshpande, L.K. (1963). "Planning for Full Employment". *Bombay Labour Journal*, Vol. 3.
2. Deshpande, L.K. and Sudha Deshpande (1985). "1981 Census and Structure of Employment". *Economic and Political Weekly*, Vol. 20, No. 22.
3. Deshpande, L.K. (1979). "Wage Structure". *Indian Journal of Labour Economics*, Vol. 22, No. 1 and 2.
4. Deshpande, L.K. (1982) "Economic Framework and Resolution of Industrial Conflict". *Cochin University Law Review*, Vol. 9, 316–22.
5. Deshpande, L.K. (1988). *Flexibility in the Bombay Labour Market*. World Employment Programme Working Paper No. 24, International Labour Organization, Geneva.
6. Deshpande, L.K. and Sudha Deshpande (1989). *Recent Developments in Bombay Labour Market-A Review*. Department of Economics, University of Bombay (mimeograph).
7. Deshpande L.K. (1990). "Economic Development and Labour Market Interface in India". *Indian Journal of Labour Economics*, Vol. 1, No. 1.
8. Deshpande, Sudha, L.K. Deshpande. (1990). *Mobility in Bombay's Manufacturing Sector*. Asian Regional Team for Employment Promotion Working Paper, International Labour Organization.
9. Deshpande, Sudha and L.K. Deshpande (1991). *Problems of Urbanisation and Growth of Large Cities in Developing Countries: A Case Study of Bombay*. World Employment Programme Working Paper No. 177, International Labour Organization, Geneva.
10. Deshpande, L.K. and Sudha Deshpande (1992). *Segmentation and Structural Adjustment*. Paper presentation at Seminar on Manpower and Employment Implications of Restructuring at Institute of Applied Manpower Research, New Delhi.
11. Deshpande, L.K. (1992). "Economic Liberalization and Labour". *The Indian Journal of Labour Economics*, Vol. 35, No. 4.
12. Deshpande, Sudha and L.K. Deshpande (1992). "New Economic Policy and Female Employment". *Economic and Political Weekly*, Vol. 27, No. 41, 2248–2252.

13. Deshpande, L.K., Sudha Deshpande and K.R. Shyam Sundar (1992). "New Economic Policies and Labour Sector", *Indian Economic Journal*, Vol. 39, No. 3.
14. Deshpande, Sudha and L.K. Deshpande (1993). "Employment Generation in Maharashtra 1981–1991: District Level Analysis". *Indian Journal of Labour Economics*, Vol. 36, No. 4.
15. Deshpande, Sudha, Deshpande, L.K. (1994). "Bombay Labour Flexibility Survey: A Micro Level Contribution". *Indian Journal of Labour Economics*, Vol. 37, No. 4.
16. Rizwan Islam, L.K. Deshpande (1995). "Transfer, Adoption and Diffusion of Technology for Small and Cottage Industries". *Indian Journal of Labour Economics*, Vol. 38, No. 1.
17. Deshpande, L.K. (1996). "Impact of Liberalisation on Labour Market in Industrial Relations in India". *Indian Journal of Labour Economics*, Vol. 39, No. 3.
18. Deshpande, Sudha, L.K. Deshpande (1997). "Gender-based Discrimination in the Urban Labour Market in India". *Indian Journal of Labour Economics*, Vol. 40, No. 3.
19. Deshpande, Sudha, Deshpande, L.K. (1998). "Impact of Liberalisation on Labour Market in India: What Do Facts from NSSO's 50th Round Show?". *Economic and Political Weekly*, Vol. 33, No. 22, L31–L39.
20. Deshpande, L.K. (1998). "Migration in Bihar". *Economic and Political Weekly*, Vol. 33, No. 14.
21. Deshpande, Sudha, L.K. Deshpande (1998). "Impact of Liberalization on Work, Worklessness and Earnings in Mumbai". *Urban India*, Vol. 18, No. 1.
22. Deshpande, L.K. (1999). "Labor Standards and Structural Adjustment". *Indian Journal of Labor Economics*, Vol. 42, No. 1.
23. Deshpande, L.K. (2001). "Labour Flexibility in India". *Indian Journal of Labour Economics*, Vol. 44, No. 3.
24. Deshpande, Sudha, L.K. Deshpande (2003). "Changing Employment Structure in Large states of India: What do the NSSO Show?". *Indian Journal of Labour Economics*, Vol. 46, No. 4.
25. Deshpande, L.K. (2004). "ILO, Key Indicators of the Labour Market". *Indian Journal of Labour Economics*, Vol. 47, No. 3.

26. Deshpande, L.K, A.K. Satpathy, and Sudha Deshpande. (2007). “Personal Income Distribution and Heterogeneity of Labour Markets in India”. *Indian Journal of Labour Economics*, Vol. 50, No. 4.
27. Deshpande, L.K. (2008). “‘NCEUS’ Indian Gospel of Decent Work”. *Indian Journal of Labour Economics*, Vol. 51, No. 2.

REVIEW ARTICLES

1. Deshpande, L.K. (2000). “A Little Embarrassment of Sociological Riches: Studies into the Worlds of Indian Industrial Labour”. *Journal of Indian School of Political Economy*, Vol. 12, No. 2. (Review of: Parry, Jonathan P., Jan Breman, Kann Kapadia, ed. ‘The Worlds of Indian Industrial Labour’, Sage Publication, New Delhi).
2. Deshpande L.K. (2002). “Global Labour Flexibility”. *Indian Journal of Labour Economics*, Vol. 45, No. 2. (Review of: Guy Standing (1999) ‘Global Labour Flexibility: Seeking Distributive Justice’. ILO, Palgrave Macmillan, UK).
3. Deshpande, L.K. (2004). “Jobs and Incomes in a Globalizing World”. *Indian Journal of Labour Economics*, Vol. 47, No. 1 Ajit K Ghose, ‘Jobs and Incomes in a Globalizing World’, International Institute of Labour Studies, ILO, Geneva (Book Review).
4. Deshpande, L.K. (2007). “Thank you, Professor Sen”. *Indian Journal of Human Development*, Vol. 1, No. 2. (Review of: Amartya Sen (2006) ‘Argumentative Indian’. Penguin).

AWARDS AND HONOURS

1. President, 31st Annual Conference of Indian Society of Labour Economics, Bangalore University, 1989.
2. Tata Iron and Steel Company (TISCO) Endowment Chair, Tata Institute of Social Sciences, Mumbai, 1994–95.
3. Honorary Fellow, Indian School of Political Economy-Pune, 2003–2018.

4. National Seminar on 'Globalization, Labour Markets and Employment Relations in India' organized in honour of L. K. Deshpande, jointly by Institute for Human Development and Indian Society of Labour Economics, at the ICSSR (Indian Council of Social Science and Research) Seminar Hall, Vidyanagari Campus, Mumbai University, July 11–12, 2012.
5. Book 'Contemporary Reforms of Labour Market and Industrial Relations System in India' K. R. Shyam Sundar (ed.), New Delhi: Academic Foundation, released in honour of L. K. Deshpande on March 4, 2018 at the Mumbai School of Economics and Public Policy, Mumbai University, Mumbai.
6. Visiting Professor, Institute for Human Development, New Delhi, 1998–2013.
7. Felicitated with a Gold Medal by Brihan Mumbai Municipal Corporation for initiating 'Bombay First', a think tank with the objective of helping Bombay become a financial hub for South-east Asia.

INVITED LECTURES

1. First Kunda Datar Memorial Lecture (1983). Segmentation of Labour Market: A Case Study of Bombay. Gokhale Institute of Politics and Economics, Pune.
2. First S.D. Punekar Memorial Lecture (1985). Role of Trade Unions in India. Tata Institute of Social Sciences, Mumbai.
3. Fourth V.V. Giri Memorial Lecture (2001). Labour Flexibility in India. Giri Institute of Development Studies, Lucknow.

PROJECTS

1. 'Bombay Labour Market', Project funded by the World Bank, 1979.
2. 'A Study of Textile Workers on Strike in Bombay', Centre for the Study for Social Change, Bombay, 1983.
3. 'Flexibility in the Bombay Labour Market', Project funded by International Labour Organization, Geneva, 1988.

4. 'Recent Developments in Bombay Labour Market-A Review' (with Sudha Deshpande), Project funded by the World Bank Office, New Delhi, 1989.
5. 'Migration to Ho Chi Minh City', Project funded by ILO Regional Office, Bangkok, 1989–1992.
6. 'Labour Mobility in Bombay's Manufacturing Sector' (with Sudha Deshpande), Project funded by International Labour Organization (ILO) Asian Regional Team for Employment Promotion (ARTEP), New Delhi, 1990.
7. 'Economic Reforms, Industrial Relations and Labour Market Reforms in India' (with Sudha Deshpande) Report prepared for South Asia Multi-Disciplinary Advisory Team, International Labour Office, New Delhi, 1994.
8. 'Socio-Economic Survey of Greater Bombay' Prepared for the Brihan Mumbai Municipal Corporation (BMC), 1993–1997.
9. Prepared memorandum on behalf of BMC to be presented to 10th Finance Commission, 1995–2000.
10. 'Labour Process Flexibility: Evidence from the Bombay Labour Flexibility Survey'. Paper prepared for technical meeting on 'Enterprise Restructuring and Labour Markets', Turin Centre, International Labour Organization, 1995.
11. 'Wage Flexibility: Evidence from the Bombay Labour Flexibility Survey'. Paper prepared for technical meeting on 'Enterprise Restructuring and Labour Markets', Turin Centre, International Labour Organization, 1995.
12. 'Employment Implications of the Growth of the Financial Sector in Mumbai' (with Neeraj Hatekar). Report prepared for Bombay City Policy Research Foundation, 1996.
13. 'District Employment and Labour Market Assessment: A Study of Cuttack District of Odisha 2001–2002' (with A. K. Satpathy), Project funded by ILO-SAAT, 2003.
14. 'Informal Sector in India', Project Coordinator at the Institute for Human Development, New Delhi, Project funded by International Labour Organization (ILO).
15. 'Employment and Social Security for the Workers in the Unorganised Sector', Project Coordinator at the Institute for Human Development New Delhi (along with Alakh N. Sharma and Mario Rutten), Project funded by Indo Dutch Programme on Alternatives in Development (IDPAD).

16. 'Economic Liberalisation and Labour Market Flexibility in India', Project Coordinator (along with Alakh N. Sharma), Project funded by the Ministry of Statistics and Programme Implementation, Government of India.
 17. 'Employment and Labour Market Assessment in the Cuttack District, Orissa', Project Coordinator at the Institute for Human Development New Delhi, Project funded by International Labour Organization (ILO).
- * - Prepared by Mr. Arnav Deshpande, grand-son of Prof. Lalit Deshpande and Dr. Sudha Deshpande, wife of Prof. Lalit K. Deshpande, Retired as Reader, Department of Economics, Mumbai University, in consultation with Prof. Lalit Deshpande.

FOREWORD

When reflecting on Lalit Deshpande, the word that comes to mind first is ‘genial’ and immediately after comes ‘Sudha’. Lalit has been a scholar with a light touch, always with a twinkle and a ready laugh, but seriously committed to his work and the values that have always guided it. But it is his partnership in life and in work with Sudha that has been the bedrock of all his lifelong contributions.

I had the privilege and joy to work with both Lalit and Sudha in the 1990s, during which time we worked on a survey of industrial enterprises in then-Bombay, studying how labour relations were evolving at that time, one of structural transformation. I had come from doing similar surveys in Malaysia and the Philippines, and was in the middle of my own exploration of the changing global labour process, which was to lead to my conceptualization of the precariat as a global class. Working with the Deshpandes was formative, since they were great listeners as well as talkers about new ideas.

Above all, we found ourselves on the same wavelength on the normative side, the values. Lalit has always had his sympathies on the side of workers and on the side of those struggling to survive in conditions of social and economic insecurity. Of course, any labour economist coming to Bombay or Mumbai should know the Deshpandes and seek out their advice and knowledge. The city has been his base. But he has also been a stalwart of the Indian labour economics fraternity, and over the years, I

have had the privilege of meeting him and Sudha at the many meetings of Indian labour economists around the country. He has always been what we Englishmen call ‘a wise old bird’. I wish him and Sudha love and happiness. Well batted!

Prof. Guy Standing
Currently, Professorial Research Associate
School of Oriental and African Studies (SOAS)
University of London, UK
Former ILO Official, 1979–2006 and former Director
Socio-Economic Security Programme
International Labour Organization, Geneva
Ex-Professor of Development Studies
School of Oriental and African Studies (SOAS)
University of London, UK

PROF. LALIT DESHPANDE: A PERSONAL NOTE

I have known Dr. L. K. Deshpande (Lalit to his friends) since the mid-1960s, when he was in his early thirties and myself, a somewhat impetuous youngster of twenty odd years. I have thus had the pleasure of being a close friend for more than five decades. Such a long span of friendship leads to a general expectation that one is ideally suited to afford a perspective on the other's life and personality, and this expectation can very often be difficult to fulfil. Nevertheless, I will try to make a modest effort in this direction.

Like many of his generation, Lalit had what can best be described in Flaubert's catchphrase—a sentimental education. Lalit's attitude to life was thus, unsurprisingly, underpinned by three cardinal principles—a strong sense of nationalism (inspired by the sacrifices in the freedom movement that he must have witnessed as a child), a romantic idealism (à la Thoreau, Tolstoy and Gandhi) and an attraction towards socialist ideals (which, however, fell short of a full commitment to Marxist principles). The Nehruvian philosophy of democratic socialism and constitutional secularism accorded well with such an approach to economic and social problems. However, unlike several of his contemporaries whom the decades of the 1970s and 1980s brought disillusion and disenchantment with the Nehruvian ideals, Lalit remained steadfast in his commitment to them, though in recent years this commitment, without weakening, has been tempered by a recognition that good economics is probably striking a right balance between the forces of the state and the market. Thus, whereas many of his fellow economists either veered

strongly to the left or swerved impetuously to the right, Lalit (at least in his economic writings) always kept to the substantial middle ground.

For all of us who spent a large part of our lives in the UDE (Department of Economics, University of Mumbai),¹ the Department was regarded not so much a place of work as a second home. Exciting intellectual work was being done there, and our professors were contributing actively to academic journals as well as to the making of policy. Profs. Brahmananda, Lakdavala, Kanta Ranadive, Sandesara, Krishna and Ranganath Bharadwaj, Shiv Nath, Ashok Rudra and Vatsala Mukerjee lent an academic glamour to the south wing of the colonial edifice of the (old) Mumbai University. Lalit, Gerry D'Costa, myself and Manohar Rao, being the younger staff, would have normally come lower in the batting order in any other university, considering the hierarchical order of things in those days. But as was the ethos of our UDE, we were treated with such overwhelming warmth and affection by our seniors that even though we were properly deferential, we never felt anything oppressive about the atmosphere in the UDE—just cordiality and camaraderie all around us.

Lalit's career as an academic flourished in this encouraging atmosphere. The subject of labour economics was undergoing a transformation at this stage. The old neoclassical marginal productivity theory of wages was giving way to a whole new spectrum of theories such as efficiency wages, near rationality models, insider-outsider theory and staggered contracts. However, all these theories had been explored in the context of cyclical unemployment in advanced countries. It was not clear how far they were relevant in the context of the kind of structural unemployment characterizing underdeveloped economies. Lalit set out on the ambitious task of bridging this lacuna in the Indian context, by studying in great detail the characteristics of the Bombay Labour Market. This massive study (though done in the 1970s) is even today regarded as a landmark study. Its importance derives from the fact that it not only brought out the segmented nature of the Indian labour market but investigated thoroughly the specific institutional factors influencing this fragmentation. All of Lalit's work on labour economics, unemployment and migration was strongly influenced by his liberal principles (which I have referred to above). He has always been broadly sympathetic to the idea of labour, not so much as a factor of production, but as a source of societal value. This makes him deeply suspicious of some of the modern-day thinking on labour reforms which regards unions as antithetical to national

economic interests, and in the guise of introducing flexibility in labour markets seeks to undermine the traditional safeguards of the labouring class in general. His work on migration is also similarly marked by a strong undercurrent of sympathy for the migrant as a human being, rather than as a work automaton.

Lalit was favoured by nature with a colourful persona. A strikingly tall figure, he carries himself even at the age of 85 years in a graceful and elegant manner. He was always a delightful raconteur entertaining us with stories (never malicious) about his senior colleagues and from his travels abroad. One of his memorable stories concerns his meeting with the legendary Sir Don Bradman. During a visit to Adelaide, he just looked up Bradman's number in the directory and rang him up. A secretary fixed up an appointment for the next day morning. Lalit came armed with a bat (to collect the prized signature of the great man) and was received courteously by the then stockbroker, who enquired solicitously about contemporary cricketers like Merchant, Mankad, Naidu and Amarnath. And most importantly, Lalit did get the signature.

In the Indian Economic Journal room, presided over by the ace masters of sarcasm and irony, Anil Mashruwala and Vinny Shembawanekar, there was frequent good-natured ribbing. The people who entered the doors were of unequal birth and station, but they were all reduced to a common denominator of equality through the ironic jibes of Anil and Vinny—all egos of whatever lineage or dimension were decimated by their acerbic sword of wit. Lalit was a frequent target, but like all of us, he took it good naturedly, never losing his temper and always shaking it off with his stentorian laugh.

He was of an extremely generous spirit, going out of his way to help some of his students in financial difficulties. But his generosity did not stop there, it spilled over into other unsuspected avenues. When the university had advertised the post of a Professor of Quantitative Economics, I hesitated to apply, on account of my being too young. Somehow Lalit sensed my hesitation, asked me point-blank as to whether I had applied, and when I replied in the negative, roundly chided me for my diffidence. Thanks to his advice, I applied and was awarded the post. The story is all the more appealing since his own application for a similar professorship was also coming up around the same time.

No account of Lalit would be complete without Sudha his wife and constant companion of nearly sixty years. His eyesight was impaired from birth with an inoperable condition, which became progressively worse

with age. But Sudha was always by his side, cheerfully helping him to overcome this very serious handicap to his research efforts. Sudha was a demographic expert, with considerable experience in the handling of large data sets. Indeed, they formed an effective team, complementing each other's specialization and producing a steady stream of high-quality research in the economics of labour, migration, demographic change and employment patterns. In short, a lot of nationally (and internationally) useful output was generated by this unique family enterprise. It was a matter of pride for the UDE that the work of two of its faculty members was acknowledged by international organizations such as the World Bank and the ILO.

I must mention that apart from their deep interest in academics, Lalit and Sudha shared a common passion for music—as a matter of fact, Sudha was an accomplished singer whose songs were regularly broadcast on All India Radio in the 1950s and 1960s. Those of their friends, like me, who were invited for dinner at their place can bear testimony to another great talent of Sudha, her brilliant cooking which made a dinner invitation to their place an occasion to look forward to with gastronomic anticipation.

The economics virus, so strong in Lalit and Sudha, somehow by-passed their two sons Abhay and Ashish (who have turned to physics and medicine, respectively, predictably achieving great success there). But viruses are not easily got rid-off. Their grandson, Arnav, it appears, has been struck and struck badly.

Let me conclude this brief personal note by conveying my heartiest felicitations to Lalit on all his achievements and on a life lived according to the best prescriptions of all the Scriptures in the world. I wish him and Sudha many more years of academic fulfilment, of family bliss and above all, of radiant health.

Prof. Dilip Nachane
Professor Emeritus and Former Director
Indira Gandhi Institute of Development Research (IGIDR)
Chancellor, University of Manipur (Since 2011)
Member, Prime Minister's Economic Advisory Council
(EAC) (Since 2013 to date)

NOTE

1. Yes, I know the name has been changed recently to Mumbai School of Economics and Public Policy, but I prefer to stick to the earlier name for purely sentimental reasons.

PROF. LALIT DESHPANDE—MY FATHER FIGURE!

I am aware, as perhaps all those who have come in close contact with Prof. Lalit K. Deshpande (I shall call him as LK henceforth), that I cannot possibly do justice to the grandeur of his personality. But I will try my best! What strikes me as particularly significant is that I or anyone cannot possibly talk of LK without simultaneously mentioning Dr. Sudha Deshpande, his wife and his research collaborator and a fine academic. In fact, a perusal of the bio-profile of LK will show frequent mention of her name along with him. She has specialized in Demography which inevitably has a major focus on Labour and her ability to handle complex Census and the National Sample Survey Organization (NSSO) data makes her an able ally of LK in his research pursuits. Their collaborative research spans over four decades or so in several fields such as Industrial Relations (IR), Labour Economics and Urban Studies. It is a long, warm and worthy partnership in every sense. Knowing LK well for over four decades as I do, I can as well add here that she has been a great support to him in all his endeavors, especially given his delightful and genuine forgetfulness, unlike say the “cultivated forgetfulness of Lord Emsworth!” Most who have known them would have been struck by their use of “WE” and the bond between them. I wish to acknowledge the kindness and affection shown to me and to my family members by them with a deep sense of gratitude. By the way, Sudha Deshpande excels in music and her culinary skills are well-known to those who have visited them.

LK exhibits a sensitive sense of humanism. There are a few instances I know of in this respect which I will relate here. In one of his explorations in Bombay (now Mumbai), he interacted with the police personnel, took photographs with them and thoughtfully sent them copies of the photographs featuring them, a courtesy they were unused to. Needless to say they were greatly touched by this gesture. He treated a Nepali boy with courtesy and extended him a warm human touch (apart from generously tipping him) who as a worker in the Kalina Campus canteen tirelessly and willingly traversed as often as was necessary the distance between the canteen and the Economics Department on the third floor of Ranade Bhavan (which at that time did not have the facility of lift operation) to deliver snacks and tea/coffee ordered by him. To be sure, the Nepali boy did not extend his “labour” to everyone who were willing to tip him or otherwise. LK engaged a differently abled person in one of his projects when the latter was not a popular choice amongst the academics in Mumbai. It is this human touch that endears him to all of us. At the same time, he did not tip a telephone worker who continuing the “historic practice” emanating from the command economy regime demanded “rewards for his statutory service” (repair of LK’s landline telephone connection in his house)!

His is one of the broadest minds and warmest hearts I have known in person! He has been a deeply moral and a kind person. He abhors narrow outlooks and dogmatism and I know that he and Sudha Deshpande have been critical of any form of ideology (regional/linguistic/religious/ideological) that denies personal freedoms. I sense in him a Lincolnian philosophy of religion and character. Though Abraham Lincoln was technically not a practicing Christian, his philosophy could be best summed up as “malice towards none and with charity for all” and as his private secretary John Nicolay observed, “Benevolence and forgiveness were the very basis of his character. His nature was deeply religious.” (quoted in Smith 2009). To be sure, I am aware of the controversies that surround the religious beliefs and practices of Abraham Lincoln. I learnt quickly and early in life that a person could lead a good and value-based life without being technically and ritualistically religious. He embraces all that is good in any system of belief. Will Durant’s maxim—be understanding of others and be severe on oneself—probably characterizes him well. What clearly stands out as perhaps a tallest virtue in him is that he did not chase “positions” or “projects” (money) and valued all along pursuit of knowledge as the only worthy cause. In fact, as I relate later “projects” came to him in the natural course! He possesses a rare virtue of “power” to “dispossess” power arising from position, money, wealth, fame, etc.

He has demonstrated a strong sense of independence in thought and action and in many ways the conduct of his life as I have seen and known reflects a celebration of a profound sense of humanism, a warm sense of equanimity and an abiding respect for diversity. I once cited to him a verse rendered in the aphoristic style from *Tirukkural* (*Sacred Couplets*) by the Tamil Poet-Saint Thiruvalluvar (<https://www.britannica.com/biography/Tiruvalluvar>) from Tamizh Nadu—"Who every good have killed, may yet destruction flee; Who 'benefit' has killed, that man shall ne'er 'scape free!"—He who has killed every virtue may yet escape; there is no escape for him who has killed a benefit. (Verse 110, Pope et al. 2002) and observed that ingratitude is a sin. He smiled with deep compassion and advised me to cultivate an understanding nature to accommodate such possible frailties in people! To be sure, he is as moral as he could be but displays a broad and a huge heart!

His contribution to my academic development is immense. LK has been one of the "father figures" in my intellectual life—I borrow the term "father figure" which was the title of an autobiographical work by Kingsley Martin, ex-editor of *New Statesman*. I worked for my Ph.D. degree under his supervision. I wanted to do a desk-oriented research work. But he observed that "field study" is an important methodological aspect of labour studies and insisted that I undertook "field study" especially as I proposed to study strikes and trade unions. It is this *field study* culture that has stood me in good stead all these years. His knowledge of labour history was particularly strong and he inspired me to read quite a bit on British and American labour movements. He encouraged me to read as widely as possible and the citations in my works from various disciplines surely owe to the intellectual foundations in Labour Studies laid during my Ph.D. tenure under his supervision. LK advised me to conduct extensive field studies and he cited the hard and good works done by many foreign scholars. By the way, any [foreign] scholar who wished to study labour market in India and especially relating to Bombay inevitably approached him.

I digress here a bit to talk about two important persons here who have played an important role in my intellectual progress, viz. my Professor during my post-graduation studies in Madras (now Chennai), Prof. K.P. Chellaswamy and late Mr. Ranganathan, then IAS officer (based then in Mumbai) whom I knew briefly during my Ph.D. tenure in Mumbai. Though the few lines that follow below do not pertain to LK they will enable the readers to appreciate their collective role in shaping my intellectual progress during my formative years. I have not seen in flesh anyone who is as widely read as late Mr. Ranganathan was. Quite tragically,

he died prematurely in his late forties. But he pushed me hard sometimes even violently to read and critically analyze many classics and some great works in various fields like religion, philosophy and literature. Prof. K.P. Chellaswamy now in his late 80s still reads books voraciously and discusses ideas on phone with me and sends me excerpts from classics for my attention and further reading—his memory power and articulation remains as powerful now as it was during my student days; he continues to enthral me with his intellect now as he did during my student times. Their vast reading, their articulation, their elegant and often majestic prose, their fantastic memory power and their limitless passion for knowledge pursued even under adverse conditions left an indelible impact on me. It is these people who by their very academic and intellectual pursuits have taught me more than what I could possibly learn in a class room. These three are permanent Father Figures in my life! I owe every bit of whatever little I have achieved to them and my salutations to them! All the three exhorted to me to read as widely as possible to understand Labour as Labour Studies by its very nature involves use of several disciplines like Economics, Sociology, Law, Political Science; seen in this perspective a narrow approach to the study of Labour Issues using a single discipline then is inadvisable. I read as widely as possible though it consumed a lot of time during my Ph.D. tenure which had its own costs.

Not many saw merit in me nor my “laboured academic works” though they were published in well-known research outlets such as the Economic and Political Weekly (EPW), and the Indian Journal of Labour Economics. But LK did. His trust in my research abilities and unflinching and enduring support to my research pursuits gave me tremendous hope. He showed enormous patience during my Ph.D. tenure and I am quite grateful to him for that. He always found time for me for discussion of research issues or other matters while and after my Ph.D. tenure. We discussed a wide range of subjects including not only Industrial Relations and Labour Economics but others like philosophy, literature, cricket, music, food (he has a special taste and preference for South Indian cuisine). I must add here that we have even discussed personal issues concerning me and family. How kindly and warmly he indulges me! I must thank my under-graduate teacher Dr. Anantha Padmanabhan who facilitated my registration for Ph.D. course in the Department of Economics, Mumbai University under LK.

LK is quite Western in terms of cherishing a broad outlook on various issues including teacher-student relationship. I confess I must have

caused him inconvenience by some of my “typically conventional” acts. In fact, on one occasion while introducing me to one of his former Ph.D. students, he addressed me as his “friend”. On another occasion LK encouraged me to address him as Lalit! I find it quite difficult to address him so, though several ex-students of the Department address him as Lalit. I guess this is not unusual in India.

He would always advise me that the best way to go forward amidst all adversities is to write untiringly irrespective of how my research articles or my candidature to jobs in a couple of premier academic institutions in India “were received”. I am happy that I wrote and perhaps evolved as he desired. His support and kindness to me is inestimable. I sincerely hope I have justified his faith in my academic abilities—I say this because he has been regarded by many as a Great Teacher (see also the endorsements) and he deserves a Great Student; indeed, I distinctly remember Prof. John Harriss praising LK as a Great Teacher during our interactions post-my presentation in the Indian Society of Labour Economics Conference (ISLE) held in Amritsar in 2002. I often feel *quite sincerely* that LK being a Great Teacher perhaps deserves a better student (in terms of academic caliber and position) who would have done greater justice to his teacher-ship and made better contributions to the world of ideas in Industrial Relations and Labour Economics than I have.

LK was gracious to write a preface to one of my books (in two volumes) which comprised my-already-published research articles. I wish to mention here that one of his major works proved to be a foundation of a lasting good innings in my life. My review of his lead authored book on labour flexibility (Deshpande et al. 2004) was published in EPW in 2004 (Shyam Sundar 2004) and later I wrote a review of labour flexibility debate in EPW (Shyam Sundar 2005) which largely used his two studies (written along with other academics, Deshpande et al. 1998, 2004). I am happy to mention here that these two articles specially made a huge difference in my research life in India. They impressed eminent academics like late Prof. T.S. Papola, late Prof. C.S. Venkata Ratnam, late Prof. C.P. Thakur, Prof. Alakh Sharma, Prof. D.N. Reddy (to mention a few) and late Prof. T.S. Papola offered me two research projects on Labour Regulation and late Prof. C.S. Venkata Ratnam facilitated securing ILO projects on Industrial Relations and Social Dialogue in India. Then on, my research life took a positive turn. Labour Flexibility Debate (Shyam Sundar 2005) is one of the oft-cited articles of mine.

As a critic, he was justly harsh on inferior quality in a research work. I recall his severe criticism of a research work done by a foreign student on the Bombay textile strike, though it received some favorable reviews in some outlets. His critical observations on my drafts and ideas during my Ph.D. tenure and even later positively impacted my writings. LK wrote competently and tersely—Subbiah Kannappan (1996) makes this telling observation which captures LK's language skills—"Lalit K. Deshpande gives a very informative survey of urban labour market theory and research, including his own pioneering work on Bombay, *all remarkably compressed in too few pages*, which not only makes short shrift of simplistic models which have gained fame, but spells out the elements of needed analysis and research on labour market institutions" (emphasis added). He was kind without being unduly critical, accommodating without being indulgent, helpful without being indiscriminating, and supportive without being partisan.

He was magnanimous. Mark Holmstrom was exploring suitable themes and spaces for his anthropological research work on labour in India and consulted LK. LK handed the Bombay labour market study tapes to Mark Holmstrom. Mark Holmstrom acknowledged in his Book, *Industry and Inequality: The Social Anthropology of Indian Labour* (1985): "My closest collaborator, and the one to whom I owe most of all, Lalit Deshpande...He showed me what to look for in my own field-work, criticized and discussed my ideas, and most *generously* allowed me not only to draw on his Bombay labour market study...but also to make *my own tables*, using the filled-in questionnaires for that study. This book, and especially the chapter on labour markets, could not have been written without him." (Emphasis added). This is indeed unusual in the academic world. Generosity can flow only from security and goodness.

LK and Sudha Deshpande (the Deshpandes) have contributed significantly to the improvement of labour statistics in general and the National Sample Survey (NSS) statistics in particular in India. Till the mid-1990s or so, researchers had very limited access to the statistics collected under the NSS by the NSS Organization (NSSO). LK strongly urged M.D. Asthana (the then Secretary, Department of Statistics and Programme Implementation, Government of India), who was keen on effecting improvements with respect to labour statistics, to make available labour statistics including the NSSO data freely and through digital mechanisms. M.D. Asthana responded positively and promptly to this suggestion. As a result, now hundreds of researchers in India and abroad

have easy and free/paid access to not only the NSSO data, but others as well! Further, LK did a thorough analysis of the conceptual and the procedural aspects of Labour Statistics in his capacity as the Chairperson of the Study Group on Labour Statistics constituted by the Ministry of Labour, Labour Bureau in the early 2000s and made important recommendations to improve labour statistics.

The Deshpandes have long been associated with the ISLE and enriched the academic deliberations in its annual conferences—I particularly remember LK’s remarks in a panel discussion on Labour Statistics in a ISLE Conference which concentrated more on the substantive and normative issues involved in building and employ of labour statistics rather than on the technical or procedural issues in it. His Presidential address to the ILSE Conference makes very interesting reading and I witnessed its creation as I was with him as he wrote it. The Chairperson of the panel discussion Dr. L. D. Mishra, the then Secretary, Ministry of Labour in his summing up of the proceedings particularly thanked LK for elevating the level of the discussion on the said subject. LK provided the “academic face” of the ISLE. He adopted a *laissez faire* approach as a Ph.D. Supervisor and it was up to me to grow up as a researcher. Then it is not surprising that it was Prof. P.R. Brahmananda (the then Director of the UDE), and not LK, who introduced me to the ISLE; in fact Prof. Brahmananda urged me to attend the ISLE Conference that was to be held in Mysore University in 1986 of which he was the President!

I would like to narrate an interesting anecdote relating to the Bombay Labour Market Flexibility Project. During his tenure in the International Labour Office (ILO) Guy Standing pioneered studies on labour flexibility in several countries including India in the 1980s. Having read LK’s landmark study on labour market segmentation (see his bio-profile above) he identified LK to be the best academic in India to conduct labour flexibility studies in India. During his introductory conversations with LK on the proposed project on Labour Flexibility Study Guy Standing was said to have quoted extensively from LK’s aforementioned work. Prof. John Harriss has also quoted extensively from this work of LK in his article (Harriss 1989). Guy Standing sent a telegram to LK conveying the contact details of his brief stay in Bombay and his keen desire to meet with him. In those non-email days, the telegraphic communication owing to some strange reasons could not reach LK. Guy Standing almost lost hopes of meeting with LK and was all set to leave Bombay. Somehow almost at the eleventh hour LK established contact

with Guy Standing. And thus began a productive and close association between them. Their study on Labour Flexibility in Bombay to this date remains unrepliated, though desk-based macro econometric studies on labour flexibility have gained disproportionate and even undue attention. I had the opportunity to work on a couple of projects on labour flexibility and they needless to add were hugely educative. LK has also collaborated with several scholars and the names of Dr. Gerry Rodgers, Prof. Alakh N. Sharma, Prof. Neeraj Hatekar quickly come to my mind.

The competitive labour market (CLM) theory has been the dominant orthodoxy in Economics. However, this has been challenged in numerous ways. The neo-classical theory conceives labour market to be perfectly competitive with its attendant features and outcomes. Segmented labour market (SLM) (an umbrella term for multiple theories) theory has been developed to explain some of the adverse outcomes in the labour market such as wage dispersion, unemployment, discrimination and in a larger sense unequal income distribution and persistence of poverty in the society. The SLM theory essentially argues that labour market comprises several distinct segments—not unified as the neoclassical theory assumes—with different rules relating to wage determination (say collective bargaining in one segment and unilateral in another) and employment policies (say internal labour market process in one segment and competitive external labour market process in another). Further workers' mobility from one segment to another is rendered difficult even impossible in some cases due to a variety of reasons which include non-market factors like social, political, cultural. Thus, the SLM theory brings into focus social, political, cultural and other factors having a bearing on the functioning of the labour market and the outcomes therein. Both in terms of theory and policy implications the SLM theory makes significant departures from the conventional neo-classical theory, though several researchers see commonalities between the two. During the 1970s the SLM theory dominated the debates and discussions on labour market in Labour Economics. LK's study on Bombay Labour Market (Deshpande 1983) based on a massive sample of around 6000 workers in Bombay and a methodological strategy unique to Bombay (India) showed that segmentation in the urban labour market (in Bombay) did exist and it originated from the original source of labour supply, viz. the villages. He then after a critical discussion of policy solutions offered by several perspectives advocated policies unique to the Indian context. This landmark study is the first study on SLM in India.

LK pioneered empirical study on labour flexibility in India in the second half of the 1980s when this theme and debate did not achieve the kind of prominence it did later in the mainstream debate spaces. Post-reforms, employers have stridently argued that firms constrained by restrictive labour laws and militant trade unions could not make changes (meaning reductions) in employment and its composition (say permanent and non-permanent workers) as necessitated by the developments in the product market and demanded reforms of labour laws among others which would afford them primarily numerical and wage flexibilities. LK collaborated with other academics in two studies on labour flexibility, viz. one study covered 300 firms in the manufacturing sector in Bombay (conducted by Sudha Deshpande and Guy Standing, and Lalit Deshpande) and the other covered more than 1300 firms across ten states and nine industries in the manufacturing sector in India (conducted by Lalit Deshpande, Alakh N. Sharma, Anup Karan, Sandip Sarkar) and the two studies contested on the basis of firm-level data, the arguments and policy recommendations of employers and pro-reform academics and agencies like the World Bank. The two studies in general showed that employers in the late 1980s and during the 1990s were able to change employment levels at will and more importantly those firms that changed their levels of employment did so by raising the share of non-permanent workers despite the prevalence of restrictive regulatory environment in India. They also largely rebutted the neoclassical stance on the role of labour institutions like trade unions.

It is a matter of tragedy that his full Report on the Bombay Labour Market (funded by the World Bank) was not published by the World Bank, though a short monograph containing his lecture (the Kunda Datta Memorial Lecture) delivered at the Gokhale Institute of Politics and Economics, Pune was published by it and Orient Longman in 1985. I hope the full Report of this important study will be published soon for the benefit of researchers and academics and the ISLE will possibly sponsor this publication. Similarly, even though his Report on labour flexibility in Bombay (funded by the ILO) was ready in January 1993, the ILO did not publish it as a research paper for “reasons beyond the control” of the authors of the Report and eventually due to the intervention by Guy Standing at ILO and the dynamic initiative taken by Prof. Alakh N. Sharma, it was published as a book by Commonwealth Publishers in New Delhi in 1998. It is quite strange and even bewildering that the two pioneering studies on labour market in India had not been published by the reputed publishers and/or the funding agencies and hence they did

not get global visibility they so richly deserved. However, these unhelpful developments and events did not diminish the glory of these studies as they caught the attention of numerous scholars all over the world notwithstanding the fact of absence of electronic transmission of them at real time at least in India then!

The afore discussed two sets of studies constitute an organic whole in the development of ideas in Labour Economics and Industrial Relations in India. In a sense labour flexibility debate when seen in terms of labour market regulation is an extension of labour market segmentation as firms or workers are segmented on the basis of institutional (laws, trade unions, etc.) coverage. In a fundamental sense these studies have challenged the competitive labour market paradigm by bringing out the segmented nature of the labour market on the one hand and the role of labour institutions in the labour market and in the large society on the other hand. However, if I were to choose the best of LK's works it would be his article in the book (Deshpande 1992) edited by Prof. T.S. Papola and Dr. Gerry Rodgers (1992)—I should mention here that this book is a gem and contains the best articles from the best scholars in the field of Labour Economics! It is an instruction to researchers specializing on Labour Institutions. LK's essay not only describes but also critically analyses the development and role of labour institutions in the industrial relations system in Bombay.

The best underlying current in his academic writings is the absence of "priors". He has what I call a 'Bloomsburian' outlook and pursuit, i.e. to be open to wide range of perspectives and allow the data to speak for itself. Hence it is difficult to identify a constant and predictable line of thinking in his studies or in his arguments and presentations. LK and Sudha Deshpande (Deshpande and Deshpande 1998) in their analysis of the impact of economic liberalization on the labour market in India in the 1990s essentially argued that the absence of credible data-based analyses led to unfounded fears and apprehensions with respect to the impact of liberalization on labour market in the minds of the social actors (trade unions) and the critics of economic liberalization; in fact their analysis of NSSO's 50th Round of data showed that liberalization did not produce altogether negative outcomes in the labour market as was popularly even fashionably believed. Their critical observations hold special relevance to the ongoing debate on the absence of government data on employment!

LK's critique of the Report of the National Commission on Enterprises in the Unorganized Sector (NCEUS) especially on the issue

of minimum wages shows that he would support a stance however noble and potentially welfare enhancing if and only if they are grounded on [competitive] economic logic and pragmatism (Deshpande 2008). For example, the NCEUS recommended a higher minimum wages because they comprised certain “add-ons” components to provide for health-care and education amongst others and these were expected to enhance workers’ capabilities. A higher minimum wage according to LK would have imposed stiff economic cost (burden) on the micro and small firms. LK flayed the Commission for shifting the burden (task) of enhancing workers’ capabilities on to the hapless and often inadequately equipped small firms rather than punishing the State for its failures to provide these public goods. Further, he argued that while human rights are surely moral rights, they can become legal rights only *if* they are backed by financial capacity and administrative feasibility and hence he is against unscientific hiking of minimum wages. Following this logic, he also recommended that these rights should be implemented in a phased manner; hence he has no sympathy for those who make shrill demands for higher minimum wages, *here and now!*

At the same time, his studies on labour flexibility clearly repudiate the neoclassical and neoliberal stance on the role of labour institutions. He has always held the view that trade unions constitute the ‘swords of justice’ in a highly polemical and exploitative economic system. In his study on labour flexibility in Bombay (1998) he noted on the *basis* of data the positive role of trade unions, viz. their contribution to the dynamic efficiency of firms (by encouraging technological change), their ability to secure employment security to the vulnerable (read casual) labour, their role to prevent or preempt employment of flexible labour (unions were less likely to be found in firms employing a higher share of non-permanent workers); further he lamented that “Unfortunately, such contributions of unions are rarely noticed.” (Deshpande et al. 1998, p. 152). At the same time, in his classic study of labour institutions in the Bombay labour market (Deshpande 1992) he contested the macro-critique initiated by the neoclassical economists like Lucas (1986) of labour institutions like the State (via labour legislation) and trade unions by two arguments: (a) even if these institutions had to be blamed for the adverse economic outcomes these were *just two* of the several institutions/factors responsible for bad economic outcomes that Lucas notes; (b) disaggregate analysis of the working of a labour institution which is quite necessary to understand the dynamics of the working of labour institutions,

say trade unions reveals the weaknesses of the broad macro-level generalizations (Deshpande 1992, pp. 87–8). Put simply, micro foundations of macro critique are missing and hence the latter lacks authenticity and acceptability.

His pitch for micro-level analyses to test macro-level analyses is quite interesting and much later Richard Freeman in 2005 (Freeman 2005) offered this and experimental research as possible research methods to take forward the highly polemical debate on labour flexibility (which was his concern) and to escape from priors-based macro econometric research work on it. At the same time, LK clearly recognized the conflicts *within* the trade union movement as the goals and methods adopted by different types of trade unions differed—for example, there could be conflict between the “insider-interest oriented” trade unions and the “encompassing” and outsider-oriented trade unions (Deshpande 1992, pp. 119–21). In passing I should add here that LK held in high esteem trade union leaders like Bagaram Tulpule, Vasant Gupte among others. He once wondered aloud as to what the Webbs (Beatrice and Sydney), whose standards of evaluation of leaders and social and economic systems were stern, would have thought of many of the contemporary trade union leaders!

Coming back to minimum wages issue, his argument is that minimum wages are often determined by aspirations and ideologies of “actors” in the industrial relations system rather than by scientific evidence. His advice was that in the absence of definitive studies on the impact of minimum wages on employment—I dare say that this could be generalized for any debate in Labour Economics—academics should wait for the “jury’s verdict” lest the “ideologue” in the researcher will sway her research conclusions and the policy recommendations. This stance clearly reflects his non-partisan attitude towards research and policy making and at the same time hit at the “priors-led research”. But one can anticipate objections to this stance of his on the grounds that Labour is unarguably and inevitably a Political and Social Question and thus the role of ideology is inevitable. However, his advice assumes added importance as “priors-based” and “lawyering mind-set” driven research has been flourishing in Labour Economics and Industrial Relations (of which I have some knowledge) and they have swayed the unwary governments in their design of labour market policies in the era of neoliberal globalization (Freeman 2005). If I have to hazard summarizing even if briefly his academic beliefs, I would say that he values the vital role played by labour

institutions though stripped of their partisanships and he would prescribe a Golden Balance between the State and the Market as he does not see either on its own delivering social and economic progress.

Bertrand Russell (1956) in his sketch of the Webbs in his book *Portraits from Memory* gives a humane and worthy advice for evaluating a person: “One should not demand of anybody all the things that add value to a human being. To have some of them is as much as should be demanded.” I am confident that the Deshpandes would handsomely pass such a test proposed by Russell! I am quite aware of and a witness to the admiration and warmth that they have got from the academic community and others from the larger society (like trade union leaders, employers’ organizations’ representatives, and the government officials) and the love and adoration showered by their sons and their families. In every sense I am privileged to have met with him and been close to him and his family members in my otherwise uneventful life. He is much more than a Ph.D. supervisor to me and has a huge presence in my intellectual and emotional Lives. I must add here that family members from my birth-side especially my mother hold him in high esteem and have enormous gratitude for his role in my academic life and my wife Dr. V. Rama Kiran and my dear daughter K. Achintya have warm relations with him, Sudha Deshpande and their family members. It is with love, admiration and gratitude I dedicate this book to him!

K. R. Shyam Sundar

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ACKNOWLEDGEMENTS

This book contains articles that critically analyse and even interrogate neoliberal globalisation using varieties of perspectives such as the Institutional, Marxian, Biblical, Dalit, Institutional-Empirical and also seeks to provide alternatives to it. This somewhat massive enterprise would not have been possible without the unstinting cooperation I have been fortunate to have secured from a large numbers of contributors who are eminent academics. I thank each and every one of them for their commitment to deliver their articles and to respond to my queries, clarifications and suggestions amidst their rather busy schedules and despite unforeseen handicaps, personal or social (Kerala floods). I am beholden to each of the contributors for their extraordinary cooperation in returning the proof-read soft copies of e-proofs of their respective chapters as quickly as they could amidst their busy schedule.

I sincerely and strongly believe that an edited book is as good as the quality of the contributions. The eminence of the contributors hugely helps in a brand-driven market system. This belief assumes strength even credulity given the fact that I am not as accomplished as many of the contributors to this book are. I am quite clear in my mind that they agreed to write their chapters for this book edited by me largely due to the respect that they have for LK (many know him or have read his works) and/or their strong commitment to contribute to the understanding of the dynamics of the world of work. Harraj Singh Sokhi, a

research student in XLRI has helped me in copyediting the manuscripts and his contribution to the organized delivery of the manuscript to the publishers is much appreciated.

Prof. Dilip Nachane, Professor Emeritus, Indira Gandhi Institute of Development and Research, Mumbai, and former Professor and ex-Director of UDE, Mumbai University, is a scholar of immense repute and has been associated with LK for over five decades. So, it is a double delight for me that he kindly agreed to write a personal note on LK and I cannot thank him adequately for his kind gesture. I am sure his essay will be a revelation of sorts to the readers and it will make merry reading. It is so kind of Prof. Guy Standing to write a Foreword to this book and I am quite indebted to him for this. It is brief but evocative and touching. I am grateful to him. I thank all the eminent persons who have given their endorsements of the book which will surely further enhance the merit of this book.

Arnav Deshpande, the grandson of LK (whose brilliance in Economics has been acknowledged by eminent economists like Prof. Dilip Nachane even though he is currently pursuing his undergraduate education in Economics) has with the assistance of Dr. Sudha Deshpande has compiled the academic biographical details of LK and I am happy that he is associated with the book brought out in honour of his grandfather. I am thankful to them for their industrious work of compilation.

I thank my employer, XLRI, Xavier School of Management, Jamshedpur for their financial support to enable me to tackle the logistics arising out of an edited book.

Finally, I must thank Sandeep Kaur, Assistant Editor, Business, Economics and Political Science Publishing, Palgrave Macmillan, India, for her patience, hard work, helpful suggestions and commitment to bring out this book on a fast track mode despite her multiple commitments. I must also appreciate the publishing team comprising Rachel Taenzler, P. Leoselvakumar, Nancelenemary Franz, Sooryadeepth Jayakrishnan and Balaji Varadaraju for their remarkable sense of commitment to fast track the publication and their kind cooperation. To sum up, all involved in the publication of this blessed book have very kindly and sensitively responded to my persistent pleas for fast-tracking all kinds of processes involved from the time I started editing the entire manuscript till the print form. I have stayed blessed throughout this worthy enterprise.

By now it should become denudedly obvious to the readers that I as an editor have done little precious to add value in this enterprise!

I have edited another book in honour of LK, *Globalization, Labour Market Institutions, Processes and Policies in India* (published by Palgrave Macmillan) and it contains contributions which deals with various aspects and dynamics of the labour market and the industrial relations system in India. It should be seen as a companion volume to this book.

K. R. Shyam Sundar

PRAISE FOR *PERSPECTIVES ON NEOLIBERALISM,
LABOUR AND GLOBALIZATION IN INDIA*

“Industrial relations systems are the institutional response to the tension and fluidity in the capital-labour relations in a capitalist system. Traditionally, the Indian state was expected to play a major role in this institutionalisation process because of the need for mediation between different social groups. With the onset of neoliberal reforms and the rise to dominance of a certain pro-market position, which is oblivious of the complex social nature of labour and the asymmetry between labour and capital, the implications of this change of stance for industrial relations systems have been profound. The book collects an excellent set of papers, written by experienced scholars in the field, on different aspects of the change triggered by the ascendancy of neoliberalism. The strength of the book particularly lies in its inclusion of the variety of perspectives ranging from Biblical to Marxian and Dalit perspectives, all challenging the neoliberal onslaught on labour and attempting to provide alternatives to neoliberalism. The book is a fitting tribute to Professor Lalit K. Deshpande, one of the finest scholars of the Indian labour market.”

—Achin Chakraborty, *Professor of Economics, Director, Institute of Development Studies, Kolkata, India*

“Professor L. K. Deshpande has been one of the doyens of the labour studies in India who contributed immensely to the implications of globalization for labour markets. This volume edited by Dr. K. R. Shyam Sundar has contributions from some well-known scholars, both from India and abroad, on various aspects relating to the political economy of

labour and industrial and labour relations in the wake of globalization. These articles cover a wide range of issues and will certainly make a good contribution to the study of political economy of labour. It is a befitting tribute to Professor L. K. Deshpande for which Dr. K. R. Shyam Sundar deserves appreciation.”

—Alok N. Sharma, *Director, Institute for Human Development, Delhi, India; Editor, The Indian Journal of Labour Economics*

“The plow of globalization has dredged up the fault lines of inequity in our world that had been hitherto complacent in believing that it was on the path of creating prosperity for all. In this context, the study of industrial relations, work, employment and labour has acquired a new urgency. However, the challenge of how to get there from here, is rather complex. What is needed is a theory (or theories) at the high level of international interactions among all the stakeholders of the globally integrating economy. We need theories that could guide policy for governments, employers, labour, buyers, consumers, suppliers, etc., in national as well as in cross-national production chains. This has been tried before, notably, by Kerr et al. (1960) and related studies including Dunlop (1956). But industrial relations research moved to a more decentralized level of analysis when better quantitative techniques became available in the 1960s.

This book takes up the challenge of building industrial relations theories at the macro-level once again in response to growing fractures within what Dunlop called, ‘a shared ideology’, the glue that binds actors together in productive and stable societies. This book contains the essentials needed to theorize at a high level. It examines the power relationships between the state and its subjects but also the power relationship among states via trading arrangements and investment flows. Theorizing industrial relations systems is expanded in scope by including workers hitherto excluded from formal analysis (e.g. dalits). Some themes tap into faith-based paradigms (e.g. theological precepts) to expand the argument for change in policy. While the book is India focused, it is well informed by analyses of what is occurring beyond India’s borders and how those events are shaping the shifting relationships within the power structures that, in turn, shape industrial relations. The analyses in this book tap into evidence from a large naturally occurring experiment in the world: most economies are experiencing the same global forces but given differences in their institutions they are responding differently. This book is a great resource for researchers, policymakers, teachers and students.

Dunlop, J. T. (1993). *Industrial Relations System*. Boston, Mass: Harvard Business School Press. First published 1956.

Kerr, Clark; Harbison, Frederick H.; Dunlop, John T.; Myers, Charles A. (1960). *Industrialism and Industrial Man: The Problems of Labor and Management in Economic Growth*. Cambridge: Harvard University Press.”

—Anil Verma, *Professor of Human Resource Management at Rotman and Director of the Centre for Industrial Relations & Human Resources; University of Toronto; Member of the Advisory Committee on Labour and Income Statistics at Statistics Canada Member, Board of Directors of COSTI Immigration Services*

“This book honouring Professor Lalit Deshpande as one of India’s first labour economists provides a timely review of trends and patterns in labour, employment and productivity in India over the last two decades. In their sweep and depth, the essays are an apt tribute to a scholar whose range of interests has been vast and deep, someone who demonstrated the ability to focus on the detail while not losing sight of the big picture. A gentle, genial and warm person, one cannot think of Lalit Deshpande without his companion and co-author Sudha, an equally dedicated scholar. I see these two volumes as an homage to their long-standing partnership and dedication to the cause of workers and their labour.”

—Ashwini Deshpande, *Professor, Delhi School of Economics, University of Delhi, India*

“L. K. Deshpande has made a wide variety of contributions to labour studies in India over many decades. He greatly added to our understanding of the informal sector, in particular by measuring different dimensions of informality in an early study in Bombay, following this up later with research into labour market flexibility, in both cases carrying out and using innovative surveys. He has written extensively on labour institutions and industrial relations, and maintained a critical stance on neo-liberal globalization throughout his writings, along with the corresponding process of liberalization in India, stressing the importance of its adverse effects on workers. Like his contemporary T. S. Papola he has always believed that labour markets could not be understood without an understanding of the institutions on which they were based, and was highly critical of simplistic neo-classical models. So it is entirely fitting that Shyam Sundar has put together a collection of articles in his honour

in this book. The articles, many of them written by well-known names in the field, carry on his critical perspectives in the analysis of diverse aspects of labour markets, including how they are being modified by new global economic and political forces, and the sorts of responses that are possible in labour policies and industrial relations. This is a book that anyone interested in labour studies in India will want to have on their shelves.”

—Gerry Rodgers, *Former Director, International Institute for Labour Studies, Geneva*

“A wide-ranging volume pulling together great contributions from eminent writers. Its discussions of neoliberal globalization and dominant neoliberal perspectives are packed with refreshing ideas and new angles. Crucially, the detailed analyses of Indian neoliberalism take seriously gendered unpaid work as well as the fracturing of labour along lines of caste and tribe. Importantly, the conversations point to lots of different ways forward against neo-liberalism, and for labour in its various shapes and sizes.”

—Jens Lerche, *Department of Development Studies, School of Oriental and African Studies (SOAS), University of London*

“This edited collection provides valuable and incisive analysis of the transformations wrought by globalization and neoliberalism on labour and, importantly, offers fresh insights on how labour market institutions, industrial relations practices and labour and social movements could respond to these conditions to fashion a more sustainable and equitable future. A real strength of the collection is the quality of the authors that it brings together—many of whom are renowned in the field—but also the diversity of perspectives that it draws together. It includes contributions that approach the overarching theme of the book from different standpoints and areas of scholarship: critical development studies; Marxism; social democracy; gender analysis; caste; religious ethics; comparative institutionalist analysis; global value chains; and the role of international organisations in labour regulation. While the book pays tribute to the contribution of Professor L. K. Deshpande to labour economics and will be a resource for scholars of labour in India; the breadth of these contributions also mean that it will engage researchers internationally working on the political economy of globalization; international and comparative employment relations and the socially contested character of contemporary labour regulation.”

—Michael Gillan, *Senior Lecturer, Faculty of Arts, Business, Law and Education, UWA Business School, The University of Western Australia*

“A committed teacher, a mentor to generations of students, and a highly distinguished economist working on labour issues, Lalit Deshpande has been a stalwart within the tradition of economics that has for long been associated with Mumbai University, a tradition that combines heterodoxy with a scepticism towards known Marxist positions. The range of authors who have gathered to pay their respects to Deshpande in this Festschrift, including many who subscribe to these Marxist positions, is a testimony to the enormous affection and esteem in which he is held by his colleagues, students and peers. The common theme that runs through the Festschrift is the deleterious consequence of the neo-liberal order for the working people, though, given their diverse backgrounds, there is less agreement on the alternative to it. For the range of issues it covers, for the depth at which the authors interrogate the neo-liberal order, and for the intensity of purpose with which the authors explore alternatives to this order, this is a remarkable volume, worthy of the person being honoured.”

—Prabhat Patnaik, *Professor (Retired), Centre for Economic Studies and Planning, Jawaharlal Nehru University, India*

“This collection of essays to honour the distinguished labour economist Lalit Deshpande takes a heterodox approach to labour issues in India. In contrast with the conventional and narrow approach that takes labour as just another commodity and ignores that the labour market is really a socio-political institution, it considers various alternative ways of analysing the labour market issues, including Marxist, ILO-institutional and even ethical-religious approaches. The reader will get a stimulating account of the salient issues that Indian labour faces in today’s highly globalized context.”

—Pranab Bardhan, *Professor of Graduate School, Department of Economics, University of California, Berkeley*

“This is a must-read book on labour and development in the post-Washington Consensus era. Comprised of papers from leading international scholars of employment relations, the volume combines fine-grained analysis of the Indian experience with comparative studies of change in western countries. It also offers theoretical interventions from a range

of perspectives: Marxian, Polanyian, feminist, Dalit, and even religious. Scholars and students of employment relations, human resource management, political economy and development will find cutting-edge papers that address relations between global institutions, employment relations systems, labour law reform and local labour markets. This book also offers insights in the best tradition of L. K. Deshpande, whose monumental studies of labour market segmentation helped to inform generations of labour researchers in India. Like Professor Deshpande's work, the book is strongly informed by the Indian experience while simultaneously international in the scope of the lessons it offers for researchers around the world."

—Tom Barnes, *Economic Sociologist*, ARC DECRA Senior Research Fellow, Institute for Religion, Politics & Society, Australian Catholic University; Author of *Making Cars in the New India* (2018)

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ABBREVIATIONS

ACFTU	All China Confederation of Trade Unions
BDT	Bangladesh Taka
CA	<i>Centesimus Annus</i>
CBGA	Conference of the Carpathian-Balkan Geological Association
CCD	Capital-Centered Development
CCP	Chinese Communist Party
CITU	Centre of Indian Trade Unions
CME	Coordinating Market Economy
CMT	Cut-Make-Trim
CSDC	Compendium of the Social Doctrine of the Church
CST	Catholic Social Teachings
CV	<i>Caritas in Veritate</i>
DNA	Deoxyribonucleic Acid
EODB	Ease of Doing Business
EPF	Employees' Provident Fund
EPL	Employment Protection Law
EPZ	Export Processing Zone
ER	Employment Relations
ERRJ	Employee Rights and Responsibilities Journal
ESI	Employees' State Insurance
ES-SO	Elite Subject-Subordinate Object
EU	European Union
EWI	Employing Workers Indicator
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FIFA	The <i>Fédération Internationale de Football Association</i>

GCC	Global Commodity Chains
GDI	Global Development Industry
GDP	Gross Domestic Product
GLC	Global Labour Code
GLWDM	Global Living Wage Dispute Mechanism
GNP	Gross National Product
GoI	Government of India
GPN	Global Production Networks
GS	Global Solidarity
GSC	Global Supply Chains
GT	Great Transformation
GU	General Unions
GVC	Global Value Chains
HIC	High Income Countries
HMSI	Hyundai Motors and Scooters India
HRD	Human Resources Development
HRM	Human Resource Management
HWD	Human Work Development
IBM	International Business Machine
IC	International Companies or Corporations
ICT	Information and Communications Technology
IDA	Industrial Disputes Act
IE	Industrial Employment
ILO	International Labour Organization
IMF	International Monetary Fund
INTUC	Indian National Trade Union Congress
IO	International Organisations
IPL	International Poverty Line
IR	Industrial Relations
IRS	Industrial Relations System
ISI	Import Substitution Model
IT	Information Technology
LE	<i>Laborem Exercens</i>
LLD	Labour-Led Development
LME	Liberal Market Economy
LMIC	Low and Middle Income Countries
LNGOs	Labour NGOs
LS	<i>Laudato Si</i>
MKSS	<i>Mazdoor Kisan Shakti Sangathan</i>
MNC	Multinational Corporations
MNE	Multinational Enterprise

MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MOHRSS	Ministry of Human Resources and Social Security
MP	Modes of Production
MST	<i>Movimento dos Trabalhadores Rurais Sem Terra</i>
MUDRA	Micro Units Development & Refinance Agency Ltd.
MWA	Minimum Wages Act
NAFTA	North American Free Trade Agreement
NCEUS	National Commission on Enterprises in the Unorganised Sector
NDA	National Democratic Alliance
NGO	Non-Governmental Organization
NMIZ	National Manufacturing Investment Zones
NSCT	National Supply Chain Tribunal
NSE	Non Standard Employment ⁷
NSS	National Sample Survey
NSSO	National Sample Survey Organisation
NT	New Testament
OBC	Other Backward Classes
OCED	Organisation for Economic Cooperation and Development
OT	Old Testament
PBA	Payment of Bonus Act
PCJP	Pontifical Council for Justice and Peace
PGA	Payment of Gratuity Act
PP	<i>Populorum Progressio</i>
PPP	Purchasing Power Parity
PT	<i>Pacem in Terris</i>
PWC	Post-Washington Consensus
QA	<i>Quadragesimo Anno</i>
R&D	Research and Development
RN	<i>Rerum Novarum</i>
SAP	Structural Adjustment Programme
SC	Schedule Castes
SDG	Sustainable Development Goal
SEWA	Self Employed Women's Association
SEZ	Special Economic Zones
SNLC	Second National Labour Commission
SOE	State Owned Establishments
SPE	Statist Political Economy
SRM	Self-Regulating Market economy
SRS	<i>Sollicitudo Rei Socialis</i>
SSAT	Social Structure of Accumulation Theory

ST	Schedule Tribes
TDA	Trade Disputes Act
TNC	Trans National Corporations
TUA	Trade Union Act
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UPA	The United Progressive Alliance
UT	Union Territories
VoC	Varieties of Capitalism
WB	World Bank
WC	Washington Consensus
WIEGO	Women in Informal Employment: Globalizing and Organising
WTO	World Trade Organization

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CHAPTER 1

Introduction: Contesting Neoliberalism and Search for Alternatives—An Overview of Conversations

K. R. Shyam Sundar

GLOBALIZATION AND NEOLIBERALISM

It is well known that globalization is not a new phenomenon unique to the present time and researchers trace it having occurred even in the ancient times. The first phase of globalization in the modern times is said to have occurred during the mid-nineteenth century till the period of commencement of World War I. Since post-World War II, it has occurred in phases, the current one having begun since the early 1980s or thereabouts (see, e.g., Verde 2017; WTO 2008). The current phase of globalization engineered by significant and even fantastic changes in the world of transport, communications and technology has redefined the dynamics in various segments of economy, society and polity, among others (UNCTAD 2017). Globalization involves integration of markets such as product, capital, and financial and ensures free movement of capital and goods, services, and technology. Profound and even historic and seismic changes like the fall of the Berlin Wall, the collapse of the Soviet

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K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and Globalization in India*, https://doi.org/10.1007/978-981-13-6972-8_1

Bloc, radical economic reforms in the erstwhile Communistic China, etc., have also significantly impacted the character of the globalization processes.

It is well documented that at the global level since the early 1980s to 2010s global trade grew faster than global income but thanks to crises world trade has been showing signs of slowing down in recent years (see various reports of UNCTAD; Stephan 2016; *The Economist* 2016). At the same time, growth of foreign investment was much faster than global trade (UNCTAD 2000), but global investment has met the same fate as did trade as FDI (foreign direct investment) declined during 2016 and 2017 (see UNCTAD 2017). The emergence and growth of the transnational corporations (TNCs) are seen to be a unique feature of the current phase of globalization (see Sklair 2002; Yeung 2009) as they drive primarily foreign investment exports (Buckley 2010) and have hugely contributed to the emergence and growth of GPNs (global production networks). The TNCs through GPNs seek to become more global in their scale and scope of operations (Yeung 2009). They are driving globalization as never before (see Janardhan, Jha in this book).

Globalization has led to rearrangement of institutions, processes and policies in a country on the basis of neoliberal ideas. Neoliberal ideas are based on 'market fundamentalism'. Market fundamentalism (also known as neoliberalism) argues that market is the only solution to economic problems about demand, employment, consumption, price and efficiency (Turner 2017; see also Harriss in this book). In other words, the common and fundamental characteristic of these ideas is that market forces are efficient mechanisms for organizing economic activities in both domestic and external fronts as opposed to the state or any other agency. Free market economy is based on two constructs, viz. competition and freedom. Competition of course is the essence of capitalism as it is founded on market economic system (Kotz 2000). Neoliberalism seeks to liberate 'individual entrepreneurial freedoms and skills' within an institutional framework characterized by strong private property rights, free markets and free trade (see Harvey 2007; Altwater 2008). Free trade and free movement of capital (FDI and foreign portfolio investment) are two pillars of the external economy that drives globalization. They assure benevolent outcomes to the sending and receiving economies, and in the case of receiving countries, the benefits include increased choices to customers, enhanced productivity, critical additions to total investment in an economy among others, access to technology, new managerial

perspectives, etc. (see Suresh and Nagi Reddy 2018; WTO 2008 for a good summary of the debate on free trade and FDI).

The role of the government according to this perspective is to aid efficient functioning of market and deliver goods and services (public goods) that cannot be provided by market (market failures). It cannot do more than as greater state intervention is antithetical to market fundamentalism. As Harriss writes in this book ‘...the idea of the State as defending the needs of society against the dictates of the market is fundamentally opposed to the principles and the values of neoliberalism’. State especially in democratic societies will be influenced even adversely by the pressure groups, and it may act in a manner that may lead to inefficient functioning of the market (Harvey 2007). Globalization embodies the principles of neoliberalism which exert considerable pressures on the state to introduce market-oriented policies and extend incentives to business to increase competitiveness (Watanabe 2015). It is important to note that the sweep of neoliberalism is wide enough to affect economic and labour policies even in emerging (e.g. Latin American countries and India in Asia) and transition countries (see Roman and Arregui 2001; Cope 2014).

GLOBALIZATION, NEOLIBERALISM AND LABOUR: POWER OF IDEAS AND INSTITUTIONS

In the list of the prime movers of globalization, we contend that ‘ideas’ or ‘perspectives’ have wielded tremendous influence over the ‘actors’ or the ‘institutions’ in the industrial relations system (IRS). Neoliberalism has been the dominant perspective or a discourse that has guided and even influenced the policy making (Munck 2005) and in turn the role and place of labour institutions in the IRS. We need to understand the ideas that are packaged under neoliberalism, especially towards labour market and the principal mechanisms through which neoliberal ideas have influenced policy making.

Development thinking has been changed by the Washington Consensus (WC), and it has reset the role of labour in economic development in the context of globalization. The WC and its refined Post-Washington version (PWC) provide functional frameworks of neoliberalism which have been used by global financial institutions like the International Monetary Fund (IMF) and the World Bank (shortly global financial institutions, GFIs) to usher in changes in the economy in many

countries. It is instructive to take note of its basic aspects. WC propagates a set of economic policy actions such as macroeconomic stability via fiscal conservatism, reduction in government spending, trade liberalization in terms of removal of quantitative restrictions with controlled tariffs, foreign investment liberalization, privatization and deregulation of labour market, among others. These have become the guide-tools of policy actions by GFIs like the structural adjustment programmes (SAPs) (see Ramirez 2003, for an elaborate discussion of both the propositions; see also Van Waeyenberge et al. 2011). Joseph Stiglitz criticized WC as ‘at best incomplete and at worst misguided’ and called for a more holistic and broad-based approach to development (quoted in Van Waeyenberge et al. 2011). The PWC sought to correct the excessive reliance by WC on the market forces and its stand of seeing market and state as incompatible agents. However, PWC also stands for strengthening of market as it argued for state intervention to correct market failures and also enable the possible partnership between state and market (hence the emergence of public–private partnership model). So post-PWC also, markets remain the core of the advocacies of GFIs and hence some see PWC as a refined if not rhetoric continuation of WC and a new phase in neoliberalism (Van Waeyenberge et al. 2011).

One of the major tools of GFIs to implement the charter of neoliberalism has been the SAP (Emeagwali 2011; Mezzadri 2010). Based on WC, the GFIs imposed SAP with conditionalities on the recipient countries and the conditionalities are based on the aforementioned basic premises of WC. With regard to labour market, they include, among others, downsizing of government employment, privatization of government-owned enterprises, active promotion of flexible labour markets with attendant features like hire and fire, wage flexibility, wage dispersion, pension reforms, etc. (see Lloyd and Weissman 2002; Easterly 2003; Mezzadri 2010). These agencies claimed that the SAPs would generate economic growth, promote investment, create jobs and alleviate poverty in loan-recipient countries which are mostly poor and developing countries.

At the same time, the Organization for Economic Cooperation and Development (OECD) has been arguing that labour regulatory institutions such as labour laws (principally the employment protection laws, EPL), trade unions and collective bargaining introduce ‘rigidities’ in the working of free labour market as these critically affect the freedom of the employers to respond to the market forces to change the number and

composition of employment or skills arrangement in firms or the labour compensation packages, among others (see OECD 1994). It is immediately obvious that the OECD's advocacy is not different from those of the GFIs. Hence, all these organizations have called for a complete deregulation of labour market which will allow or bring back the play of market forces in the determination of employment and wages among other aspects concerning labour. The neoliberal perspective has strongly advocated and even pushed for a flexible labour market, a comprehensive term encompassing numerical, wage, functional, job and other forms of flexibilities and weakening of collective labour institutions (see Coates 1999; Standing 2011). The threat behind this advocacy is far more alarming: if governments did not flexibilize labour market, business will shift to regions/countries which offer cheap and flexible labour, and this will affect not only employment but also growth and poverty reduction adversely in the poor and developing countries (*ibid.*).

Several commentators have criticized the role of GFIs in alleviating poverty in the developing countries arguing that their SAPs have in fact worsened the plight of poor people for two reasons, *viz.* economic growth did not trickle down to reduce poverty as envisaged (poor sensitivity of poverty to growth) and worse still the economic policies benefited the corporates immensely (see Easterly 2003, 362; Comelo 1996). The critical fault of SAPs is the existence of inherent conflict between the institutions acting as both lenders and analysers (Van Waeyenberge and Fine 2011: 35). Even if the outcomes of SAP were to be different (*i.e.* adverse for the people and economy) from those expected or advanced by these agencies (*i.e.* benevolent outcomes like growth, employment and reduction in poverty), they would rather attribute the failures to other sources and one of them being labour market inefficiencies caused by labour institutions.

Since 2003, the World Bank has been conducting the ease of doing business (EODB) exercise which measures various aspects of business regulation and their implications for establishment and operations of firms in a country and ranks the countries (190 or so) on their ease of doing business. Higher ranks indicate conducive regulatory environment for EODB (World Bank 2017). The countries are ranked on each of the indicators like starting the business, enforcement of a contract, etc., while the overall ranking of the economy is determined with appropriate weights for each of the indicators (see World Bank 2017, for further details). Earlier, the World Bank's ranking exercise included ease of employing workers

indicator (EWI) among the indicators of ease of doing business. However, International Labour Organization (ILO) and global trade unions like the International Trade Unions Council argued that EWI suffered from several conceptual shortcomings and further the ranking of EWI pressurizes the countries to flexibilize labour markets in a bid to achieve better ranking which leads to ‘race to bottom’; so they exerted pressure on the World Bank to stop ranking the countries on EWI (see Lee et al. 2009). Accordingly, the World Bank stopped ranking the countries on EWI though it continues to provide qualitative information on the labour law reform measures taken by the countries. The World Bank admits that its EODB exercise has made a significant impact on the government and we quote it: ‘Governments worldwide recognize the economic and political benefits of improved business regulation. In fact, 119 of the 190 economies measured by Doing Business 2018 enacted at least one business regulation reform in 2016/17’ (World Bank 2012; 2017, 1). For example, the NDA government in India celebrated as India climbed up from 113th to 100th rank in EODB in 2017 (see Narayan 2017).

Policy makers and lobbyists have been greatly swayed by this relative ranking exercise of countries, and it has led to even undesirable policy outcomes with respect to labour market (see ILO 2007). In India, as elsewhere employers have been exerting tremendous pressure on the government to deregulate labour market and bring about extensive neoliberal reforms by amending many of the labour-protective laws and liberalizing labour inspection and labour administrative systems (see Shyam Sundar 2018, for a comprehensive coverage and discussion of the reforms). In fact, to achieve better ranking in the EODB, the Department of Industrial Promotion and Policy, Ministry of Commerce, Government of India have introduced EODB ranking of States and the Union Territories (UTs) in India (see <http://dipp.nic.in/ease-doing-business-reforms>, accessed on September 23, 2018, for details regarding its EODB exercise; see also Shyam Sundar and Sapkal 2017 for a critique of these exercises). The States and the UTs compete vigorously to get better ranking and in fact controversies surround such ranking exercise (see, e.g., Sushil Rao 2018). Such is the power of Ideas.

These exercises are based on neoliberal perspective. The neoliberal perspective argues that a free market economy (i.e. without regulations) will enhance competitiveness of firms and economies and this will create a conducive business climate and macroeconomic stability and this in turn will attract foreign investment into the country. Foreign investment

is a panacea for capital-starved developing countries and as investment boosts will produce jobs, income and hence reduction in poverty. Hence, countries with less burdensome regulations or employer-friendly regulations are more likely to grow faster (see, e.g., Natarajan and Raza 2017). Rigid labour markets will produce adverse labour market outcomes like low productivity, high unemployment, informality, youth unemployment, etc., whereas flexible labour markets will lead to faster economic growth and employment which will lead to faster reduction in poverty incidence (Botero et al. 2004; Blanton and Peksen 2016; Lee et al. 2009; Besley and Burgess 2004).

Lee et al. (2009, 416) have argued that the EODB exercise offers empirical basis for the ‘augmented Washington Consensus’ (see Rodrik 2007, see Table 1, 678) and the latter attributes much of the failure of WC in developing countries to the rigidity of their labour markets. Simply put, this perspective calls for deregulation of labour market based on the assumption of perfectly competitive theory (Lee et al. 2009, 426–27). The World Bank’s research is said to be based on ‘prior based scholarship and policy’ (Van Waeyenberge et al. 2011). Bayliss et al. (2011) show in their book how the World Bank has stitched its research even on questionable data and methods using sophisticated econometric techniques in various fields like health to reach precisely the same theoretical position (neoliberalism) and make corresponding policy advocacy. In fact, the World Bank’s Development Reports and the Policy Research Reports carry research evidence which are either predetermined or negotiated in advance (see Van Waeyenberge and Fine 2011: 38).

Freeman (2005) has detected existence of ‘priors’ in the research by the adherents to a certain ideology or theoretical perspective which dictates their modelling, their choice of variables and interpretation of empirical results. Otherwise, it is difficult to understand how one group should stridently and consistently prove the inefficiencies of labour market institutions and others to contest these conclusions based on the *same* data sets. The sidekick to the debate is that despite the acknowledged weakness of the data sets across the countries, stronger conclusions are reached by the warring groups! Hence, he calls for a dispossession of ‘lawyering’ mindset which caters to its client and argues for conduct of dispassionate research. Further, research has shown a lot of holes both in the reasoning and in the empirical literature of the ‘flexibility school’ concerning the adverse impacts of EPL; even on a cautious note, all that could be said is that the research evidence on the adverse impact of EPL

is at best ‘inconclusive’ (see Jha and Golder 2008; Garibaldi et al. 2008, for a good summary and review of the literature on EPL; see also Papola 2013, for a discussion of impact of labour regulation in India).

Breman has shown in his body of evidence based on painstaking field studies in India that the neoliberal policies create and reinforce labour informality and underdevelopment and even reproduce social inequalities in the labour market. It is quite ironical to note that neoliberal researchers use informality to attack labour market regulation as producing informality but rely on the very informal sector to absorb the shocks in the formal system as a social safety net and as a destination of choice! To him, informal workers typify extreme forms of vulnerabilities and they land up in informal jobs not by choice but coerced. Informality is reinforced because being vulnerable and migrant they are unable to collectivize and hence they remain vulnerable, a kind of vicious cycle. His thesis of circulating labour migration captures the dislocation aspect of informal workers. He also sees dangerous tendencies of ‘neo-bondage’ as intermediaries bond the workers in modern ways (cash advance as a form of modern bondage) to trap them in low-paid works like brick-kilns (see, e.g., Breman 2001; *New Left Review* 2015). The macroeconomic and the anthropological research have clearly put neoliberalism in an unremitting guilty stance.

We need to be interested in neoliberalism for two powerful reasons. One, the ideas that underpin neoliberalism have impacted widely the policy making and the managerial strategies of the firms in most countries, especially India. More importantly, neoliberalism’s working is ironical in the sense that it creates crises and post-every crisis it comes back even more stronger as ‘solutions’, i.e. neoliberalism is at once the problem and the solution—for example, to tackle the problem of rising employment of contract workers (a neoliberal problem), employers in India have been demanding ‘numerical flexibility’ as a solution as then employers will employ workers mostly directly in temporary contracts not through third party (neoliberal solution). Again, when financial crisis took place, the state had to bail out the financial corporations (see Aalbers 2013). As Janardhan argues in this book crises in capitalism are occasions which are capitalized by Capital to restructure business which means changes in work organization and all leading greater control of Capital over Labour. Further, the ‘convergence’ literature in industrial relations (IR) speaks of possible convergence to a dominant policy-set or institutional configuration in various IRS and neoliberalism is seen to be in significant ways promoting liberal market economies

around the world (see, e.g., the varieties of capitalism, VoC literature in this volume).

Secondly, in an empirical sense, neoliberalist policies and strategies have dismantled what was historically known as a ‘standard employment’ even in the Global North—standard employment is characterized by open-ended contracts, an assured career development in an organization, assured wage revisions through collective bargaining, regulation by a set of protective labour laws and trade unions, access to a range of social security benefits, etc.—and intensified adverse labour market outcomes such as unemployment (even if in the short run as conceded by neoclassical economists), uncertainty, inequalities within the labour market manifesting across identities of workers like gender, caste, etc. (see, e.g., Bacchetta and Jansen 2011; Standing 1999a, b, 2013; Shah et al. 2018; ILO 2016a, b; 2018; Breman and Linden 2014; see also Sapkal and Parmar in this volume). The obverse of ‘standard employment’ is non-standard employment (NSE). The ILO gives a derogatory definition of NSE: it is ‘an umbrella term which groups together distinct forms of work contracts that deviate from the standard employment relationship’ (ILO 2016b, 9). The growth of NSE is attributed to three factors, viz. SAPs that stress shift from import substitution to export promotion, globalization of production via TNCs-led GPNs and the failure of the state (Mezzadri 2010). Guy Standing in his various works illumines the emergence and growth of precarious employment which he in his inimitable style terms as ‘precariat’ (precarious proletariat). Precariat comprises those not only inside the labour market but also on and outside the margin. The free market economic policies which underpin globalization have ‘commodified’ labour by proscribing any agency intervention (state or trade unions) (see Standing 2013; see for a list of his articles at <https://www.guystanding.com/journal-articles>, accessed on 2 September 2018).

India thanks to the perceived crisis in its balance of payment during 1990–1991 took conditionalities-driven structural adjustment loan from the IMF. By all accounts, India has been globalizing energetically since 1991 and neoliberalism is *the* perspective that has majorly shaped the policy actions around the world and especially in India (see Shah et al. 2018; Patnaik 2014; Guha 2009; Bagchi and Das 2014). The foregoing has outlined the power of Ideas in their impact on labour institutions in the IRS. Neoliberalism has been the dominant set of ideas that have influenced policy making and shaping up the role and place of labour institutions in the IRS.

ABOUT THE CONTRIBUTIONS

Then, it becomes necessary to interrogate and understand neoliberalism and WC-driven globalization model in connection with Labour, which we do in this book. Labour and labour market and IR will be our central concerns in the book. Since ideas have relevance with reference to a spatial context, often the critical discourses in this book will refer to the experience of several countries and most notably India. The neoliberalism discourse has been countered not only in the realm of ideas but also in terms of movements by people, who may be non-agricultural workers, or peasants or local communities, etc.

In Chapter 2, Selwyn presents a grand global discourse locating labour in the development thinking. The Global Development Industry (GDI) comprising of global organizations like the World Bank, the IMF and ILO (inclusion of ILO may be surprising for the readers, but he includes it) and some intellectuals has articulated the neoliberal ideology as a panacea for all economic problems including poverty. To be sure, ILO differs from others in the sense that it unlike the other two advocates greater role for state and labour institutions but *accepts* the neoliberal premise that integration of countries is central to poverty reduction. Selwyn makes a powerful interrogation of the capital-centric propositions that underlie the developmental perspective propounded by the GDI and argues that because these capital-centric developmental models are exploitative, they cannot lead to poverty reduction (mild manifestation) and thereby will not promote labour welfare. He questions the very methodology used by World Bank for measuring poverty and criticizes the ‘quantification’ of the international poverty line to be ‘inhumanly low’.

Neoliberal theories, market-led or state-led frameworks, use different mechanisms to promote development (hence poverty reduction) but all fail to promote labour welfare. Market-led theories use trade competitiveness and labour flexibility while the state-led models repudiate trade competitiveness theory but use repression of workers. Both exploit workers to accumulate surpluses in the name of helping workers and hence their poverty reduction agenda is at best facile and at worst inadequate. Even when there have been widespread protests all over the world especially in India and China (which Kuruvilla details later in the book), social transformation is blocked by powerful elitists as they are interested in capital accumulation and not social transformation.

He argues for an alternative developmental model which is labour centric. This model looks at labour power not as a means for capital accumulation but for self-development. His thesis is that collective actions and institutions (like land rights and redistribution movement, factory occupations, mass labour militancy, etc., in various countries like Indonesia, India, Argentina, etc.) will resist exploitation which is endemic in capital-centric developmental model and hence they will help achieve ‘developmental ameliorations’ and create a potential for generating ‘new, non-exploitative, social relations of social reproduction’. Selwyn sets the stage for not only critiquing mainstream developmental models but also daring to provide ‘alternative’ perspectives and Marx in some sense will be present in these.

Roy (Chapter 3) continues the employment of Marx and Marxian theory to emphasize two aspects of social relations in a capitalistic production system, viz. in the labour market workers as sellers of labour power are disjointed from the means of production and skills; capitalists employ an army of managers, supervisors and others in the shop floor to deny any bit of autonomy that workers may retain as individuals and to maximize the extraction of labour power. The process of extraction of surplus value inevitably creates a command structure utterly in favour of capital, and this in turn produces unfree labour. To Roy, capital–labour relations are not merely reflected in strikes in some firms but embody in a fundamental sense a political terrain of contestation characterized by dialectics thereby creating its own dynamics. The organization of work in a capitalistic production process alienates and degrades labour. He highlights the contradictions of organization of work in a globalized setting—capital on the one hand requires unintelligent and degraded labour to do routinized tasks and educated and adaptable employees on the other hand to do skilled jobs! He argues that neoliberalism is a response of capital to labour ascendancy and to destroy the collective subjectivities. Neoliberalism has advanced capitalistic globalization and organized production using technological advances to create an army of precarious labour. To him, Marx has foreseen a century ago all of what is happening right now in the society which is driven by the ‘imperatives of capital’.

In a sense, capital–labour relations constitute the central focus of IR, though not explicitly framed as a theory in the discipline of IR. IR Marxists use class conflict theoretical structure to explain the adverse outcomes in the IRS and the labour market. Marxist narrative of IRS and labour market has gained prominence as inequities have abounded

in the labour market thanks to globalization dynamics. Conventional Marxian theory predicts that transcendence from capitalism to socialism will happen due to the material, moral and political conditions created by capitalism itself and class struggle. Can IR be the site of class revolution? Post-Leninism, it cannot take place in the realm of IR as trade union consciousness which is dependent on union–management relations and fighting for ‘economism’ (protests for basic economic issues like wage revision) will not be adequate. Political consciousness which is structured and mobilized by a Party will be necessary for class revolution. These are beyond the conventional framework of IR. It is in this context, Janardhan (Chapter 4) seeks to reinvent a Marxist theory of IR. According to him though both in practice and in scholarship, capital–labour relations in Marxian sense are ‘a structural reality’ in a capitalist economy but it got ‘institutionally’ transformed into IR which merely even inadequately talks of union–management relations. So Janardhan argues that unless the IR theory is re-equipped with Marxian lenses, it cannot comprehend capital–labour relations adequately. Is he romanticizing Marxian reinvention?

Janardhan calls for a new comprehensive IR theory (which could combine pluralistic and Marxian perspectives fruitfully) which should look beyond old and new IR. He bases his hopes for a Marxian IR on several structural realities even in the current globalized economic environment. Conflict is permanent and immanent in any shop floor relations. In the era of intense competition between firms on a wider competitive space thanks to globalization, human resource management (HRM) which discredits trade unions and abhors ‘talks of class struggle’ needs labour’s cooperation to meet market demands and achieve corporate goals. So labour becomes central to corporate strategy, and in this sense, pluralistic notion of antagonistic cooperation is sculpted into his new theory. He even nostalgically reminds us that in the globalized economic context today the ‘old IR’ (envisaging adversarial, trench warfare bitter relations) is not considered relevant by both academics and practitioners. The ‘new IR’ which is coincidental to the current phase of global capitalism and the rise of HRM, however, has created in its trail whole lot of workers who work under precarious conditions (precarariat). Technological ascendancy has increased reliance on workers more and more in an ironical sense as workers ‘know’ the machines better than the line or staff managers on the shop floor and this is evident in the high-tech industries. So a ‘new working class’ is created which can exercise

considerable control over ‘labour processes’ (Marxian-Bravermanian notion). Finally, as capital globalizes via GPNs, labour can match it by building transnational alliances on the external front and domestically a social movement unionism. These are possible thanks to the very dynamics of globalization as these movements can use both shop floor (say wage) and social issues (say green environment or equality). A General Union with transnational alliances will emerge which will create a mixture of shop floor and social issues for waging economic, social and political struggles. So, Marxian theories need to capitalize on these contradictions to build a new Marxian scheme of IR. So he is *not* romanticizing but is optimistic about building a new retooled Marxist IR theory.

It is often contended that the two most unique aspects of the current phase of globalization are power of financial capital and construction of GPNs (Patnaik 2016). Jha in Chapter 5 takes forward Patnaik’s ideas. He notes two dominant tendencies in neoliberal capitalism. One, it has engineered international finance capital which is disjointed with the real economy. Two, it has created TNCs which have spread their production across the globe by fissuring production (which he calls as decentring of production) through GPN to take advantage of cheaper labour in the South (labour arbitrage). Both impact workers’ well-being in several ways. The speculative and mobile finance capital detached from the real economy constricts government expenditure in pursuit of the so-called fiscal discipline, and this has enormous implications for labour in terms of drastic reduction in employment generation and welfare aspects. The decentring of production contingent on cheap labour and aimed at accumulating surpluses under-capacitate workers’ purchasing power, hence weaken labour’s consumption power. All these point to the development of potential crises in the capitalistic system, but the pertinent point is that labour class is facing multiple attacks on their labour rights, from production wages to social wages. These come out powerfully in his analyses.

To provide an empirical basis for his analysis of neoliberalism, he takes India as an example. His comprehensive coverage of major ‘happenings’ during the neoliberal phase of Indian economy including the proposed labour law reforms, etc., and the quantitative outcomes of growth and employment support his thesis of adverse effects on workers’ well-being of neoliberal globalization in India. The neoliberal policies pursued by the state are flawed in the sense they not only fail to deliver the promised growth but do not serve the interests of workers. The state has

dealt multiple blows to the interests of workers by *willingly* following neoliberal policies like fiscal conservatism and labour market reforms. Worse, the workers' welfare serving policies like the Mahatma Gandhi Rural Employment Guarantee Scheme (employment) or the National Rural Livelihood Mission, Micro Units Development and Refinance Agency loans (self-employment) eventually serve the interests of the private sector capital who benefit from allocation of projects/capital and pursuit of public–private partnership models (advocated energetically by global financial institutions). He notes through now well-known data resources (e.g. the National Sample Survey data) to show the poor side of employment profiling in the post-reform period and notes the dominance of informality in the labour market which to him constitutes a 'systemic requirement of the contemporary capitalist system'. Then, as Jha concludes, the state in India has aided the intensification of systemic exploitation of labour under the hegemony of finance capital.

Neoliberalism is all about market fundamentalism which is not unique to modern phase of globalization as Karl Polanyi (1944) was seized of this as he analysed the rise of fascism during the 1940s. But the more interesting aspect of Harriss' invocation of Karl Polyani's perspective is to understand through his lens the current phase of crises (economic and political) (Chapter 6). It may be instructive to summarize in brief Polyani's perspective on market and society. Historically, economy was driven by social and ethical norms and was embedded in social institutions. But with the establishment of the self-regulating market economic system, market stood disembedded from society and exchange relationships with self-gain became dominant. This set off the crisis in society (in the UK which was his realm of study). The self-regulating market (SRM) economic perspective got extended to factor markets and money markets which commodified factors like labour as they are subject to market forces. The commodification resulted in 'counter movement' like trade unions in the labour market and government intervention. Market failures can often lead to political tyrannies but can also produce benevolent outcomes like the New Deal in the USA. The crisis of the 1970s and the early 1980s led to re-emergence of market fundamentalism, which again led to disembedding of market from society. The current wave neoliberalism has renewed commodification of labour, land, etc., which produces adverse outcomes in the labour market and ecology.

Harriss carefully traces the emergence of modern neoliberalism and its unique potentially disruptive features though it has done its essential

task of restoring the ‘class power of holders of wealth’ and hence causing tremendous inequalities in the economic system. He, like Jha and others, notes the dominance of financial capital which runs riot as per its own market dictates and as a result unlike in the past frequent economic crises mark the modern phase of neoliberalism. What is more damning is the commodification of not only labour, but also money and land, which have led to volatility in the financial and real estate markets, disruptions in the land market and informalization in the labour market. As per Polanyi’s scheme, the state is naturally posited against market but neoliberalism has under the influence of WC redefined the role of state in terms of dispossession of its traditional functions which means privatization, withdrawal from provision of social goods, etc. Even ecology has been subject to market forces, and Harriss’ narration depicts vividly a widespread collapse of the system not even envisaged by Polanyi. But according to Polanyi’s theory, the movement of SRM (in the form of neoliberalism) should produce ‘counter movement’. Will it happen?

Harriss argues that Scandinavian repeat in the developing and the emerging economies is not possible primarily due to differing sizes of economy, but some semblances of social democratic politics can emerge and sustain a broader civil society movement demanding a bunch of ‘social rights’ which is a broader set of human, ecological and labour rights. He notes with endorsement that protest movements have been occurring everywhere due to moral indignation, reaction to economic crises, demand for better public services, enactment of justiciable rights to food, livelihood and education, creation of interface between society and state, etc. Though he recognizes that countermovement in India has a long road ahead, he is optimistic about a progressive response. While social churning is definitely happening seeking re-embedding of market in society, the outcomes are remain to be seen. In the meanwhile, let us tip our hat to Harriss for his optimism and invoking Polanyi to make us think of possible non-market and benevolent destinations.

Taking forward the presence of moral indignation argument noted in Harriss’ article, we have the theological perspective drawn from Catholic Church’s documents and the Bible presented by Jesuit Fathers, Mascarenhas, D’Silva and Sister D’Souza (shortly, Mascarenhas et al.) in Chapter 7. It is of immense significance to note that ILO and the Catholic Church have been in engagement especially in the last few years on vital issues concerning labour rights, etc., and both share the view that labour is a not a commodity and labour has its own dignity and exhibit concern over the emergence and

growth of precarious and vulnerable labour like child labour, migrant and domestic workers (ILO 2013; see also Pope Francis 2014).

The biblical view is that humans are created in the ‘image and likeness’ of God (*imago Dei*) and hence assumes sacredness and humans deserve justice. In this sense, no human beings have any right or business (to wit) to ‘outrage’ humans. When ‘God says: Do not withhold wages from your workers, for their livelihood depends on them’, the Justice Doctrine clothes itself with the Sanction of the Divinity. Work and its organization are based on cardinal principles of the virtue of justice (in remuneration), participation and the virtue of industriousness and diligence (in the production process), common good and the virtue of munificence (in distribution), and human dignity and the virtue of solidarity (in social relations). It is in this biblical context that we have to view globalization and the role of trade unions in society. The Church’s perspective of labour–capital relations resonates with Gandhian (non-violence methods of protests and Truth), pluralistic IR (freedom of association, right to strike for just causes, separation of political from economic/industrial interests, labour–capital complementarity), human rights (labour and social rights) and the ILO perspectives (dignity and decommodification of Labour). The Church believes in and even calls for inclusive development—e.g. ‘The truth of development consists in its completeness: if it does not involve the whole man and every man, it is not true development’.

The Church like most sees the possibility of benevolent human outcomes of globalization but has shown significant concern over the negative fallouts of globalization such as dehumanization of work, unemployment, the reduction in and deterioration of public services, the destruction of the environment and natural resources, the growing distance between rich and poor, and unfair competition. Globalization has entrenched a ‘mentality of egoism and exclusion’, and hence, the Church correctly calls for a ‘value system’ (avoiding greed and pursuit of personal power) and issues advisory that ‘economics should be intimately connected to human realities for an authentic development to happen’. The encyclicals have hit at the very concept of ‘free trade’ as it characterized by ‘inequality’ at both individual and the inter-country levels and the TNCs for promoting ‘sweat shops’. According to the Church, liberalism has ‘insinuated into the fabric of the society’ and needs to be challenged because it presents ‘profit as the chief spur to economic progress, free competition as the guiding norm of economics, and private ownership of

means of production as an absolute right, having no limits or concomitant social obligations'. Globalization has at best produced 'globalisation of indifference' which is blind to injustice and created imbalances. It is in this context Pope Francis sees trade unions as modern 'prophets' who can work by forming morally correct alliances even at the global level for altering the imbalances created by globalization by resorting to peaceful and non-violent strikes. At the same time, they should guard against improper (read political) influences. The Church asks for global solidarity helping the developing countries, social justice and universal charity. These surely constitute moral and even economic principles for global action to promote a just and equitable world order.

It is important to note here that ILO's Global Labour Code (as embodied in its standards and recommendations) and its mandate provide a very powerful counter to neoliberalism (some call it as 'Geneva Consensus' [Langille 2010]). Its fundamental principles such as de-commodification of labour, greater state intervention, importance of the role of labour institutions like trade unions, and social dialogue militate against neoliberalism. However, it does not like the Marxian perspectives contest capitalism. In the context of the challenges posed by the complex forces of globalization and by the global financial institutions, some commentators have argued that ILO though with a glorious past did not adequately handle the 'market outcomes' of globalization like labour flexibility, and it lacks teeth and is conservative in its reform packages (e.g. World Employment Policy Programme) and depends on moral suasion for compliance with its labour standards as opposed to the coercive powers of global financial institutions (see Breman and Linden 2014; Standing 2008; Langille 2010; Servais 2013).

However, in some senses, ILO has risen to the occasion to adequately respond to the challenges of globalization while retaining its normative principles. For example, ILO has adequately *responded* to the challenge of globalization by adopting in 2008 the Declaration on Social Justice for a Fair Globalization and other instruments which seek to correct economic globalization by calling for promotion of social justice and decent work. It has been closely working with the United Nations and even the global financial institutions to 'achieve social justice by promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity' (ILO 2018). For example, ILO's formidable theme of 'decent work' forms the basis of Sustainable Development Goals (SDGs) in many ways

but specifically SDG No. #8, Decent Work and Economic Growth as this seeks to ‘promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all’. World Bank’s aims of ‘ending poverty and boosting shared prosperity’ are argued to be largely converging with and in fact contingent on universal social protection which brings in ILO into the picture, and hence, there is an active interface for joint action between the World Bank and ILO (ILO and World Bank [Undated], see also World Bank 2016)—we have already seen Selwyn’s critique of poverty reduction if not elimination plank of global institutions. In the context of conversations between ILO and the Church, it will be instructive to note that social justice and global peace constitute original objectives of ILO. If social justice is a moral concern for the Church, it is an institutional goal for ILO. There has been a global concern over poor labour in the developing countries, and this has caused the moves to link labour standards with trade. However, the developing countries opposed the linkage between trade and labour standards (popularly known as ‘social clause’) by mainly two grounds, viz. such a linkage will adversely impact on their trade advantage and its advocacy by the developed countries constitutes protectionism. Rodrik argues that trade negotiations are not best mechanisms to enable realization of labour standards and it should be best left to the ‘experts on human rights, labour markets, and development’, and we should raise the profile and prestige of ILO (Rodrik 2018). It is in these contexts we need to examine the future mandate of ILO.

One of the big determinants of social justice in capitalism is living wage for workers. In the context of the recognition by ILO and the instrumentalities of the United Nations recognizing the need for a [minimum] living wage, Marshall and Weil-Accardo (Chapter 8) make a case for fulfilment of this mandate in their article. It is a fact that the minimum wages set in various countries including India do not level up to the living wage and even the sparsely set minimum wages are not realized by the workers thanks to poor enforcement of minimum wage laws. But implementation of living wage ideal is fraught with not only state failures but institutional (read trade union) failures as globalization is all about competition, and if all countries simultaneously do not raise wages to living wage, then the adventurous or aspirational firms/countries which pay/mandate living wage will lose out to those who pay less wages. So we need an international treaty (a ILO Convention) which will be binding on *all* countries and an international enforcement mechanism to

oversee the implementation of such a Convention to address the collective action risks inherent in such an ambitious monetization of a global labour standard.

They propose a three-staged implementation. In the first stage, the member countries should enact minimum wages that reflect the real costs of a living wage. In the next stage, member countries should progress towards a global average minimum wage, based on purchasing power parity (to equalize the purchasing power of two currencies by taking into account the cost of living and inflation differences). In the third stage, countries need to increase the wages so as to reach a certain decent level compatible with internal and external benchmarks. The authors are aware of the potential or already existing objections to this scheme by developing countries which thrive in international trade and production networks on cheap labour advantage. But their answer is that this is a global proposal and hence will hit at all countries which underpay. ILO should not only adopt a standard but go further in determining globally comparative living wages and globally comparative minimum wages on the basis of data collected from its members. However, the proposal is more likely to be bypassed by not only social partners and the state may collude with them. So in order to tackle this potential risk, they propose that ILO should set up a Global Living Wage Dispute Mechanism, and to complement this global body, there would be National Supply Chain Tribunals at the country levels. Let me not give away their very imaginative and innovative scheme of things beyond these basic details and their compelling logic for its practicability. Suffice it to say that what they propose which if implemented will bring a significant sense of relief to workers all over not just in pockets. This proposal assumes greater significance in the wake of terrific and even terrible role of global value/production networks.

The UNCTAD talked of TNCs as ‘engines of growth’, and it is striking to note that one of the key drivers of engine of growth is ‘An increasing emphasis on market forces and a growing role for the private sector in nearly all developing countries’ (Buckley 2010). This in fact then talks of TNC-capitalism-driven globalization. Thus, we see that however we look at the current phase of globalization, it is evident that there are vital and inherent links in the ideas of neoliberalism, capitalism and globalization. Indeed, as neoliberalism spreads its tentacles across countries and as it has become a dominant discourse backed by powerful GFIs, there could be a logical possibility of ‘convergence’ of systems towards liberal

market economy in terms of deregulation of labour market and weakening of collective institutions and de-capacitating of the state. Though some have argued neoliberalist convergence could not be completely denied, there are significant institutional variations in terms of response to pressures of globalization. For example, a process towards marketization could actually mean not deregulation but regulation, and states cannot be perceived to be completely passive actors to pressures exerted by say TNCs as state can resist or cleverly adapt and re-chart the neoliberal prescriptions in a manner that would serve the ruling party's own political interests (see Bardhan 2002; Campell and Pedersen 2001; Kuznetsov and Jacob 2015; Standing 1999a; Shyam Sundar 2015).

Then, this also takes us to the debate on the varieties of capitalism debate (Hall and Soskice 2001). The VoC perspective rejects the convergence thesis and argues that there are varieties within capitalism which diverge in terms of their responses to globalization. National institutional arrangements are historically structured, and hence, their networks and complementarities built over time counteract the pressures towards convergence to a single model of governance and institutional arrangement. In a sense, this argument stresses 'path dependencies'. The VoC perspective majorly focuses on the role of the institutions in the economies including the IRS and fishes for possible complementarities between various institutional arrangements. The VoC perspective is significant for both its commission and omission in the sense that the central institution it looks at is 'firm' (unlike in typical IR perspectives where trade union is *the* focus) as they are agents of change and adjustment and examines the ways and manners by which the firm coordinates with other 'actors' in the IRS. The LMEs are closer to neoliberalism while the CMEs give greater primacy to non-market institutions. But the critics of VoC argue that globalization of finance and production has led both LMEs and the CMEs to adopt pro-market and market-enhancing policies. Further, the rise of modern forms of market-based service sectors like the gig economy has reinforced the significance of market. Then, VoC literature is of importance to an analysis of neoliberal globalization. Also, it has provided valuable addition to 'comparative industrial relations' literature.

Wright et al. (Chapter 9) seek to provide a dynamic global framework for analysing and understanding the behaviour of 'actors' of the IRS and also to appreciate the differences between various systems. Drawing on studies covering a diverse basket of 12 countries, their VoC approach asks a simple question: How come national regulations elicit different responses across sectors or industries and perhaps even within them?

For example, if the market conditions facing steel industry are the same in India or even in a region, how come employment relations are different across steel firms? The VoC literature argues that divergence is possible even though the macro-tendencies may be towards a larger converging system. Even though national stories hold relevance, it is important to appreciate the fact that as countries transition from one system (say command economy) to another (say market economy) the response of the actors in the IRS and policy responses differ. For example, shareholder-driven financialization model is held to be a major reason for moving away from historic lifetime employment in Japan to non-standard employment. Are we then converging to a neoliberal system? No. However, interestingly they point out that if we get impressions of convergence, it is due to ‘dominance effects’ of experience in some sectors. While the manufacturing sector prefers CME arrangements, modern service sector prefers flexible labour regimes (LMEs), though Germany seems to be different to this thumb rule. They argue that sector-specific institutional arrangements may cut across countries and hence impart diversity to the national systems. Comparative employment relations (ER) exercise cannot ignore the global players like TNCs or global agencies like ILO which in many senses influence local institutional structures and mediation. So national, sectoral and transnational segments are important in understanding ER arrangements.

However, as they anticipate, the VoC approach tailored as it is for understanding ER and the role of institutions in the Western countries is ill-equipped to comprehend ER systems in the developing countries which have a very high share of informal workers including the gig economy. They suggest consideration of non-formal and non-market institutions and norms such as social capital, custom, trust, self-employment or disguised employment and non-governmental agencies could help in understanding the shaping of ER in these systems. Also, the development of GPN poses considerable challenge though it could be complementary to informality that we just talked about. In sum, this chapter enlivens the debate by asking us to look for intricacies inherent in a macro-debate and focus on institutional arrangements and interfaces.

Following the comparative IR methodology employed Wright et al., Kuruvilla addresses the debate on the convergence issue by taking up institutional changes in two of the major emerging economies, China and India. China’s transformation from pure command economy to the socialistic market economy signalled the dominance of the ideas underpinning the market economy. Here are two large and fast growing

emerging economies, China and India (both breaching and sustaining 7% average growth rates in the recent decade or so while the advanced economies are stagnating around 2–3% growth rates) who have sought to introduce reforms of their product and labour markets in varying degrees, and this book will be incomplete if we did not seek answers as to how differently or similarly these two economies have responded to the pressures of globalization in terms of labour market and IR policies. Kuruvilla's article in this book seeks to provide answers to these questions.

Globalization has thrown up challenges to both, and they have responded differently. How differently did they respond and why, these are the questions that he seeks to answer. Both China and India had command economies though with tremendous differences in the institutional set-ups due to the nature of polity—pluralistic democracy in India (though 'raucous' to Kuruvilla) and authoritarian polity in China (even now). Kuruvilla recounts the liberalization of labour market in India during 1991–till date in two phases, 1991–2014 and 2014 onwards, and sees a definite shift to neoliberal policies with regard to labour market. China began its economic reform much earlier than India did (in 1978). During 1978–1994, significant labour market reforms took place. With respect to labour market, China began to dismantle the 'rice-bowl' system of lifelong employment policy, *danwei* (work unit for life) system and *hukou* (residence regulation) system. Kuruvilla sees significant shifts in terms of qualitative decline in the employment conditions in China during 1995–2006 as flexible labour market regime led to lay-offs and greater informality. These adverse outcomes ignited labour protests and these led to reforms which in fact re-regulated labour market resulting in the development of a less flexible legal framework. However, the period 2006–2015 witnessed tremendous spike in labour unrest and unusual growth in real wages. The spike in labour unrest has been variously attributed to labour market conditions (supply deficits) or changed legal context (reforms of 2008 empowered workers) or institutional reasons (spontaneous outbursts or labour NGO (non-governmental organization) sponsored protests). The dominance of labour NGOs interrogates not only the role and place of official monopoly union (the All Chinese Federation of Trade Union, ACFTU) but also Chinese state's social policy. Kuruvilla's discussion on the role of labour NGOs in recent times poses serious questions of relevance or the role of ACFTU and more significantly generates wider workers' movement as opposed to constricted trade union movement led by ACFTU in China. At any rate, these protests have led to state repression.

In a functional equivalence sense, both China and India converge in terms of having a command economy and later adopting the ‘logic of competition’ and resorting to neoliberal policies and both seek to constrain spaces for labour contestation and activism in 2000s and later. But the methods followed differ—India resorts to labour law and governance reforms (a kind of ‘soft’ route) while China uses repression (‘hard’ route). China has seen cycles of liberalization and regulation while India is yet to make such definitive changes at the national level that China did. Both seek to deregulate labour market, but the processes and the pace differed. In other words, the methods adopted, the labour policies, the institutional processes of reforms, etc., to marketize the economy including IRS differ between the two. So Kuruvilla argues that though they both are on a neoliberal course (convergence), their paths are significantly and even irreconcilably different (divergence). Hence following Katz and Darbishire (2000), he calls this process as ‘converging divergences’. His article is an important exercise in advancing the comparative IR methodology which enhances our understanding of the policy effects of ‘ideas’ in shaping institutions through reforms or restraint.

Fissuring or decentering of production has been held to be a significant if not a dominant feature of globalization by academics and commentators including in this book and it becomes essential to understand the dynamics underlying GPN. Dev Nathan in Chapter 11 seeks to provide an analytical framework of GPN—note that he alternates between GPN and global value chains (GVC), while Jha distinguishes between the two and holds GPN to be of greater analytical value. Eventually, we have to understand the production, distribution and consumption of goods or services in the era of economic globalization in terms of networks of interconnected functions, operations or transactions and organization of production in a global structure of production, and Dev Nathan based on extensive spatial studies (covering industries across regions and countries) seeks to provide one. Dev Nathan starts of his analysis by posing GVC as a possible counter to Coase’s conception even legitimacy of a ‘firm’ as GVC is nothing but a network of *external* contracts seeking to coordinate the organization of production as opposed to intra-firm coordination stressed by Coase. If a profit-maximizing economic agent prefers inter-firm coordination to intra-firm organization, then the costs of the former must be lower than the latter, and to Dev Nathan, this is so because of information and communications technology (ICT). ICT enables spatial distribution of production

in a manner to take advantage of cheap labour across spaces. So GVC works due to the presence of labour cost arbitrage.

GVC in an organizational perspective sense is a closed and integrated structure which is characterized by unequal possession of power in favour of the lead firm which has everything (capital, knowledge, brand power, etc.) to unleash the network, and they hail mostly from the high-income countries and operate in competitive industries. So they resort to labour arbitrage whose economic advantage Dev Nathan clearly tells declines as one travels down the value chain. The power imbalances reflect in the returns to the firms involved in the GVC as the monopsonistic lead firm gets rents (premium over competitive return) while the suppliers secure only competitive returns. This should endorse the Marxian notion of monopolizing the surplus (see Jha in this volume) which could undermine consumption and other economic aspects. This in turn determines the pie to be shared by capital and labour *within* each segment. This then takes us to the neoclassical mode of analysis which stresses the capacity of a firm to pay as wages are constrained by profits generated. Using three governance segments, viz. captive (low knowledge and low buyers segment, e.g. shoes/garment), modular (medium knowledge and a moderate ratio of buyers and suppliers, e.g. automobiles/electronics) and relational (high knowledge and complex buyer–supplier relationship), Dev Nathan demonstrates through a matrix that wage and employment outcomes will depend on the placement or location of firms in the governance segment which suggests structural determinism and trade unions can hardly make any difference to wages at least if not to employment quality also. For example, in industries in the captive segment like garments, due to generation of low margins, the ability of the supplier firms in the GVC will be hugely constrained and hence poor wages and bad working conditions including employment insecurity are quite possible and even evident. But workers need not lose hope as Dev Nathan shows that if firms could move up the value chain, they create scope for better distributional gains and then trade unions can play some role. However, this structural deterministic analytical framework on the basis of structure and agency which appears logical may not bring cheer to moves of governance reforms in the value chain by agencies like ILO or global union federations.

The most significant effect of GPN model of organization of production is informality. In a critical sense, labour market segmentation has been intensified with the tremendous rise of GPN models and aggressive

pursuit of flexible labour market strategies. Prof. Lalit Deshpande has made significant contributions to both labour market segmentation (as indicative of market failure) and labour market flexibility. These labour market outcomes lead to undesirable labour market outcomes including discrimination along the lines of gender, caste, colour, etc. These require decomposition of macrodiscourses to address both informality and identity issues in the labour market processes in the context of globalization. Sociological and even developmental theories argued that industrialization and urbanization will promote modernity and formal labour markets, and hence, social identities will vanish. Not only the developmental economists even the trade unions assumed that informal sector will disappear. There are perspectives that argue that the sources of informality or even vulnerability are not randomly distributed across genders or castes in a society. There is a pattern in location of vulnerabilities. They are due to the structuring of social relations and identities. Hence, there could be inter-sectionality of labour, viz. women informal workers and caste informal workers (Dalit) thanks to social segregations apart from labour market segmentation. Hence, we have contributions which seek to help us understand these complexities in the labour market.

It is well known that women's role in the labour market much depends on their role in and commitment and loyalty to the domestic economy. But feminists have challenged these patriarchal constructions. George in this book builds on the argument that globalization and the consequent restructuring exercises have led to considerable informalization of labour market. She makes two distinct and powerful arguments in her paper. One, given the high rates of informalization of labour in the wake of globalization, flexibilization perspectives that still concentrate on 'labour in the formal sector' are inadequate to understand not only work but also the dynamics of organization of work. Two, looking at informal labour without looking at the gendered aspects of it will again not be helpful to understand the labour market processes. The implications are powerful in the sense that the dualization theories which divide labour market mechanically on some social security or employment security criteria into formal and informal sector are deeply insensitive to the gender aspect and it hides the huge presence of femininity in jobs. She refers to several ironies which are often ignored by most perspectives of economic processes in the economy. While men and women are involved in the same kind of trade, there are significant differences in what they trade. I quote George here: 'men concentrate in large-scale business

and non-food items, while women concentrate in small-scale trades and food items'. Further, it is not easy to formalize femininity jobs into good jobs. Her logical argument linking feminization with casualization is that jobs due to neoliberalism are becoming increasingly flexible and casual and in the arrangement of work by capital (both domestic and global) women labour fit these works due to pressures from the demand (flexible labour) and supply sides (family poverty, the need to participate in labour market). Her observation that 'it is not easy to convert femininity into "good jobs", when compared to masculinity' gives a clear idea of logicality between informality/flexibility and feminization (see Standing 1999b, for a comprehensive conceptual and statistical analyses on feminization of labour).

In both work and domestic economy there exists patriarchal dominance reflecting concentration of power in the hands of men. In these contexts, wage differentials between men and women though important assume relatively less significance. It is about reimagining women in the lived experiences. In fact, the IMF's [in]famous SAP's success depended upon the successful management of the domestic economy by women as men folks were either rendered unemployed or brought home less pay. While the Marxist discourses talked about 'general proletarianization' in capitalism, feminist scholars especially in the wake of globalization detect 'gendered proletarianization' as women workers who are increasingly entering the labour market get allocated into vulnerable jobs, and they often get segregated into jobs characterized by high flexibility and informality thanks to hegemonic masculinity. She argues that 'class analysis undermined women's labour by 'invisibilising' it in the production system'. Simply put, Marxist theories value only commodities that produce money and have exchange value and so women's work did not fit in this scheme of looking at exploitation in the capitalistic system. So we need to look at the huge unpaid work done by women and the fact that they constitute significant proportion of the reserve army of the unemployed. So these inadequacies mean that the analysis of work needs to move away from 'materialist' (structuralist) class perspective to that (say post-structuralism as she argues) which takes into account 'plurality of work experiences' of women. In a larger sense, she pleads for a broad perspective which can locate women labour in its total sense (domestic and commercial) by reimagining female labour in the context of larger social reality and evolving new methods of measurement of work.

Caste and class get separated even at the fundamental level of articulation of their suffering in the system—for caste it is exclusion and pollution in the social system which may have economic implications obviously; for class it is exploitation and its primary site is economic system. For the Indian Left to integrate caste into their industrial class struggles presented a problem of combining class with social consciousness. Which is larger and more macro, exclusion or exploitation? The Indian Left according to Guru (2016) has continued to privilege class over caste and reduce caste to class or diverge caste from class, and on the other hand, the capitalistic class and globalization together have wrought division between the two identities (see also New Left Review 2015; see also Shah et al. 2018). So we next turn to Dalit discourse on neoliberal globalization.

Sapkal and Parmar bring out discrimination in the labour market along birth markers, i.e. caste. Caste has been a method of social stratification and social hierarchization based on a non-changeable birth status in the Hindu society in India. The stratification reflects power and other inequalities that are contingent on caste. So these have led to labour market discrimination in India. There are four groups among the Hindus, i.e. the Brahmins, the Kshatriyas, the Vaishyas and the Shudras. As per the Census of 1881, certain occupations such as agricultural field labourers, leather workers, scavengers, watchmen and village menials in a society were deemed to be performed by ‘untouchables’ who were later banded together along with others in a larger segment called ‘scheduled castes’. Thus, a hideous social division of labour based on caste developed and has been perpetuated through social processes. Not only were menial jobs have been allocated to the people ordained to be lowly born, even residential segregation took place on the principle of ‘pollution of purity’ vested in select higher castes.

Breman reports the cavalier and highly predetermined prejudicial view of the ruling classes that low caste people by definition are inferior; more importantly, class hatred turns into caste hatred. Also typically dirty jobs will be allocated to low caste workers even in organized manufactory sector (New Left Review 2015; see also Shah et al. 2018).

With political independence in 1947 and the adoption of a Constitution, strong corrective and affirmative action was mandated in the Constitution. It was believed that as India industrializes on the basis of commanding heights occupied by government sector urbanization and modernization would take place and these will lead to annihilation

of castes and other primordial identities and class could replace caste since property rights and the right to inheritance in India reflect a capitalistic society despite heavy state intervention (see Shah and Lerche 2018). The authors argue that even though the Constitution mandated promises and even rights to Dalits¹ these did not result in *significant* social upliftment of them during the planned economic development period (1950–1990). However, due to the significant role of the government, they achieved some social (rise in literacy rates) and economic (job opportunities in the organized sector thanks to affirmative actions of the government) progress during the command economy period. However, the Dalits' progress was much less than that as compared with other social segments.

Globalization and neoliberal policies followed in India according to the authors directly and indirectly adversely impact the Dalits in several ways. The neoliberal policies perched on the two-pronged policies of state retrenchment and marketization hurt the Dalits significantly. The post-reform period has been characterized by low and declining employment elasticity, reduction in public provisioning of social goods, marketization of social sectors like education and health, freezing of government employment and increasing resort to contract labour by the government, etc., and these have reduced Dalits' access to social goods and employment. The poor performance of the agricultural sector and the declining investments by the government in it have hurt the Dalits badly who constitute a bulk of marginal farmers. Driven by agricultural distress, Dalits then migrate to the urban areas only to land up in the unorganized sector for several reasons. According to the authors, poor and declining employment elasticity of the organized sector, rise of precarious labour, absence of affirmative action by the private sector, declining jobs prospects and voluntary retirement schemes in the public enterprises put the Dalits at a disadvantage in the labour market. Their plight worsens as private sector employers practice discrimination in both employment (recruitment) and wages.

The competitive labour market theory assures that the discriminating firms who have to pay a premium for discrimination (assuming equal labour productivity of workers in the labour pool) will be at a competitive

¹The term Dalit is an umbrella term which encompasses lowly placed people in the society such as scheduled tribes, working people, landless and poor peasants, women and all those who are exploited politically, economically and in the name of religion.

disadvantage as compared to the non-discriminating firms and hence discriminating firms eventually will have to shut down their business. Also, some scholars have argued that globalization (read markets) is caste-blind, and hence, industrious and efficient people irrespective of social markers will flourish. The authors briefly speak of Dalit capitalism idea which originated sometime in the early 2000s akin to success stories of Black capitalism. However, as we have noted, markets are not perfect and hence market failures in terms of labour market discrimination in terms of employment and wage outcomes take place to the prejudice of Dalits. It has been argued that though there are success stories of Dalit capitalism, they face substantial hurdles thanks to the persistence of discrimination. For example, success of a business enterprise is contingent on ‘business networks’ which in turn is dependent on the assumption of absence of social discrimination, which is not a correct assumption to make. So the authors are not optimistic about Dalit capitalism as a solution to Dalit empowerment. Guru (2016) has critically argued that Dalit capitalists have used caste as a ‘carapace’ (a kind of protective label) to secure their space in the capitalistic system which otherwise uses competitive screening to exclude Dalits mercilessly. In other words, Dalit capitalism is not a matter of celebration of either the market or the Dalit enterprise, as they cannot be seen as a liberating institution for Dalits.

The authors blame the government for the worsening of the working (precarity) and living conditions (poverty) of Dalits as it deliberately abandoned its Constitutional mandate. Worse, it has aided and abetted flexible labour practices of employers in which it hit Dalits more than it did others and has not legally mandated the private sector to follow affirmative action. So, naturally Dalits do not trust the competitive labour market as offering solutions to their sufferings and call for increased state intervention to aid their betterment especially in the era of globalization. State matters still, though in a polemical and affirmative sense to the marginalized in general and working class in particular.

FINAL OBSERVATIONS

The foregoing should have by now convinced the readers that work and employment in the twenty-first century have assumed greater and varieties of complexities thanks to ascendancy of neoliberalism. The critical analyses in the book show how inadequate in both precept and practice neoliberalism is and will be. The discourses mostly seek to achieve

changes within capitalism as perhaps the first step rather than revisioning another class revolution. Of course, some think ‘beyond’ capitalism. But that project needs to wait, perhaps. This is so because some contributions to the debate in this book have highlighted the complexities within the ‘alternative discourses’ and hence the achievement of goals set by each ideology is going to be rather difficult. The Dalit discourse and the feminist-informality discourses remind us of the dark patches in social transformation, and the projects of Great Transformation or Class Revolution surely need to retool their projects at least in a complex country like India. Informalization of the post-reform period has created complex inter-sectionality (like Dalit feminists), and now, it is not only exploitation but other experiential factors like displacement, exclusion, etc., permeate the labour market (Guru 2016; Gopal 2013) and in the larger society pose problems for the Class Project or Social Democratic Politics. We have not got on board perspectives from other stakeholders like environmentalists or Dalit feminists who would in all probabilities join others in condemning neoliberalism for ecological disasters but would surely add to the complexities in the talk of alternatives.

The conversations in the book are clear on two issues, viz. one, at an ideational level, there is an emphatic disendorsement of neoliberalism and a broad agreement on some fundamental axioms; two, hence there is a need for the search for alternatives. All are clear that labour or a person cannot be commodified or socially marked in a manner to exclude him/her from the mainstream. The Catholic perspective in fact assures us that human beings are manifestations of Divinity, that they are equals and paid and unpaid work are dignified and of equal Divine worth if not material. All are clear that the current phase of globalization is not progressing in socially or spiritually desirable paths and needs course corrections. Naturally, it is neither logical nor feasible to think of a project based on one identity; if we did, we will commit the same mistake committed by neoliberalism which homogenizes everything, factors or policies. There will arise complexities in drafting solutions thanks to the internal contradictions but that is the unique feature of pluralism which is conducive to all kinds of progress. Finally, the role of institutions and especially the state comes out thumpingly clear as being very relevant in these discourses: the discourses at once contest the role of state and argue for more benevolent and greater intervention. The contributions do not merely critique neoliberalism but identify the potential for and call for remedial and even ‘reformation’ (movements appealing to larger

audience) measures. The Project Action includes institutional configurations both in domestic and in global realms (social movement unionism, or a general union or global alliances), political actions (for merging of union and political consciousness, empowering), retooling of ILO, state intervention, etc., on the one hand, and a powerful call for creating and reviving the value systems to guide the social, political and other processes at all realms.

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CHAPTER 2

Twenty-First-Century Capitalist Development: Upon the Backs of, and Against, Global Labour

Benjamin Selwyn

INTRODUCTION

The Sustainable Development Goals (SDGs), and behind them the Global Development Industry (GDI), generate a picture of a world which, despite continuing challenges, is experiencing the long-term benefits of capitalist development. SDG goal no. 1—the ending of poverty in all its forms, everywhere by 2030—is widely proclaimed to be realizable.

The GDI consists of numerous institutions across the political spectrum, ranging from the United Nations (UN), the World Bank, the International Monetary Fund (IMF) and the World Trade Organization to, perhaps more surprisingly, the International Labour Organization (ILO) and many other organizations and intellectuals. *The Economist* (2013) expresses succinctly the core of the GDI ideology: ‘Most of the credit [for global poverty reduction] ... must go to capitalism and free trade, for they enable economies to grow – and it was growth, principally, that has eased destitution’ (ibid., 2013). Some GDI institutions

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© The Author(s) 2019
K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and Globalization in India*, https://doi.org/10.1007/978-981-13-6972-8_2

such as the World Bank (and *The Economist*) are more liberal, while others such as the ILO are more ‘interventionist’. The former argues that states must support market expansion, while the latter argues for closer state involvement and intervention in markets to protect and promote labour standards. Both, however, maintain that poor country integration into global capitalist markets (under the correct conditions) and continued economic growth represent the surest path to poverty reduction. The GDI’s core precepts are that:

- Economic growth is the basis for human development;
- Capitalist property rights are necessary, and the right of the capitalist investor to their profit is sacrosanct;
- Poverty is caused by malfunctioning capitalist markets, not by capitalism per se; and
- The capital–labour relation cannot be the source of oppression and/or exploitation as it is freely entered into by workers and capitalists.

The GDI portrays capitalist development in win–win terms, where the correct type of global integration benefits capital and labour. But this portrayal is a myth, sold to the world’s poor in order to legitimate continued capital accumulation and economic growth. As Paul Cammack argued a decade and a half ago, the institutions presiding over contemporary global development have as their primary objective, the deliverance of:

[A]n exploitable global proletariat into the hands of capital. This... involve[s] drawing the poorest of the world’s population into the workforce...[T]he larger part of this strategy... is to deny the poor any alternative, and to create a reserve army of labour that will enforce the disciplines of capitalist labour-markets across the greater part of humanity. (Cammack 2002, 126)

The GDI’s core claims about the benefits of capitalist development are being rejected increasingly across the globe. For example, Pope Francis (2015), speaking to (perhaps on behalf of) a broad constituency of the world’s poor, argues that capitalism imposes ‘the mentality of profit at any price, with no concern for social exclusion or the destruction of nature’. Further, ‘this system is by now intolerable: farm workers find it

intolerable, labourers find it intolerable, communities find it intolerable, peoples find it intolerable. The earth itself ... finds it intolerable’.

Is there a developmental alternative to capitalist exploitation and degradation? Long ago, Marx outlined a genuinely progressive vision of human development, which this chapter argues, is time to revisit. It does so by formulating the conception of labour-led development (LLD). Marx conceived of a process of social transformation, based upon collective actions by labouring classes, that would be orientated towards achieving maximum collective and individual fulfilment, based on the ‘the absolute working out of [individual] creative potentialities’ (Marx 1993, in *Grundrisse*, 425), where ‘the free development of each is the condition for the free development of all’ (Marx and Engels 1967 [1848], in *Manifesto*, 29). This chapter argues that such transformative developmental processes are prefigurative, in that while they entail struggles by labouring classes against capitalist exploitation (i.e. the social relations that constrain labouring classes’ individual and collective freedoms), they also raise the possibility of further transformations, beyond capitalism. Put another way, they provide a bridge between today’s world (capitalism) to tomorrow’s world (socialism).

The remainder of this chapter is organized as follows. Section ‘[Global Capitalism: Global Wealth, Global Poverty](#)’ shows how the GDI grossly underestimates the extent of global poverty. Section ‘[Class Analysis and Global Labour](#)’ provides an outline of the formation and expansion of a largely poor global labouring class. Section ‘[Capital-Centred Development Theory](#)’ details the elite subject–subordinate object conception of social change upon which mainstream theories of (market-led and state-led) development are founded. Section ‘[Labour-Led Development: Theory and Practice](#)’ outlines theoretically and empirically an alternative, labour-led approach to human development. Section ‘[Conclusions](#)’ summarizes and concludes the chapter.

GLOBAL CAPITALISM: GLOBAL WEALTH, GLOBAL POVERTY

Despite the chronic global economic crisis that emerged in 2007, total global wealth (the sum total of money and other assets) continues to multiply. In 2013, it reached an all-time high of US\$241 trillion, an increase of 68% since 2003. The Swiss-based financial organization Credit Suisse (2015) estimates that total global wealth will reach US\$345 trillion by mid-2020. Total global wealth itself

tells us nothing about the fortunes of the global labouring class. But consider the following data:

- In 2015, sixty-two individuals owned the same wealth as 3.6 billion people, the bottom half of humanity;
- The wealth of the richest sixty-two people increased by 44% between 2010 and 2015—an increase of over half a trillion dollars—to US\$1.76 trillion; and
- During the same period, the wealth of the bottom 50% of humanity fell by over US\$1 trillion—a drop of 38% (Hardoon et al. 2016).

The GDI and Global Poverty Analysis

Contemporary thinking and action about global poverty are informed, primarily, by the World Bank's 'dollar-a-day' (\$1.90 2015 Purchasing Power Parity [PPP]) perspective. The World Bank claims that, in 2015, the percentage of the world's population living in extreme poverty fell to under 10% (World Bank 2015). The GDI's developmental optimism is expressed clearly by former UN Millennium Development project director Jeffrey Sachs, who argues that sweatshops 'are the first rung on the ladder out of extreme poverty' and that 'rich-world protestors ... should support increased numbers of such jobs' (Sachs 2005, 11). Sachs' claim is tenable only because the measure of poverty upon which it is based is designed to make intense exploitation-generated poverty appear as development.

Even on its own terms, the claim that global poverty is low and falling is entirely dependent upon where the poverty line is set. Slightly higher poverty lines (which are still inhumanly low) show persistently high (and, depending on the poverty line, sometimes increasing) levels of global poverty over the last four decades. Sanjay Reddy and Thomas Pogge (2010, 42–54) show that when global poverty is measured according to the World Bank's 'official' poverty line (which used to be \$1.25 a day), it decreased by 27% between 1981 and 2005. However, if a slightly higher poverty line of \$2.00 a day was used, during this period poverty increased by 1%. A poverty line of \$2.5 a day reveals an increase of 13%.

The World Bank's international poverty line (IPL) is inhumanly low. For example, in India in 2007, the \$1-a-day equivalent in PPP terms was 9 Indian rupees or around \$25 cents (Devichand 2007). In Northern countries, the '\$1-a-day line is ... equivalent to living on about £0.60 per

person per day in the UK in 2007. This means a family of four living on an income of about £75 a month' (Woodward 2010, 12).

Not only is the dollar-a-day conception of poverty inhumanly low, it is based entirely upon (a misleading notion of) individual consumption. For example, in its 1990 World Development Report, where this methodology was first outlined, the Bank excluded indoor piped water from its poverty analysis, stating that 'in some countries piped water inside a dwelling is a luxury, but in others it is a "necessity"' (World Bank 1990, 27). The Bank thereby 'assumes food to be the sole human need, leaving all other needs fully unmet... thus adopting a conception that reduces human beings to the status of animals' (Boltvinik and Damián 2016, 177). This assumption means that the IPL does not tell us whether any individual could actually survive at, or just above, it.

World Bank's claim that global poverty is low and falling does not tally with data on global hunger trends. For example, in 2011 the Bank calculated that, in India, 300 million people lived below the IPL and also claimed that the incidence of poverty in the country was declining. However, in the same year approximately 900 million people in India were living on fewer than 2100 calories a day. Further, the proportion of the population consuming insufficient calories has increased—from 58% in 1984, to 64% in 2005, to around 75% in 2011 (Prashad 2014).

The Bank's poverty measurement methodology excludes consideration of the numbers of hours, and types of work required, for workers to earn enough to consume above the poverty threshold. By contrast, the Food and Agriculture Organization (FAO) generates data about daily calorie intake based on 'normal' (white-collar-type) activities and 'intense' activities (such as working in fields, plantations, factories and mines). In 2012, based upon calorie requirements to support normal activities, 1.5 billion people were hungry. For people undertaking intense activities, the numbers suffering from hunger increased from around 2.25 billion in the early 1990s to approximately 2.5 billion in 2012 (FAO 2012; Hickel 2016, 759–60).

Many experts on poverty recommend that the World Bank's poverty line be raised significantly, so that it is between four and ten times higher (Edward 2006; Woodward 2010; Pritchett 2006; Sumner 2016). At these levels, the majority of the global labouring class lives in poverty.

CLASS ANALYSIS AND GLOBAL LABOUR

Marx's class-relational approach helps explain the apparent paradox of rising global wealth and the reproduction of new forms of labouring class poverty. For Marx, class is a *relationship of exploitation* where capitalist classes extract surplus value from labouring classes. Under capitalism, workers are systematically paid less than the value they produce for their employers (Marx 1990). The reproduction of these social relations is achieved through the relative disempowerment of labour vis-à-vis capital. If labour was genuinely empowered politically and economically, then its need to sell itself into an exploitative relationship would diminish. The political disempowerment of labour is a prerequisite to its exploitation by capital. As the late Ellen Meiksins Wood wrote, the essence of the capitalist economy is that:

a very wide range of human activities, which in other times and places were subject to the state or to communal regulation of various kinds, have been transferred to the economic domain. In that ever-expanding domain, human beings are governed not only by the hierarchies of the workplace but also by the compulsions of the market, the relentless requirements of profit-maximization and constant capital accumulation, none of which are subject to democratic freedom or accountability. (Wood 2012, 317)

The global labouring class is the foundation upon which global wealth is generated and concentrated. The ILO estimates that the global labour force numbered over 3 billion by the mid-2000s (Kapsos 2007). The term 'labouring' classes refers here to 'the growing numbers ... who now depend – directly *and indirectly* – on the sale of their labour power for their own daily reproduction' (Panitch et al. 2001, ix, emphasis added).

It is not uncommon to hear Marxists (especially in the Global North) talk about the working class using Fordist imagery—as if the working class is constituted by permanently employed, male, factory workers. But such an image represents only one (minority) description of the myriad collectivities that make up the global labouring class. This class includes unpaid women workers largely responsible for social reproduction in the household, urban/industrial employed workers ('the working class' in traditional Marxian terminology), urban and rural unemployed workers, 'informal' workers that populate the ever-expanding urban slum lands, many members of the peasantry, and many members of the

so-called emerging developing-world middle class. While this class takes myriad forms, it shares a common condition—its subordination to and exploitation by capital. In this way, it constitutes a ‘unity of the diverse’ (Marx 1993, 41).

Several mega-trends, of class decomposition and recomposition, intertwining with new and old hierarchies and forms of oppression, underpin the expansion and fragmentation of the contemporary global labouring class. First, mass disposessions (de-peasantization) have swept the Global South. Peasantries and rural labour forces have been pushed off the land following its commercialization for agri-business, its appropriation for non-agricultural use, and as a consequence of the increasing difficulties of sustaining small-scale agricultural production.

Transformations in rural social relations have underpinned vast international and domestic population movements. Between 1970 and 2012, the number of international migrants increased from approximately 84 million to 232 million people. During the same period, the number of internal migrants (mostly rural to urban) has been estimated at around 750 million people. All in all, during the neoliberal period, something like 1 billion people have left their homes to live elsewhere. Most migrants are labour migrants and, consequently, around one in three workers around the world live in places different to where they were born (Delgado Wise and Veltmeyer 2016, 1–2).

Second, there has been a huge expansion of the (increasingly female) industrial working class across the Global South. The ILO calculates that the percentage of the world’s industrial labour force located in ‘less developed regions’ expanded from 34% in 1950, to 53% in 1980 (ILO 2008), and to 79% in 2010 (Smith 2016, 103). Relatedly, the IMF documents that the number of labourers working in export-orientated industries quadrupled between 1980 and 2003 (IMF 2007, 162).

Third, the expansion of the world’s labouring class is not simply a function of push and pull factors (e.g. land grabs and urban work opportunities). It is based upon increased women’s labour inside and outside the household, which is often organized along global lines. As Amy Hite and Jocelyn Viterna observe:

In households facing enormous financial pressures, women respond by employing a series of strategies within the household, by organizing their communities to demand government assistance, and by going to work or increasing the amount of time that they spent on paid labour ... Women’s

roles as ‘shock absorbers’ only increased their vulnerability in the work place, as vanishing household resources necessitated their increased acquiescence to poor working conditions. (2005, 54)

In addition to their unpaid domestic labour, by the mid-2000s around 67 million women worked as paid domestic labourers for other families, including more than 11 million migrant care workers (Gallotti 2015).

A fourth mega-trend has been the expansion of the numbers of the global unemployed. Already by the late 1990s, ‘one billion workers representing one-third of the world’s labour force, most of them in the South, were either unemployed or underemployed’ (Davis 2006, 199). Under the direction of multinational firms, the global information technology revolution is being directed to displace even more labour. As Cornell University Professor Kaushik Basu (2016) notes:

Digital innovations over the last three decades now enable people to work for employers and firms in different countries, without having to migrate. ... As the march of technology continues, these strains will eventually spread to the entire world, exacerbating global inequality – already intolerably high – as workers’ earnings diminish.

Fifth, insecure employment is on the rise across the globe. India represents perhaps the front runner in the casualization race, where over 90% of workers are informal (Prashad 2014).

Global capitalism reproduces itself through an increasingly large, fragmented and exploited labouring class, from which it exacts a terrible human developmental price. The sixth mega-trend, however, represents the potential source for a transformation of these conditions. Even before the onset of the current global economic crisis, the US geo-strategist Zbigniew Brzezinski described a situation where ‘In the twenty-first century the population of much of the developing world is ... politically stirring. It is a population conscious of social injustice to an unprecedented degree and resentful of its deprivations and lack of personal dignity’ (Brzezinski 2007, 203).

Accumulating resentment among labouring classes represents a social tinderbox, where sparks can detonate mass collective unrest. These revolts can be toxic as well as potentially emancipatory. As an example of the former, in 2002 the Gujarat city of Ahmedabad experienced waves of anti-Muslim pogroms carried out under communalist Hindu-nationalist ideology.

However, the energy of collective actions of labouring classes, when channelled against capital and its political institutions, can represent a transformative and genuinely developmental social dynamo. Following the onset of the 2008 global economic crisis, North Africa experienced a series of mass uprisings, which demonstrated the (as yet unfulfilled) potential of labouring classes to challenge and transform the regions' national political economic systems. Throughout 2015, 2016 and into 2017 in South Africa, mass student struggles for free education intensified. In September 2016, between 150 and 180 million workers in India waged a general strike against continued anti-labour state policies (Khan 2016). Throughout 2016 in Argentina, large-scale demonstrations and strikes by women workers sought to highlight and combat gender inequality and violence against women. A mass strike on 19 October demanded 'higher and equal salaries, an end to precarious and informal labour, longer parental leaves that include fathers, workplace nurseries, and effective prosecution in cases of workplace abuse, violence, and discrimination' (Zorzoli 2016). Recent mass protests, including a two million strong demonstration, in South Korea led to the impeachment of President Park Guen-hye on corruption charges. Perhaps most remarkably, decades-long mass struggles by Chinese workers have won them very significant wage increases. Between 2005 and 2016, average hourly wages in China's manufacturing sector trebled (*China Economic Review* 2017).

Whether or not such movements begin to realize their latent potential to generate novel developmental dynamics depends upon their successful collective mobilization. There are, to be sure, many barriers to such realization. One of them is globally prevalent theories of development. As will be shown below, these exclude labouring class solidarity and collective action from their visions of social change, thereby enabling anti-labouring class parties and movements to adopt the ever-powerful imagery and emancipatory language of development.

The following section highlights the capital-centred and anti-labour dimensions of the two most popular theories of development, market-led/neoliberal development and statist political economy (SPE). Transcending these conceptualizations of human social change represents one dimension of the struggle for real human development.

CAPITAL-CENTRED DEVELOPMENT THEORY

The various institutions comprising the GDI state as their objective, and often as their *raison d'être*, the goal of uplifting of the world's poor. However, the GDI's core axioms about 'the poor' in the development process contribute to their continued exploitation and impoverishment.

The GDI holds to elite subject–subordinate object (ES–SO) conception of social transformation, based upon four maxims:

- i. Capital accumulation is identified as the basis for the development of the poor;
- ii. Elites (in particular corporations and states) are identified as drivers of capital accumulation;
- iii. Myriad actions, movements and struggles by the poor are considered as hindrances to development; and
- iv. As a consequence of point 3, elite repression and exploitation of the poor politically and economically is legitimized, especially when the latter contest elite-led development.

The ES–SO conception of development represents an 'intent to develop through the exercise of trusteeship *over society*. Trusteeship is the intent which is expressed, by one source of agency, to develop the capacities of another' (Cowen and Shenton 1996, ix–x). This process of development, however, is based upon the reproduction of intensely unequal social relations and entails the 'exercise of power in which the capacity to state the purpose of development *is not accompanied by accountability*' (ibid., 454, emphases added). ES–SO variants of development theory exist across the political spectrum (see Selwyn 2014, 2017, for an overview). At the close of the twentieth century and the outset of the twenty-first century, the two most popular perspectives were market-led and state-led variants. While their respective proponents often emphasize their mutual incompatibility, their differences are more of the familial variety rather than of a species difference.

Market-Led Development

Neoliberal conceptions of development represent the late twentieth-century ideology of pure free-market capitalism. They have been used from the 1980s onwards to justify structural adjustment programmes

designed to further integrate countries into networks of global capitalism. They derive from Adam Smith's understanding of gains from specialization, David Ricardo's theory of comparative advantage, and the emphasis of marginalist economics upon 'perfect' markets. Each tenet contributes to generating 'higher productivity and labour utilisation' (OECD [Organisation for Economic Co-operation and Development], cited in Cammack 2013, 3).

Ricardo's theory is based on a simple truth—that at any given moment each country performs a range of activities better than it does others. From this truth arises, the (much debated) policy prescription that countries should specialize in the mix of activities they do best, which will maximize effective resource use and output. Goods can then be traded on the world market in exchange for goods that a society wishes to consume. If this theory is adhered to on a world scale, then global resource use will be optimized and the maximum range of goods will be produced at lowest cost. Specialization and trade ensure a harmony of interests between different national economic units. What benefits one country benefits another—and their respective populations.

Neoliberal development theories also adhere to marginalist axioms about perfect markets, which are undermined by labour market inflexibilities. As Robert Solow noted:

A labour market is inflexible if the level of unemployment—insurance benefits is too high or their duration is too long, or if there are too many restrictions on the freedom of employers to fire and to hire, or if the permissible hours of work are too tightly regulated, or if excessively generous compensation for overtime work is mandated, or if trade unions have too much power to protect incumbent workers against competition and to control the flow of work at the site of production, or perhaps if statutory health and safety regulations are too stringent. (Solow 1988, 1)

From the above perspective, ensuring labour market flexibility represents a baseline for successful economic development. Moreover, it is held to contribute to increasing freedoms of individuals that comprise a national society. An unmistakable statement of this logic was made by Friedrich Hayek following General Pinochet's murderous 1973 coup against Chile's democratically elected President Salvador Allende: 'I have not been able to find a single person even in much-maligned Chile who did not agree that personal freedom was much greater under Pinochet

than it had been under Allende' (Hayek 1978; Selwyn 2015a). The logical basis of Hayek's position—that any form of workers' democracy undermines capitalist efficiency, and therefore the common good of society—was stated with greater brutality compared with later neoliberal justifications for labour market restructuring. But its logical opposition to any form of workers' influence over capital accumulation and/or resource allocation became the core of neoliberal ideology as it gained institutional support from the late 1970s onwards.

For example, in its 1993 report on the East Asian miracle, the World Bank argued that part of the success of the high-performing Asian economies was their ability to limit labour market distortions. These economies 'have generally been less vulnerable than other developing-economy governments to organized labour's demands to legislate a minimum wage'. Further, 'Because wages or at least wage rate increases have been downwardly flexible in response to changes in the demand for labour, adjustment to macroeconomic shocks has generally been quicker and less painful in East Asia than in other developing regions' (World Bank 1993, 19).

Statist Political Economy

Statist political economy is rooted in the work of Alexander Hamilton, Friedrich List, and post-World War II emergence of development economics, encompassing thinkers such as Gerschenkron, Kaldor, Hirschman and others. Contemporary advocates of SPE, drawing on Chalmers Johnson's concept of the developmental state, include Robert Wade, Ha-Joon Chang, Alice Amsden, Atul Kohli and Peter Evans, among others (see Selwyn 2014, for an overview).

SPE represents a partial critique of liberal, Ricardian economics. The notion of development based upon comparative advantage is criticized by SPE, which argues that contemporary developed countries did not industrialize according to comparative advantage maxims. Rather, they pursued 'infant-industry' strategies—including protective tariffs, subsidies and the provision of research and development to nascent industries, and reverse engineering. The promotion of comparative advantage maxims by already developed countries and Northern institutions such as the World Bank is therefore portrayed (correctly) by SPE as hypocrisy (Wade 1990).

While many states attempted to facilitate rapid industrialization through the above-mentioned strategies in the twenty to thirty years following World War II and decolonization, many failed to do so.

To explain these divergent outcomes, SPE emphasizes the importance of state capacity, often achieved through the establishment of elite planning bodies. Peter Evans's concept of 'embedded autonomy', drawing on Max Weber's (1978) concerns with bureaucratic rationality, represents an attempt to theorize dynamic relations between developmental state bureaucracies and business elites that generate long-term economic growth and industrial transformation (Evans 1995).

Much of SPE's popularity within development thinking derives from its penetrating critique of the above-mentioned neoliberal axioms. However, it represents a case of capital-centred development theory par excellence, and often in a brutal form. In her study of South Korean industrialization, Alice Amsden recognizes how 'high profits in [its] mass-production industries have been derived not merely from investments in machinery and modern work methods ... but also from the world's longest working week'. Alongside effective investments, 'cheap labour' and 'labour repression is the basis of late industrialization everywhere'. Amsden observes the impacts of the gender division of labour on women workers: 'The average wages of women workers ... have lagged far behind those of men, enabling employers in the labour intensive industries to remain internationally competitive alongside the growth of a mass-production sector. Wage discrimination against women in Korea and Japan is the worst in the world' (Amsden 1990, 13–14, 18, 30).

In his comparative study of late development in South Korea, India, Brazil and Nigeria, Atul Kohli illustrates the ability of the former state to allocate resources efficiently and successfully to implement long-term industrial upgrading strategies across the economy. He notes, like Amsden, the need for strict workplace discipline. He also compares South Korea to the interwar European fascist states and concludes that: 'Generally right-wing authoritarian ... [these states] ... prioritize rapid industrialization as a national goal, are staffed competently, work closely with industrialists, systematically discipline and repress labour, penetrate and control the rural society, and use economic nationalism as a tool of political mobilisation' (Kohli 2004, 381).

Dae-Oup Chang (2002), in his critique of SPE, documents how, in General Park's South Korea, trade unionists were sent to concentration camps. Contemporary China is often championed by statist political economists as formulating an alternative path to neoliberal capitalism (the so-called Beijing consensus). But, as in previous East Asian developmental states, labour repression and lack of democracy have been and

remain the core determinants of its ability to generate the world's biggest labouring class and subject it to intense discipline and exploitation.

SPE, while representing a powerful critique of neoliberal comparative advantage theory, rests upon the same ES–SO conception of development. Both view workers as bearers of labour power, to be managed, disciplined and exploited in order to yield economic surpluses for further investment. In this respect, General Pinochet's neoliberal Chile and General Park's statist South Korea had much more in common than the intellectual rivalry between neoliberal theory and SPE might suggest.

None of the Asian success stories—Japan, South Korea, Taiwan and now China—even after long periods of rapid economic growth and industrial upgrading and diversification, can be said to have overcome the ES–SO relationship and the deleterious labour conditions that characterized their earlier (and in China's case ongoing) developmental efforts. SPE rejects a priori posing the question of whether objects of development can self-transform into subjects of development, and whether this may generate novel and positive human developmental dynamics.

LABOUR-LED DEVELOPMENT: THEORY AND PRACTICE

Capital-centred development theory and practice views capital's needs (of accumulation, enhanced competitiveness and systematic appropriation of workers' unpaid labour) as the basis for achieving human development. It also views labour from the perspective of capital—where labour's needs (for better living and working conditions and higher wages) are achieved by securing, first, capital's needs. Capital-centred development theories view the world through the lens of capital and represent, in one form or another, the political economy of capital. But this is not the only form of political economy that derives from the analysis of capitalist class relations. These relations generate an alternative political economy—the political economy of labour—and, deriving from it, alternative understandings of and strategies for achieving human development, which is conceived here as LLD.

In his inaugural address to the First International, Marx provided two examples of the political economy of labour. The first, the Ten Hours Act (introduced in England in 1847), which legally reduced the working day to a maximum of ten hours, was the first time that 'in broad daylight the political economy of the [capitalist] class succumbed to the political

economy of the working class'. The second example was the creation of worker-run cooperative factories. The latter was significant because 'By deed instead of by argument ... [such organisations] ... have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands' (Marx 1864).

The political economy of labour views labour power from the vantage point of labour rather than from the vantage point of capital. This generates a fundamentally different, and opposed, world view to that advanced by capital-centred development theories. As Michael Lebowitz describes: 'The value of labour-power looks different from the two sides of the capital/wage-labour relation. Just as for capital it is the cost of an input for the capitalist process of production, for workers it is the cost of inputs for their own process of production'. Consequently: 'Two different moments of production, two different goals, two different perspectives on the value of labour-power; while for capital, the value of labour-power is a means of satisfying its goal of surplus value ... for the wage-labourer, it is the means of satisfying the goal of self-development' (Lebowitz 2003, 127). The existence of two potentially rival political economies is constitutive of (i.e. it shapes) capitalist development in at least two ways. On the one hand, 'capital does not merely seek the realisation of its own goal [accumulation] ... it also must seek to suspend the realisation of the goals of wage-labour' (ibid., 85). This suspension is observable in capital-centred development theory's ideological legitimisation and practical contribution to demobilizing labouring classes and subjecting them to elite direction.

However, the potential existence of a rival political economy is constitutive of capitalist development in a second way. Workers' collective gains against capital are won through 'negating competition ... infringing on the "sacred" law of supply and demand and engaging in "planned co-operation"' (Lebowitz 2003, 67, citing Marx). Such collective actions, the elite responses to them, and the institutional formations that occur subsequently, often engender the more progressive features of capitalist development, such as workers' rights, welfare provision, and various forms of democracy (Selwyn 2015b).

There are numerous examples of LLD. As noted in section '[Class Analysis and Global Labour](#)' above, the global labouring class represents a 'unity of the diverse': while it is dependent for its survival, directly or indirectly, upon the sale of its labour power, and is subject to capitalist

exploitation, it also takes myriad forms. These forms, in turn, give rise to diverse objectives, struggles and outcomes.

In Brazil since the mid-1980s, through the actions of the landless labourers' movement (*Movimento dos Trabalhadores Rurais Sem Terra/MST*) over 350,000 families have claimed and won rights to land. Following the 1964 military coup and subsequent agrarian modernization, millions of labourers and small-scale producers were thrown off the land, often into fast-expanding urban slums. Rather than wait for benign state action or employment opportunities from firms, many of the displaced began self-mobilizing to ameliorate their conditions through regaining access to and control over land (Wolford 2010).

Rural collective actions have also generated notable gains for labouring classes in India. Over the last thirty years or so, women agricultural labourers in Bihar, eastern India, have fought for land redistribution, an end to caste discrimination, and a living wage (Wilson 2008). In this region, women workers have borne the brunt of highly concentrated land and class and caste power. Sexual harassment and rape by landlords of *Dalit* women were, for a long time, considered normal behaviours deriving from caste superiority/privilege. But women workers have managed to change the dynamics of caste and class power. Kalpana Wilson describes how:

Women labourers have played a central role in wage struggles ... initially [placing] wage demands before employers, and subsequently collectively refus[ing] to work. Women have also led marches of thousands to physically occupy land for redistribution ... It is women who, armed with bricks, small scythes or household utensils, have driven the police out of their villages when they have arrived heavily armed in midnight or dawn raids, or who have surrounded police jeeps and snatched back those arrested, even forcing the police to apologise in some instances. (Wilson 2008, 87–88)

Since the turn of the Millennium in Argentina, there has been an upsurge in factory occupations (the *fábricas recuperadas* movement) by workers threatened with redundancy and the consequent loss of their livelihoods. By the mid-2000s, approximately 15,000 workers had taken over and were self-managing around 200 enterprises across the country, ranging from metallurgical companies, food and meat processing plants, and printing companies to hotels and supermarkets and health

and educational services (Atzeni and Ghigliani 2007). By 2005, the movement controlled most of the factories both in the country's southern province of Neuquén and nationally (Meyer and Chaves 2009, 167). This movement reinforces Marx's comments that 'By deed instead of by argument ... [such organisations] ... have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands' (Marx 1864).

In some cases, *fábricas recuperadas* have increased productivity and increased the numbers of jobs in their factories. For example, the occupied Zanón tile factory (in Neuquén) underwent a notable transformation under workers' control:

In October 2001, the workers officially declared the factory to be 'under workers' control'. By March 2002, the factory fully returned to production During the period of workers' control, the number of employees has increased from 300 to 470 ... wages have risen by 100 pesos a month, and the level of production has increased. Accidents have fallen by 90%. (Elliot 2006, quoted by Selwyn 2017, 119)

Tile production grew from 1.07 to 4.31 million square feet per annum between 2005 and 2008 (Meyer and Chaves 2009, 171). In occupied factories, an alternative work ethic emerged: 'Workers defend their own power over the organization of production and the decision-making process by proudly stressing their freedom from direct/supervisory control, the existence of egalitarian relations and the benefits of democratic participation' (Atzeni and Ghigliani 2007, 659). In these cases, hierarchical power structures have been replaced, or at least modified, by assemblies where workers meet to discuss and decide questions of factory management, and by management councils which are elected by the assemblies to take charge of daily administration, commercial responsibilities and legal representation.

Indonesia represents another zone of mass labour militancy. The country has experienced immiserating growth since its embrace of the neoliberal principles of openness, deregulation and low wages from the late 1990s onwards. Rapidly expanding palm oil and manufacturing sectors have generated large labouring classes that subsist on poverty wages. However, workers' struggles have pushed up the minimum wage. Over a million workers struck across the country in October 2012, and more

than 500,000 workers took to the streets to celebrate May Day in 2013. Their actions increased the minimum wage by 20% between 2011 and 2012 and by 44% between 2012 and 2013, raising the minimum wage to a level that local government considered adequate for meeting ‘decent living needs’ (Hauf 2016, 139).

These examples represent ruptures in capital’s control over and exploitation of labour. They also point to labouring classes potential to manage their own affairs free from capitalist management. The concept of LLD identifies two interlinked dynamics. The first is the developmental ameliorations achieved by collective actions by labouring classes for their communities, under capitalism. The second is how such movements begin to challenge the power of capital, and by doing so, raise the potential of generating new, non-exploitative, social relations of social reproduction.

Various structural and political dynamics militate against LLD. These include the incorporation of workers’ movements into capitalist institutional and decision-making processes, continued class (re)formation (including on the one hand the rise of the so-called middle class and, on the other ongoing processes of precarization), and the buying into various ideologies of capitalist development by labouring class movements. Put differently, capitalist hegemony—through the reproduction of labour markets, class relations, state power and ideology—all militate against LLD. The fact that cases of it emerge and are reproduced, indicates that even against such odds, the political economy of labour exists as an alternative to the political economy of capital, and that it can and does generate new, transformative, developmental opportunities. The above-noted barriers to LLD can be recognized empirically and theoretically. However, while Marxist theory can contribute to identifying them and identifying ways in which they can be addressed, ultimately it will be for labouring class movements to confront, address and transcend such barriers in the process of LLD.

While proponents of capitalist expansion portray such ruptures as disruptive to capital accumulation, and therefore to society as a whole, the theory of LLD proposed here provides a radically different and opposed interpretation. Such collective actions, based on conceptions of solidarity, generate not only immediate developmental gains for labouring classes and their communities, but also new ways of visualizing further and ever more profound societal transformations.

CONCLUSIONS

Capitalism's wealth-generating dynamism is unprecedented historically. The GDI identifies this dynamism as the source of human betterment. However, capitalism's exploitative social relations mean that its dynamism will only every benefit a minority, while its costs will be borne by the majority. Rather than praise capitalism for its ability to generate wealth, it would be more honest and intellectually accurate to celebrate its ability to extract more surplus labour from workers than any historically antecedent system. But to do this would be to reveal its life force.

Capital-centred development theory, whether market or state-led (or more often than not, a combination of the two), rests upon elite subject-subordinate object assumptions about social transformation and encourages workers to buy into such a world view. In these approaches, labour exploitation and subordination are portrayed as necessary for development and good for workers.

Capitalism's basis in labour exploitation represents an insurmountable barrier to real human development. The GDI attempts to surmount this contradiction by generating poverty measures, the World Bank's dollar-a-day IPL, that purport to show capitalism's positive developmental impacts upon the world's poor. However, as illustrated above, this measure is unfit for purpose.

A genuinely progressive comprehension of human development would begin by recognizing capitalism's basis in labour exploitation and would then enquire into how resisting that exploitation generates developmental gains for labour. The concept of LLD is intended to represent a contribution to that endeavour.

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Labour–Capital Conflict and Permeation of Class in Marxian Categories

Satyaki Roy

INTRODUCTION

Labour receives returns not on what they produce but on the basis of what they sell. They sell their labour power which is distinct from the actual expenditure of labour. What the employer buys is not labour but labour power which is capacity or energy to do labour. The distinction between labour and labour power is crucial in Marx in identifying the origin of surplus value. Marx's theory suggests that the act of buying and selling of labour power is non-exploitative as it is an exchange in the market that is assumed to be based on equivalence of value. The monetary expression of the value of labour power in the form of wages is paid to the worker, but the value that the worker produces is higher than the value of labour power. The question therefore arises, why the worker produces more value than itself. And Marx's answer in *Capital I* is that this is nothing intrinsic to labour as human species but because of a social construct that historically arises with the emergence of capitalism that forcibly separates direct producers from their means of production. The worker will produce more value than the value of labour power when she/he has lost all other options of livelihood and can survive only

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K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and Globalization in India*, https://doi.org/10.1007/978-981-13-6972-8_3

by selling of labour power. This is further supplemented by the continuous reproduction of the conditions of alienation on the one hand and on the other by replenishing the ‘reserve army of labour’ or relative surplus population that makes job loss a credible threat.

In the labour process literature of the Marxian tradition, the focus of the analyses delves more into the question of extraction of labour from labour power. Labour is a fictitious commodity (Polanyi 1944) in the sense that even if it is sold, the owner of the labour power cannot fully ensure the maximum flow of labour out of that. In other words, some bit of autonomy of labour continues to exist and it is the task left to the army of supervisors, managers and so on to ensure the maximization of labour from the purchased labour power. This is precisely the reason why capital–labour relation is a terrain of contestation, essentially political, unlike other sorts of sale and purchase of commodities. This contestation is relating to appropriation of labour from labour power where management techniques or production technologies and processes are deployed with the purpose of reducing the autonomy of labour. Particular labour regimes emerge that are commensurate to the process of production and appropriation of surplus value. This, however, does not mean that capital is the sole author of history, making changes in production structures according to their will and workers simply fall in line accordingly. In fact, it is a dialectical process where one influences and constitutes the other. As a response to labour ascendancy, Fordism was introduced as a social democratic compromise while neoliberalism in the later phase is a response of the capitalist class to declining profitability during late sixties and early seventies.

Marx didn’t write a book particularly on labour although he had a plan to do so. He wrote on capital, and he was keen to unravel the materialities of capitalism that constitute the unfreedom of labour. But this is sometimes read as an exposition of the ‘laws of motion’ of capitalism that is ‘objective’, largely economic and devoid of configuration of power relations. It is Marx’s analyses of a ‘chemically pure’ capitalist system wherein *Capital* in its three volumes discusses the nuts and bolts and analytics of a model where labour seems to be in the receiving end. In the first section of this paper, we would like to revisit the discussion on political content of capital and try to see how contestations are intrinsic to Marx’s analyses. Next, the paper highlights one important dimension of these systemic analyses of exploitation which is essentially a relation between classes rather than between individuals.

In this context, we discuss Marx's notion of 'abstract labour' and juxtapose with it his determination of the general rate of profit. In both these cases, the paper argues that determinations of return to both labour and capital in Marx's analyses presume societal existence of both labour and capital, being mediated through market. Finally, in the fourth section, we extend these analyses to capture contemporary trends of the rise of 'social labour' and the determination of returns to factors those are increasingly becoming functions of political contestations rather than being derived from calculus of context-specific productivities.

CLASS CONSTRUCT OF ECONOMIC CATEGORIES

Interpretation of *Capital* has been a terrain of contestation within Marxists in the past two decades. One major aspect of that debate has been how labour fare in Marx's narrative of capitalism. One strand of argument largely put forward by the 'objectivists' is that Capital is the story of capitalism told by Marx from the vantage of capital in which subjectivity of labour either does not exist or not being able to influence the process. In fact, the argument stretches on saying that what Marx was explaining in *Capital* is the self-augmenting drive to expand value which is independent of the contingencies of history. And, therefore, it is about a model where categories and concepts are deployed sequentially and not as consequently. The systemic nature of analyses is built upon conceptual categories, and their relationship within creates a life of its own. The larger point that comes out from this interpretation is that Marx was primarily narrating a chemically pure system which is not homologous to the historically existing capitalism defined by time and space. And there is a difference between dialectics that moves analytically and the one that works historically. The subversion of labour's subjectivity in capitalism arises because of the suspension of use values in the process of exchange. Since capital is an expansion of values being created by abstract labour and not concrete forms, the agency of labour seems to be subsumed in the process of abstraction. Therefore, the story that remains is a systemic articulation of a self-determining subject, capital. Postone (1993) argued that capital in Marx is like absolute subject in Hegel which is self-referential and expands through its inner logic. In sum, the objectivist view sees in *Capital* the 'laws of motion' of capitalism and does not see the class struggle in which these laws are embedded in (Postone 1993).

The subjectivist view reads Capital differently and tries to see capitalist innovation and change in production process as response to working-class challenge. Despite the fact that the narrative somehow overstates class subjectivity in determining change in capitalism, nevertheless it brings back politics into the picture once again. Antonio Negri puts it as: ‘Over the years Marxism has been all but sterilized by being reduced to a critique of capitalist hegemony and its ‘laws of motion’. The fascination of Marxists with capitalist mechanisms of despotism in the factory, of cultural domination and of the instrumentalization of working-class struggle has blinded them to the presence of a truly antagonistic subject’ (Negri 1991). Laws of motion in this case are seen to be unplanned resultant of two conflicting agencies, labour and capital, the two subjectivities that confront each other and define the course of capitalist development. Many have argued that instituting new technology in capitalism is not linearly driven by progress of science; rather, machines are developed and production organizations recomposed to have control over the production process and reduce the bargaining power of workers. In fact, Marx’s vivid analyses of the rise of manufacture and factory in Capital I part IV are an account of capital’s response to working-class agency. Marglin (1974) thereafter discusses how large-scale workshops used the same tools and machines as were used in home-based workshops, but the new production organization brings workers under direct supervision and discipline of the employer which was not possible in case of home-based work.

Braverman (1974) analyses changes in labour process from the advent of capitalism to modern industry. He analyses Taylorism as an industrial design and identifies three basic principles driving this transformation. Firstly, the labour process is dissociated from the skills of workers, which is often called deskilling; secondly, the conceptual aspects of production are being separated from its execution; and thirdly, monopolization of knowledge on production process in the hands of management. Capitalism requires routinized work for which labour has to be degraded; on the other hand, the worker has to be habituated to the capitalist production process. This is how Harvey succinctly puts it: ‘Herein lies a deep contradiction: on the one hand, capital wants degraded labour, unintelligent labour, the equivalent of a trained gorilla to do capital’s bidding without question, at the same time as it needs this other kind of flexible, adaptable and educated labour, too’ (Harvey 2010). However, the displacement of labour caused by the

introduction of labour substituting machines expands various layers of the reserve army of labour that reinforces the disciplining mechanism of existing workers. Notably, the expansion of employment largely takes place in segments where science and technology continue to be primitive. Braverman (1974) also discusses the increasing commodification in the realm of reproduction of labour power. The men and women are forced out to work, and the home essentially evacuates production and social life and becomes a site for consumption.

Aglietta (2000) in her theory of capitalist regulation offers a nuanced perspective in understanding the dynamics of labour regimes. Regimes of accumulation are a less abstract concept than the principle of accumulation. A regime of accumulation is a form of social transformation that increases relative surplus value under the stable constraints of the most general norms that define the absolute surplus value. Extensive regime of accumulation is that in which relative surplus value is obtained by transforming the organization of labour. Intensive regimes, however, create a new mode of life for the wage-earning class by establishing a logic that operates on the totality of time and space occupied by its individuals in daily life. The transformation of the production process and the process of reproduction of labour power were linked with the technicalities of production. For instance, Taylorism was a response to reduce the autonomy of labour, to homogenize the labour process through minute details making human labour an appendage of its tools. Fordism is a stage that supersedes Taylorism. It denotes a series of major transformations in the labour process closely linked to changes in the conditions of existence of the wage-earning class. It entails the formation of a social consumption norm and tends to institutionalize the economic class struggle in the form of collective bargaining. This also initiates a close articulation between process of production and mode of consumption; it universalizes wage labour and affects modalities of wage payment through mass consumption. It is the system of semi-automatic assembly line that reduces mean time of transmission; it drastically shrunk the possibilities of individual resistance and fixed workers to strict output norms.

The conflict between the interests of labour and capital and the process of exploitation begins once the labour power is put to use and not before that. The extraction of labour that produces more value than the value of labour power is the source of surplus value. Herein lies the microphysics of power where market ends and a command structure is put in place. This is the realm of unfreedom, what Marx called

the 'hidden abode of production'. The worker produces value of goods equivalent to the value of the labour power in a part of the working day. This is what Marx called the 'necessary labour time'. But the worker does not have the freedom to quit production once she/he has produced a value equivalent to the labour power, rather according to the contract has to work the full working day producing additional value for the employer. This part of the working day in which worker works for the employer is the 'surplus labour time' producing surplus value. Since the source of capitalist accumulation is the surplus value created in the process of production, the relative magnitude of necessary and surplus labour time defines the conflict between labour and capital.

Marx discussed several modes of increasing surplus value either by way of lengthening the working day or by shrinking the necessary labour time as proportion to the surplus labour time and also by taking recourse to both these methods. Increasing intensity of production, cheapening of wage goods or enhancing productivity of the worker are the ways by which the relative surplus value can be increased. On the other hand, making the worker work for longer hours increases absolute surplus value. The working day as well as the relative division between necessary and surplus components of the working day is not determined by any time and space independent scientific measure, but here scientific processes of production and conflict between two class forces settle the calculus of relative shares in a particular point in time. The theory of surplus value according to Issac Rubin 'becomes the dynamic center, the dynamic synthesis of Marx's thought, the point where the objective analysis of capital and the subjective analysis of class behaviour come together, where class hatred permeates his science' (Negri 1991, 9).

The core of this conflict which is essentially political defines the economic logic of capitalism. The value of labour power which is equivalent to the value produced by the worker in the necessary part of the working day is determined by the conflict between classes. It is time and space dependent and is not defined by any intrinsic physical quality of labour. What should be considered 'necessary' for the worker, the value of which goods and services that have to be included in workers' consumption basket varies from time to time and from country to country. A synthesis of various dimensions of political, social, cultural and ideological processes is involved in defining the 'necessary' and its social sanction. However, this notion of 'necessary' in Marx has a particular meaning. It is considered to be necessary by the capitalist only because the labour

power produces surplus. In other words, the acceptance of certain goods and services to be ‘necessary’ for the labour to reproduce labour power is not derived from any universal ethical or moral grounds. A capitalist society would hardly bother about workers’ requirement if they are not put to use in the process of producing surplus value.

MEDIATION OF CLASS-DETERMINING VALUE AND PROFIT

Capitalism in Marx is a society which is distinct from other previous social systems because every other society primarily produced goods for consumption but commodity production, that is producing for sale, is the predominant form of economic activity in capitalism. As a result, exchange values and hence value in an infinite chain of exchange emerge to be the dominant measure of production and use value recedes to the back seat. The subversion of use value by exchange value is related to Marx’s idea of concrete and abstract labour. When a commodity is exchanged to any other commodity, the comparability should be based on something which is not specific to any of these commodities in consideration, rather a measure that is applicable to both of them. Here, Marx brings in the notion of abstract labour. There are two dimensions in this reduction in heterogeneous labour into simple homogeneous labour in general. The first regards to the fact that production of different goods requires different skills and qualities, and if they are to be made comparable, then the specifics of these particular skills should be reduced to some common idea of labour which is independent of the concrete nature. Secondly, if the value of a product is determined by the amount of labour congealed in that product, then a labour which is unskilled or inefficient would attract more value than the labour that produces the same product in lesser time. Therefore, there has to be a standard measure in counting labour time required to produce a good.

Marx (1887, 28) defines abstract labour as: ‘Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract’. Therefore, the value of a product is determined by the amount of uniform homogeneous labour required to produce that product. Money is the appropriate measure of value since it represents the value of a product in a way that strips off all the specifics

of that particular product. But this abstraction is not a conceptual category required for a theory; instead, it is very much real and concrete in capitalism. This abstraction takes place through the act of exchange, and numerous products produced with a wide variety of skills are made comparable as products of homogeneous labour, and hence, qualities are reduced to quantities. But the value of a product is not measured by the amount of actual labour congealed in that product, but it is determined by the amount of homogeneous uniform labour entering into the product. This homogeneous uniform labour is determined by the ‘socially necessary labour time’ required to produce that product. In other words, it is measured by the labour time required to produce that product using average levels of technology and with the average degree of skill and intensity at a particular point in time. Therefore, this measure of value based on socially necessary labour time is a social construct.

Labour is not physiological when we consider abstract labour but seen in relation to the totality of social labour. Individuals contribute private, particular and concrete forms of labour, but as Robert puts it succinctly, ‘if they were to “amalgamate” those concrete labours, the result is the aggregate vector of concrete labours available “at their joint disposal”; if they were then to “allocate different portions” of that aggregate to particular commodities, each such portion would be a quantitatively distinct but qualitatively identical “share” of the total, a vector of labours “of uniform quality, whose only difference, therefore, is quantity”’ (Roberts 2017). Therefore, the value of a product is not determined by the actual labour spent in producing that good but on the socially sanctioned allocation of uniform homogeneous labour assigned to produce that good. And this validation is mediated through market. In a similar vein, the value of labour power is the aggregate of values of goods and services that are required to reproduce the labour power. Therefore, wage size of the total pie of social value is validated by the society wherein contestation of classes largely influences the social allocation of labour.

The realization of surplus value as profits to individual capitalists in Marx assumes a similar allocation of aggregate social surplus. Surplus value is only potential profit which is actualized as profit not by the individual capitalist that appropriate surplus in a particular production but depends upon its relative weight in the pool of aggregate social capital. It involves a complex process of values being transformed into prices and the distribution of aggregate profits on the basis of the general determination of the rate of profit. In Marx’s (1959) scheme, aggregate social

capital has a priori existence relative to individual fragments of capital and the general rate of profit is the ratio of total surplus value created in respect to total social capital advanced in a particular point in time.

The notion of socially necessary labour time is relevant not only to measure the value of a product, but it has a macro-dimension as well. It also suggests the socially accepted distribution of labour in various production lines. This implies that individual capital has to confront the social average in terms of technology in a given time and space. The technology which is considered to be average in a particular industry is represented by the organic composition of capital adopted by the 'normal capital' of that industry. A factory which employs more labour compared to the 'normal capital' would have lower organic composition of capital and that employs less labour while producing the same output as compared to normal capital would be having higher organic composition of capital. In the process of competition, capitals that employ higher organic composition of capital compared to the normal are rewarded and those who stick to dated technologies than normal and adhere to lower organic composition of capital are penalized. This is because the distribution of aggregate profit to individual capitals depends on their respective organic composition of capital vis-à-vis normal capital. Individual profit accrued to individual capitalist is the product of average rate of profit in that industry and their respective individual capital advanced. The average rate of profit for a particular industry is the profit rate of the 'normal capital' using average levels of technology. Hence, profit realized by individual capital primarily depends on the individual share of capital with respect to the pool of total capital advanced in this industry. Likewise, for every industry, there would be varying profits, and hence, there would be movements of capital from low-profit segments to high-profit segments.

Apart from this intra-industry movement, capital would tend to move from low-profit-making industry to high-profit-making industries. These intra-industry and inter-industry movements of capital mediated through market give rise to a convergence towards the general rate of profit. In other words, rather than a tendency towards equilibrium, there is a continuous turbulence in the determination of the general rate of profit. In this process of distribution of profit, factories that employ more labour compared to industry average would be receiving profit less than proportional to their contribution to the total surplus value and those who employ higher organic composition of capital and hence less labour would receive a premium over and above the profit received by the

normal capital of that industry. With the use of higher technology, the cost of production of a particular factory would be lower than that for the average capital in that industry, but since cost of production prevalent and socially accepted in the market is given by the normal capital, the capital using higher technology would be receiving higher profit per unit. Therefore, such capital receives profit more than proportional to their contribution to the total surplus value created.

The moot point, however, both in respect to returns to labour and that to capital is that the distribution of returns involves a process in totality. On the one hand, labours with varying skills are amalgamated into a single homogeneous labour, and then, this aggregate is allocated according to the socially sanctioned portions of this uniform homogeneous labour. The qualitative differences are then reduced to differences in quantities through the value form mediated through market. On the other hand, the distribution of profit among capitals using different organic composition of capital is a process mediated through competition. In fact, the social surplus is shared by individual capitalists in proportion to their respective contributions to the pool of total capital. In fact, in *Grundrisse* and Capital I, Marx's entire focus is on total capital and production and appropriation of surplus value. In Capital III, Marx focuses on the distribution of appropriated surplus. In the case of both labour and capital, Marx brings to the fore the class aspect of this distribution where labour confronts capital as a class and individual differences in return within classes are mediated through market competition. Therefore, the crucial point to note in Marx is that production, appropriation and distribution of surplus value involve a social reproduction of labour, a determination of the allocation of labour which is sanctioned as socially necessary and a distribution of profit where relative position of capital vis-à-vis social total capital becomes crucial. The conflict emerges to be a conflict between classes rather than between individual capitalist and worker.

RISE OF 'SOCIAL LABOUR' AND CLASS CONFLICT

The inherent tendency of capital is to go beyond its own limits else it ceases to be capital. In this relentless process of self-expansion, various regimes of accumulation emerge in response to impending crisis. A new phase of capitalist regulation according to Aglietta (2000) signifies not only when accumulation invokes a transformation of the reproduction of the labour process but also in a transformation of the reproduction

of the labour power. It is not only about changing the organization of production alone but also reconstructing the structure of reproduction of labour power. It implies a new relation between production and consumption. Quarter century of post-war ‘Golden Age’ of capitalism was characterized by a limited political accommodation between capital and labour in which we come across a regime of standardized mass production and mass consumption. The state-level interventions through various institutions defined the boundaries of distributional conflicts. The state mediated in minimizing the disruptive effect of class conflict, competition between capitals as well as in regulating market failures. The current regime of neoliberal order is marked by a shift from liberal Keynesianism to conservative monetarism. It was preceded by episodes of crisis in the mid-seventies and early eighties when capitalist countries faced sluggish economic growth, high unemployment rate, low investment, high inflation and dwindling world trade. The Keynesian consensus broke and the new regime emerged with a marked shift in policy priority destined to target inflation rather than achieving full employment. The crisis was caused by a distributional shift in favour of labour that led to declining profitability (O’Connor 2010). Neoliberalism was capital’s response to this heightened labour ascendancy. Labour processes and institutions that were created during the Fordist regime to annihilate labour’s subjectivity through atomizing labour didn’t work beyond a point. In fact, rising interdependence in the production process through assembly line and so on gave rise to the ‘collective labour’ which was recomposed with new power and subjectivity. Neoliberalism as a result emerged with a promise to destroy the collective subjectivity of labour.

The new regime is featured by state interventions to create a market society. It is a set of interventions in the field of investment, production and realization. In the field of production, the change is facilitated by a ‘technology fix’ which is often termed as ‘flexible’ technology that is amenable to multi-tasking and which drastically reduces the significance of scale economies in minimizing average costs. On the other hand, information and communications technology (ICT) has enabled firms to reduce transaction and coordination costs to a level that allows multinational corporations in relocating production and take advantage of the labour arbitrage. The new regime of investment is intended to create level playing ground between foreign and domestic investors. And hence, a new architecture of production emerges as global production network where capital and labour of various countries compete with each

other. Such competitions actually lead to a decline of relative gains of developing countries while increasing the premium accrued to big multinational corporates (World Bank 2018). Liberalizing economic borders have led to a massive increase in the labour force accessible to global capital that has consequently reduced the bargaining power of workers, enfeebled the nation state and its regulatory institutions in general and trade unions in particular and gave rise to new 'flexible' labour regime.

Wage and salaried employment account for only about half of the global employment today, and in the cases of South Asia and sub-Saharan Africa, the share is even less roughly in the tune of 20%. Fewer than 45% of the wage and salaried workers are employed on a full-time and on permanent basis (ILO 2015). A small portion of this workforce can overcome the restrictions of global mobility of labour through their professional qualities and are endowed with bargaining power even at the individual level because of their marketable skills. The vast majority of the workforce that comprises roughly 40% of the popular classes in the developed countries and 80% of that in developing world are mostly low-skilled, low-waged or non-waged workers. These workers have very weak bargaining power, hardly any institutional protection of wages or social security, extremely vulnerable in terms of employment conditions and often without any political voice. Samir Amin qualified these two categories as 'stable' and 'precarious' forms of labour signifying the great divide of the twenty-first-century working class (Amin 2008). The decline of standardized jobs and weakening of labour have resulted in a sharp fall in the share of wages in value added. In a sample of 35 advanced economies, between 1991 and 2014, the labour share declined in 19 countries, which accounted for 78% of 2014 advanced economy GDP (gross domestic product). While in a sample of 54 emerging market and developing economies, the labour share declined in 32 economies, which accounted for about 70% of 2014 emerging market GDP (IMF 2017). The new regime gives rise to precarious labour the precariat. It is not only about low wages, the labour assumes extreme fluidity and faces lack of community and enterprise support, no way to fall back upon any state or private benefits, and they lack career identity and vertical mobility (Standing 2011). They are the informal labour or undocumented workers who are drawn into the production regime through outsourcing and subcontracting as against payment of wages as fraction of a wage offered to permanent workers but at the same time kept invisible in formal accounts to deprive them of labour rights.

Despite the fact that labour process in this new regime has been functionally far more fragmented, but at the same time, it has been more socialized during the recent period. Starting from conceptualization, design and development, production involves mind and labour from people across the world. Use of communication technology has made global pool of knowledge accessible and shareable far more than ever before. However, the change in production process manifests itself in two contradictory trends: increase in fragmentation of production, involving cheap labour within countries and across the world. Secondly, the emerging shift in general purpose technology tends to replace living labour through use of artificial intelligence and robots. The former trend is predominant in developing countries and the later causing nightmare of joblessness in advanced capitalist countries.

Competing capitals are involved in the race of reducing unit labour cost. This can be done in two ways: cheapening of labour either by reducing wages or price of wage goods and the other way is to increase productivity of labour either by making them work for longer hours or introduce labour displacing technologies that result in manifold increase in productivity of existing labour force. This process is further accentuated by the fact that relative cheapening of investment has facilitated substitution of labour by capital particularly in advanced countries together with increasing relocating of production in cheap labour sites of the developing world in order to reap gains through labour arbitrage (for detailed discussion see Smith 2016). The labour of the North not only loses jobs but those who are employed have to compete with their low-waged competitors located in the South. Roughly 60% of gross exports accounts for intermediate goods, and we increasingly perceive a global assembly line channelled through foreign direct investment (FDI) or direct subcontracting. Free movement of capital together with restrictions in the global movement of labour allows differential labour regimes to exist within national boundaries which in turn allows substitution of similarly skilled workers by way of shifting production from high-wage to low-wage segments. In other words, labour arbitrage becomes possible as global capital gets access to global disposable labour. Currently, 83% of the world manufacturing workforce lives in the Global South. The International Monetary Fund (IMF) computed 'export weighted global work force' multiplying numerical growth of workforce by growing ratio of export to GDP and found that effective global workforce quadrupled in size between 1980 and 2003 (cited in Smith 2016). Access to

the reserve army of labour of the South resulted in a massive shift of manufacturing from rich North to low-wage segments of the South.

Global division of labour through production network is the new template that emerges to be the major vehicle of a coordinated 'value capture'. Fragmentation of labour is actualized through increased outsourcing and subcontracting both within domestic labour market and across countries. Jobs from advanced countries are outsourced to the developing countries, and within countries, the formal-informal duality is used to take advantage of labour arbitrage. Production chains are extended to home-based work, and the site of production and consumption increasingly collapses into one. This can happen also by pulling in migrant labour from distant places, make them stay in a huge campus as labour barracks quite common in China and the lifetime of labour increasingly being engulfed by labour time. This in a way unsettles the division between necessary labour time, surplus labour time and disposable free time. The notion of 'working day' becomes irrelevant to a vast mass of labour force. Paid wage labour and unpaid family labour come close to each other; reproduction of labour is intertwined with production giving rise to 'social factory' where the entire society is driven by the imperative of capital.

The second trend signifies a compression of necessary labour time due to the introduction of new technology. Huge compression in the cost of prediction tasks through artificial intelligence, replacing repetitive codified work by robots, makes production more dependent on social knowledge. Human labour is increasingly limited to the act of a watchman, and as these technologies get absorbed as average for a particular industry, the social sanction of necessary labour for that line of production declines. The decline of individual necessary labour time has to be compensated by the rise of 'necessary collective labour' where science and technology as products of collective labour tend to dominate individual contributions. This is the other dimension of the 'social labour' which unsettles calculations based on individual productivity. In Marx's *Grundrisse* written during 1857–1861, we find a discussion on how the notion of social individual becomes the determinant of production and makes alienation of labour simply inconsistent with the emerging progress.

Labour no longer appears so much to be included within the production process; rather, the human being comes to relate more as watchman and regulator to the production process itself.... No longer does the worker insert a

modified natural thing as middle link between the object and himself; rather, he inserts the process of nature, transformed into an industrial process, as a means between himself and inorganic nature, mastering it. He steps to the side of the production process instead of being its chief actor. In this transformation, it is neither the direct human labour he himself performs, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and it is, in a word, the development of the social individual which appears as the great foundation-stone of production and of wealth. The theft of alien labour time, on which the present wealth is based, appears a miserable foundation in face of this new one, created by largescale industry itself. (Marx 1993, 705)

CONCLUDING REMARKS

Labour is the most creative interaction of humans with nature. It is not only engagement to produce something that has use but at the same time labour also changes itself by this process. However, this creative engagement that is the source of all wealth in the society gets entrenched in an exploitative relationship in capitalism through alienation of labour from the means of production. This separation of producers from the means of production is the crux of capital relations which is reproduced perpetually in capitalism. Marx's analyses of capitalism in *Capital* and other writings of political economy were primarily devoted to unveil the material conditions of this exploitative relationship in capitalism. The additional dimension necessary to understand capitalism through the lens of class process was Marx's novel contribution. Class process includes production, appropriation and distribution of surplus value, and surplus value is created out of labour power which is the only commodity that creates more value than itself. It involves a circuit of reproduction of labour power besides the separate circuit of capital which has been the focus of Marx's discussion on capitalism.

The mediation of exploitation in Marx is a systemic process rather than one driven by conflict between individual labour and the employer. Expansion of market which makes capitalism a commodity economy different from all other pre-existing societies gives rise to the value regulator where exchanges take place on the equivalence of value. The measurement of value presupposes abstract labour which is a concrete process of amalgamating diversely skilled labour and that is the foundation of all exchange in capitalism. The determination of socially necessary labour time that defines value of a product is not the actual labour spent

on producing it but what is being socially sanctioned and hence involves a conflict of classes. Similarly, the distribution of profit out of the accumulated social surplus involves the total system in general by the prior determination of general rate of profit. Conflicts of class permeate all the crucial economic determinations in capitalism.

Globalization has created enormous opportunity for capital to create, access and reproduce heterogeneity in the labour market. There are workers who have stable job profile, others are employed in precarious modes for whom 'working day' has no particular meaning, work time and life-time overlap, and the space for disposable time shrinks to a minimum. This segment also includes the unemployed, the spectacular redundant 'waste labour' of post-colonial capitalism that could not be shifted to new found lands or could be absorbed by a protracted process of labour-intensive industrialization as it happened in the case of Europe. They are worse off in capitalism for not being exploited. But this heterogeneity which capital tends to create within the working class either by legal structures, social norms, culture and so on to confront the homogenizing tendency of its own dynamics is what is realized in the 'social'. The rising trend of fragmentation of labour on the one hand and its displacement through introduction of new general purpose technologies enhance socialization of labour. People across the world are integrated to and interacting in the process of production far greater than ever before. On the other hand, the site of production is increasingly diffused in the whole society; every space and time comes under the hegemony of capital.

Marx did make a distinction between 'need' and 'necessary' in the context of social allocation of labour in capitalism. Capitalists recognize 'necessary labour time' as the time required to produce value equivalent to what is required for the reproduction of labour. But they only consider it necessary when the labour contributes to the creation of surplus value, otherwise nothing is 'necessary' for the worker, and the capitalist hardly bothers about their needs. Therefore, the recognition of 'necessary' for the worker's reproduction is subject to the creation of surplus value in capitalism. With the diffusion of production beyond the factory walls, bringing the realm of production much closer to that of consumption through stretching the production chain to homework, subcontracting and outsourcing, and dismantling of the division between work time and 'free labour time' give rise to contestations those are no longer confined only to wages but invoke issues spanning from social security to displacement and against all sorts of oppression and humiliation.

The idioms of resistance seem to change bringing issues of ‘necessary’ and ‘need’ much closer to each other. This undergoes a new phase of class formation which is different from the ‘factoryist’ image of organized working class. Issues of rights and entitlements of the precariat are largely addressed towards the state, and the question of distribution of the value added by the workers involved in new age production can hardly be resolved within the boundaries of individual productivity. Production tends to be far more socialized, sometimes not being compatible with the vertical command structure of capitalist factories, and conflict of class assumes a social character involving the factory worker, the precariat and the unemployed giving rise to a space of creative politics where exclusion, exploitation and oppression mingle with concrete determinations.

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Industrial Relations and Globalization: A Marxist Perspective

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INTRODUCTION: GLOBALIZATION AND LABOUR

Globalization, particularly for our present purpose, refers to the generation and diffusion of capital across or almost all over the globe. Accompanying this process is the periodically restructured international division of labour. Historicist Marxists would consider this phenomenon as the fulfilling of the historic mission of capital (and the capitalist class now at a global level; an international *bourgeoisie*). Doubtless, there is still a national *bourgeoisie* but the logical imperative of capitalist accumulation drives the regional and national capitalist classes to transcend borders and becomes truly global. Of course, not all would make the grade. Failed members of the class would fall by the wayside or/and their quantum of capital would get subsumed by the successful members of the class. There is periodically many a shake-out, the big swallowing the small and so on.

In modern capitalism, this process takes place essentially by and through the ‘structural form’ of capital—the corporate form: incorporated companies being ‘artificial’ persons created by law, having independent existence distinct from its shareholders who are not owners

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but only shareholders, the corporate owning itself; having limited liability; capable of suing and being sued in its own name, etc. In short, a legal fiction. But through this legal fiction, a mind-boggling reality has been unfolded, the reality of corporate capitalism. Presently, this institution is in the global phase. If there is anything genuinely and undeniably universal today, it is capital in the corporate form. It is a corporate capital-driven globalization.

Further, it is capital in and as a transnational structural form. The transnational corporation (TNC) is driving the process of globalization of capital. This is happening in terms of trade, industry (production, service) and finance. Indeed, the global company is becoming a ubiquitous phenomenon. Moreover, global companies have global business strategies towards production, markets and labour. There is thus the growing internationalization of production arrangements bringing in its wake a new international division of labour. There is the coming into being of a truly global workforce cutting across geographies, race and sex, working for capital, i.e. for top global companies directly or indirectly, in most sectors of industry and across the value chain that cuts across regions, nations and continents.

There is, concurrently, a concentration of industrial and financial power through corporate mergers and acquisitions, strategic alliances and joint ventures with domestic capital in one country, etc. This trend can be seen in most sectors across global industry such as auto, pharmaceuticals and heavy engineering. In the words of a senior Indian management professional, 'to produce where it is cheapest and sell where it is dearest... that is the global delivery model'. 'A global company is one that can produce anywhere and sell anywhere' (Jeannet and Hennessey 2005, 586).

The other important features of what can be called contemporary capitalism include global financial markets and investors including pension funds; global management methods and practices (including global recruitment and deployment of managers, best proven practices in organization, production, quality standards and so on); global accounting and auditing standards and norms; corporate restructuring from conglomeration to core competency; production systems from Taylorism to Fordism to post-Fordism and Toyotism that includes global outsourcing of production, etc. (see, for instance, Custers 1995; Liker 2004).

Rainnie et al. observe that in today's global economy, trade and manufacturing output are surpassing each other in terms of growth. The common factor in this development is the TNC. They further observe that the

TNCs are emerging as the ‘geographical integrators’ of the global economy. Moreover, a number of Global South economies today account for the exports of manufactured goods and services across the globe.

Of course, here it has to be noted that though a particular economy could be part of the Global South, the dominant manufacturer(s) of capital or consumer goods in that economy could well be transnational firms. The latter, whichever the country of their origin, would have globalized their production arrangement, set up as foreign direct investment (FDI) manufacturing in that particular economy, and sourced those products for targeted markets or for their own value chains.

Thanks to the above-described developments and concurrent with them there have been significant changes in the organization structure of corporate business. In periodic acts of restructuring, large companies globally have been changing from being vertically integrated firms, hiving out businesses into being independent entities standing on their own feet as it were, for survival and growth. Further, they become vendors to the mother company. But, capital restructuring has had serious consequences for labour.

In a seminal work, James O’Connor (1984) examines the connection between capital restructuring and its impact on labour, particularly in the context of crises, which can be summarized thus: crises are occasions for restructuring that are aimed at capital regaining control over the labour process. In a time of boom, worker struggles would have taken an ‘offensive’ form with consequent improvements in its condition regarding wages and other terms of the contract. This would have resulted in greater costs for capital as much as loss of control. Crises are occasions for capital to make radical changes at the workplace including technological change. This puts workers on the defensive and they wage ‘defensive’ struggles fighting to safeguard their jobs, skills and wages. Capital restructuring usually succeeds in ‘recomposing’ the labour force, as a new workforce profile emerges across age, sex, education and skill. Usually, old skill repertoires disappear and are replaced with new ones. From O’Connor’s rendition, it can be inferred that crises are indeed opportunities for capital to renew and get itself new lease of life. Now, with globalization, restructuring takes place in, and of, operations across the globe.

A Marxist understanding of crisis is a *structural* crisis. James O’Connor, cited above, is seemingly implying the structural nature of the crisis in capitalist societies, a phenomenon that is as much sociological and political as much as the economic. A Marxian school of thought that explains this aspect persuasively is the Social Structure of

Accumulation Theory (SSAT). In this regard, the view of David Kotz, a leading exponent of SSAT, can be thus summarized (Kotz 2017). Karl Marx offered a general theory of class society, the latter evolving as and through long-term modes of production (MP). Each MP not only has an economic structure but also has political, ideological and cultural structures (sic) that go along with one another to keep the MP in place. But, each MP is affected by contradictions that are structural, that involve class conflict. These lead to a new MP.

The novelty of SSAT, according to Kotz, is that SSAT ‘analyzes the evolution from stage to stage within the capitalist epoch rather than the evolution of class society from one mode of production to another. Simply replace ‘the development of the economic base’ by ‘rapid capital accumulation’ and the similarity of SSA theory to historical materialism becomes evident. In SSA theory, rapid accumulation is derailed when the SSA stops promoting it, resulting in an economic crisis and an eventual restructuring process leading to a new SSA’ (Kotz 2017, 5).

The making of this phenomenon of globalization, sociologically, has been the work of several actors and factors in the world of capital. The actors being the promoters/entrepreneurs/shareholders, howsoever called, and their agents are primarily the top managerial strata. Together the actors and their agents form a political-economic and cultural social class. The other factors are the labour which came to work, for the social class, across demographic, geographical, gender and skill divide and the State which, ubiquitously has become a ‘facilitator’ state, to varying degrees, across societies and nations—particularly in the last few decades. The global business strategies of capital emanating from various countries, facilitated by both their home state as well as host states across the globe, have been creating workforces, a significant section being first generation industrial labour among them notable numbers are believed to be women workers worldwide. Hence, the role global labour is playing today, albeit involuntarily, is just reduced to being a factor of production/labour in the global strategies employed by capital for accumulation of further capital.

This phenomenon of globalization was clearly perceived by Marx (and Engels), for instance in their ‘Communist Manifesto’ (see Patnaik 1999), and whose prognosis can be empirically verified today with a high degree of commensurability. Marx and Engels, describing what can be called as the business strategies of capital today, observe: ‘The need of a constantly expanding market for its products chases the *bourgeoisie* over the

whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere... It compels all nations, on pain of extinction, to adopt the bourgeois mode of production... In one word, it creates a world after its own image' (Patnaik 1999, 92–93).

But the notable point is that Marxists consider this phenomenon to be a progressive tendency despite the (mounting) social cost. They consider capitalism as a moment historically necessary for the transition to a truly social, human existence and flowering—possible only at the global level. This means that capitalism (as a mode of production, as ideology) has to first become global. The transcendence to socialism would/could happen thereafter. Socialism is thought to be possible only globally. This has not happened due to various reasons, which are not possible to be discussed presently but on which a considerable quantum of literature exists.

To a classical Marxist (Leninists not necessarily included), the *transcendence* to socialism would/could happen due to the material, moral and political conditions created by capitalism itself. Mainly, the forces of production would come into increasing contradiction with the existing relations of production. The resulting rupture would result in a new mode of production; a socialization of production and new institutional structures in which the capitalist class and the private nature and character of production would be redundant. Further, this transcendence could be through class struggles as well as through the economic contradictions of capitalism such as the falling rate of profit. Capitalism both in its buoyant phase and in crisis would/could provide occasions and opportunities for class struggle and breakdown of the system. It would be contingent however, among other factors, on the level of development of working-class consciousness, organization, infrastructure and most importantly, leadership. Further, it could be conceivable for such a transcendence to happen in one country or society first. But it had to develop into a *permanent revolution* spreading out globally. Indeed, after the October Revolution in Russia, Lenin envisioned a 'Soviet Germany', a 'Soviet England' and a 'Soviet France', the birth of a 'World Federal Soviet Republic' (Service 2010, 388, 432).

LABOUR, INDUSTRIAL RELATIONS AND MARXISM

The focus thus comes to bear on labour, on working-class organizations and movements such as trade unions particularly socialist trade unions and their strategies and action. Until Leninism as the dominant

Marxist tendency gained ground, trade unions were considered quite revolutionary and as schools of socialism. Lenin and Leninism made the neat distinction between trade union consciousness and revolutionary consciousness, the latter requiring as prerequisite professional revolutionaries tightly organized into a Party. For, workers left to themselves would only develop trade union consciousness (Lenin 1990). It was the Party which would effectively work for the revolution, capture power, exercise it in the name of the working class and make for socialism. And in a workers' state/socialist society, trade unions would eventually become redundant. Further, in the movement to and in the making of a socialist society, unions ought to subordinate their 'economism' to the larger revolutionary agenda and participate in the effort directed by the Party.

Such is the overall understanding with which Leninist Marxists particularly, conduct and participate in trade unionism in capitalist societies. Doctrinal considerations inhibit Marxists becoming enthusiastic trade unionists. At the same time, the imperative is that there has to be always a Marxian strategic presence in trade unionism. This has historically made for an *ambivalence* which has not done Marxists much good in working-class politics. To go by their own distinction, it has made them neither good revolutionaries nor good trade unionists. *It is essentially the same ambivalence that characterises Marxist participation in the academics and politics of 'Industrial Relations' (IR); understandably so.*

'IR' has a unique resonance. Capital-labour relations, a structural reality in a capitalist society, institutionally get translated as 'industrial relations'. It acquires the trappings and character of a system by itself. It gets incorporated into larger structures of power, fitting into Michel Foucault's notion of 'Governmentality' (see Lemke 2012). It equally jells with the functionalist and conflict perspectives in sociological theory; the meeting point between the two being conflict functionalism (see Turner 1999). Thus, conflict is considered inevitable but it can (and should) be resolved through the industrial relations system. Runaway conflict is undesirable for everyone as it causes loss and hardship. Industrial relations between capital and labour swing between conflict and cooperation. To cite Ralph Miliband, industrial relations are 'the consecrated euphemism for the permanent conflict, now acute, now subdued between capital and labour' (Hyman 1975, 3).

The notable aspect in Miliband's definition of industrial relations (IR) is the *permanency* of conflict. Today, Miliband's understanding would be considered as the belief and fantasy of 'old' IR. The academic-consultants

of today speak of a ‘new’ IR, of strategic management of IR, in which conflict is avoidable and unnecessary. Like any other build-up of doctrine (or dogma), ‘new’ IR has a host of myths, metaphors, ideas and beliefs that go into the making of ‘new’ IR, as theory and as practice, as a ‘discourse’.

INDUSTRIAL RELATIONS ‘OLD’ AND ‘NEW’ AND THEIR METAPHORS

Stephen Dunn (1990), in an insightful piece of writing, brings home the stark reality of metaphors governing thinking on IR—‘old’ and ‘new’. It is not proposed to go into explication of what is ‘old’ and ‘new’ IR. But it will be discernible from the discussion of the metaphors themselves. A representation of Dunn at some length here is pertinent.

At the outset, Dunn makes a caveat that, metaphors though useful in the study of IR, are nevertheless dangerous. Dunn quotes V. Turner in this regard: ‘The danger is, of course, that the more persuasive the root metaphor... the more chance it has of becoming a self-certifying myth, sealed off from empirical disproof’ (Dunn 1990, 3). Dunn goes on to observe that ‘new’ IR has a more ‘appealing’ root metaphor than the ‘old’ and hence ‘likely to win it converts and adherents, even if the evidence in its favour remains flimsy’ (ibid.). What have been these metaphors? According to Dunn, ‘old’ IR considered capital–labour relations as trench warfare, with both sides at the ‘frontier of control’, ‘digging in’, getting ‘entrenched’, the ‘offensive’, ‘frontal assault’, and the like. The metaphors of ‘old’ IR were thus significantly if not preponderantly war-like and military. ‘The image it would convey would be one of constant, routinized conflict between management and workers of the most intense and bitter kind’ (Dunn 1990, 7).

On the other hand, the metaphor of ‘new’ IR, according to Dunn, exudes optimism and invites all concerned to take part in an odyssey. This is a metaphor of becoming, according to Dunn. It is setting out on a journey, facing many a pitfall on the way, showing valour and fortitude and blessed with fulfilment in the end (actually it is an endless journey). The emphasis is on individuality, free self-determination and other positive, achievement-oriented virtues. Of course, Dunn painstakingly points out that neither of the metaphors could be said to correspond, one-to-one, to what has been actually happening all along.

In other words, it can be observed that there is an ideology at work. Indeed, it is a clash of ideologies of the 'old' and the 'new'. It can be observed that while 'old' IR was governed by an ideology that was an expression of equalitarian social and political philosophies that emphasized the social, the 'new' ideology is at once grossly and subtly Unitarian, and techno-managerial. It goes back, for example, to Henri de Saint-Simon, a French political and economic theorist and businessman, who is believed to have observed that what is good for industry is good for (the rest of) society.

First and last of course, as Dunn points out, IR theorizing itself has to be located in the larger context of what he calls 'mega-trends' and the fundamental questions these trends pose for IR theory (and it can be said, particularly for 'old' IR theory). What are these mega-trends? We are living in the times of post-industrialism, post-Fordism and post-modernism. Manufacturing is being edged out by service industries, be it financial services or junk food. The mode of production further is being supplanted by the mode of consumption (by 'shopping' according to Dunn). Socially, collectivism is getting out and individualism coming in. According to Dunn, these trends have been having their impact on academic-industrial relations. They have been challenging the central notions of academic-industrial relations such as inevitability of conflict at the workplace particularly at the factory, the importance of trade unionism and collective bargaining. These ideas and notions, according to Dunn, are now being eclipsed by managerial notions of quality, commitment, flexibility, etc. in academic discourse.

BEYOND 'OLD' AND 'NEW': TOWARDS A CONTEMPORARY MARXIAN IR THEORY

At first sight, it appears as if, for Marxists or for Marxism itself, only 'old' IR can make sense. For, there is hardly anything left in the 'new' IR as regards workers and their subjecthood. For 'new' IR, workers are objects of hegemony by managements, the 'Ideological State Apparatuses' (including business schools where some Marxists work), and the 'Repressive State Apparatuses' if workers take to the streets; whereas, class struggle with its much-maligned metaphor of trench warfare and conflict now active, now passive, is the very stuff of Marxist IR. What would be 'Marxist' about a Marxist theory of IR if class

struggle is constantly underplayed or even tacitly dropped? Can one be non-dogmatic beyond a point? Wouldn't a doctrine have some aspects in or about it that are non-negotiable?

However, it is not that every episode of class struggle is a pathological occurrence, having apocalyptic potential energy in it. Actually, as workers directly experiencing capital would testify, class struggle is an every-minute, everyday repetition on the shop floor. It is immanent in every item and detail of capital-labour relation on the shop floor, the latter itself being a 'contested terrain'. Thus, even if 'new' IR succeeded in getting universally institutionalized, there would be contestation and conflict over the principles, concepts and practices of 'new' IR itself: for example, over meanings and operational details of what is productivity, performance, quality, etc. There is hardly any way of avoiding divergences in a social space and full consensus is a myth, at best a longing.

Indeed, in classical Marxist understanding of capital-labour relations, if labour is to eventually transcend capital thus taking over as direct producer, Marxists can be mighty optimistic and pragmatic about the theory and practice of IR, *including 'new' IR*. The latter can be considered to be a new theory and practice of IR in which management is charged with having to be proactive, securing the willing consent and participation of the workforce in the achievement of corporate goals. They have nothing to lose but a 'world to win'. In a Habermasian sense of a discourse ethics, left unions can (and should) dialogue and even multilogue with a variety of perspectives, beliefs and dogmas of IR including 'new' IR (see Habermas 1990).

Thus, if human resource management (HRM) could be a means for co-opting labour, can HRM itself be co-opted in Marxist perspective on capital-labour relations? This could be an envisioning of a new Marxist perspective of IR. In contemporary capitalism, Marxists of IR have to work with strange bedfellows such as the new IR enthusiasts. But the latter is, as it were, so many preludes, the End(s) being the most important consideration (and the End does not mean an arrival at one point in time). Here, the End is the historically progressive socialization of production, control vested in labour across strata. This control is over the work process. This is a feature already noticed in high-technology industries both in manufacturing and in service. Intelligent and technically highly qualified workforces are at work in these sectors. What kind of IR theory would they empathize with, indeed which they are already, actually working out in practice?

In this regard, it is timely perhaps it is time to revisit the debate on the ‘new working class’, first initiated by Serge Mallet (1975). According to what can be considered as the *old* thesis of the ‘new working class’, the latter referred to workers employed in advanced industry having high degrees of automation, etc., as well as ‘white-collar’ workers, who, according to Marxist understanding had the potential to take over the labour process from the capitalist class. On the other hand, the *new* ‘new working class’ thesis being articulated today, most notably by Claire Ainsley (2018), presents an altogether opposite description: of what has become today the accepted term, the ‘precariat’, the latter comprising workers a significant number being women, migrant, hailing from minority communities, lacking job security, moving from job to job, less organized, etc., whereas the traditional workers constitute only a fraction of the working people.

It can be argued that a contemporary Marxist theory of IR has to envelop both the above developments in contemporary capitalism, specifically in its labour process. It has been a development created structurally, consciously and purposively in the interests of capital accumulation. By focusing exclusively on one, the other cannot be lost sight of. The ‘traditional’ workforce may be quantitatively less today but they precisely ‘man’ the most crucial aspects of the labour process globally, in manufacturing and in service industry. The service industry encompasses a range of sectors, some of which are highly technointensive and employees wield considerable power. In fact, one of the frontiers of union organizing today is the information technology (IT) sector.

Moreover (to return to advanced industry), there cannot be digitalized production systems without living labour somewhere being around. This system will also spawn its own ancillaries which may be disproportionately digitalized. In all these sites, the living labour present has to have a high degree of intelligence, discretion and judgement. What kind of IR set-up would that be? What kind of issues would get thrown up in IR? The future thus has challenges and opportunities for Marxian IR. These questions doubtless call for a great deal of empirical research (qualitative and quantitative) and understanding. Theoreticians of Marxist IR have to go beyond situations, imageries and imaginations of conventional warfare and look at prospects for intelligent engagements and intensities. Actually, there are not many conventional wars and battlefields these days, all aspects considered!

Can synergies be seen between the Marxist notion of IR, a representative theorist being Richard Hyman (1975) as the (study of) processes of control over work relations, and N.W. Chamberlain's (1967) understanding of union challenge to management control? Chamberlain can be considered as a liberal-pluralist. Both the theorists have written classics in IR. This needs to be explored at some length. Prima facie, operationally, there seems to be ample similarities between the two. Thus, Chamberlain would agree with the idea that there is no limit to the push by labour (unions) for control over the functions of the enterprise. There certainly would be at any point of time, a de jure recognition of the existence of management (which the Marxists perhaps would not so recognize). However, de facto, nothing would stop the unions from making inroads into management 'prerogatives'. And why would or should Marxists not be happy at this development? The Marxian understanding can go along or sit well with a radical pluralist idea and practice, particularly and actually in everyday struggles of labour with capital. It is time for a new working-class politics to bring these two perspectives and practitioners together; at least on the basis of a common minimum understanding and programme. Nothing need to stop the left unions from pushing on towards the final frontier of full workers'/employees' control of industry, a possibility very much evident today, discussed below with reference to contemporary capitalist production systems.

In contemporary capitalist production systems across the board, technology and its vestment with employees across strata make possible employee/union inroads into management preserves. It is employees who handle huge quantum of data and who are or can be in the know of things. Indeed, the present phase of capitalism is being dubbed as '*data capitalism*'. This is the case whether the enterprise in question is a manufacturing unit, a bank or a software unit. Whether and when employees and their unions would intervene, is however an empirical and practical question. We now take a look at the contemporary capitalist production system.

THEORY IN CONTEXT: CONTEMPORARY PRODUCTION SYSTEM(S)

In a globalized capitalist scenario, industrial relations also (can and should) get globalized, an important material basis being the corporate international 'structural form'—the multinational corporations/TNC/International Companies or Corporations (IC). The global

supply chains with the international division of labour provide the basis for labour to come together. In an IR frame and manner, many possibilities arise including international collective bargaining and solidarity action. This idea is now conventional understanding. This is the plank on which international unions have been standing and operating for several decades now. Apart from soft fraternal actions and gestures of solidarity, this strategy has had little impact. *But, this understanding can today be a point of departure for a brave new international unionism, for international class struggle.*

The focus today is on industry 4.0. It is about industry in the time of the fourth industrial revolution. According to Daniel Buhr, ‘it refers to digitizing industrial production. The concept outlines the vision of a smart factory, which is characterized by the complete networking of all production parts and processes; real time control via ITC and the increased use of robots which control themselves’ (Buhr 2017, 2). This is expected to result in greater productivity through resource efficiency, according to Buhr.

The ‘future factory’ (if it could be so put), according to Buhr, would be a network of people, things, processes, services and data. Production would become more distributed, would be flexible and fast and information would be readily available for all concerned, particularly the producer and the consumer who would be in a dialogic process as regards production. Inevitably, automation would destroy a quantum of existing jobs but would create new jobs requiring new skills and qualification, according to Buhr. Thus, as Buhr notes, a new course of learning coming into vogue is ‘Business and Data Analytics’.

Marc Saxer (2017) offers a soberer and holistic perspective. Faced with the global crisis of profitability since the last decades of the previous century, and to eliminate the basic causes for this crisis, capital has been attempting a transformation of itself through *rationalisation* (of production through automation and digitalization), *globalisation* (of production transferred to less developed economies), *neoliberal state policies* (tax reductions, welfare and wage cuts, etc.) and *financialisation* (investing in financial markets).

What are the consequences of the above development? Saxer observes that higher productivity implies that less number of workers can produce the same output, leading to job loss. In factories having considerable deployment of robots, a few hundred workers can produce the same output which needed thousands of workers earlier. This development has

been having serious social consequences in the developed/old industrial countries. Saxer perceives a ‘de-globalisation’ happening due to many reasons including reasons of business itself. There is also a clamour for getting back jobs lost. In this connection, Saxer cites a report by the Reshoring Initiative, a non-profit organization which estimates that 260,000 jobs have been created in the USA this way. Saxer also mentions that multinational companies such as Walmart, Ford and Boeing and also many small- and medium-size firms have started reshoring exercises.

Ganesh Natarajan (2018, 8) discusses the many benefits of industry 4.0 in the factory. According to him, companies are reporting dramatic improvements in productivity, inventory holdings, quality, etc., as well as supervisory efficiencies. These gains ‘are now being expanded in many progressive factories through investigation of artificial intelligence and machine learning capabilities to move from descriptive analysis to insight-based predictions and prescriptive transformations of the manufacturing process’ (ibid.).

Industry 4.0 has to be reckoned along with other production paradigms that are actually in vogue, across the board and have similarities and dissimilarities with one another. Firstly, there is post-Fordism (Amin 1994), not to forget Fordism itself. Taylorism is also not yet extinct. Concurrent with post-Fordism has been ‘Lean Production’ (Womack et al. 1991) as well as ‘Flexible Manufacturing Systems’ (Piore and Sabel 1984). It can be observed that much of contemporary technological change in terms of ideas and material practices have been under the aegis of these paradigms, including majorly, automation. Indeed, a Marxist school of thought—Regulation Theory—considers the production paradigms themselves, viz. Taylorism, Fordism and post-Fordism, to constitute specific Regimes of Accumulation, each regime made functional by a Mode of Regulation (Aglietta 1979, 1999). So, will the proliferation of industry 4.0 in the future bring in another Regime of Accumulation? This is the question which inevitably arises. *Could this be termed as smart accumulation?* It is in this complex context that the future of industrial relations has to be comprehended at a global level and a *Marxist* future at that.

ENVISIONING MARXIST IR IN THE TIME OF GLOBALIZATION

At the outset, it is beneficial to take note of Bill Dunn’s (2004, 211) caveat. He observes that we have to go beyond strict ‘dualisms’ between ‘then’ and ‘now’ when we think of changes happening in social production. It is not

as if the changes taking place are so deterministic as to completely or effectively neutralize the *riposte* from labour and unions. Dunn feels that such dualisms tend to exaggerate the nature and extent of change happening and might be a prescription and excuse for inaction or inertia.

Dunn further observes that perspectives such as the above are not only indifferent to the ‘potential structural strengths’ of labour but also to ‘political and institutional weaknesses’. Dunn implies that these weaknesses have to be reflexively addressed by labour and unions. Dunn also emphasizes the importance and significance of contemporary labour movements such as Social Movement Unionism and New Labour Internationalism. There are thus shades of the discussion in social theory between structure and agency or between ‘determinism’ and ‘voluntarism’ that can be discerned in Dunn’s thinking. Dunn thus brings back here the consideration of structure and agency, which has been troubling social theory for a long time though volumes have been written about them! Yet, the many considerations have hardly resulted in a consensus (see, for instance, Giddens 1984; Archer 2003). A brief discussion on this theme is undertaken below.

This dichotomy, or what is today fashionably understood as a ‘binary’, has bedevilled Marxian thought almost from the outset. Thus, while determinists among Marxists would wait for capitalism to run its course creating by itself possibilities for socialism, the voluntarists among them would push for transcending or bypassing the capitalist phase and pushing ahead to socialism. Lenin’s position after the February Revolution in Russia, set forth in his *April Theses* is an apt example (Harding 1983; Service 2010).

The structural understanding stresses largely deterministic factors and forces, for example, the process of globalization, its inexorability and inevitability. Similar is the importance given to technology: *technological determinism*. There is currently ample literature emanating from the business press that paints grim, or scintillating scenarios of technology and society including production, distribution and consumption, which has an inevitability about it. It is as if technology is *sui generis*. Whereas a realistic and political view would be that, howsoever impersonal and inexorable a force it appears, technology is promoted by ideas and social class, group or elite interests. Technological change is a consciously, purposively driven corporate techno-managerial-scientific project in every sector of industry, substantial financial and human investments made for the purpose. Top universities and research institutions across the world are also

similarly co-opted and invested. This project is neither a juggernaut nor is it unstoppable if it is, and certainly is capable of being controlled and regulated. This is a task however for labour and unions principally since it is labour which directly and intimately experiences capital. Since technological development is itself a part and parcel of capital accumulation—the production of machines and production by machines—neither capital nor the facilitator state are much interested in addressing the societal questions concerning the proliferation of technology.

On the other hand, the emphasis on agency explores scope and possibilities for worker struggles in contemporary capitalism. The description seldom corresponds one-to-one to the thing described. In the empirical situation, there is usually sufficient diversity and heterogeneity, the scope and possibility for *contra* action varying from context to context. In short, much depends on the agency of labour and its unions.

However, perspectives and practices on Marxist IR in the time of globalization have to be built keeping Bill Dunn's observations in mind. The next important imperative is the shedding or divestment of the Leninist baggage and its dichotomies of trade union consciousness/revolutionary consciousness, economism/politics, etc. Trade unionism ought to be unequivocally accepted as not only economic struggle but also as politics. Of course, a Workers' Party in the full sense of the phrase and parliamentary at that would be an added advantage, an overt political arm and institution of the labour movement. India, for example, does not have an independent Workers' Party. Organizing labour in unions on one hand and having labour politically represented in Parliament together would mean a great advance in the politics of class. The vacuum in Indian politics is the absence of an independent working-class politics.

Consequently, Marxist IR would not only be on the shop floor but also outside the factory, in the larger political process. This can happen only when there is a macro-level mobilization of labour into unions. The aegis for this would be the General Unions (GU). There could be one GU for an entire industry across the country; such as for engineering, process and extractive industry. Every worker, on being engaged by any firm in the industry in whatever nature and type of employment, should automatically be enrolled in the GU and be given a unique identity card. All the GUs further should affiliate with the Workers' Party. This would make possible economic and political class struggle, primarily at the level of the nation of course but which would have positive external

ramifications. Importantly, it would feed into international trade unionism, and perhaps a *new International*.

Concurrently, at the workplace, a symbiotic, synergetic Marxist-Pluralist perspective and practice should be evolved. The guiding metaphors need not be reminiscent of trench warfare this time. On the contrary, the ideas and strategies should be proactive; as if workers are managing the workplace. Since all concerned can access data, unions should become a kind of understudy to managements as well as watchdogs and whistleblowers. The union here is the internal union. Thus, unions as schools of socialism would train workers to manage (social) production, including a service industry. Given that management is ultimately knowledge and skill, its socialization is an important step for humankind of civilizational import.

Thus, independent working-class politics would mean unions independent of parliamentary political parties but not without a political party of its own, preferably of left composition and disposition. Unapologetically put, it would be a social democratic left; unions as well as the party. This development has to take place nationally and internationally. Social democratic political institutions in Euro-America—unions, parties, non-governmental organizations (NGOs)/foundations—have to provide global leadership in this respect. An immediate task is training of the emerging cadre of union activists and leadership in trade unions across sectors of industry, particularly in the Global South. Indeed, in the field there are several ongoing initiatives in organizing labour in unions. Much of these organizing attempts are by activists who are young, educated, intelligent and can spearhead the contemporary thrust of trade unionism. The social democratic left ought to helm these exercises.

IN CONCLUSION

Marxist industrial relations in the time of globalization have to be proactive like never before. This is because capitalism, by generating forces of production and harnessing them in the workplace of industry 4.0 particularly and across a range of industrial sectors generally, is creating opportunities for global labour to be truly social labour (and vice versa). The relation between capital and labour, across the board, is not only more tenuous today but also complex and sophisticated. Intelligent workforces today need intelligent trade unionism to articulate their viewpoint

and their aspirations. ‘*Virtual Unionism*’ is one such development (Gopalakrishnan 2013).

In an insightful article, Gopalakrishnan (2013), a very respected senior management professional in corporate India, observes that technology, the Internet and social media have been democratizing institutions, countries and companies. He cites an instance in IBM in 2007 when around 1800 activists from 30 countries demonstrated outside the company’s premises, expressing solidarity with the Italian workers of IBM. The novelty was that the protest action took place on Second Life in the virtual world! Gopalakrishnan predicts that ‘virtually organised’ unions will emerge which will network and operate as a community uniting workers (ibid.).

Virtual unionism is perhaps an answer to the TNCs strategy of ‘Multinationalism’. Jairus Banaji and Rohini Hensman describe multinationalism as a management strategy whereby crucial management decisions are taken at global headquarters of the TNC and implemented at specific locations of the company worldwide (Banaji and Hensman 1990). The resultant impact on labour and unions in such situations can be imagined. The unions at such locations, usually local, would find its scope to bargain very limited indeed since the local management would have had nothing to do with the management decisions in the first place. The local management would only be tasked with enforcing the decision. The concerned decisions could be operational or even terminal such as closure of a plant or its sale.

Marxist IR perspectives in the time of global capitalism have to go beyond both ‘old’ and ‘new’ IR, appropriating the best of both. Labour and unions have to critically appropriate (or expropriate?) the host of management techniques and explore ways and means of positively using them in collective bargaining with managements, a distinction drawn between a technique and its user or controller. The techniques of *Kanban* or *Kaizen* or Six Sigma are positive by themselves and they are genetically inseparable from the larger technological systems or paradigms. The question is who deploys and manages them. Joint or participatory management between managements and unions is perhaps most desirable in this regard. Increasingly, technology itself facilitates participatory management today. The orthodox Marxist can be mollified by pointing out that the distinction between participation and control can become blurred in practice, which in turn is contingent on how labour and unions exercise their agency. Participation can always be towards

control. A Marxist IR objective and strategy should be towards wresting as much control as possible through the system of IR.

Though military metaphors in IR may sound obnoxious today, conflict cannot be ruled out as long as there are fundamental antagonisms between capital and labour. Such fundamental antagonisms can cease only when enterprises become truly social; not as long as they are private, the profit-motive and enhancement of shareholder value being the ultimate objectives for being in business. The problem today has become actually much more compounded with the presence of more and more 'fictitious' capital.

Finally, it is held that class struggle in and as industrial relations is a spectrum. At one end, whether in one country/society or most likely in the periphery, mobilizing labour itself is a dangerous activity, a matter of life and death. At the other end, class struggle can occur in a corporate boardroom. Each aspect requires from labour and unions specific strategies, knowledge, information, experience and leadership. The nature and character of the state and access to its apparatuses also matter. Bill Dunn may most probably agree with this observation.

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CHAPTER 5

Labour, Capital and State in Neoliberal India: Some Reflections on Recent Developments

Praveen Jha

INTRODUCTION

As is often acknowledged, the world of work everywhere has witnessed significant restructuring, mostly for the worse, as countries across the globe have undergone dramatic shifts in the nature and roles of states, macroeconomic policy regimes and concomitant economic trajectories for almost half a century now. This period, often referred to as one of (neoliberal) globalization, gathered momentum from the early 1970s and acquired almost global hegemony by the late 1990s. Sure enough, there are considerable diversities across continents and countries in these respects, yet neoliberal globalization has profound implications for the world of work everywhere. In general, the impact of neoliberal policies has been wide-ranging across socio-politico-economic dimensions. Here our focus is on two areas critical to the well-being of labour: first, huge pressures on prospects of adequate employment and decent

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K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and Globalization in India*, https://doi.org/10.1007/978-981-13-6972-8_5

livelihood; second, increasing informality. Both these have very powerful linkages with neoliberalism across the globe; however, the discussion here is largely confined to the recent Indian experience.

As already noted, neoliberalism, in terms of the nitty gritty of its constitutive elements, economic architecture, etc., is indeed complex, both temporally and across countries. There is a large literature on the subject with which I cannot engage here. Nonetheless with respect to the lowest common denominator, there is a widely shared meaning of its essential thrust, captured in John Williamson's famous construct of the so-called Washington Consensus. Basically, the crux of the policy intent of neoliberalism, to put it telegraphically, has been: 'market knows and does the best for the economy; leave it to the market'. Beyond this, like varieties of capitalism, we have significant variants of neoliberalism across time and spaces. Going by the relevant literature, one can think of a variety of labels: 'classic textbook neo-liberalism'; 'neo-liberalism with a human face'; 'reluctant neo-liberalism'; 'punitive neo-liberalism'; and so on. Clearly, what obtains at a place and time is an outcome of an interplay of a whole range of structures, forces, processes, etc. As already hinted, I do not wish to interrogate the varieties of neoliberalism in this essay; however, it may be in order to flag a couple of important characteristics of neoliberal capitalism at the current juncture which has far-reaching implications for labour around the world.

The contemporary neoliberal era has a number of distinctive features associated with it and I would highlight two of these which are of critical importance with regard to the theme chosen for this paper. The first is the ascendancy of a kind of 'Finance Capital' which is distinctly different from the one that Lenin and Hilferding had highlighted at the end of the nineteenth century, which was characterized by the coming together of 'capital in production' and 'capital as finance', as never before. The essence of the currently ascendant Finance Capital is that it does not rely primarily on production to make profits, and there could be and indeed are, significant contradictions between 'capital in production' and 'capital as finance'. Several analysts, in particular Marxist political economists (e.g. Harry Magdoff, Paul Sweezy, Robert Pollin, Prabhat Patnaik among others), by the early 1980s, were already looking at the implications of this 'New Finance' for capitalist accumulation. For instance, in his *The Triumph of Financial Capital*, Sweezy (1994, 11) pointed to: 'the development in the last twenty years or so of a relatively independent – financial superstructure sitting on top of the world economy and most of its national units. It is made up of banks – central, regional and

local – and a host of dealers in a bewildering variety of financial assets and services, all interconnected by a network of markets, some of which are structured and regulated, others informal and unregulated’.

The obvious question to ask is: How did such a situation come about? The simple and proximate answer is: due to the perceived crisis of profitability, capital could manage to do away, from the early 1970s onwards, with ‘regulatory shackles’, to begin within the developed countries, which subsequently became a global phenomenon; in other words, financial explosion has been intimately connected with transition to neoliberalism. Further, it has resulted in a dramatic restructuring of the dynamics of accumulation itself. To quote Sweezy (1994) again: ‘Traditionally financial expansion has gone hand in hand with prosperity in the real economy. Is it really possible that this is no longer true, that now in the late twentieth century the opposite is more nearly the case; in other words, that financial expansion feeds not on a healthy real economy but a stagnant one? The answer to this question, I think, is yes it is possible, and it has been happening. And I will add that I am quite convinced that the *inverted relation between the financial and the real is the key to understanding new trends in the world economy*’ (emphasis added).

Thus, the ascendancy and domination of such a finance capital have been the most important features of the neoliberal globalized capitalism of the last half a century or so. This also implies massive reconstitution of the power within the global capitalist class and different components of capital, which is heavily loaded in favour of financial capital to the detriment of the ‘real economy’. Further, contemporary finance capital is distinctly internationalist in character and thrives on the cooperation between the bourgeoisie and the political elite across countries, which also means that nationally espoused objectives of development take a back seat and nation states become minor players in shaping the trajectory of capitalist dynamic. As is well known, Bretton Woods institutions (World Bank and the International Monetary Fund, IMF) and several other powerful actors have been important in facilitating supranational legal and institutional arrangements to further the interests of the transnational capitalist class in general (Patnaik 2005). Hence, it is hardly surprising that metaphors such as ‘Planet Earth versus Planet Finance’ (Ferguson 2009) have more than an aura of credibility at the current juncture.

The second important characteristic that I would like to highlight is the shift of production from some parts of the North to selected countries of the South where the penetration of metropolitan capital has taken place. This phenomenon has been popularly termed as the ‘Decentering

of Production' which has been discussed in greater detail elsewhere (Jha 2016b). The resultant relative 'de-segmentation' of the world economy has changed the dynamics of labour utilization, labour reserves, conditions of work, etc., through the development of global value systems.

In a simple managerial sense, the global restructuring of production and accumulation noted above implies that components of a single end-use commodity/final output are conceived, designed, produced in different parts of the globe before being reassembled together at a specific destination, for ultimate consumption, which again may have a global reach. The reorganization of production has been analysed through frameworks like Global Commodity Chains (GCCs), Global Value Chains (GVCs), Global Supply Chains (GSCs) or Global Production Networks (GPN), etc. which give useful insights to understand the processes of transnationalization of production and economic development in contemporary capitalism. As discussed elsewhere (Jha and Chakraborty 2014, 2016), GPN is a relatively better conceptual category to describe and analyse the features of contemporary transnationalized capitalism, instead of constructs such as GVC, GCC and GSC which are theoretically limited. A detailed analysis of these approaches has been discussed by me elsewhere (Jha and Chakraborty 2014).

With respect to the drivers of trans nationalization of production, it is often suggested that the 'global labour arbitrage' (a phrase coined by Stephen Roach of Morgan Stanley) can help to illustrate how powerful transnational corporations (TNCs) can reap major advantages by exploiting the wage hierarchy between the North and South (Roach 2004). Again, it is important to note that significant wage differences playing an important role in the globalization of oligopoly have been prominent in Marxist political economy tradition almost since its inception. For instance, for Barnett and Muller (Barnett and Muller 1974), the search for lowest unit of labour cost worldwide is central to the oligopolistic rivalry and it generates huge rents for the TNCs headquartered in the North. The point worth noting is that this is one among many advantages in the contemporary oligopolistic structure of the global economy. Of course, there is considerable evidence to show, through the recent data, that indeed TNCs have enormously benefitted from wage hierarchies that exist in the world. For instance, as noted by Whalen, that (about a decade ago) hourly wages for a worker in a factory in the USA and China were \$21 and 64 cents, respectively. As per the US Bureau of Labour Statistics, the Chinese manufacturing workers received just about 4% of the

compensation for American workers in comparable occupations. As per the World Development Indicators database of the World Bank (2016), if we compare a set of countries approximately at two ends, namely, high income and low income, the ratio in 1990 was 57.1 which increased marginally to 58.9 by 2014. These data clearly show that the argument regarding the operation of the ‘global labour arbitrage’ has some merit in explaining why the TNCs are expanding their operations in developing and emerging economies (Jha 2016b). *However, the phenomenon of the global labour arbitrage needs to be located in the larger overall context of the structures of accumulation and systemic changes.*

The above-noted arguments provide a glimpse of the richness and vibrancy in the growing literature engaged with contemporary accumulation regimes (Coe et al. 2008; Gereffi and Korzenniewicz 1994). I do not wish to pursue a detailed consideration of these important contributions on this theme and will only emphasize that process of value creation and value capture is complex and nonlinear. Further, the circuit of value is not confined to production alone and hence the expression ‘global production networks’ which is decisively superior to ‘chain’ metaphors, remains inadequate. For this reason alone, it may be better to use GVSs instead of GPNs (Jha 2016b).

These two major characteristics of contemporary global capitalism, viz. the power of contemporary Finance Capital and the significant decentring of production from the North to the South, in conjunction with several other neoliberal policies pursued by several countries, have had quite a few significant implications for global capitalism and most countries, and I note a couple of these here. First, given that the core of financialized accumulation rests on circulation and speculation (through a large number of instruments) and that finance is globalized, real economy everywhere tends to come under huge pressure (Foster 2010). Second, the share of surplus in world output during the neoliberal era has seen a noticeable increase, which through multiple channels, contributes to tendencies towards under-consumption and compression in the growth of labour demand. Third, given that finance capital has a strong antipathy to government expenditure, fiscal deficits, etc. in the context of neoliberalism, where finance is footloose and internationally mobile, nation states generally abide by the whims and fancies of finance which further exacerbates deflationary tendencies through curtailment of expenditure. Fourth, policies for the protection of labour, in general social policies, have become victims of the above-noted major features of neoliberal globalization (for an elaboration, see Patnaik 2018; Foster 2015).

In sum, the overall structure of growth, accumulation processes and labour regimes—all these have been impacted in very significant adverse ways in the era of contemporary globalization (Jha 2017). In the following, I discuss some of these themes with respect to India. Section ‘Neoliberalism and Labour Market in India’ of the paper discusses the impact of this overall restructuring on the development trajectory of India with special emphasis on implications for the world of work. Following this, the third section explores the specific role of labour law reforms in reproducing the labour reserves and the role of the state in structuring the labour market. The fourth section explores the impact of these developments on collective organization and bargaining power of workers. It argues that trade union and workers’ organizations will have to adapt their strategies and tactics to the changing character of the working class. Section ‘Conclusions’ offers concluding remarks.

NEOLIBERALISM AND LABOUR MARKET IN INDIA

Ascendency of neoliberal capitalism, as suggested above, has had a profound impact on the overall development trajectory of the country since the 1990s with huge implications for labour. The first aspect of the transition worth flagging here is the significant change in the structure of growth with serious adverse implications for employment creation. This is reflected in the dramatic increase in the share of the tertiary sector whose share went up from about 41% in 1991 to around 54% in 2005–2006. In fact, well over 60% of the incremental growth in GDP since the mid-1990s is accounted for by the rate of growth of the services sector, which is almost equal to the decline in the growth rate of primary and secondary sectors. By 2017, the service sector provided 72.5% of the Gross Value Added and most of this addition came from sectors with low employment elasticity (GoI 2017). Further, there has been a trend decline in almost all sectors in the economy. The manufacturing sector has seen an unprecedented jobless growth because expansion of employment in the organized segment and greater absorption of contract workers in proportion is not happening in traditional labour-intensive sectors, but in industries that are relatively capital-intensive and which are accompanied by accelerated informalization across segments and workers in GVSs, including through self-employment at the lower end of production and services.

Assault on petty production, directly and indirectly, has been central to neoliberalism, as Utsa and Prabhat Patnaik have argued in several

of their illuminating contributions (Patnaik and Moyo 2011; Patnaik 2006). Overall deflationary policies and pressure on public expenditure are well-documented. For instance, analysis of public spending by the Centre of Budget and Governance Accountability shows that the size of the Union Budget declined from 14.18% of the total GDP in 2012–2013 to 12.85% in 2016–2017 and further to 12.36% in 2018–2019, reflecting the lack of basic support for the labouring classes. It is even more distressing that expenditure on employment-related schemes remained constant between 0.37 and 0.40% of the GDP. It is interesting to note that this miniscule investment in employment generating schemes is largely for credit, employment guarantee and skill development schemes apart from the MNREGS. The schemes for support of livelihoods development through self-employment in the rural areas constitute about 7.6% of the projected GDP, but these schemes also include infrastructural development for private players who are meant to generate jobs. Of particular significance is that these schemes conceptualize the development of self-employment through investment of big private capital (CBGA 2018). For example, the National Rural Livelihood Mission, one of the flagship programmes of the Government of India, visualizes the formation of 9 lakh (0.9 million) Self Help Groups which are to be the fulcrum of providing capital to small entrepreneurs through private financiers and MUDRA loans (61% of which are financed through microfinance companies and private banks). The focus of these converging schemes is on skills and placement, and also the development of value chains through the setting up of public–private–community partnerships for link-up with private companies. Hence, the whole process of livelihood creation through the policy of financial inclusion is aimed at opening up the market in a manner that most self-employment is linked to big private enterprise if it is to provide a sustainable livelihood to households.

The policy trajectory mentioned above has had adverse implications for the quantity and quality of employment. As per the report of the International Labour Organization, *World Employment and Social Outlook: Trends 2018* (ILO 2018), South Asia and sub-Saharan Africa are among the most challenged regions with respect to employment and account for well over 70% of workers trapped in fragile and vulnerable employment conditions. India's count of the unemployed is likely to increase from 18.3 to 18.9 million between 2017 and 2019, and the share as well as the absolute numbers of those in vulnerable employment is also likely to increase. The share of informal jobs, for all sectors and non-agricultural sectors, is

put at approximately 90 and 80%, respectively (ILO 2018). The existing data show that one of the major impacts of the structural changes in the Indian economy due to neoliberal policies is the spectre of jobless growth. This is largely because the main driver of growth has been the service sector. As per the latest data (Table 5.1 in appendix), major employment generation was in the construction and the service sectors, particularly finances, business services and ICT. Even this very tiny increase or virtually stagnation in the creation of jobs has stopped. Rather, there has been a loss of around 10 lakh jobs in the first two years of the Modi regime. Hence, the disassociation between job creation and so-called economic growth is almost complete under this regime (Roy 2018).

Overall, more than 90% of India's workforce is in informal employment inside and outside the formal sector. Approximately 29.2 million people work for the private sector, largely corporate manufacturing and a variety of services, 16% of which in informal employment. Out of the 472 million workers in 2011–2012, about 392 million or 83% were estimated to be working in the unorganized or informal sector defined to comprise all privately owned unincorporated enterprises employing less than 10 workers (Jha 2018). Out of 392 million workers in the unorganized sector, only about 2 million workers had formal employment. Even the organized sector which comprises 80 million workers had 46 million workers (58%) in the informal category of employment. In this way, the informal workers account for about 92% of the total workers (Jha 2016a). Employment in the informal sector and informal employment within the formal sector is characterized by insecure jobs, unstable employment, low earnings and no social security. Therefore, the quality of employment in the post-reform era has been far from what can be termed as 'decent work' (Institute of Human Development 2014).

In line with this analysis, the recent data on the survey of the informal sector workers 82% of the people remain in informal employment. And even though there has been an incremental increase in organized sector jobs in the last few years has largely been in contract and casual labour (Papola and Sahu 2012, 3–4). The employment and unemployment situation in India for 2011–2012 shows that there was a growth of self-employment, especially in the period between 2009 and 2010 when the government itself promoted self-employment to boost economic growth (Gandhi et al. 2014). Another feature of the employment scenario is the increase in regular female workers in non-agricultural work (something that registered a rise of about 40% in the last decade). This was

accompanied by an unusually high rate underemployment among rural women (17%) and urban women (6%) workers (NSSO 2014a, 211–12). Further, most of the self-employed workers are in the informal sector. As the data of 2011–2012 shows that 97% of the self-employed in the rural and 98% of them in the urban areas are in the informal sector. Similarly, 78% of the rural casual labourers and 81% of the urban casual labourers are in the informal sector. It is also significant that 42% of the regular wage/salaried employees in the rural areas and 40% in urban areas are employed in the informal sector (NSSO 2014b, ii).

Within this broad structure of the contemporary Indian labour market, it is worth noting that even though the government claims that fast-growing sectors like information technology have created jobs, the situation of employment remains grim (Fresht 2017). The labour force participation rate of the country has been on the decline from over 60% in 1995 to 53.2% in 2016. Further, the Labour Bureau's annual household employment survey shows that the total employment fell from 480.4 million in 2013–2014 to 467.6 million in 2015–2016. Seen over a period from the post-2008 crisis period, the unemployment rate in India dipped from 4.1% in 2008 to 3.6% in 2012 to 3.4% in 2014 (GoI 2015). It, however, rose to 3.5% in 2015 and has remained unchanged since then. The unemployment among the youth at 10.4% is three times higher than the overall rate of unemployment. The labour force participation rate of the country has been on the decline from over 60% in 1995 to 53.2% in 2016 (GoI 2016a).

Along with inadequate employment generation, overwhelming informality with low earnings and inadequate or absence of social protection remain among the most important characteristics of the labour market in India. According to the National Commission for Enterprises in the Unorganised Sector (NCEUS) based on the 61st round of the National Sample Survey Organisation (NSSO) (2004–2005), out of the 62.6 million workers employed in the organized sector in 2004–2005, 29.1 million were unorganized workers as per the criterion of social security provisions. Similarly, out of 395 million workers employed in the unorganized sector, only 1.4 million workers were provided social security benefits and hence, classified as organized workers. This implies that in the total employed workforce of 457.5 million workers in 2004–2005, only 34.9 million workers were entitled to receive social security benefits, that is, 7.6% could be treated as organized workers and the remaining 422.6 million (92.4%) were unorganized workers in the economy. Between 1999–2000 and 2004–2005 though the total employment in the economy

increased from 397 million to about 458 million (an increase of 61 million during the five-year period), almost the entire increase in employment opportunities was in the category of unorganized workers. During the most recent period, for which NSS data are available, from 2004–2005 to 2012, the share of regular worker in the organized sector further declined with the burgeoning of contractual employment in place of regular one. In 2011–2012 about a third of the regular or salaried employees in the formal sector were considered ‘temporary’ and this march continues unabated. The number of workers who do not get paid leave has increased considerably 2004–2005 to 2011–2012 (i.e. from 66–70% to 71–74%, respectively) in both, the formal and informal sectors (Jha 2018).

In passing, it may be noted that, across the world, expanding informality seems strongly correlated with declining share of manufacturing in the total employment in 79 countries throughout the world. It is also driven by the ‘servicification of manufacturing’ as a recent study shows (Driemiere 2017). The so-called Gig economy appears to be ascendant everywhere and Indian policy makers are also chasing the same. The government’s Skill India programme is largely designed to provide cheap skilled labour in newly emerging technology-driven value chains, where the presence of skilled labour reserves will also attract FDI. The labour law regulations, considered in the next section, are also visualized to maintain and expand this reserve.

THE ROLE OF STATE AND LABOUR LAW REFORMS

Reproduction of informality is a systemic requirement of the contemporary capitalist system. During the era of so-called economic reforms, official spokespersons have often argued that India’s labour market is too rigid (due to several restrictive laws) and hence not attractive for investors, whether from India or abroad. This supposedly is particularly critical for foreign investments, which are assumed to scout the world for relatively low-cost destinations. It is frequently suggested by policy makers that India’s key comparative advantage is its ‘demographic dividend’ which, if upgraded through skill development, and supported by labour market flexibility, will help to attract investments and create jobs. For instance, the *Economic Survey of 2005–06* stated that the existing labour laws restricted labour mobility and led to capital-intensive methods in the organized sector and thus adversely affected the economy’s long-run demand for labour (GoI 2006). It was also argued in the

same survey that the states which had enacted more pro-worker regulations, lost out on industrial production in general, and their growth rates and generation of employment had suffered. Hence, it was necessary to rationalize labour laws, not only to cut costs, but also to make Indian industry more competitive vis-à-vis its counterparts in other countries. The demand for labour market flexibility has therefore become a recurrent theme in the contemporary efforts of the government to boost growth through integration within global markets.

A careful examination of the above arguments, and there is a large scholarly literature on this theme, clearly demonstrates that there is little merit in supporting the claims of labour market rigidity, whether theoretically or empirically; but it is amply clear from economic theory that labour market regulation per se does not impede either economic growth or employment generation. Likewise, the empirical literature is quite clear that better protection for labour does not come in the way of decent macroeconomic outcomes (Jha 2016b). Given the fact that China and India, as the two fastest-growing economies in the world for approximately the last 35 years (with China's growth on an average being 40% higher than India), have been the focus of contemporary discourse, we may note the following regarding the relationship between job creation and regulation. In comparison with India, China has had much better 'protection' for labour in terms of laws and regulations, and the average wages have been almost two-to-three times higher than in India. Yet in terms of attracting foreign investment the gap between the two countries has been huge, with external investment flows in China, on an average, being three-to-four times higher than in India during the last couple of decades. China continues to be among the most promising destination for foreign capital, despite having one of the highest rates of growth of wages in the global economy. In any case, as should be evident from the earlier discussion, given the extremely small size of the organized sector in India, any claim of 'labour market rigidity' is highly exaggerated. Moreover, as discussed in the earlier section, whatever protection this small segment of workers has, is being gradually dismantled (Jha 2016b).

Although the post-independence Indian State hardly had a strong disposition to promote the well-being of labour, a visible hostility started becoming evident from the 1980s, and a well-crafted neoliberal assault on labour rights was mounted through the Recommendations of the Second National Labour Commission, 2002 (SNLC). Though the Commission recognized the existence of an increasingly informal and

casual workforce without any social protection, its remedies rather surprisingly do not address these problems. Rather, the Commission recommended measures that form the foundations of the present-day labour reforms. These included the unfettered right to close establishments without prior permission that employ up to 300 workers through amendments in Chapter VB of the Industrial Disputes Act, establishments employing up to 100 workers are required to secure prior permission from the government concerned. It also recommended that in the case of larger enterprises employing more than 300 people the employer needs to apply for permission 90 days before closure and the permission would be deemed to be granted if the government did not reply within 60 days. The Commission also recommended that employers may be granted to right to retrench workers on very easy terms like giving just two months' pay in lieu of a notice. It recommended that the service conditions of the workers can be unilaterally altered with 21-day notice. The whole focus of the Commission was to introduce flexibility in employment relations in a manner that gave huge advantage to employers (Jha 2005).

The entire role of the SNLC was to minimize the role of government by restructuring and rationalizing labour laws which pertained to industrial relations and dispute management. It emphasized the need to integrate all laws into a single Law (Jha 2005).

Such measures not only further the reproduction of informality but also have a direct bearing on weakening the system of tripartite negotiations and right of collective association and bargaining. In fact, the SNLC made recommendations for de-recognition of unions as legitimate negotiators on behalf of workers. It recommended that the unions can only be considered legitimate negotiators if 66% of the workers endorsed them. The Commission proposed that recognition to trade unions would be decided by the checkoff system and endorsed by the management. It further recommended that all types of strikes were to be banned in 'essential services' and the legitimate right to strike would only be applicable if it was supported by 51% of workers through a secret ballot (Jha 2005; Auer and Jha 2009).

These provisions formed the crux of the arguments supporting labour market flexibility and were aimed at emasculating whatever space a small section of workers have had through the implementation of the Industrial Disputes and Contract Labour Act. The spirit of the recommendations is encompassed in the labour law reforms mooted by the current government at the Centre. Regulatory provisions such as the Minimum Wages Act, the Factories Act, the Industrial Disputes Act and the Contract Labour Act have

often been questioned both for their rationale and effectiveness; the major bone of contention relates to the issues of job security and the right to association of workers. It is proposed that the laws be restructured through the introduction of four labour codes of which three have already been prepared and put up for discussion (Auer and Jha 2009). These are the Wage Code, the Industrial Relations Code and the Social Security Code.

The Wage Code amalgamates four existing Acts on question of minimum wages, bonus, equal remuneration and the payment of wages. The provisions of the Code are the following: first, a 'national minimum wage' to be fixed by the Union government as a benchmark for all state governments. However, national minimum wages would vary state-wise as long as they are not lower than the declared minimum wage. However, the wage can only be fixed by the 'state government'. This provision has received much criticism as it goes against the concept of a 'national minimum wage floor' that the unions have been struggling to attain over the last few decades. The suggested measure is likely to lead to 'a race to the bottom'. Second, the advisory board suggested by the Code spells the end of all tripartite negotiations on question of wages as it does not include any trade union representation in the Minimum Wages Advisory Board. Third, the Code ignores the formula for the fixation of minimum wages which was mutually endorsed by trade unions and governments in the 44th and 46th Indian Labour Conference on the basis of the Supreme Court ruling. Fourth, the Code permits web monitoring and self-certification with regard to compliance of minimum wages, rather than inspection in order to ensure that employers follow the law. This in itself weakens the role of labour departments in ensuring that minimum wages are implemented. Fifth, though the Code states that there should be no discrimination in the payment of wages, it dilutes the provisions of the original Equal Remuneration Act by omitting the prohibition of discrimination in recruitment. These problems in the Wage Code ensure that the reforms being carried out by the government are pro-employer and anti-worker in their character (Gopalakrishnan 2015).

The second major attack on labour rights has come in the form of the Code on Industrial Relations. This Code seeks to amalgamate (a) Industrial Disputes Act, 1947, (b) Trade Union Act, 1926 and (c) Industrial Employment (Standing Order) Act, 1946, and 'reform' them. The new Code restricts the applicability of Chapter VB of the Industrial Disputes Act to firms with more than 300 workers keeping a significant number of establishments outside the purview of the law.

It also empowers the state governments to adjust their own thresholds, thus inducing state governments to compete with each other to deregulate the labour market in order to attract investments. The Code also makes registration of trade unions more difficult and forbids the election of any non-working office bearers, thus making the unions susceptible to manipulation and coercion by the employers.

The Code also dilutes the standards and monitoring needed for assuring the basic conditions of decent work. For example, it says that the Industrial Employment (Standing Order) will only be applicable to establishments with more than 100 workers. This means that more than two-thirds of the establishments will be out of the purview of the law which ensures that workers get the basic minimum decent working conditions. The amendments to the Factories Act proposed in 2016 also complements this change in labour laws and is only applicable to factories employing 20 or more workers (with power) and 40 or more workers without power. This again means that a majority of the factories will be outside the scope of the law. The proposed changes in the Factories Act also prepare the ground for the intensification of the extraction of surplus value by the employer. A regular working day has been extended from 10.5 hours to 12 hours without overtime and the ceiling of overtime work has been increased from 50 hours to 100 hours per quarter for shift workers and 125 hours per quarter for full-time workers. This will not only extend the working day but also lower the labour cost per unit of production as overtime hours do not include allowances (Roychowdhury 2018). Further, the proposed amendment also allows for night work by women 'with adequate safety measures' even though these measures are not specified. The demand of the trade unions that all night work by women should be done under their supervision has not been considered by the government. Without monitoring by the trade unions, this provision will only lead to further exploitation of women (Gopalakrishnan 2015). These proposed amendments are also strengthened by the changes in the Child Labour and Apprenticeship Act which make cheap labour available to enterprises without necessarily complying with minimum labour standards (Roychowdhury 2018). The announcement of the government that it will bring in Fixed Term Employment in all sectors has only added to the perception that all the proposed amendments in labour laws are aimed at expanding the labour reserves which are crucial to the survival of contemporary neoliberal capitalism.

Another crucial aspect of labour law reforms is encompassed in the Social Security Code which has been recently circulated by the

government. The Code combines fifteen Acts and declares that it will provide social protection to workers in organized and informal employment. At first sight, this seems to be a desirable objective that will provide support to the growing mass of vulnerable workers. But on closer inspection, this claim is untenable because the provisions of the Code show that a majority of the workers (almost 72%) will be outside the scope of the proposed legislation (Sen 2017). At the core of the Code is the establishment of a National Social Security Council which will replace the existing ESI and EPF tripartite Councils. This will deal a double blow to the existing structure of social security. First, it will dismantle the existing national-level structures of ESI and EPF that allow workers to access benefits directly without approaching state social security boards, which will now be responsible for administering social security. This administration will be outside the watchful eyes of worker's unions and therefore make access to benefits more cumbersome. Second, the huge funds (amounting to more than Rs. 11 lakh crores) which exist in EPF, ESI and other social security funds will now be transferred to the National Social Security Council without any controls over this spending. The Council itself will be free of any tripartite scrutiny and will be able to invest huge funds for speculative purposes, thus putting the worker's hard-earned savings at the risk of the financial market for the benefit of corporations. Unions claim that the 'loot of workers' contributions' is the real intent of the proposed Code (Sen 2017). While the proposed Code dismantles, rather than expanding the coverage of the existing social security mechanism, it is also vague on the nature of universal social security that will be provided to workers of both organized and unorganized sectors. Further, it does not place any obligation on State or Union Governments to provide budgetary support for universal social security coverage. Though the Code claims that it will be providing all workers social security, its terms and conditions only increase the vulnerability of casual and seasonal workers, since the Code claims that the workers will have to deregister every time they are 'unemployed'. Such a social security system will only increase the vulnerability and insecurity of a floating workforce which is essential to the maintenance of a large labour reserve.

The preceding discussion shows that the recent steps taken by the Indian State in the name of labour reforms are designed to maintain and expand the systemic informality that is crucial to the current capitalist system. By proposing regulations to achieve this goal, the Indian State is attempting to maintain its own competitive advantage so that MNEs find it profitable to invest within the country. The entire purpose and

character of labour reforms are thus designed to weaken any challenge to this process of capitalist accumulation.

REFORMS AND TRADE UNIONS

As should be evident from the foregoing, footloose Finance Capital and globalized production have brought about major changes in production and class relations. With their power to organize operations on a global scale, spatially and sectorally, international corporations have exploited the dynamics of space to cause division of labour along spatial lines. This has had an adverse impact on unionization and collective bargaining power of the workers. A statistical appraisal of unionization is difficult in India because the official data as furnished by the Labour Bureau in its various publications pertain only to registered unions submitting returns. We may also note a very large percentage of the registered unions do not furnish the relevant information; for instance, in 2010, of the total 18,602 registered unions, only 16% furnished the relevant information. In 2014, the total number of unions went down to 12,846 registered unions but only 34.6% submitted their returns. The relevant data are collected at the state level and a great deal of it is not even passed on to the Union Ministry of Labour/the Labour Bureau. For instance, in 2010, ten states did not share any information relating to unions, etc. In 2014, only 11 states and 3 union territories submitted their returns. An alternate source of data is the NSSO which collected some information on whether union existed in the first place and in places where unions did exist they asked respondents whether they were members of the unions. This data were collected for the 50th, 55th, 61st and 66th rounds and revealed some remarkable facts about the class consciousness of the workers (Jha et al. 2017).

As per the NSS data for 2009–2010, the proportion of rural workers who were aware of some semblance of union activity in their area of work had stayed stagnant at 12.25%, with the lion's share of the working class (82.81%) responding in the negative about having knowledge regarding the existence of union/association in their line of work. But the actual unionization (of those who said they know about the existence of unions) had in fact increased with about 56.14% being members of workers' associations. In contrast, in the awareness of unions in urban India was slightly better. By 2009–2010, 27.79 were aware of unions and 77.13% of these were members of some association or the other. In 2010, the Union density in urban areas was 21.17% which represented a downward slide from 1992 to 1994 onwards when it was around 27% (Jha et al. 2017).

But in overall terms the changing nature of the working class and its fragmentation of workers through the expansion of the informal sector have also posed a challenge to the trade union movement within the country. As per the latest available data with the ILO, union density has fallen from 13.8 in 2004 to 12.8 in 2011. Since then both the number of unions and their membership have been on the decline. As per the *Trade Unions in India, 2014* brought out by India's Labour Bureau, the number of trade unions submitting returns declined from 4785 to 4359 between 2013 and 2014. In the same period, the total membership of the trade unions decreased from about 9.1 million to 7.8 million, a decline of about 16.6% (GoI 2016b).

The changing nature of the working class is also reflected in the composition of the unions. The above-cited report also shows that agriculture and manufacturing sector had the highest concentration of unions, despite their low growth rates. Between 2012 and 2014, the number of employees unionized came down from about 1.6 million to 1.2 million. The trade union membership in agriculture declined from 2.9 million to 2.7 million. In the service sectors, the number of unionized employees fell from about 4.6 million to 4.4 million between 2012 and 2014; among bigger segments, the membership fell from 1.1 million to 0.9 million in transport and storage services, from 1.1 lakh to 81 thousand in ICT (information and communications technology) and from 1.9 lakh to 1.6 lakh in financial services (GoI 2016b). Workers have had to resort to new strategies and actions as far as resistance is concerned. Although much of the recent workers' militancy has been more of a sporadic phenomenon than being collective action, it should not be interpreted necessarily as a decline of the associational power; rather we need to interrogate these as 'new forms' of associational power.

CONCLUSIONS

This paper has shown how the State has aided the intensification of systemic exploitation of labour under the hegemony of finance capital. It began with an explanation of the macroeconomic context and the unbalanced jobless growth that is driven by growing integration into neoliberal global capitalism, creating persistent informality and large labour reserves. This paper has argued that the maintenance of these large labour reserves in informal employment is central to the strategy of accumulation for contemporary capitalism.

The Indian State has played a major role through multiple channels in aiding the expansion of a labour reserve, and labour law reforms are among the most important step in achieving this objective. Hence, it is not the deregulation of labour that explains an expanding and vulnerable informal labour force; rather the reproduction of such a labour force has been designed through the amendments to existing labour laws, thus impacting on the very character of the working class. The emerging scenario obviously implies serious challenges for India's Labour Movements. The changing situation requires a revival of associational power where worker's organizations need to broaden the scope of organizing and recruitment beyond the traditional constituencies of union strongholds. This would imply reaching out to a whole range of informal sector activities, including those who constitute the self-employed segment of workers, the domestic workers, the jobless in search of work and in general, almost every segment constituting the Marxist concept of 'relative surplus population'. There is a growing recognition when we are thinking of associational power in the contemporary context that we need to go beyond the scope of the conventional framework of traditional unionism as the capitalist reality too has changed drastically in terms of both 'forces' and 'relations' of production. In such a changed context, there is a strong need to go beyond the traditional forms of organizations and strategies (without undermining their strengths in any way), to harness the dispersed energy of the working classes and their associational power. Finally, given that capital has achieved a fantastic global reach, getting into every nook and cranny of the world economy, and has acquired unprecedented trans nationality, Labour's responses and strategies have to explore deeper and more durable connect between the local/national and international. As Karl Marx aptly stated in 1867 in his address to the First International in 1867: 'A study of the struggle waged by the English working class reveals that in order to oppose their workers, the employers either bring workers from abroad or else transfer manufacture to countries where there is a cheap labour force. Given this state of affairs, if the working class wishes to continue its struggle with some chance of success, the national organisations must become international' (Marx and Engels 1975, 422).

APPENDIX

See Table 5.1.

Table 5.1 Sector wise growth rate of employment, 1980–2016 (as percentage of total employment)

<i>KLEMS industry description</i>	1981– 1982	1989– 1990	1999– 2000	2009– 2010	2010– 2011	2011– 2012	2012– 2013	2013– 2014	2014– 2015	2015–2016
1. Agriculture, hunting, forestry and fishing	1.80	2.17	0.04	-1.99	-1.96	-1.92	-3.47	-0.21	-3.50	-3.62
2. Mining and quarrying	6.54	1.88	0.12	-0.26	-0.22	-0.17	-1.69	1.58	-1.69	-1.80
3. Food products, beverages and tobacco	3.10	3.80	2.01	1.48	1.51	1.53	-0.02	3.23	-0.07	-0.20
4. Textiles, textile products, leather and footwear	3.04	-1.90	0.53	-3.18	1.17	-1.76	-2.79	0.82	-2.54	-2.31
5. Wood and products of wood	3.32	1.52	5.42	-4.37	-4.34	-4.30	-5.92	-2.66	-5.94	-6.06
6. Pulp, paper, paper products, printing and publishing	2.81	0.20	4.72	-0.89	-0.83	-0.77	-2.27	1.02	-2.23	-2.31
7. Coke, refined petroleum products and nuclear fuel	3.15	2.01	-2.12	7.59	-7.09	-4.12	-1.51	1.72	-1.60	-1.76
8. Chemicals and chemical products	2.92	4.66	1.08	-0.04	0.32	0.66	-0.60	2.91	-0.15	-0.08
9. Rubber and plastic products	2.95	8.98	2.13	5.33	5.41	5.49	3.85	7.16	3.92	3.85
10. Other non-metallic mineral products	3.26	1.02	1.11	1.63	1.73	1.82	0.32	3.63	0.38	0.29
11. Basic metals and fabricated metal products	3.11	0.87	4.06	2.84	2.93	3.03	1.52	4.87	1.69	1.69
12. Machinery, nec.	3.24	6.26	7.77	4.61	4.73	4.85	3.29	6.64	3.46	3.46
13. Electrical and optical equipment	3.05	4.29	2.23	24.61	-7.01	15.83	10.27	12.23	10.06	9.14
14. Transport equipment	0.39	-7.26	-0.47	14.90	14.68	9.66	-3.73	2.88	-0.45	-0.61

(continued)

Table 5.1 (continued)

<i>KLEMS industry description</i>	1981– 1982	1989– 1990	1999– 2000	2009– 2010	2010– 2011	2011– 2012	2012– 2013	2013– 2014	2014– 2015	2015–2016
15. Manufacturing, nec; recycling	3.15	2.26	0.56	3.89	3.92	3.94	2.33	5.58	2.28	2.15
16. Electricity, gas and water supply	4.28	1.98	0.70	5.90	0.11	0.00	1.69	4.97	1.72	1.63
17. Construction	6.96	2.16	3.65	9.42	9.59	9.76	7.91	11.31	8.15	8.17
18. Trade	5.04	3.72	4.09	1.32	1.34	1.35	-0.21	3.04	-0.27	-0.41
19. Hotels and restaurants	4.99	1.44	5.36	4.02	4.06	4.09	2.47	5.73	2.43	2.30
20. Transport and storage	9.30	3.21	4.89	2.44	2.44	2.44	0.85	4.08	0.76	0.60
21. Post and telecommunication	9.91	6.04	8.35	-1.62	-1.52	-1.43	-2.92	0.39	-2.86	-2.95
22. Financial services	9.29	6.95	0.19	5.40	5.41	5.42	3.72	6.95	3.64	3.49
23. Business service	9.13	6.72	10.80	9.05	9.08	9.11	7.19	10.45	7.16	7.03
24. Public administration and defense; compulsory social security	0.07	2.03	0.70	0.06	1.39	2.27	-2.54	0.69	-2.63	-2.79
25. Education	1.14	4.79	4.11	3.13	3.13	3.13	1.52	4.74	1.42	1.27
26. Health and social work	0.64	2.32	5.10	3.40	3.45	3.49	1.91	5.18	1.90	1.79
27. Other services	1.16	7.18	1.99	3.15	3.32	3.49	2.03	5.43	2.28	2.30
Total economy	2.42	2.40	1.28	0.61	0.81	1.02	-0.51	2.94	-0.16	-0.08

Note nec—not elsewhere classified

Source Report on 'Measuring Productivity at the Industry Level—The India KLEMS Database,' https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=43504, accessed 10 August 2018

Acknowledgements Professor L.K. Deshpande is widely recognized as a distinguished economist, a great teacher, a remarkable institution builder and a wonderful human being. I have had the privilege of knowing Professor Deshpande for over two decades and am, indeed, grateful for his wise counsel and abundant affection over the years. I feel deeply honoured to contribute to a volume which celebrates the life and work of Professor Deshpande. As my token of gratitude, I have chosen to engage with a theme central to Professor Deshpande's scholarship, namely the well-being of labour.

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The *Great Transformation* in Our Time and the Possibilities for the Renewal of Social Democracy

John Harriss

INTRODUCTION: *POLANYI'S 'GREAT TRANSFORMATION'* AND OUR TROUBLED TIMES

History doesn't repeat itself, but for some observers the Trump phenomenon in the USA, the mounting influence at the same time of right-wing political movements such as the Front National in France or Alternative für Deutschland in Germany, and the success of political 'strong men' elsewhere in the world—leaders such as Viktor Orban in Hungary, Recep Erdogan in Turkey or Narendra Modi in India—carried awful echoes of the 1930s. These political movements and the parties led by 'strongmen' don't all share exactly the same agenda. They are not all advocates of the protectionism promised by Trump, and that began to be delivered by him, in 2018, when it seemed that a trade war between the USA and China had begun. But all of them espouse forms of nativist nationalism. They are all, explicitly or implicitly, critical of existing politics, and they call democracy into question, all the while promising to

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bring about radical change, supposedly in the interests of the common man, who is, of course, a ‘native’ (in Trump’s America that is, white, and English speaking). They are all ‘populist’—as this term is generally used—in holding that politics is a struggle between the ‘people’ and, on the other side, unfairly advantaged ‘others’, who often include what are held to be corrupt elites.

The rise of these leaders is part of a wider trend in the second decade of the twenty-first century, towards authoritarian populism, defined by Scoones and his fellow authors as a politics that ‘justifies interventions in the name of ‘taking back control’ in favour of ‘the people’, returning the nation to ‘greatness’ or ‘health’ after real or imagined degeneration attributed to ‘others’ [old elites, whether they are ‘insiders’ or ‘outsiders’]’. These authors go on to say, ‘authoritarian populism frequently circumvents, eviscerates or captures democratic institutions, even as it uses them to legitimate its dominance, centralize power and crush or severely limit dissent’ (Scoones et al. 2018, 3). The context in which authoritarian populism has arisen is that of the insecurity and precariousness that is experienced by masses of people, amid the great wealth of others.

These trends of recent history are illuminated by the thinking of Karl Polanyi, in his book *The Great Transformation: The Political and Economic Origins of Our Times*, first published in 1944. Born in 1886, in Vienna, Polanyi was later a refugee from Nazism, first in England (where he began to draft his book) and then in the USA (where it was completed), and he wrote *The Great Transformation* (GT) in order to develop an explanation for the rise of fascism and for the world crisis of the mid-twentieth century. In doing so, he elaborated a profound critique of the kind of thinking about economic development that is well described as ‘market fundamentalism’ (Block and Summers 2014)—commonly referred to as neoliberalism—that has been dominant to the point of being the generally accepted common sense across much of the world since the end of the 1970s.

Writing of the 1930s, Polanyi says:

A country approaching the fascist phase showed symptoms among which the existence of a fascist movement proper was not necessarily one. At least as important signs were the spread of irrationalistic philosophies, racialist esthetics, anticapitalistic demagogy, heterodox currency views, criticism of the party system, widespread disparagement of the “regime” or whatever was the name given to the existing democratic set-up. (Polanyi 1944, 238)

It is not out of the way to suggest that these signs were there in Donald Trump's pronouncements, or in those of Marine Le Pen, and several of them, at least, were characteristics of the Erdogan regime in Turkey or that of Modi in India. This essay reflects, therefore, upon the continuing relevance of Polanyi's analysis to the understanding of the political and economic origins of 'our times' of the twenty-first century.

His argument, about his own times of the mid-twentieth century, is that the failed attempts in the previous century, and again in the aftermath of World War I, to run economies according to the principles of economic liberalism, and to establish a self-regulating 'market economy' (SRM) gave rise to 'disruptive strains' (as he puts it) of protectionism and nationalism that ultimately brought about the world crisis of the 1930s and 1940s. Can the political trends of our times, similarly, be explained as being outcomes of the reassertion of market fundamentalism at the end of the twentieth century?

The conjuncture that Polanyi analysed was that of the rise of fascism. Fascist rule, he argued, was not the outcome of power inherent in the political movements in Italy and Germany. These movements became powerful only because of the failures of the market economy. It must be recognized that the countermovement against market fundamentalism, for the protection of society against its effects, may well have right-wing, conservative outcomes. There was, however, another, socially progressive response in the 1930s to the crisis brought about by the collapse of the SRM that economic liberals had sought to establish. This was the New Deal in the USA. And this had quite a lot in common with another response that Polanyi did not write about, which was the rise of social democracy in Scandinavia. In the latter part of this essay, the possibilities for the renewal of social democratic development in the present are discussed, and with particular reference to India.

THE GREAT TRANSFORMATION: MARKET FUNDAMENTALISM AND THE 'DOUBLE MOVEMENT' OF MODERN HISTORY

Market fundamentalism rests on the conceptualization of the economy as an autonomous, self-governing entity—what Polanyi refers to as the SRM. 'Market economy', he says, 'implies a self-regulating system of markets; in slightly more technical terms, it is an economy directed by market prices and nothing but market prices' (p. 43). All societies necessarily have economies, he argues, 'but previously to our time

no economy has ever existed that, even in principle, was controlled by markets. In spite of the chorus of academic incantations so persistent in the nineteenth century, gain and profit made on exchange never before played an important part in human economy' (p. 43). Historically, the economy was 'embedded' in social institutions and subject to moral and ethical norms. The establishment of the 'market economy' in the West in the nineteenth century, initially and influentially in Britain—the case that Polanyi takes in particular—and the attempt to create a self-regulating system of markets involved the 'disembedding' of the economy from social relationships: 'Instead of economy being embedded in social relations, social relations are embedded in the economic system' (p. 57), and with this, the motive of gain became dominant. In other words, a major shift came about in the relationships of economy and society. Now society, and the morals and values on which it is founded, became subordinated to and even modelled on markets. For Polanyi, the roots of the crisis of the mid-twentieth century—and, we may argue, those of the crisis of our own time—lie in the place of the economy vis-à-vis society. For Polanyi, as was also the belief of his contemporary, Maynard Keynes, the economy should be made to serve social ends, rather than being made an end in itself—such as we see in our times with the fetishization of the expansion of gross national product (on which see Mitchell 2011, Chapter 5).

The attempt to make a reality of what Polanyi argues is the utopian idea of self-regulating markets means that three key factors of production must be treated as commodities, so that they are subject to the laws of the market: labour, land and money. Yet, Polanyi argues, they can only ever be fictitious commodities. Labour is 'only another name for human activity, which goes with life itself' (p. 72); 'land is only another name for nature' (p. 72)—in other words, it is a shorthand for the natural environment—and is given to us rather than being created for sale on the market, while money is a token of purchasing power that facilitates exchange. If there is to be a self-regulating market, all of these elements of the economy have to be commodified. But, Polanyi argued:

To allow the market mechanism to be sole director of the fate of human beings and their natural environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society ... Undoubtedly, labor, land, and money markets *are* essential to a market economy. But no society could stand the effects of such a system of crude

fictions even for the shortest stretch of time unless its human and natural substance as well as its business organization was protected against the ravages of this satanic mill. (p. 73)

The moves to establish the SRM in the nineteenth century gave rise to a countermovement, as people resisted the treatment of their capacity for work as a commodity, ultimately through unionization and political pressure for legislation to protect workers; as others—landowners, capitalist farmers and peasants—sought to protect land from its commoditization and domestic agriculture from the effects of free trade; and, eventually, as governments intervened increasingly, to protect business from the effects of the operation of the gold standard, which tended to bring about deflationary pressures, and these both the destruction of businesses and the rise of unemployment. With the commodity form of money under the gold standard, prices and the amount of credit that is available should depend upon the amount of gold that a country holds. If more is imported from abroad than is being bought from a particular country, then that country must pay the others with some of its gold. Reduced holdings of gold will tend to bring down domestic prices—deflation—and reduce the amount of credit that is available, making for business losses, and unemployment for labour. But then, given lower prices, exports should pick up, and equilibrium be restored. The principle of autonomous adjustment may be fine, but the damage caused on the way to the restoration of the economy may be unacceptable. And governments did act to protect their economies—partly by making credit available through the use of ‘token money’, even in the absence of gold to back it up.

Polanyi describes, therefore, what he calls ‘the double movement’:

It can be personified as the action of two organizing principles in society ... The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely *laissez-faire* and free trade as its methods; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market ... (p. 132)

States had to intervene, as part of, and in response to the countermovement to the attempt to establish the SRM, upsetting its entire premise. Already, in the last quarter of the nineteenth century, the SRM was

being undone by labour legislation, which constrained the operation of the labour market (making for what economic liberals refer to as ‘inflexibility’), and by protectionism, as states sought to protect their citizens from the pressures created by the gold standard, to protect agriculture and domestic industry, and to protect their national currencies. Protectionism was associated with the surge of nationalism—what Polanyi nicely called ‘crustacean nationalism’, evoking the idea of national societies retreating into their shells (exactly as seems to be happening in our own time). It also encouraged the renewal of colonial expansion, as European states sought markets for their products as well as new sources of raw materials—and a way of asserting their power in relation to others. So the countermovement undid the effort to make a reality of the SRM, marked by the retreat from the gold standard with World War I, itself the outcome of contending nationalisms.

In the aftermath of World War I, the attempt was made by Britain, followed by many other countries, to restore the SRM by going back to the gold standard. But by this time, it was impossible to reconcile the interests of a politically mobilized working class in higher wages and protection against income insecurity, with the austerity imposed by the gold standard. Relative economic stability was achieved for a few years, but the gold standard also brought deflation—exactly as Keynes had warned—until finally the Depression forced countries off the gold standard. Polanyi’s powerful account of these years emphasizes the difficulties that governments had, in democratically governed countries, in trying to reconcile stable currency with social needs (exactly as has been seen in the present and the recent past, as many governments have pursued policies of ‘austerity’ in the interests of ‘sound budgets and sound currencies’, at the expense of social needs). This was the context of the rise of fascism: ‘The fascist solution of the impasse reached by liberal capitalism can be described as the reform of market economy achieved at the price of the extirpation of all democratic institutions’ (p. 237).

*From ‘Embedded Liberalism’ to the Second Coming of Market
Fundamentalism*

When the *GT* was published, in 1944, Polanyi thought that the era of the ‘market economy’ and the crisis to which it gave rise had passed and that this could be ‘the beginning of an era of unprecedented freedom ... (when) ... regulation and control can achieve freedom not only

for the few, but for all' (p. 256). And indeed, the settlement reached at Bretton Woods, also in 1944, did bring about, in the West, an era of unprecedented freedom, for those born in the later 1940s, or early 1950s. Many of this generation enjoyed positive freedoms—to adequate nutrition, to good health and to sound education—that had been unknown to their parents, thanks to the establishment of a welfare state, in the context of what was called 'embedded liberalism' (Ruggie 1982). What Polanyi did not anticipate, or Ruggie recognized, was the extent to which the enhanced freedoms enjoyed in the West depended upon the continuing dominance, economic, social and political, of the West, led by the USA, over most of the rest of the world (see Fraser 2014).

The Bretton Woods settlement established a market economy that was 'embedded', or in other words made subject to social needs—articulated by trade unions and labour parties—by means of regulation and control. There was a general acceptance that the state should focus on securing economic growth, sure enough, but combined with full employment and the improving welfare of its citizens. One of the key conditions for this was that movements of capital should be strictly regulated. As Helleiner has explained, 'capital controls were necessary to prevent the policy autonomy of the new and interventionist welfare state from being undermined by speculative and disequilibrating international capital flows' (Helleiner 1994, 4).

However, as Harvey relates in his *Brief History of Neoliberalism* (2005), what has sometimes been described as a Golden Age in the advanced capitalist economies, with historically high rates of economic growth, combined with distributive policies, between the late 1940s and the later 1960s, came to an end in the 1970s. In part, the Golden Age was the victim of its own success, with intensified competition and falling profits in key industries that had been dominated by the USA—what Marxists explain in terms of the theory of over-accumulation and the long-run tendency of 'the falling rate of profit' (Harvey 1982)—while wage demands from strong labour movements continued mounting. Ultimately, growth rates fell, unemployment increased and high rates of inflation became pervasive—in what was called 'stagflation'. Inflation was especially severe in the USA, because of the financial demands of social expenditure under President Johnson's plan for a Great Society, combined with the costs of the war in Vietnam. These pressures caused the USA, between 1971 and 1973, to dismantle the Bretton Woods system of fixed exchange rates—bringing what *The Economist* has referred to as

‘the great financial liberalization of the 1970s and 1980s’ that rendered capital controls an anachronism (*The Economist* 2015). In the 1970s, the floating of currencies and the recycling through the international financial system of so-called petrodollars—from the profits made by the petroleum exporting countries as a result of the oil price hike of 1973—created new opportunities for financial speculation. But soaring levels of inflation meant that the control of wealth by the top 1% in the USA especially, and elsewhere in the West, plunged as asset values collapsed (see Harvey 2005, Chapter 1).

This was the juncture at which market fundamentalism became resurgent, with the rise of neoliberalism—from around the end of the 1970s. Harvey defines ‘neoliberalism’ as: ‘a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets and free trade’ (2005, 2). Thus defined, it is not at all clear that ‘neoliberalism’ is significantly different from its classical predecessor of the nineteenth century, but the resurgence of economic liberalism in the later twentieth century came about in a very different context. In particular, what was different was an economic landscape dominated by giant firms with monopoly power. As Evans and Sewell have argued, neoliberal economists such as Milton Friedman saw only ‘overweening government’ as a threat to liberty, and ‘Unlike classical liberalism, neoliberalism was not concerned about great concentrations of private wealth and power’ (2012, 43). This ‘neo’ or revised liberalism, comfortable in the new landscape of giant corporations, has meant the second coming of the attempt to establish the SRM economy.

The neoliberal paradigm ‘established the combating of inflation as the overarching goal of macro-economic policy, regardless of what that meant for unemployment’ (Davies 2017, 20)—recalling the interwar period in Europe, according to Polanyi’s account of those years (see *GT*, 142). Neoliberalism brought the disembedding of the economy once again. For market signalling to work money has to be relied upon to hold its value, and the task of achieving this is no longer supposed to be realized by the gold standard. The task is now entrusted to central banks, run by technocrats, who are presumed to be outside politics. But, ‘outside politics’ or not, ‘Neoliberal theories suited a particular ideological agenda: inflation harms those who are in possession of money, and benefits those who owe it. Clamping down on inflation had the effect

of reasserting the sovereignty of finance capital' (Davies 2017, 20). Neoliberalism is, exactly as Harvey argues, a project to restore the class power of holders of wealth (see Harvey 2005, Figs. 1.21 and 1.3). And as Thomas Piketty (2014) famously shows, it has succeeded very well in achieving this.

Neoliberalism has succeeded, all too well, in restoring the class power of those who hold assets. Inequality has soared across most of the world. At the same time, neoliberalism—which has brought the absolute dominance of finance capital—has not delivered stable and sustained economic growth. Economies have been subject to recurrent crises in a way that was not true of the era of embedded liberalism, as a result of the absence of controls on movements of capital, and because of the treatment of money as a commodity, even if in new and wild virtual forms—those tools of profit-making, like the subprime mortgages that underlay the financial crisis of 2007–2008—rather than in that of precious metal. Subsequently, because of the sanctity of the value of money, since about 2010 in Europe, and in some other countries too, there has been a strong commitment to 'austerity' (a version of the structural adjustment imposed on developing countries twenty-five years earlier)—policies framed by the idea that it is possible for an economically stagnant country to cut its way to prosperity. As Mark Blyth has shown (2013), the historical record demonstrates that this idea is a delusion. Yet austerity causes further suffering to the most vulnerable, whose numbers have been swollen by the ways in which neoliberalism and the changes in the organization of capitalism with which it is associated have transformed economic organization and social relationships.

The Disembedding of the Economy, Social Dislocation and Ecological Crisis Under Neoliberalism

The consequence of these trends, combined with the effects of technological change and of change in industrial organization, affecting both the older or 'advanced' industrial economies, and the new ones, has been that the power of organized labour has everywhere been greatly reduced, and the conditions of work are everywhere characterized by high levels of insecurity. Protection for labour, long sought by unions, is almost everywhere weakened in the name of labour market 'flexibility', which means the re-commodification of labour (and the destructive decommodification of labour, as well, as labour is pushed into insecure

informal activity, often in the form of self-employment). Further adding to the problems brought by the re-commodification of labour, the emergence of a ‘Fourth Industrial Revolution’, following developments in information technology, artificial intelligence and robotics, has carried further the trends of flexible accumulation. It is likely that this will serve to increase the precariousness of labour, because it will see the creation of large numbers of lower-skilled workers and older people who need retraining.

Together with the re-commodification and the decommodification of labour, the era of neoliberalism has brought the extensive commodification of land, reflected in the widespread phenomenon of ‘land grabbing’ (Borras et al. 2011). Land grabbing takes different forms in different contexts, and according to different purposes, but a frequent feature of it is that makes more land available as real estate, and the basis for speculation. Land, as real estate, has become one of the most significant assets in the portfolios of many of the wealthiest people in the world. There has been extensive ‘financialization’ of housing, too—housing disconnected from its social function but made into a commodity. Many cities, in the ‘emerging market economies’ such as China, India and Brazil, as well as in the West, have seen the construction of swathes of hyper-expensive real estate, often in what are described as ‘regenerated neighbourhoods’. This is a very clear reflection of societies that don’t care much about the most vulnerable, who are generally denied secure housing (Davis 2006). Such lack of concern for the poorest is reflected, too, in the privatization of water—which has had the effect of making payments for water a major burden for very many of those who live in urban slums—and in the privatization of what used to be thought of as ‘public services’, both of which are encouraged under neoliberalism.

As Webster, Lambert and Bezuidenhout argue, in the vein of Polanyi, the idea of the state as defending the needs of society against the dictates of the market is fundamentally opposed to the principles and the values of neoliberalism; and the discourse of privatization involves a very important shift, from the idea of there being a public realm of individuals as citizens—with rights, for instance, to housing and health care—to a private realm view of them as consumers. As the authors say: ‘Notions of active citizenship, solidarity cultures and the public interest have to be transformed to those of an enterprise culture where the consumer reigns supreme’, and in which ‘the state chooses to ignore social class and inequality, assuming that where a need exists there are consumers

who are able to pay for it' (Webster et al. 2008, 103). This amounts to the manufacturing of insecurity.

Market fundamentalism has encouraged and given legitimacy to a consumer culture with an ethos of competitive individualism, pushing out the adherence to values of social solidarity that were quite strong, not only in Western societies, in the 1950s and 1960s, while also—in apparent contradiction—giving rise to the reassertion by political leaders of the 'basics' of family and religion, in the interests of social stability. This is exactly the contradiction to which the attempt to realize the utopia of the self-regulating market gave rise in the nineteenth and early twentieth centuries, as Polanyi showed: 'it is at such times [of rampant individualism and] of fragmentation and economic insecurity that the desire for stable values leads to a heightened emphasis upon the authority of basic institutions – the family, religion and the state' (Harvey 1989, 171). This is characteristic of the authoritarian populism of the twenty-first century.

In sum, the era of neoliberalism over the last 35 years and more is a further phase of market fundamentalism. Commodification has gone much further than in the era discussed by Polanyi, with the development of markets, for example, in childcare and care for the elderly, or in carbon emissions, or biotechnology, or financial derivatives such as those that underlay the financial crisis of 2007–2008. Knowledge is now recognized as the factor of production that is perhaps most important of all, and it too is subject to commodification through patents regimes. Polanyi's analysis connected together the stresses caused by the treatment of labour, land and money as commodities, showing how the social, environmental and financial problems to which these commodity fictions gave rise came together to bring about 'the great transformation'. In regard to our own times, we need to think about the connections between the social problems that we confront—those relating to poverty and inequality, with their differing manifestations in different parts of the world—the environmental problems that are reflected most forcefully in climate change, and the economic and financial problems underlying the crisis of 2007–2008, from which the world has still only partially recovered, and their relations with market fundamentalism. The social problems that have brought the malaise of democracy and have lent legitimacy to authoritarian populism, and the manifestations across the world of ecological crisis, strongly suggest that the global system founded in large part on market fundamentalism is not sustainable.

But where now is the countermovement? Can we discern any trends that are comparable with those that Polanyi observed in the nineteenth- and early twentieth-century episodes of market fundamentalism?

Where Is the Countermovement?

In the context of the second coming of market fundamentalism, though some privileged groups of people/workers—mainly those able to control information—have been empowered, many more have been progressively marginalized. For them, the old ‘class politics’ are unpersuasive (or, perhaps more accurately, ‘even less persuasive than ever’) and both the ways in which they construct their own identities, and the politics which make sense to them, are given rather by a sense of ‘community’, defined in terms of religion, or language or nationhood. What was presumed by earlier generations of sociologists to be the trajectory of social change in capitalist, industrial societies has clearly not come to be. And neoliberalism and the development of global capitalism have greatly restricted the political space. Reaction against democracy that seems to offer no real alternatives is one of the forces that have driven a wave of protest movements in the early twenty-first century. There have been protest movements in at least 70 countries since the financial crisis of 2008 (Kristav [2014](#)), of which one of the most striking was the Occupy Movement that started with the occupation of Wall Street but spread to 30 different countries, standing, as the banners said ‘for the 99 per cent’ (those whom, Oxfam [[2017](#)], reckons account for less than 50% of the world’s wealth). Then, among many others, there was the ‘Take the Square Movement’ in Madrid, in 2011, that spread across Spain and Portugal, articulating protest against political elites and a democracy that offers no real choice; and the ‘June Days’ of Brazil in 2013, in which protesters demanded ‘FIFA standard hospitals’ (protesting against the vast expenditure on football stadia for the World Cup of 2014, set against the poor quality of public services).

There have been significant differences between the movements in terms of the issues around which mobilization has taken place, and of the demands they have raised. What they have shared has been a sense of moral indignation and mistrust of political elites, sometimes focused—as was the case in India, in 2011, with the movement around a Gandhian social worker called Anna Hazare—on political corruption. Their context and in some way or other the trigger for them has been the widespread

sense of insecurity and of injustice, the roots of which are found in the social dislocations brought by market fundamentalism and exacerbated by new technologies. They have generally been characterized by spontaneity and non-violence, and youth have played a major part in them. But they have been, in the words of the sociologist Asef Bayat (2013), movements of ‘refo-lution’, not revolution, movements which have drawn strength from appealing to a wide range of people, but which have lacked coherent agendas—‘Occupy’ being a partial exception—beyond that of looking for the reform of existing political regimes. Protest has come to be seen as an alternative to electoral politics. This is, for example, a divisive issue among the supporters of Podemos in Spain, the organization to which the ‘Take the Square Movement’ gave rise. Some support leaders who have taken Podemos into electoral politics, while others believe that the organization should remain outside ‘normal’ democratic politics.

There is widespread protest, and there are many social movements offering different pathways away from contemporary capitalism. The sociologist Michael Burawoy is pessimistic, however, about their prospects (Burawoy 2010). He distinguishes three waves of marketization. In the first of them, in the nineteenth century, the countermovement was led by struggles over the commodification and de-commodification of labour; the second, in the period after World War I, saw the intersection of contentions over labour and money (as Polanyi argued). The response to the third wave of marketization, of the end of the twentieth century and the beginning of the twenty-first century, may eventually be led by struggles over nature. The degradation of the environment will ultimately affect everyone, ‘rich and poor, north and south’. Burawoy argues that, ‘Some sort of global countermovement may be necessary for human survival’—but, he continues, ‘there is no historical necessity for it to appear’ (2010, 311).

In sum, there is a countermovement, but one that is inchoate. It is this mood that the authoritarian populists referred to at the start of this chapter have tapped into. Insecurity promotes anxiety and as Eric Fromm said, many years ago, ‘A reaction to acute and chronic anxiety ... is submission to and dependence upon authority’ (from 1947, cited by Webster et al. 2008, 213). The right-wing populists, the ‘strongmen’, promise to bring about change in the existing political regime and, in the words that were so powerful in the Brexit vote in the UK in 2016, ‘to take back control’. This is what Donald Trump promised, too, to ‘take

back control' in the interests of the white Americans who are a majority oppressed by concessions made to migrants and minorities, a bit like Hindus in India—a majority oppressed by the advantages that they believe the state has given historically to minorities—according to the ideology of the Hindu nationalist party led by the strongman Narendra Modi.

Polanyi thought that fascism was one response to the crisis of the 1930s. It was one way, in his terms, of 're-embedding the economy in society', albeit in a way that sacrificed democracy. But as he also argued, there was another way of re-embedding the economy so as to realize objectives of social justice and that did not involve the sacrifice of democracy. This is what he saw in Roosevelt's 'New Deal', and which had features in common with the social democracy that took off in Scandinavia at about the same time. Both involved compromise between labour and capital. A critical question for 'our times' is that of whether there are any possibilities now, for such a social democratic alternative. A reading of Michael Burawoy (2010) would lead one to be pessimistic. Are there any grounds for hope? It is easy to be pessimistic about the current state of public affairs across the world. Optimism is hard because we risk disappointment. But we have to first *imagine* a different state of affairs if we are to avert the prospect of further social disintegration and of the return of authoritarian rule.

A Social Democratic Countermovement? Possibilities in the 'South'

On the face of it, the prospects for social democracy aren't good. The most successful social democratic development of the twentieth century, which took place in Scandinavia, in Denmark, Sweden and Norway, was built around a broad-based political movement in which the organized working class played an important role, ultimately entering into a pact with capital, and taking the farmers in, too. The movement drew upon distinctive features of Scandinavian society that are not found in many other parts of the world: these were relatively egalitarian societies, in which small family groups needed to cooperate with one another; they mostly shared their religious beliefs, given the dominance of Lutheranism; and their religion encouraged literacy, so that even poor women would be able to read the Bible; they had a long history of local decision-making; and by the later nineteenth century, thanks to extensive reforms in education and administration, they had efficient states, and many points of contact between state and society, thanks to the strength

of civil society movements such as that of women, as well as the labour movement. In the context of the crisis of the 1920s and 1930s labour and capital came together, bringing the farmers too into a pact that achieved the expansion of economic and social rights for working people—bringing greater social justice—while also creating conditions for sustained economic growth (Harriss and Tornquist 2016).

This won't happen again, in the context of the patterns of economic development that have now taken hold and that have greatly reduced the power of organized labour. How now might it be possible for political collectivities to form that can take on the role that organized labour sustained in the middle and later twentieth century? The best prospects for the formation of such collectivities may come about through a reversal of the sequence of development in Scandinavia. There the achievement of economic and social rights followed from the mobilization of that broad-based political movement. Now, in countries like India and Brazil and Indonesia and perhaps South Africa, it may be that the struggle for the realization of economic and social rights—for rights to health and education, to a livelihood, to food and decent housing—can make it possible for people from disparate social groups to find common cause in placing programmatic demands upon the state. We may take heart from the fact that a common refrain in many of the protest movements referred to earlier was: 'We want better public services'. The struggle is for the establishment of the rights of all people as citizens, entitled to impartial governance and fair public services, rather than for targeted interventions that have the character of charity for the poor. In what follows, the focus is on recent experience in India, but there have been comparable developments in South Africa and Brazil (on which see Seekings 2013a, b; Webster et al. 2008).

A condition for the realization of the potential referred to is disengagement from the vortex of global capitalism. What is required is not a retreat into autarchy, or rigid protectionism, but rather the regulation of trade and of movements of capital in such a way as to bring society back into the equation. An example of what is needed is the trade deal negotiated with China by South Africa, on the basis of the social impact trade had on employment, and which led to the setting of a quota on the import of clothing and textile products from China (Webster et al. 2008, 221).

The struggle stands to be advanced by the development of social movement unionism, in which unions engage more directly in the public arena and form coalitions with other civil society actors, recognizing that

the commoditization of society and the environment affects all strata of society (Tornquist and Harriss 2016; Webster et al. 2008, Chapter 10). Labour organization is of course under enormous pressure, but the context of the increasing precariousness of employment produces greater incentives now for higher-wage employees to find common cause with contract employees and informal workers. There are, for instance, signs in India of this kind of development taking place. The Secretary General of one of the major trade union federations, the Centre of Indian Trade Unions, has said that more than 60% of the members of unions affiliated with the Centre are informally employed—a statement to be set against data for 2002 presented by Ahn (2010), which show a very much lower proportion of informal workers among the certified union members, of the CITU in particular, among the major trade union federations. There are certainly indications of change, but we should remember that the penetration rate by both conventional and new forms of unions in the informal sector is less than 10% (personal communication from Shyam Sundar). Union action, however—as in the general strikes that have been called by all the major Indian trade union federations working together in recent years—is to make demands upon the state for social rights and fair public services (Ramani 2013). This is what was sought, too, by a new South African Federation of Trade Unions, which stated in the Declaration made at the time of its inception on 21–23 April 2017, that ‘We shall immediately launch a recruitment campaign which must focus on the 76% of unorganized workers’, and refers extensively to issues of social and economic rights (Declaration 2017). A social floor of minimum income and social security benefits, such as these federations in India and South Africa now struggle for, would have the effect of empowering informal workers, and a levelling up of the living standards of all working people would increase their market-based bargaining power. Mobilization around demands for social rights supplies a better base for broad unity than the workplace issues that have been the focus of union activity in the past. Social movement unionism can also be the basis of an active democratic society—taking participation beyond the limitations of representative democracy.

Where, if at all, are there grounds for hope for social justice in a country such as India? There are grounds for hope in what has been described as India’s new rights agenda (Ruparelia 2013)—with the passage of the Right to Information Act in 2005, then with the Mahatma Gandhi National Rural Employment Guarantee Act, also passed in 2005, the

Forest Rights Act of 2006, the Right to Education Act of 2009 and the National Food Security Act 2013, which together provide for justiciable rights to food, livelihood and education. What is sorely lacking is a comparable right to basic health care. And of course the passage of all this legislation, following from the actions of some notable policy entrepreneurs both inside and outside government, from lobbying by civil society activists and from judicial intervention, does not of itself guarantee that rights are delivered. The evidence is that the Forest Rights Act has so far been very poorly implemented. The failures of the public education system have been made all too plain in the assessments of standards provided each year by one influential NGO, and in the sharp increase in enrolments in private schools even since the passing of the Right to Education Act. There is a grave danger that failures of implementation will further damage the credibility of governments. As the economist Pranab Bardhan has it, ‘If the delivery structure for implementing some of these rights remains as weak and corrupt as it is now, mere promulgation of rights will remain hollow and will, after a point, generate only cynicism’ (Bardhan 2016, 277). But the legislation does set up points of leverage and it encourages mobilizations for the realization of social and economic rights.

Not only does the new legislation promise social rights, but it also embraces governance reform: ‘A distinctive feature of India’s new welfare paradigm ... concerns its efforts to promote greater political transparency, responsiveness and accountability’ (Ruparelia 2013, 571). These efforts involve institutional mechanisms whereby ordinary people and their associations can demand accountability. This is the significance of the Right to Information Act in the context of the new rights framework, and there are transparency clauses in other parts of the new legislation, encouraging the mobilization of people to hold the state to account, and to claim their rights as citizens. Section 17 of *The National Rural Employment Guarantee Act 2005* states that there should be regular social audits of the Scheme. A ‘social audit’ is a public process of reviewing official records and of establishing whether or not there is a correspondence between what is reported and what has actually happened. The Food Security Act, too, legislates for social audits of the functioning of ration shops. Such auditing was pioneered in Rajasthan by the Mazdoor Kisan Shakti Sangathan (MKSS), using the instrument of a *jan sunwai* (public hearing). In the course of events of this kind detailed accounts, derived from official expenditure records and other supporting

documentation, are read aloud to assembled villagers (as explained by Jenkins and Goetz 1999). The fact that, in the state of Rajasthan, the conduct of these events should have been vigorously resisted by local officials is a testament to how powerful a vehicle of accountability they can be (Subrahmaniam 2009a, b). The resistance has, however, been successful in blocking social auditing of the Rural Employment Guarantee Act in Rajasthan, at least for the moment, and only in the southern state of Andhra Pradesh have social audits been at all regularly conducted. But the principle of citizen participation—beyond the ballot box—is vitally important.

The establishment of such consultative mechanisms that encourage greater participation in public decision-making increases the surface area of the contact between state and society, so making for more substantial democracy—in a way that recalls the Scandinavian experience of institutionalized confrontation, but also cooperation between state and civil society. Another part of the Scandinavian story of social democracy was the establishment of strong democratic linkages between state and society, going well beyond ‘normal’ electoral politics and party organization, and including a range of consultative mechanisms bringing together groups in civil society, business and the state. Institutions such as that of the social audit, and others that are contained within the social rights legislation, such as the requirement set out in the Right to Education Act, for the establishment of School Management Committees, are not going to spring into life automatically, but the fact that they are required by law provides a foundation for action on the parts of civil society groups.

Of course, there is a long way to go to realize the potentials of the new rights agenda in India, and of the governance reform that it offers. Another condition for the success of social democracy in Scandinavia in the twentieth century was the raft of administrative reforms that were put into effect in the later part of the previous century. India, too, badly needs such administrative reforms. As Saxena has argued, there is a significant interrelationship between the ways in which politicians operate and the routines of the bureaucracy—a kind of vicious spiral: because of the inability of the administration to deliver, politicians do not consider good governance as feasible or even important for getting votes and they are forced, effectively, to find other ways to keep alive the faith of the voter in the political system. Populism and patronage serve this purpose. Strict regulation of electoral financing is among the crucial reforms that

are required, if India is to have an effective state in place of one that operates mainly through selective patronage (Saxena 2016).

There are hugely difficult struggles ahead, but India's new social rights agenda does seem to offer hope for the realization of a progressive response to the troubles of our time—the insecurity and the experience of precariousness that feed the right-wing, nativist populism, and the tilt to authoritarianism that is increasingly prevalent in 'Our Time'.

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CHAPTER 7

Towards a Theology of Work Based on the Bible and Social Teachings of the Church

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INTRODUCTION

The world and its economic growth in the globalized scenario create a wider chasm between peoples and nations. More than at any other period in human history, humankind is currently at the crossroads of war or peace, growth or decline, progress or regress, life or death, hell or heaven. We cannot leave these opposite polarities and possibilities to chance or mere political policies. We must design and invent, plan and predict, monitor and control our future and that of our posterity (Ackoff 1974; Tofler 1971, 1978). At its base lies the perception of the human person.

As the Preamble to most Constitutions of sovereign countries solemnly declare—*All men are created equal by God and endowed with certain inalienable rights such as life, liberty and the pursuit of*

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© The Author(s) 2019
K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and
Globalization in India*, https://doi.org/10.1007/978-981-13-6972-8_7

happiness—we propose *human beings as intrinsically blessed with inviolable and inalienable human dignity as the ultimate foundation* of/for a theology of human work and human resources management (HRM). We trace this human dignity to the human person that we all are, created in the image and likeness of God our creator (*imago Dei*), and to the sacred gift of human personhood as the one solid foundation that should ground all concepts, theories, models and paradigms of human resources development (HRD) (Chewning et al. 1990).

With a critique of the present state of the human person, we need to rediscover and recapture the human person, the prime architect of our progress and development. The concept of human personhood and the dignity of human work cum human responsibility are a fundamental part of this renewed thinking. HRM in general and human work development (HWD) in particular require the development of a clear understanding of the relationship between human dignity and development, human autonomy and freedom, between human creativity and innovation, and between human culture and corporate moral responsibility (John Paul II, *Laborem Exercens*, hereafter LE).

HRM and HWD must deal not only with tested and proven concepts, constructs, models and theories of recruitment, development and retention of human skills in a corporation, but they also should include and incorporate the more fundamental question: Why do we need to attract, recruit, train, develop, reward and retain human resources in any organization, profitable or not-profitable? Our usual stock answer to this question is mostly contingent and instrumental; that is, we need HRM, HWD and HRD for the sake of deploying human potential for the development of markets and economies, products and industries, corporations and institutions, so that the society and the world itself may grow, prosper and raise quality of life for all (Donaldson and Dunfee 1999). Laudable as these goals and objectives, means and ends are, they assume that human beings are ultimately means to ends, ‘factors of production’ to growth, in short, contingent instruments and functions of progress and civilization (Mascarenhas 1995). They miss an analysis of the basic purpose of human existence and the purpose of work. In this globalized world, the Bible and the Catholic Social Teachings provide an effective critique and a theological foundation for human work, development of human beings, their skills, the dignity of their work, and thus build the kingdom of God in this world of which the institutions and corporations are an integral part.

This paper has four parts. In Part I, we highlight the critique of economy and labour presented by the popes in their letters and addresses. In Part II, we argue that the philosophical concept, theory and paradigm of the human personhood can be grounded on the Bible and sacred theology whence it is derived. In Part III, we support and further develop the sacredness of human personhood, dignity and work based on the Social Teaching of the Church, specifically the teachings of the popes. Finally, in Part IV we further extend the principle of human dignity to work environment today. We discuss managerial implications of adopting human dignity as a principle in work environments.

PART I: CHURCH'S PERSPECTIVE ON GLOBALIZATION AND ITS IMPACT ON THE WORLD

The church with its presence in a large number of communities since its beginnings is perhaps the first truly global organization which has worked for the spiritual progress of peoples, and in humility, it must be acknowledged, it had its own share of material gains. It has worked in parallel with other organizations that worked solely for material gain by colonizing—spreading the Gospel and the empire and organized plunder. But then that was the ideology of that time (one can always blame it in hindsight). What is important, however, is to understand the progression of the thought and reflection that has happened at the same time and the prophetic role that the church sees for itself and the people.

There was always an antithesis to the culture of the time; they were the teachers of the church. In this dialectic process, the church that had transformed from a community of people who experienced Christ, to slaves under Roman rule, to a powerful community, to oppressors, became, through the prophets and Vatican II (1962–1965), a community that realized its real mission in the world. Human reflections have grown towards greater solidarity, fraternity, charity and truth not merely towards humans but also towards 'the world we call our home' (Francis 2015, May 24). As human thought has progressed from exploitation to solidarity, the understanding of globalization too has changed. It shows the growth in the perceptions of humanity and the place of human action, including business, in it. Importantly, based on its historical experience, the church stands at a unique position to review globalization and its impact on the world and has openly spoken about it.

Based on the teachings of popes in their encyclicals and addresses—*Rerum Novarum* (RN), *Quadragesimo Anno* (QA), *Populorum Progressio* (PP), *Laborem Exercens* (LE), *Sollicitudo Rei Socialis* (SRS), *Centesimus Annus* (CA) and others—the Pontifical Council for Justice and Peace (2005) published the *Compendium of the Social Doctrine of the Church* (CSDC), which summarizes some of the important views on globalization. These teachings themselves show a progression of the church's outlook from inward to a more global—while the encyclical *Rerum Novarum* was addressed to the hierarchy of the church, *Quadragesimo Anno* was addressed to all Catholics, *Pacem in Terris* to all people of good will and gradually *Centesimus Annus* is addressed to people of all religions, etc. This gradual growth parallels the globalization of the world economy and the issues to be responded and a broadened vision of the church (Schasching 2001). The encyclical *Rerum Novarum* has since proven to be 'prophetic', not only in denouncing injustice, but also in predicting social evils.

CHURCH'S VIEWS ON GLOBALIZATION

The concern of the Church is always material as well as spiritual because both are integrally connected. Globalization in itself is not evil. But it has both positive and negative ethical implications. Positives include efficiency and increased production; it can also bring greater unity among the peoples and nations and a greater service to humanity. The negatives include 'the absolutizing of the economy, unemployment, the reduction and deterioration of public services, the destruction of the environment and natural resources, the growing distance between rich and poor, unfair competition which puts the poor nations in a situation of ever increasing inferiority' (John Paul II 1999, January 22, #20).¹ Below we highlight a few documents that have great implications on the understanding of globalization.

¹Documents published by the Vatican come with section numbers or paragraph numbers. '#' refers to the section number or paragraph number as the case in the document maybe.

Populorum Progressio (Paul VI 1967, March 26)

Populorum Progressio presents several important points for a critique of globalization. For Pope Paul VI, the interest the Church has in matters of globalization, business and economics is because of its focus on the development of peoples, striving for fuller growth (PP #0, 5). There is a widening gap between the rich and poor nations. Firstly, as a result of colonialism the former colonies were plundered and left behind in economic development, and now, secondly, the pace of growth is fast for the rich nations and slow for the poor countries (PP #8). This generates social unrest at the global level (PP #76). Therefore, economics should be intimately connected to human realities for an authentic development to happen (PP #14). Currently, the economic pursuit is this worldly but humans have a transcendent nature which needs to be recognized for a holistic development. This can happen if proper values are maintained (PP #18).

The values projected by the globalized economy in its present state are one of greed, an insatiable desire for more and pursuit of greater personal power (PP #18). Therefore, it is important to understand that any progress is a 'two-edged sword' that leads to growth as well as slavery (PP#19). Globalization in the present form is oriented towards the material possession and growth of a few while leading others to slavery and increasing the divide.

On the use of private property and reaching out to others, or spending it for social causes, quoting St. Ambrose, Pope Paul VI highlights: 'You are not making a gift of what is yours to the poor man, but you are giving him back what is his. You have been appropriating things that are meant to be for the common use of everyone. The earth belongs to everyone, not to the rich' (PP #23). This makes the right to private property not absolute and unconditional, a view that the present model of global and local economic progress tries to indicate. In contrast, the above statement of Paul VI presents a model of stewardship.

While in India and the world over we see the appropriation of land and water belonging to the farmers, tribals and indigenous, voiceless peoples, the encyclical highlights that it can be done only in cases when it leads to general prosperity and the resource that is useful for common good is unused or poorly used (PP #24). This does not seem to be the case when industries which are highly automated are set up on farm, tribal and forest land. This point challenges the present

system of the usage of resources—received from the State at low cost but without any benefit to those who originally owned it.

As per the encyclical, liberalism has ‘insinuated into the fabric of the society’ and needs to be challenged because it presents ‘profit as the chief spur to economic progress, free completion as the guiding norm of economics, and private ownership of means of production as an absolute right, having no limits or concomitant social obligations’ (PP #26). Economics in this form does not serve humanity but stands in opposition to it. It produces tyranny, and opposition to it leads to social unrest. PP is emphatic that increase in wealth of the rich cannot happen while the poor and the needy remain in their poverty and oppression.

Technocracy too is a stumbling block for the progress of tomorrow as liberalism was of the past (PP #34). Just like economics, this too must be at the service of humanity. The target for PP is ‘full-bodied humanism’, which means ‘the fulfilment of the whole man and every man’ intricately connected with other humans (PP #42).

The major tasks set before the world and its economic system are threefold:

1. mutual solidarity—the aid of developing nations;
2. social justice—rectification of trade relations so that weak nations too can progress economically; and
3. universal charity—a humane community with sharing and caring.

There is a trade imbalance between the rich and the poor nations (PP #57). Therefore, free trade as a principle is inadequate especially when the two partners are unequal. The market prices in such a case are unjust. In such a context, citing *Rerum Novarum*, Pope Paul VI describes it as an unfair contract both at the individual level of negotiations as well as national. Left unchecked, this leads to an economic dictatorship (PP #59). This raises the point of equality of opportunity.

Another point highlighted by the pope is about the relativity of principles of work among industrialists and industrial houses, for example sweatshops. The pope questions: ‘It often happens that in their own land they do not lack a social sense. Why is it, then, that they give into baser motives of self-interest when they set out to do business in the developing countries?’ (PP #70).

Compendium of the Social Doctrine of the Church (2005)

Popes who followed Paul VI have constantly reiterated some of these points in their encyclicals. His and other teachings can be summarized in a few points as in the CSDC below:

1. The church perceives globalization as an economic system that integrates national economies. It has both positive and negative consequences.
2. In the process of growth, national economies and particular businesses need a global outlook to grow and make profits. While this appears to be a positive dimension of the process of globalization, the control that is wielded by financial markets becomes ‘decisive and central’ (CSDC #361).
3. Globalization is capable of producing great benefits as one can observe in the development of technology especially communication and even the possibility of making economic deals. Technology has thus strengthened the possibility of economic growth.
4. Economic progress is not balanced for everyone all over the world; nations and people experience inequalities which the document calls ‘relative poverty’ (CSDC #362). The emphasis on technology and financial resources to progress itself creates an imbalance in the economic sphere because only those who have these resources can participate in it. With the absence of education and other technological prowess, inequalities between peoples and nations continue to grow.
5. Trade too is unequal when there is an imbalance on these dimensions. In trade between two nations, one nation continues to remain an unequal partner as it does not have the technology, expertise or the financial resources to trade products or services in an equal measure. Further protectionist policies discriminate the products that come from poorer countries and hinder their economic progress (CSDC #364).
6. While the financial markets have made the possibility of procuring resources easier, it has also increased the risk of a financial crisis (CSDC #368). This in fact became a prophetic word when the financial crisis did happen within three years of the publication of the Compendium. The problem with the current financial market

system is that market transactions far surpass the actual transactions in trade of goods. Such a system does not contribute to the effective growth of the peoples and nations. It becomes an end in itself and is detrimental to its real purpose, development of human community.

7. Development and resource availability are limited to a few countries while others that are poor or do not have a proper system in place or are regarded lower on the ease of doing business are excluded from such a system thus hindering development. ‘The challenge, in short, is to ensure a globalization in solidarity, a globalization without marginalization’ (CSDC #363).

Caritas in Veritate (*Benedict XVI 2009, June 29*)

Post-publication of CSDC, Pope Benedict XVI in this encyclical, which focuses on love, indicated that globalization makes people ‘neighbours but does not make us brothers’ (CV #19). He builds on the argument about underdevelopment of peoples based on the points of thought and will, and the eventual lack of wisdom, which does not allow one to see others as brothers. The solution presented arises not merely from reason but from a deep faith, if one may call, in the belief and deep-rootedness of being one with others as a son and daughter of one God, the Father.

One of the arguments for globalization is development. As a response, and writing in the context of the 2008 financial crisis, he highlights: ‘The truth of development consists in its completeness: if it does not involve the whole man and every man, it is not true development’ (CV #18). The cause of underdevelopment, citing *Populorum Progressio*, is found in the lack of ‘brotherly ties among individuals and nations’ (PP #66). On the economic front, ‘Profit is useful if it serves as a means towards an end that provides a sense both of how to produce it and how to make good use of it’ (CV #21). Unless development is oriented towards a common good, it loses focus and indulges in amassing wealth and creating poverty.

He acknowledges that in absolute terms there is a growth in prosperity and divide between the rich and the poor nations has reduced. It has, however, merely created a brand of neo-rich who dominate in the erstwhile poor nations and there is a new class of poor that have developed in the formerly wealthy nations (CV #21–23). Here lies the greatest flaw in analysing development based merely on GDP. As an alternative, Benedict XVI and others like Amartya Sen (1999) propose a measure

of progress as the development of the peoples. In the GDP model of progress, governments make efforts to invite industries by '[L]owering the level of protection accorded to the rights of workers, or abandoning mechanisms of wealth redistribution in order to increase the country's international competitiveness' (CV #32). Further, these lead to a tendency of economic analysis in the short term rather than a lasting development.

On the point of investment in other economic regions 'purely for personal advantage', Benedict XVI finds such actions against the basic sense of charity. They abandon the good that can be done to people in one's home country or where the goods are produced. By proclaiming that the market system functions by itself, as a 'socioeconomic process' individuals and ideologues try to escape from this moral responsibility (CV #40, 42).

The proper unleashing of the power of globalization can be a spiritual process based on truth and love, a perspective of "civilization of love" whose seed God has planted in every people, in every culture' (CV #33). This makes us 'neighbours', the central theme of his encyclical.

Pope Francis (2013–)

Pope Francis too follows the line of thought of his predecessors and emphasizes them in the present context with some novel views. In his address at the Independence Hall in the USA (2015, September 26), he emphasized that globalization is good when it highlights the uniqueness of individuals and communities and brings people together. A positive view of globalization, for him, is shown in the symbol of a polyhedron rather than a sphere. While in a sphere all points are equidistant from one another and lose uniqueness, in a polyhedron all points are connected while retaining their uniqueness. Further, in an address to a group of delegates Pope Francis (2018, May 26), like his predecessors, again emphasized the ethical dimension of global economic system.

He sees in it an influence of a mentality of egoism and exclusion. The outcomes are a culture of waste, which is blind to the human dignity of the most vulnerable. In his encyclical *Laudato Si'* (LS) (2015, May 24), he calls this 'globalization of indifference' (LS #52). This indifference is a hindrance to the overall development of all peoples both poor nations and poor within a developed nation. He points to an indissoluble connection

between profit and social responsibility, and such ethical actions cannot be forced from without but must arise from within. While on the one hand indifference has created an imbalance among peoples, it has also created an imbalance on the resources of this world—an outcome of the technocratic paradigm (LS #106).

Reflecting on the economic crisis, he criticizes the overemphasis on the virtual economy and virtual wealth which makes production non-rational and the value given to a product which is not its real worth (LS #189). He makes an important argument on containing growth. He argues that like when resources are not well utilized, growth is necessary for better utilization of resources, growth should also be contained when it is not sustainable in the long run (LS #193–94).

CHURCH'S PERSPECTIVE ON LABOUR, UNIONS AND RIGHTS IN A GLOBALIZED WORLD

Rerum Novarum (RN) (Leo XIII 1891, May 15) is regarded as the foundational teaching on the condition of work and workers, establishing the position of the Church on issues pertaining to the proper relationship between capital and labour. The main preoccupation of Pope Leo XIII was the condition of the workers in the eighteenth and nineteenth centuries throughout the world, especially the USA, and set the context for his path-breaking encyclical. *Rerum Novarum* literally, *Of New Things*, but in reality, *the Conditions of Labour* is a better title based on the content of the encyclical.

In the face of rapid industrialization and its socio-economic, cultural, historical and political consequences, Leo XIII raised his voice in defence of the dignity of workers (Abbott 2008). It moved from the traditional perspective of the morality of work (what is right or wrong with work) to the theology of work (what one can know about God and how we can respond to a divine calling through work) (Chenu 1966; Naughton and Laczniak 1993). Other encyclicals too made consistent statements on human dignity and equality, human rights and duties, and chief among them on human duty and right to work that deserves a just family wage. Table 7.1 summarizes Papal Encyclicals on work during 1891–1991. Later Pope Benedict XVI (2009, June 29) and now Pope Francis (2015, May 24) have reiterated on these dimensions in their encyclicals and addresses.

Table 7.1 A historical analysis of a century (1891–1991) of papal teaching on the dignity of work

<i>Pope, encyclical title and date</i>	<i>Major social context</i>	<i>Papal solution</i>
Leo XIII (1878–1903) <i>Rerum Novarum</i> : The Condition of Labor (1891, May 15)	The encyclical came about as a reaction to the inhumane condition of the worker and the growing option of socialism	Leo XIII responded to the abuses of Industrial Revolution. His proposition was that economic activity is for humans and moral values must guide it. His solution centred on a wider distribution of private property, just wages, solidarity with those in need and a limited government involvement
Pius XI (1922–1939) <i>Quadragesimo Anno</i> : On Reconstructing the Social Order (1931, May 15)	On the 40th anniversary of Rerum Novarum, Pope Pius XI responded to the apparent demise of dignity of human labour during the Great Depression (1929–1931)	Pius XI's solution: on the macro-level where labour, management and government would plan out the economy; on the micro-level manage justice where labour and management would enter into partnership of work contracts. Like his predecessor, he highlighted that economics must be based on reciprocal rights and duties of employers and employees. While property is a right, it must be oriented to the common good. Further, rather than interfering in all matters, the government must work on the principle of subsidiarity
Pius XII (1939–1958) Allocutions; Pius XII never wrote an encyclical on human work, but wrote numerous addresses	Pius XII wrote on varied subjects as unions, wages, codetermination, work as vocation and profession, unemployment, and technology in a historical context of post-World War II reconstruction	One of Pius XII's gravest concerns for the workplace was the depersonalization of the worker as a result of technological growth. Hence, he strongly advocated that managers personalize the workspace and place to recover the dignity of human work. Among his 'the first five milestones' three are particularly relevant for a wider audience and related to economics viz., (1) dignity of the human person, (2) defense of social unity, (3) dignity of labor' (Langan 2005). Importantly, on human dignity and labour he emphasized that 'all work has an inherent dignity and at the same time a close connection with the perfection of the person' (quoted in Langan 2005)

Table 7.1 (continued)

<i>Pope, encyclical title and date</i>	<i>Major social context</i>	<i>Papal solution</i>
John XXIII (1959–1963) <i>Mater et Magistra</i> : Mother and Teacher (1961, May 15)	John XXIII addressed the increasingly complex and interdependent nature of social relations and social institutions, brought about in the 1950s and 1960s by progress in technology, the increasing role of government and the furthering education of the worker	Pope John XXIII responded to these historical circumstances by expanding the concept of human dignity into a wage principle of ‘justice and equity’ and a production process principle of ‘participation’ which cannot be left with the ‘laws off the marketplace’ (MM#71). On the matter of ‘just wage’, he set the following criteria for determination: ‘(1) the contribution of individuals to the economic effort; (2) the economic state of the enterprises within which they work; (3) the requirements of each community, especially as regards overall employment; finally, and (4) what concerns the common good of all peoples, namely, of the various states associated among themselves, but differing in character and extent’ (Mich 2005)
John Paul II (1978–2003) <i>Laborem Exercens</i> : On Human Work (1981, September 14)	A systematic treatise on the nature of human work—to commemorate the 90th anniversary of <i>Rerum Novarum</i>	John Paul II contends that to understand work one must have a sound anthropology which originates from the book of Genesis: the person is the Image of God who is called to till the earth. This doctrine grounds the meaning and dignity of work as a transcendental value—that is, in work people remain true agents and that both the means of production and the fruit of labour are at the service of those who work. Unions too play an important role in enhancing human dignity: ‘thanks to the work of their unions, workers will not only <i>habe</i> more, but above all <i>be</i> more: in other words, that they will realize their humanity more fully in every respect’ (LE #20)

(continued)

Table 7.1 (continued)

<i>Pope, encyclical title and date</i>	<i>Major social context</i>	<i>Papal solution</i>
John Paul II (1978–2003) <i>Centesimus Annus: On Hundredth Year of Rerum Novarum</i> (1991, May 1)	John Paul II is concerned over the increasing phenomenon of consumerism, which he believes is a partial cause of the various social problems, especially environmental degradation	John Paul II perhaps gives the most extensive discussion on different dimensions of human dignity, which ‘man receives from God’ (CA #38) and as a result, transcends the material nature that is emphasized in modern times. He underscores the increasing importance of information regarding skills and technology, and entrepreneurial virtues in the production process. He reiterates the absence of human dignity in this production process. In the process of contributing creatively to common good, human dignity is emphasized (CA #34, 39). His evaluation of the market economy is positive overall

Note Compiled by the authors

Ever since rapid industrialization, there has been a movement that was visible to the popes in which they had to respond to the plight of workers. *Rerum Novarum* was a response to the shift from a primarily agricultural economic orientation to industrialization, and it has some important statements about work, workers and labour unions (CSDC #267). It defends ‘the inalienable dignity of workers, connected with the importance of the right to property, the principle of cooperation among the social classes, the rights of the weak and the poor, the obligations of workers and employers and the right to form associations’ (CSDC #268).

Work, because of its subjective and personal character involved with the human person, is given greater importance than all other factors of production. In terms of capital, human capital and social capital both are important factors of production and labour and capital should have a trust relationship. Citing *Laborem Exercens*, the *Compendium* calls labour as the ‘primary efficient cause’ while capital is an ‘instrumental cause’ (CSDC #277; LE #12). It has come to happen that in the globalized economic system capital is given more importance. But the fact is that the two factors are equally important and complementary to one another (CSDC #277).

While in the past an excessive desire for profits led the capitalist to give minimum wages for work, today the rapid use of technology and automation has created an imbalance where the human is eliminated from the work scenario and capital has gained control of the process, leaving the human at the margins. It has increased unemployment and social unrest. This kind of development is not holistic; it does not lead to an integral development of the human person. Any development without the human development is a failure of the process. Work today is alienating as well as very demanding, taking from workers their life.

As an outcome of overworking and responding to the insecure work environment and other features that work has today, family and social life is affected. Rest from work is a right. Public authorities should ensure that for the reasons of productivity workers are not denied their right to rest. Other rights include just wages, good and safe working conditions that do not threaten the physical or moral health of the worker, right to social security when unemployed or when retired, etc. (CSDC #301).

Workers have a right to participate in ownership, management and profits. The worker should have a sort of ownership towards his work-bench (CSDC #281; LE #14). When the workers do not get what is due to them, as an extreme measure they can strike. Strike is defined as ‘the collective and concerted refusal on the part of workers to continue

rendering their services, for the purpose of obtaining by means of such pressure exerted on their employers, the State or on public opinion either better working conditions or an improvement in their social status' (CSDC #304). However, striking must be peaceful and oriented to the demands but violence is morally unacceptable.

To defend the rights of workers, the Magisterium recognizes the right to form associations or unions. Pope Francis (2017, June 28) calls unions prophets for today. While fighting for the rights of the workers, they create a balance in the midst of imbalance, the powerlessness of workers vis-à-vis the capital. They are important for the social order and an indispensable element of social life (CSDC #304).

Unions are the promoters of social justice. Their work is a struggle for greater good rather than a struggle against others. It is a fight for the rights of the marginalized. However, having the power of the masses, unions must not misuse their power. They should incorporate self-regulation and constant evaluation of the consequences of their action. Along with the function of defending the rights of workers, unions have the responsibility of working for a proper economic life. They must therefore work with other associations promoting social life as well as in the political arena. However, they should not be influenced by political parties or be too close to them otherwise they lose their character of being the voice of the workers with the aim of the common good. All forces need to come together to form a global coalition for decent work (John Paul II 2000, May 1; see also CV #63).

Based on the above analysis, a few questions that need an answer are: What should be done? How should one function? In answer to these questions, we propose the principle of human dignity that lies at the root of the social teachings of the Church and the above analysis. This principle, though biblical in origin, can act as a value statements for all people, transcending religions and cultures.

PART II: THE BIBLICAL UNDERSTANDING OF WORK AND HUMAN DIGNITY

Creation and Human Dignity

Any scripture is not merely a book of faith or mythologies but also a book of revelation of values, ideologies and principles for life as lived and treasured by a community at a time and place in history.

We cite a few texts from the Bible for a revelatory understanding of man and human work (i.e. what Church believes that God has to say about creation, humans and human work). ‘Holiness’ is generally the term used in relation to persons and relationship, while ‘sacredness’ is used in relation to objects, places or happenings. However, there are certain things that are both holy and sacred such as the holy bible and the human person. The first book of the Bible, Genesis, speaks of creation in these terms (Genesis 1:1–31; 2:1–4).²

It is a highly symbolic story of creation, and like most other religions, full of myth, metaphor and meaning. Creation of the universe is considered as *God’s work, a masterpiece*: ‘God saw everything that he had made, and indeed it was very good’ (Genesis 1:31). In creating humans, the focus given by the scripture is on the sacredness of the human arising from being in the ‘image and likeness’ of God—*imago Dei*. This is the basis of the human dignity that all humans receive. Here, there is no distinction between gender, colour, race and tongue; all distinctions arose later. The creation of humans, like all creation, is a singular act, creation as ‘male and female’.

God’s work of creation is called ‘good’; yet, it is a *work in progress*. There is more work in the Garden of Eden. This process of creation continues to build the new heaven and the new earth (Isaiah 65:17). God entrusts creation to men and women to continue the work: ‘to cultivate and take care of it’ (Genesis 2:15). Work is a divine command, a divine call, a divine destiny, collaboration with God in creating. God’s command or call to work comes at the very beginning of the Bible, where God chooses to involve human beings in the work of creation, procreation, production and sustenance (Messenger 2011). Work reveals the *being* of humans just as the creation reflects the *being* of God (Perricone 1999). This sacred identity has its implications on human relationship with others and the work that they do. There are certain inviolable rights that humans have as workers as an extension of the dignity they receive from God.

²All biblical references are from the *New Jerusalem Bible*, <https://www.catholic.org/bible/>.

Theology of Work Based on the Old Testament (OT)

In the responsibility given to humans, to ‘fill the earth and subdue it’, and to be ‘masters of the fish of the sea, the birds of heaven and all the living creatures that move on earth’ (Genesis 1:28), all humans are made equal, human dignity is emphasized. There is no distinction between the rich and the poor, master and servant, the ruler and the ruled, for the same Lord is Lord over all. It is a matter of stewardship, ‘to cultivate and take care of it’, rather than domination (Finn 2013, 275–300); it precludes power relationship.

Any attempts to dehumanize the society and work are challenged by the prophets (e.g. Amos 2:7; 5:12). Even humans themselves do not have the right to outrage human dignity that is considered good by God. They should not and cannot accept any condition that is dehumanizing because it hampers God’s right. This is emphasized in the teaching of Pope Leo XIII and goes even further (RN #40).

Closely associated with human dignity in work is justice—the rights to the fruits of one’s labour. Through the leaders and prophets, God says: Do not withhold wages from your workers, for their livelihood depends on them (Deuteronomy 24:14–15). To deprive an employee of wages is to commit murder (Sirach 34:20–22). To observe religious practices, but oppress your workers is false worship (Isaiah 58:3–7), woe to him who treats his workers unjustly (Jeremiah 22:13). In the process of restoration of a wounded earth and humanity, God’s vision is one of hope that ‘[t]hey will build houses and live in them, they will plant vineyards and eat their fruit. They will not build for others to live in, or plant for others to eat...’ (Isaiah 65:21–22; also Jeremiah 29:5–7). Thus, everyone is called to work and enjoy the fruits of their labour.

Another concept that has its origin in the OT is rest for the worker, another matter of similarity with God who rested after creation. This translated into the Sabbath as a day of rest for all workers, including animals and the land (Deuteronomy 5:13–15; Leviticus 25:4). The OT prophets constantly challenge the leaders on the profanation of the Sabbath by practising oppression, committing robbery and wronging with the poor and the needy (Isaiah 58:3–11; Jeremiah 7:4–7; Hosea 4:1–2; Amos 2:6–7; Micah 2:1–2).

Work is not merely for oneself but for the community and those in need. Work becomes a means towards the greater good, the building of a community. The Lord blesses human work so that one may share

its fruits with others, the widows, the orphans, the foreigners and the priests, those who have no source of income (Deuteronomy 14:28–29). In doing this, work is liberated from a materialist understanding as a means to possess more goods and wealth and is oriented towards the growth of others, i.e. building a community.

Theology of Work Based on the New Testament (NT)

In the NT, work is sacred because it is an extension of God's work that began in creation. Jesus says, 'My Father still goes on working, and I am at work, too' (John 5:17). Human work is fundamentally the reconciling work of God through Christ. This reconciliation is not merely for humans but for the entire creation (Mark 16:15). In Christ, the order of sin and selfishness comes to an end and 'everything has become new' (2 Cor. 5:17–20). It is a challenge and a mission to contribute towards this reconciliation and recreation. Every individual has received this mission of reconciliation with specific talents that are not comparable with others and through them contributes to the one mission. A major text in this regard is Romans 12:2–13. It requires a transformation of minds than the current order, which sees individuals and their works as higher and lower rather than as 'one body in Christ, and as different parts we are all joined to one another'. The difference then is because 'the gifts that we have differ according to the grace that was given to each of us'. Therefore, there could be varieties of forms of work. First, we must remember that work is not limited to paid work. The work God leads us to may be unpaid work, such as raising children or caring for a disabled family member or tutoring students after school. The world is still to overcome this discrimination. Yet, in whatever work one does, one contributes to the work of reconciliation, the building of the New Heavens and a New Earth (Revelations 21:1). In that one singular purpose, both paid and unpaid work have equal importance. In economic terms, these works too contribute to the economy by teaching, healing and sustaining people employed in paid work or preparing them for employment or caring for them on retirement.

Along with other values, justice is an important theme carried forward from the OT. Here, it gets linked with several other directions: all workers should be paid a just and living wage (Matthew 20: 1–16); the Sabbath was made for people, not people for the Sabbath (Mark 2:27); practice integrity in your work (Luke 3:10–14); one's worth is

not determined by an abundance of possessions (Luke 12:13–21); those who become rich by abusing their workers have sinned against God (James 5:1–6).

Jesus spent most of the years of his life learning the trade of carpentry, and we should not forget this when we hear him lament about the servant who hides his talent in the ground (Luke 19:12–27; Matthew 25:14–30). Talents received by individuals are for a greater purpose, to be utilized for the common good.

As an illustration of the social implications of Jesus' teachings through parables, we cite one major parable that indirectly speaks about human work and just remuneration—Matthew 20:1–16: The Parable of the Daily Farm Labour Market. This parable is found only in the Gospel of Matthew. The parable speaks of equal pay for all, regardless of the hours worked. Those who were employed during the later hours are recipients of the extreme generosity of a very unusual employer. There is no hint that the latecomers did the same work, or did more work to make up for their lateness. The parable contains a surprise ending: equal pay for all the workers (a denarius), which is undeserved by those who had been hired later in the day than those who had worked all day. The parable does not make an economic prescription; its outcome is untypical of ordinary life, and that is what makes it so memorable (Hultgren 2000, 35).

Payments are made beginning with the last hired. The sequence is surprising. One would expect that those hired earliest would come first, followed by the others, concluding with those hired last. In which case, those hired first would not know what other late hires were paid and would have no reason to complain. Only those hired first argue that this equal treatment is in fact unequal treatment by their standard (Jeremias 1972, 137). They complain about two injustices: (a) the amount of time they had spent on the job in contrast to the others and (b) they had borne the heat of the day, while others had not. But the landowner ignores both arguments of situational injustice. He 'reframes' (Capps 1990, 60) the problem and responds by saying that he had paid them what was owed or agreed upon, and hence he did not commit any injustice. His generosity to others should not be construed as injustice to those hired first.

In entrepreneurship or business, this implies that, being the owner of the resources, the proprietor can choose to pay the best wages. This raises the question: Should all be paid the same wages always, even when they do not work equally? What about performance? In answer to this

point, the parable is silent. It only highlights the workers' need for work and a means of sustenance and the generous master of the vineyard inviting them to work. Moreover, it is a precursor to the social teaching that the resources one has should be for the common good, not to hoard. A relevant biblical quote, the essence of Christian life and spirituality about making oneself and one's resources available to others is found in Matthew 25:34–36: 'in so far as you did this to one of the least of these brothers of mine, you did it to me'. This is God's call to work for others who need us. It extends the purpose of work from self-sustenance to nurturing and supporting others because they, like us, are children of God with the same dignity as ourselves.

PART III: THE SOCIAL TEACHING OF THE CHURCH ON THE DIGNITY OF WORK

The biblical teachings and those from the early Christian tradition, the teachings of the Church Fathers,³ were brought together by the popes to be presented as values for the world today. We highlight some important points that have created this ideological breakthrough.

Rerum Novarum (Pope Leo XIII 1891)

The foundational teaching of modern Catholic Social Teaching comes from *Rerum Novarum* (RN) in which Leo XIII affirmed the centrality of human dignity (RN #40). All Catholic social doctrine since and before is based on the *dignity* of the human person as revealed in the scriptures (Leemans et al. 2011). The dignity of the human person comes from the fact that man is created in the image and likeness of God—*imago Dei* (Melé 2017). Work gives the context for man to highlight his humanity: work is a good thing for man—a good thing for his humanity—because through work man *not only transforms nature*, adapting it to his own needs, but he also *achieves fulfilment* as a human being and indeed, in a sense, becomes 'more a human being' (LE #9).

Human work is the actualization and fulfilment of human dignity by engaging in and cooperating with nature—the creative self-sustaining work of God. *Rerum Novarum* and other documents like *Pacem*

³For more on the social teachings of the Church Fathers refer Leemans et al. (2011).

in Terris (PT), *Centesimus Annus* (CA) and *Laborem Exercens* (LE) emphasize that work is dignified and is an intrinsic good and workers must always be respected, valued and rewarded for their individual or collective contribution to the development of nature. This is the central premise of Catholic Social Teaching: ‘Only man is capable of work, and only man works, at the same time by work occupying his existence on earth. Thus work bears a particular mark of man and of humanity, the mark of a person operating within a community of persons’ (LE #0).

The economic world views human work from three dimensions: the objective, the subjective and the social. The first view looks at the fruits of work and not necessarily the person doing the work. The second looks at the person doing the work and not necessarily the work done. The third looks at the social aspect of work: how it affects others. The Church views that the first is a capitalist approach that considers labour as a factor of production; the second is a humanist view that approaches labour as co-production, co-partnership and co-contribution; and the third is the socialist view that considers labour or work as means of social impact and socialization. The Church especially endorses the latter two views.

The desire to work and to build better things is hardwired into human DNA; it is intrinsic to the human soul. All healthy people seek to work and should be given the opportunity and privilege to do meaningful work and gain living wages. In this context, work is neither a punishment nor a necessary evil, nor is it our means of accumulating control, power and wealth. All such ideas are contrary to the biblical view of work. The Church understands work as something intrinsically good, a privilege to develop nature and thus develop oneself; humans are co-creators and co-sustainers of God’s world and work is part of our contribution to humanity, history and cosmic sustainability. This is the background of the ‘spirituality of work’ (LE #26).

Dignity in work also touches upon work-life balance. Hence, work must be designed and undertaken responsibly and labour treated well. This includes how we approach the work we do, what it is we do with our work and how employers treat their employees. Labour unions play a role in protecting human dignity by ensuring concrete safeguards are in place like living wages and rest for body and soul (RN #41, 49; LE #19, 20). The foundational teaching in this regard is the importance of the Sabbath as a source of ‘proper rest for soul and body’ (RN #42).

The CST affirms several substantive attributes of human work and dignity from *the imago Dei* (image of God) doctrine that we summarize and synthesize as follows:

1. Human work is the fulfilment of human dignity by engaging in and cooperating with the creative work of God. Human labour has an inherent dignity; at its best, labour allows us to share in the ongoing work of creation. CST holds that work is God's calling to mankind to develop and share the resources of the world (RN).
2. Dignity is an attribute of the human person, affecting the substantial unity of body and soul. Present in each and every human being, it remains the same regardless of accidental changes of time and place. Rational indicators or signs of this aspect of dignity are the transcendence of the mind (the ability to think beyond the material universe), the inviolability of conscience (the capacity to search for a moral standard and adhere to it) and the excellence of freedom (autonomy or the power of self-determination through choices) (Gaudium et Spes [GS] of Paul VI 1965, December 7, #15–17).
3. Hence, work is dignified and an intrinsic good and workers must always be respected and valued. Only man is capable of work, and only man works, at the same time by work occupying his existence on earth. Thus, work bears a particular mark of man and of humanity, the mark of a person operating within a community of persons. And this mark decides its interior characteristics; in a sense, it constitutes its very nature (LE #0).
4. Work is an obligation, that is to say, a duty, on the part of man, and human right to work follows. Man must work, both because the Creator has commanded it and because of his own humanity, which requires work in order to be maintained and developed. Man must work out of regard for others, especially his own family, but also for the society he belongs to, the country of which he is a child, and the whole human family of which he is a member, since he is the heir to the work of generations and at the same time a sharer in building the future of those who will come after him in the succession of history (LE #16).
5. Human dignity is evident in relationality. Man is never a being in isolation but a social being. 'Relationality' is an essential element of what it means to be human (CV #55). It is not just 'something

added on to man' (GS #25). Human freedom is 'inherently relational' but when we use it individualistically, we contradict its very meaning and dignity (John Paul II 1995, March 25, #19). From the 'relational' interpretation of *imago Dei*, another dimension of human dignity follows: the demand for mutual recognition or acknowledgement in social and political life. 'For by his innermost nature man is a social being, and unless he relates to others he can never live nor develop his potential' (GS #12). According to *Gaudium et Spes* (#25), relationality is the foundation for human global solidarity and subsidiarity, both leading to the attainment of the common good and human flourishing.

6. 'It is fundamental for our human development that our dignity, freedom and autonomy be acknowledged and respected'; that is, for our nature as 'relational beings, means to find fulfillment through interpersonal relationships inspired by justice and love' to be recognized (LS #1).
7. Hence, man has a functionality on this earth through human work. Human beings are not mere passive parts of nature, as it were, through their bodies, but they are also able to exercise control over nature through the use of their mental faculties and whole being. The 'functional' interpretation of *imago Dei* points to another feature of human dignity, its need to be developed or elevated to a state of moral excellence or virtue: 'the true worth and nobility of man lie in his moral qualities, that is, in virtue' (RN #24). This means that the basic, 'substantialist' dignity that human beings possess is necessary, but insufficient; a moral requirement exists that dignity be raised to the level of excellence or virtue. A healthy tension exists between what we call a 'basic dignity' and a 'full dignity'.
8. The development of technology and all forms of creativity is an important evidence of the distinctive human ability which renders them 'God-like' (GS #23). A consequence of this aspect of human dignity is the care, not only of nature in general, but also of the human body in particular. 'By virtue of our unique dignity and our gift of intelligence, we are called to respect creation and its inherent laws' (LS #68–69). Thus, stewardship over nature and the environment is not indifferent to human well-being and moral fulfilment (Benedict XVI 2010, January 1).

9. In his letter *GS*, Paul VI first pointed out the profound causal link between work and its effect on human development: ‘For when a man works he not only alters things and society, he develops himself as well. He learns much, he cultivates his resources, he goes outside of himself and beyond himself. Rightly understood this kind of growth is of greater value than any external riches which can be garnered. A man is more precious for what he is than for what he has’ (*GS* #35).

PART IV: WORK, HUMAN DIGNITY AND GLOBAL SOLIDARITY: IMPLICATIONS FOR MANAGEMENT

As highlighted above through scripture and the papal teachings, the central feature that identifies human work is human dignity (Melé 2017). Most of the management guidelines on human work and development in a globalized world may be derived from the biblical doctrine that the human is made in the ‘image of God’—*imago Dei*. If the human is *imago Dei*, ‘human work and dignity’ should be an extension of *imago Dei*.

A few major principles and virtues have been emphasized by popes and bishops in their letters and addresses that have relevance to management today. Some have been instrumental in forming a ‘Blueprint for Better Business’ (Alford 2017). We can summarize some others as follows (Naughton and Laczniaik 1993):

- The principle of common good and the virtue of justice must be applied to the dimension of remuneration.
- The principle of participation and the virtue of industriousness and diligence must be applied to the production process.
- The principles of common good and the virtue of munificence should be applied to the dimension of the product produced.
- The principles of human dignity and the virtue of solidarity have been cited as formation and foundation for all other principles and virtues, especially the social nature of the human person (Melé 2017).

Furthermore, Catholic Social Teachings and the Compendium of the Social Doctrine of the Church challenge all of us ethically, morally and spiritually as to how we can and should lead lives in business.

It leads to several implications for managers and management oriented towards greater participation and affirmative action as follows:

- *Humanize* work by raising the essential human dignity of the workers via meaningful work, just wages that ensure family development and prosperity. As the popes have highlighted in their teaching, this involves considering the corporeal needs by giving a just wage. While the just wage varies in understanding based on the economic growth of a nation, in justice it requires to do the best to satisfy the basic necessities of life. Humanization of work affirms one's individuality. At work, this individuality is shown in the creative possibilities that the work provides (CA #34, 39). In that creative act, the person's individuality is present.

This calls for increasing the possibilities of expressing the creative spirit, utilizing skills and talents rather than distancing workers from work and the fruits of their work. This is particularly important in India where traditionally work has been graded and labelled as clean and unclean, and there is an attempt at mass exodus towards the so-called clean jobs. Work and workers cannot be discriminated as such because in work a person becomes 'more a human being' (LE #9).

- *Socialize* work by elevating the intrinsic social dignity of the workers via safe and secure workplaces, training and development that respects the gender, creed, social and cultural identity that safeguards common good, social progress and national solidarity.

Social life, as being connected with others, is also to be affirmed. In practice, this could translate to giving people enough time to rest, the Sabbath of the Bible and the teachings of the popes. Rest, or a time of leisure, apart from having the specific purpose for rest, helps individuals to connect with one another, share joys and pains and gain support. This makes working pleasurable and gives opportunities to learn, transfer knowledge and perform better at the job. Sabbath in the teachings of the popes was a time when the individual could be with the community and get spiritually nourished by reflecting on his humanity in relation to God.

Work helps in the foundation of the basic social unit, the family (LE #10). Assurance of stable work, or employment, is an essential condition for this. This is a supreme challenge in the midst of rapid cost-cutting and other management principles that see workers as a burden. Necessity to provide work to the worker rather than benefit

oneself by cost-cutting and showing one's performance in those terms is an essential challenge that braces managers today.

Further, it is in sociality that one works for the common good because one feels connected to the wider reality as people, environment and God. Research shows that when work is seen as something which contributes to the greater, common good, it becomes meaningful to the worker (Rosso et al. 2010). Work should thus provide individuals to work towards the common good.

- *Globalize* work by seeking the transcendent dignity of the workers throughout the world via creative, innovative and humanizing skills and technologies that empower our partnership with nature such that cosmic ecology and sustainability are preserved for our posterity.

CONCLUDING CHALLENGES

The most distinctive feature of CST's doctrine of human dignity is the belief that all human beings are made in God's image and likeness. In biblical language, the condition of human beings as *imago Dei* implies being 'sacred', 'holy' or 'set apart' (Kraynak 2003; Sison et al. 2016; Melé 2017). Kant (1996) emphasizes this idea by calling human beings as ends in themselves, and not means to an end or instruments for another purpose (1996, #430). The Second Vatican Council (1964–1965) affirmed that the human being is 'the only creature on earth that God has willed for its own sake' (GS #24).

Today, after over 125 years and more of the publication of *Rerum Novarum*, we need to expand this affirmation to include human beings and our planet and cosmos in this equation lest we tend to over-anthropomorphize the world as meant for mere human use, development and destiny (LS). As per the Genesis narration, God created the universe in all its varied layers and splendour and found everything 'good' and God concluded the drama of creation by carefully designing man with the Sabbath, and found him 'very good'. Hence, the call of creation, man, work and the Sabbath include a theology of cosmic ecology and sustainability.

Man's dignity, however, is not in his work. It rests in his very being, his nature. Work manifests the dignity inherent in his nature, as well as elevating him to the heights of excellence that are his destiny. We must think about work not merely as dignity, but also the manifestation of

dignity. Man ultimately is not made for work, but for leisure. Leisure is the time allotted for the enjoyment, or as the philosophers put it, the contemplation, of higher things: friendship, family, truth, knowledge, beauty and, most importantly, God (Perricone 1999). Thus, our human personhood as a reality is individual and social, immanent and transcendent. This is the theology and mandate of human work, executive spirituality and cosmic sustainability.

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CHAPTER 8

The Future of the ILO: A Renewed Purpose in Promoting a Global Living Wage

Shelley Marshall and Delphine Weil-Accardo

INTRODUCTION

Millions of people around the world do not enjoy living wages, and arguably, the principle of a living wage has not been given the importance it is due, even by the International Labour Organization (ILO). A century after it was first enshrined in the ILO's mandate, we lack the means to guarantee a living wage to a large proportion of the world's population leaving an estimated 327 million people to live in extreme poverty and 967 more in moderate and near poverty (International Labour Office 2016, 19). In India alone, around 360 million people currently live in poverty, though this figure varies greatly depending on the measure used to account for poverty (Biswas 2012). Minimum wage legislation is only one measure in a tranche of tools that can help to increase the income of the poor. However, it is a crucial tool, deserving effective international institutional scaffolding.

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This chapter examines why nation-based minimum wages have often not been set at a living wage level, have not been enforced and frequently fail to cover those that arguably need it the most: vulnerable and precarious workers. It conducts a brief case study of India, a country that enshrined the living wage principle in its constitution, to explore why minimum wage laws have not delivered living wages to all workers in that country. The case study allows us to examine the national-level reasons for the failure to deliver a living wage including the failure to cover non-standard workers and to enforce the laws adequately.

These failures in the effectiveness of minimum wages to promote living wages also reflect global collective action problems. Governments fear that their national workforces will lose competitive advantages if they cannot ensure lower unit labour costs vis-à-vis their competitors. This suggests that the solutions have to be global in nature, with a strong role for an international organization (IO) with powers to coordinate efforts across nation states. The ILO is best placed to play this role, and what more crucial function could it conduct than to promote living wages and eliminate poverty? The chapter then describes a possible scheme for enforcing a global living wage, giving the ILO a key place in this scheme.¹

NORMATIVE BASIS FOR LIVING WAGES

Historians trace the concept of the living wage back to the 1870s, around the onset of industrialization in the UK (Brenner 2002). It is close to 100 years since the Treaty of Versailles, 1919, was enacted creating the ILO and enshrining the principle of a living wage in international law (International Labour Organisation 1919).² The Declaration concerning the aims and purposes of the ILO (Declaration of Philadelphia) stresses the ‘solemn obligation of the ILO to further among nations programmes that will achieve... a minimum living wage to all employed and in need of such protection’. The right to a living wage is, in addition, established in several ILO declarations and conventions:

¹The authors are grateful to John Braithwaite for generously sharing many of the ideas canvassed in this chapter. The proposal is discussed in greater detail in Shelley Marshall’s 2018 book, *Living Wage* in the Oxford Monographs on Labour Law, Oxford University Press.

²According to the accounts of James T. Shotwell who participated in the Conference as part of the United States Delegation, the idea of a living wage was uncontroversial: J.T. Shotwell (1934), *The Origins of the International Labor Organization*, New York: Columbia University Press.

- Convention 131 and 156 (indirectly) and Recommendations 131 and 135 (indirectly)³;
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in 2006 (International Labour Organisation 2006); and
- ILO Declaration on Social Justice for a Fair Globalization, 2008 (ILO 2008).

A number of other international instruments call for the payment of a living wage to all workers in some sense, without employing the language of a ‘living wage’. Among those instruments are a number of human rights declarations such as Article 25 of the Universal Declaration of Human Rights of 1948 (United Nations General Assembly 1948) and Article 7 of the International Covenant on Economic, Social and Cultural Rights of 1966 (<https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>, accessed on 20 July 2018).

Despite this broad normative support, living wages have not, to date, been delivered. And, arguably, the principle has not been given the importance it is due, even by the ILO. It was not, for instance, included in the Core Labour Standards (International Labour Organization 1998). Instead, as we explore in the next section, it has mainly been introduced through deeply flawed minimum wage legislation.

PROBLEMS WITH MINIMUM WAGE LEGISLATION

Minimum wage legislation around the world has often failed to deliver living wages. This section identifies three reasons for this failure which are evident in the brief case study of India, as with other countries: first, minimum wages are set at a level that is lower than a living wage and too low relative to the mean wage; second, minimum wages are not universal in most countries; and third, they are not enforced.

³Under this Convention, states are required to establish a system of minimum wages, which has the force of law. In determining the level of minimum wages, states must consider the needs of workers and their families, the general level of wages in the country, the cost of living, social security benefits and the relative living standards of other social groups (see Convention 131, Minimum Wage Fixing Convention, https://www.ilo.org/dyn/normlex/en/?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312276, accessed on 18 July 2018).

- 2 to 3 times the median wage rate in low-income countries
- 1.5 to 3.5 times the median wage rate in transition economy countries
- 60 per cent to 1.0 times the median wage rate in non-transition economy middle-income countries
- 60 to 80 per cent of the median wage rate in high-income countries

Fig. 8.1 Differences in median and living wage rates (*Source* Anker 2005, 103)

Despite their widespread adoption, in many countries, government-set minimum wages fall far short of what many estimate to be a living wage (Bolwell 2016, 9; Ethical Trading Initiative 2008, 1). According to one calculation, half of all countries set a minimum wage at less than the global poverty level (Bolwell 2016, 9). A consequence of this failure to set living wages is that real wages have fallen rather than increased in the past two decades across much of the world.

Not only does the failure to adjust minimum wages to reflect changes in the cost of living result in them being too low to live on, it also contributes to a situation in some countries where only a small proportion of society enjoys income above a living wage rate. As illustrated in Fig. 8.1, one of the factors that differentiate poor and richer countries is that a living wage is higher than the median wage in poor countries and lower than the median wage in richer countries.

For example, the median wage in Bangladesh in 2005 was between 4.92 and 9.80 Taka (BDT) per hour. However, Anker estimates that in order to earn a living wage, the hourly pay should have been 16.04 Taka (Anker 2005, 104). In contrast, the median Swiss employee earned between 29.81 and 34.78 Swiss Francs. Anker calculated that a living wage rate per hour would be around 20.79 Swiss Francs (Anker 2005, 104), showing that the median rate is higher than the living wage rate, which is surely desirable. The aim should be to have most—indeed all—people in a society enjoying more than a living wage.

Few countries have a universal minimum wage system that applies across all industries and occupations. In many countries, various categories of formal workers are exempt.⁴ Even fewer countries cover

⁴Disabled workers are often excluded or come under separate regulations. Apprentices and trainees are also often excluded. In some countries, public servants are also not covered

non-standard or informal workers (Bolwell 2016, 2). The case study of India is illustrative of this problem.

In many countries, also, it is not just a problem that minimum wages are set too low, they are often not enforced. Indeed, while much of the focus of debates is about at what level minimum wages should be set, little attention has been given to how to promote normative acceptance of the idea of living wages, or how to ensure compliance and promote collective means of enforcement (Benassi 2011).

A CASE STUDY OF MINIMUM WAGE SETTING IN INDIA

The minimum wage system in India suffers from all of the flaws identified herein, despite being normatively prescribed in India's most significant edicts. Following India's Independence in 1947, concepts of equity and social justice that had shaped the independence movement influenced early law-making. Desiring to remove wage setting from the interplay of market forces, the Minimum Wages Act (MWA) came into force in 1948 (Government of India 2010, Preface; Papola and Pais 2007, 184), and the right of all to earn a living wage was enshrined in India's Constitution in 1949. The MWA provides for the fixing and enforcement of minimum wages in respect of scheduled employment categories.⁵ Depending on the type of work, either the central government or state governments fix and periodically revise minimum rates of wages at intervals not exceeding five years (Papola and Pais 2007, 185; van Klaveren et al. 2010, 29).⁶ In doing so, the wage-fixing authority

(France, Greece and Luxembourg). Sub-minimum rates are common for young workers: Organisation for Economic Cooperation (1998), *OECD Employment Outlook 1998*, Paris: OECD Publishing.

⁵In 2014, there were 45 scheduled employment categories at the central government and 1679 scheduled employment categories at the state level. Scheduled employments are divided in to two parts: non-agricultural employments and agricultural employments: A. Srijia (2014), Implementation of the Minimum Wages Act, 1948—Case Study of India, *Global Journal of Human Social Science: Political Science* 14.

⁶Arguing for the design of a simpler minimum wage system, Ghose considered 'a plethora of statutory minimum wages, all arbitrarily set, which vary across jobs within a state and across states in the same job [as] indefensible' A.K. Ghose (1997), Should There Be a National Minimum Wage in India? *The Indian Journal of Labour Economics* (1997) 40(4): 697.

takes duly into consideration the norms laid down at the occasion of the Indian Labour Conference in 1957 and by the Supreme Court of India in 1991. The Indian Labour Conference thus considered that the minimum wage should be need-based and prescribed the following norms for fixing minimum wage rates: (a) three consumption units per earner, (b) minimum food requirement of 2700 calories per average Indian adult, (c) cloth requirement of 72 yards per annum per family, (d) rent corresponding to the minimum rent charged by government in any area for houses provided under the Subsidised Industrial Housing Scheme for low-income groups, and (e) fuel, lighting and other miscellaneous items of expenditure to constitute 20% of the total minimum wage.⁷ In 1991, in the Reptakos case, the Supreme Court of India added that children's education, medical requirement, minimum recreation, including festivals ceremonies, provision for old age and marriage should further constitute 25% and be used as a guide for fixing the minimum wage of the total minimum wage.⁸

The administration of the MWA has been hampered by the infrequent revision of its level and inadequate cost of living adjustment (National Commission for Enterprises in the Unorganised Sector 2009, 141). This has left the minimum wage out of step with the costs of living.

A further problem is its coverage.⁹ The MWA has relatively wide coverage. According to Papola and Pais (2007, 197):

[o]f all the labour laws, the MWA has the widest coverage by definition. About 38 per cent of the workforce or 83 per cent of hired workers are technically covered under the Act. The large coverage of the Act is because, unlike other labour regulations, it also covers workers in agriculture.

However, significant categories of workers are not covered by the MWA because coverage is dependent on being included in the schedule.

⁷Indian Labour Conference, 15th session, 11–12 July 1957, New Delhi.

⁸Supreme Court of India, *Workmen Represented by Secretary v. Reptakos Brett. & Co. Ltd. and Another*, 31 October 1991, para. 12.

⁹See here Patrick Belser and Uma Rani's paper simulating an extension of coverage of minimum wages. Patrick Belser and Uma Rani, *Extending the Coverage of Minimum Wages in India: Simulations from Household Data*, International Labour Office—Geneva (2010), Conditions of Work and Employment Series No. 26.

Though informal workers (called unorganized workers in India) were in the mind of the drafters of the MWA, they have remained largely outside the law's purview (Varkkey and Mehta 2015, 1). Its coverage is further limited because the appropriate state-level government may refrain from fixing minimum rates of wages in respect of any scheduled employment in which there are in the whole state less than one thousand employees engaged.¹⁰

A more significant problem with the MWA is the difficulty of applying it to the realities of many informal workers' working arrangements.¹¹ One important category of India's informal workforce is homeworkers who are believed to constitute over 50% of India's total labour force (Center for Education and Communication 2018). The MWA's definition of an employee is sufficiently wide to include home-based workers.¹² It also provides for the fixing of minimum wage rates both for time work and for piece work (Government of India 1948, Section 3 (2) (a) and (b)). However, a number of obstacles stand in the way of applying the MWA to homeworkers. First, it is often hard to establish an employer–employee relationship in the case of homework. Who is responsible for paying the minimum wage? Second, the complex calculations necessary to remunerate piece-rate workers, keeping in mind the costs borne by the homeworker, make it difficult to translate hourly rates to piece rates (Sankrit 2015, 3). Third, the informality of arrangements, including the absence of payment records, hinders worker claims that insufficient pay has been received for work conducted. Fourth, workers lack the capacity to demand minimum wages from employers/contractors due to fear that they will lose work or income (Sankrit 2015, 4). Workers may accept lower wages due to 'compelling factors such as weak bargaining power, the rural push

¹⁰Section 3—Fixing of minimum rates of wages: Government of India (1948), Minimum Wages Act.

¹¹See here the analysis provided by Uma Rani and Patrick Belser on the effectiveness of the Indian living wage legislation: U. Rani and P. Belser (2012), The Effectiveness of Minimum Wages in Developing Countries: The Case of India, *International Journal of Labour Research* 4.

¹²The MWA covers 'out-worker to whom any articles or materials are given by another person to be made up, cleaned, washed, altered, ornamented, finished, repaired, adapted, or otherwise processed for sale for the purposes of the trade or business for that other person where the process is to be carried out either in the home of the out-worker or in some other premises not [...] under the control and management of that other person' Government of India (1948), Minimum Wages Act.

induced by conditions of drought, non-availability of work, loss of income yielding assets, indebtedness' (Varkkey and Mehta 2015, 7–8). In sum, according to the Self-Employed Women's Association (SEWA), applying minimum wages provisions that were designed for employees paid on a time basis for an eight-hour working day is highly complicated as they fail to meet the working realities of homeworkers (SEWA 2014, 3). Due to their 'erratic working hours, variable working conditions and poorly demarcated work spaces [...] many of the minimum standards contained in the labour laws are incapable of being applied to the majority of [home-based] workers' (Sankaran and Madhav 2013, 5).

Beyond these barriers, a significant reason that minimum wages are not enjoyed by more workers who are technically covered by the Act is the absence of credible enforcement (van Klaveren et al. 2010, 25). The MWA requires that employers maintain registers and records which include the wages paid to their employees (Government of India 1948, Section 18). It also provides for inspections (Government of India 1948, Section 19), claims (Government of India 1948, Section 20) and penalties in case of non-compliance (Government of India 1948, Section 22). In addition, the Labour Bureau publishes an annual report on the working of the MWA.¹³ Yet, the National Commission for Enterprises in the Unorganised Sector (NCEUS) concluded that:

[m]ost studies that have examined the application of minimum wage legislation to workers in the unorganized sector show that the Act has not been used to protect the interests of the poor and the unorganized sector workers. (National Commission for Enterprises in the Unorganised Sector 2009, 141)

There are various reasons for this. One is lack of enforcement activity by unions, a tripartite party to the enforcement of minimum wages, particularly in remote areas where unions rarely operate (Varkkey and Mehta 2015, 7–8). The labour inspectorate also lacks the capacity or will to enforce the MWA: hampered by an insufficient number of inspection

¹³The annual report on the working of the MWA 1948 presents information on employments added, employments in which the minimum wages were fixed for the first time, the minimum wages in different scheduled employments prevalent during the year, comparative minimum wage rates prevailing in scheduled employments and number of inspections, etc.

staff, corruption, delays in justice, cumbersome procedures and low penalties (Srija 2014, 4 and 8). All these factors leave ‘unorganised sector workers [with] very little protection against non-compliance of contracts or labour laws’ (van Klaveren et al. 2010, 28).

We can see, then, that there are a range of state- and national-level barriers to minimum wage legislation promoting a living wage for all workers in India in the way anticipated by the drafters of the Constitution and MWA. These barriers are not unique to India, but are reflected across most countries of the world: particularly those with large non-standard or informal workforces.

A GLOBAL COLLECTIVE ACTION PROBLEM

The failure to increase minimum wages to a living wage level, or to enforce them sufficiently, can in part be seen as a collective action problem. It is difficult for single countries to act alone to increase minimum wages. Rather than introducing higher employment standards, export production via international outsourcing has tended to encourage the use of less formal and more vulnerable forms of work within supply chains. Over time, the practice of international outsourcing has spread from price-sensitive, labour-intensive consumer goods to other sectors including agro-business and high-end technology services, placing pressure on higher value-added, knowledge-based sectors, also (Phillips 2013; Swinnen 2007).

The risk for workers’ organizations is if they target wages in one country, the work will move to a country with lower unit costs. Workers’ organizations are often blamed for capital flight because of this. Yet the real problem lies with the unequal governance power of influential (lead) companies in supply chains compared with states, workers and their representatives (Gereffi et al. 2002).

The influence of the governance of global supply chains on work conditions suggests that solutions must also be global in scale. However, restrictions on the ILO’s role in regulating living wages to date have limited global solutions. ILO Conventions merely address minimum wage-fixing machinery, rather than being concerned with setting minimum wage levels. The ILO has played a minimal role in encouraging higher minimum wages in accordance with living wage calculations or coordinating minimum wage increases across countries in order to overcome collective action problems.

A PROPOSAL FOR AN INTERNATIONAL LAW PROMOTING A GLOBAL LIVING WAGE

One way that the strong disincentive for individual governments to increase minimum wages can be overcome is to put in place regulatory strategies to increase minimum wages across regions and internationally to a living wage level. This chapter proposes an ILO Convention or UN Treaty to this end. Implementation would occur in three stages. The first stage would be for all countries to enact minimum wages that reflect the real costs of a living wage. The next step would be to move countries towards a global average minimum wage, based on purchasing power parity (PPP). PPP is employed as a measure to compare the income levels across different countries. It is used to determine the adjustments needed to be made in the exchange rates of two currencies to make them at par with the purchasing power of each other. If a country had a *below* average minimum wage, it would be required by the instrument to increase wages on average by an agreed quantum—say 2% per annum in real terms—until it became above average (after which its obligation would fall to 1% average annual increases). As minimum wages are the bare ‘minimum’, it would be up to national industrial relations processes, such as collective bargaining agreements, to increase wage packages to reflect appropriate rates of pay, including additional benefits appropriate to that country system.

The final step would be for all countries to agree to increase minimum wages by an agreed quantum, such as 1% in real terms on average each year, if that nation had a minimum wage *above* the global average. Once a nation’s minimum wage had reached 60% of the median income for that nation, its only obligation under the instrument would be to maintain that target.¹⁴ The targets proposed here are merely suggestions. The exact figures would be a question for further empirical research, public debate and negotiation through the treaty/convention development process.

¹⁴The reason for proposing the 60% target is because this is approximately the current average for high-income countries R. Anker (2005), *A New Methodology for Estimating Internationally Comparable Poverty Lines and Living Wage Rates*. Geneva: Policy Integration Department Statistical Development and Analysis Group International Labour Office.

It is likely that developing countries wishing to maintain their low-cost advantage would be concerned that this initiative is simply another Western threat aimed at reducing their competitiveness. This has certainly been the concern voiced by developing countries in relation to proposals such as the inclusion of social clauses in World Trade Organisation (WTO) agreements. Malaysia and Egypt argued strongly against consideration of labour standards by the WTO, contending that the trade/labour standards link was a reflection of protectionist tendencies and was aimed at limiting the comparative advantages of developing countries (Leary 1997, 119). It is important, therefore, that the campaign for a global living wage continues to be led by bodies based on the developing world such as the Asian Floor Wage Campaign. A critical line of defence of the global living wage proposal is that it is targeted as equally at low wages in Western powers such as the USA as it is in a country such as Cambodia. Occupational segregation is high in the USA, leading to significant wage gaps along racial and ethnic lines (Orraca-Romano and García-Meneses 2016) which living wage campaigns within the USA have sought to address (Luce 2012).

A RENEWED ROLE FOR THE ILO

The proposal conceives of a strong role for the ILO, perhaps in concert with UN Special Representative of the Secretary General on Business and Human Rights and other key IOs. One option would be for a convention to be generated through the conventional ILO tripartite process, whereby the ILO's technical advisors draft a recommendation and that recommendation is debated at the ILO's conference. The tripartite process provides a strong role for government, employer organizations and trade unions in negotiating conventions. A second option would be for the generation of an international treaty, perhaps through the Human Rights Council of the United Nations.

The ILO and other companion IOs would then have the following responsibilities:

1. Overseeing the process of ratification.
2. Determining globally comparative living wages and globally comparative minimum wages. Here, the ILO's recent work calculating a living wage based on food and service baskets is particularly important for setting minima (Anker 2005, 2011).

3. Monitoring compliance with the convention or treaty.
4. Overseeing the establishment and running of the Global Living Wage Dispute Mechanism.
5. Setting up National Supply Chain Tribunals and training national tribunal members (outlined in the following section).
6. Convening forums for information sharing and learning among stakeholders regarding enforcement in the Global Living Wage Dispute Mechanism and national tribunals.
7. Compiling data on complaints and orders made by national tribunals.
8. Coordinating the advancement of enforcement strategies with other IOs and relevant national government bodies.

INCENTIVES FOR COMPLIANCE

Incentives for Workers' Organizations to Take Action

As we saw in the Indian case study, often trade unions are reluctant to or lack knowledge about representing the poorest and most marginalized workers, including informal workers. Though this is slowly changing, unions have too long clung to an industrial or Fordist model of capitalism, focused on trying to stop further outsourcing and vertical disintegration. A significant minority of the trade union movement is reimagining itself and becoming more international in its focus. However, even for these innovative trade unions, the focus still tends to be on core industrial workers.

There is a risk that governments could cultivate support from trade unions and social democratic publics by ratifying the convention or treaty, while assuring their private sector that they would do nothing to enforce its terms. This could certainly lead to the failure of the global living wage proposal. State enforcement of a global living wage cannot be assumed.

Therefore, a strong role for trade unions and worker organizations (such as Homenet and the SEWA) to be built into enforcement mechanisms warrants consideration. A model could be the US False Claims Act *qui tam* provisions.¹⁵ Such *qui tam* provisions were primarily designed

¹⁵*Qui tam* is a shortened form of *Qui tam pro domino rege, quam pro se ipso in hoc parte sequitur*, which means 'He who brings an action for the King as well as for himself': J. Braithwaite (2013), Flipping Markets to Virtue with Qui Tam and Restorative Justice, *Accounting, Organizations and Society* 38: 458–68.

for whistle-blower enforcement with fraud against the government, but also exist for money laundering, tax evasion and bribery in the USA (Engstrom 2014). Under that system of enforcement, whistle-blowers receive a quantum of the fine or damages awarded against a wrongdoer.¹⁶

Qui tam provisions have been credited as a highly effective regulatory tool.¹⁷ Braithwaite argues that the networked governance quality of the *qui tam* enterprise creates a circle of accountability in which whistle-blower, NGO, law firm, relevant state, department and judge are each checking abuse of process by one another (Braithwaite 2008, 69). It is an expedient way of enlisting knowledgeable insiders to the public interest (Bucy 2002, 2004).

ENFORCEMENT: GLOBAL LIVING WAGE DISPUTE MECHANISM

The enforcement strategies could have an international and national component. One reason it may be preferable for the multilateral instrument to take the form of a treaty is so that it could give rise to an enforcement mechanism that could traverse nations—a Global Living Wage Dispute Mechanism. It would be the responsibility of the ILO to set the body up, in coordination with other IOs. This would build on the new function already developing within the ILO. In 2016, the 105th International Labour Conference commissioned the ILO to assist global union federations and multinational companies in mediation and dispute settlement where appropriate to support the functioning of Global Framework Agreements (Hadwiger 2017). There are various models for the appointment and composition of the mechanism which are beyond the scope of this short chapter.

¹⁶*Qui tam* is a unique mechanism in the law that allows citizens with evidence of fraud against government contracts and programs to sue, on behalf of the government, in order to recover the stolen funds. In compensation for the risk and effort of filing a *qui tam* case, the whistle-blower or ‘relator’ may be awarded a portion of the funds recovered, typically between 15 and 25%: TAF (2015).

¹⁷See, for example, Brief Amicus Curiae of AARP in Support of Respondent at 4–6, *Schindler Elevator Corp. v. United States ex rel. Kirk*, 131 S. Ct. 1885 (2011) (No. 10–188), 2011 WL 288888 which sites ‘FCA is the single most effective tool in the fight against fraud perpetrated against the government’ and crediting *qui tam* provisions with achieving large recoveries for federal treasury while also combating substandard health care. See also Pamela H. Bucy (2002), Private Justice, 76 *Southern California Law Review* 1: 53 who describes FCA’s *qui tam* regime as ‘extraordinarily successful as a regulatory tool’.

It is envisaged that this mechanism would allow unions and other interested parties to bring claims, at an international level, against states on behalf of worker-citizens for failing to enforce living wage laws, and be awarded a portion of any of the funds recovered. An organization like SEWA or Women in Informal Employment: Globalizing and Organizing (WIEGO) that represents informal workers might bring a claim in the Global Living Wage Dispute Mechanism against India, for the less-than-living wages that homeworkers commonly receive, for example. The primary remedy would be the recovery of unpaid remuneration. The state would be ordered to pay unpaid entitlements to those workers who had not been paid the living wage.

Higher penalties might be exacted against states where evidence was presented of corruption such as the taking of bribes by labour inspectors. Such penalties would be particularly relevant for India, where the bribing of labour inspectors is commonplace. Not only is this justifiable on justice grounds, but also anti-corruption enforcement might be the domain where it will prove easiest to mobilize transnational political support for *qui tam*, outside of the labour movement. This may then create incentives for states such as India to double efforts to stamp out corruption and pay inspectors an adequate amount to ensure that they do not require bribes to support their families.

Via the National Supply Chain Tribunal, the state would then be open to recover these funds from the relevant employers or other parties within the supply chain, who are found to have practices that affect the employer's or contractor's ability to provide a living wage, legal remuneration or related conditions to the worker. This pathway is discussed further in the next section of this chapter. This would create an incentive for states to make claims against employers and other parties in the supply chain through the National Supply Chain Tribunal.

The potential of being awarded a portion of funds recovered through the Global Living Wage Dispute Mechanism would provide an incentive for trade unions to dig out whistle-blowers against states who fail to enforce living wages. The award of a portion of the amount recovered could provide a major source of funding to unions, underwriting expanded transnational activities. This would boost recruitment of new union members, particularly from sweatshops and home-based workers (Fig. 8.2).

There is no reason why trade unions and other labour organizations should not pursue claims against businesses using anti-corruption laws of this type today, where there is evidence that a business has paid bribes to

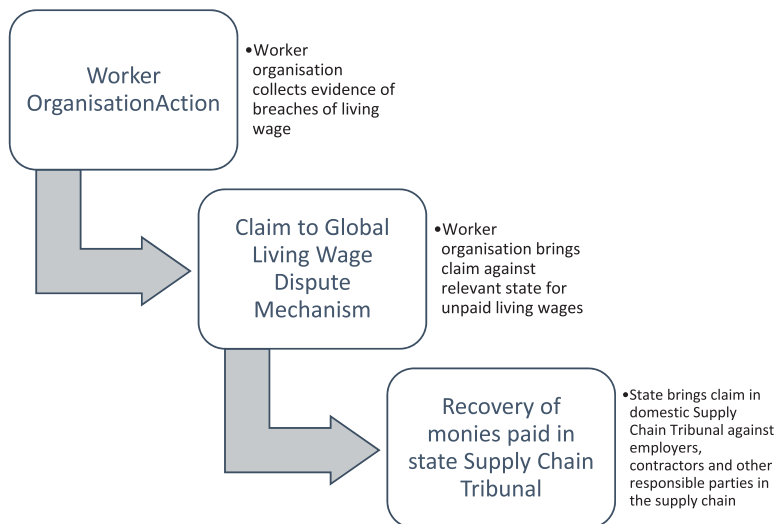


Fig. 8.2 Example process in the global living wage dispute mechanisms and national supply chain tribunal

avoid the enforcement of labour laws.¹⁸ Such claims could be initiated in the country in which the corruption occurred, or in the home country of the transnational business. The latter is useful as foreign institutions are likely to be less impeded by local political obstacles. Where *qui tam* provisions exist, as in the USA, such cases would be financially beneficial for the international trade union movement, as well as an innovative method of encouraging the enforcement of labour laws.

RATCHETING UP DOMESTIC SUPPLY CHAIN ENFORCEMENT STRATEGIES

It would be the responsibility of the ILO to compile data regarding complaints and orders made by National Supply Chain Tribunals regarding the practices of parties in supply chains. Where there was evidence of

¹⁸There is also a shift towards the privatization of transnational corruption law enforcement, in keeping with the proposal here: K. Hall (2013), Strategic Privatisation of Transnational Anti-corruption Regulation, *Australian Journal of Corporate Law* 28: 60.

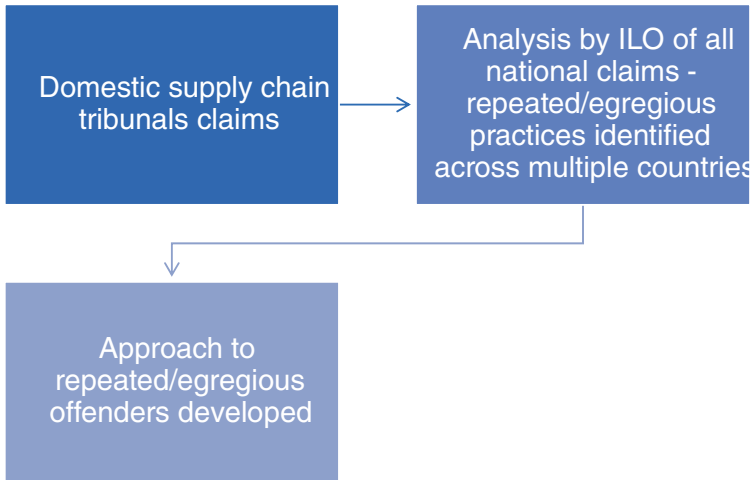


Fig. 8.3 Ratcheting up domestic supply chain enforcement strategies

particularly egregious practices by parties in the supply chain, the ILO and companion IOs would have the responsibility for ratcheting up enforcement strategies through, for example, global framework agreements or new global industry-wide performance standards (Fig. 8.3).

NATIONAL-LEVEL ENFORCEMENT

The second pillar of the strategy would create National Supply Chain Tribunals which are able to remedy disputes over unpaid living wages (ex post remedies) and create positive obligations for those with power in supply chains, including buyers and financiers. This section examines existing initiatives which provide ex post remedies and positive duties, before outlining a proposal for national-level tribunals.

Rather than becoming bogged down in arguments about legal doctrine in relation to strict and vicarious liability or the duty of care,¹⁹ the

¹⁹See Alan Hyde's detailed proposal for a twenty-first-century version of 'respondent superior' for labour rights violations down the supply chain: A. Hyde (2012), Legal Responsibility for Labour Conditions Down the Production Chain, in J. Fudge, S. McCrystal, and K. Sankaran (eds.), *Challenging the Legal Boundaries of Work Regulation*, 83–99, UK: Hart Publishing.

proposal here is to adopt the approach taken by the (now abandoned) Australian *Road Safety Remuneration Act 2012* (Cth).

The National Supply Chain Tribunals would have the power to:

- make living wage orders where matters concern supply chain parties;
- approve and assist with negotiations for supply chain collective agreements;
- deal with certain disputes relating to participants in the supply chain and enforce existing orders; and
- conduct research into supply chain dynamics that impact pay and related matters.

Redress

Providing redress is a central role of the tribunals, but this is no simple matter. The tribunals would adjudicate disputes in relation to remuneration and related conditions about practices of one or more participants in the supply chain. Such a claim would start with a claimant contending that a participant in the supply chain has affected the employer or contractor's ability to provide a living wage, legal remuneration or related conditions to the worker.²⁰ Such contentions might be made against employers, contractors, buyers, agents, financiers and so on. If a claim has been made against an employer, that employer might contend that their capacity to pay a living wage was hampered by others in the supply chain, and effectively join them to the claim. Where claims have already been made against the state at the Global Living Wage Dispute Mechanism for unpaid remuneration, the National Supply Chain Tribunal would have jurisdiction to hear disputes regarding recovery of such funds from parties in the supply chain. The second step would entail the calculating of amounts based on their contribution to the low payment of wages and other conditions. Evidence would be considered by the tribunal concerning the manner in which the practices of the supply chain participant who has been joined to the claim impact working practices and conditions. Different amounts would then be awarded against different parties in the supply chain, based on their contribution

²⁰The language proposed here reflects that of the Australian Road Safety Remuneration Act 2012 (Cth) s 43.

to unpaid wages or low conditions of work. To return to the tea plantation example, costs might be shared between McLeod Russel, Hindustan Unilever and Unilever based on evidence of under-payment through the supply chain.

Extraterritorial Powers

Although the tribunals would be domestic institutions, they would have extraterritorial powers. They would be empowered to make orders against parties in the supply chain domiciled outside of the country in which the work was occurring. So, for example, for tea plantation workers in India who are picking tea in the supply chains of major tea companies who are domiciled outside India,²¹ a joint claim could be brought against the local tea plantation owner and the overseas buyer. In order to reduce their amount awarded against them, the local tea plantation would be required to provide evidence of the amount that the overseas buyer pays for the tea, the timelines for orders, the extent that they intervene in management practices and so on.

Positive Duties

The role of the tribunal would not stop at redress. Tribunals would be empowered to impose positive duties on parties in the supply chain to address the dynamics that place downwards pressure on wages and conditions. The tribunal would be charged with addressing the incentives in the supply chains. Such orders may impose requirements, in relation to²²:

- a. an employer or hirer/contractor of a worker to whom the order applies;
- b. a participant in the supply chain in relation to whom the order applies, including financiers, buyers, agents and so on.

²¹For detailed evidence of conditions in tea plantations in India, see: K. Macdonald and S. Balaton-Chrimes (2016), *Human Rights Grievance—Handling in the Indian Tea Sector, Non-Judicial Redress Mechanisms, Report Series 6*, Melbourne: University of Melbourne.

²²The language proposed here reflects that of the Australian Road Safety Remuneration Act 2012 (Cth) s 27.

Workers Not Employees

The provisions that set out the powers of the tribunal would refer to workers rather than employees. Tribunals would, therefore, have a wider scope than most national labour codes that base labour protections on the employment contract. This will require training for members who sit on the tribunals, so that they do not inadvertently reject claims from workers who do not have a direct employment contract. Some degree of dependency would be required, but not to the point required to show a bilateral employment relationship. Tribunals would be empowered to make orders in relation to living and minimum wages in accordance with the way that a living wage is calculated under the global living wage instrument.

Benefits of a Specialist Tribunal

So that tribunal members build specialist knowledge in the field of supply chain dynamics and of work relations outside the traditional employer–employee relationship, it is recommended that the tribunals be created as an adjunct to existing labour relations tribunals or social dialogue institutions. Existing labour institutions would be given the power to refer matters to such specialist tribunal where the matter concerns parties within a supply chain.

The creation of *new* tribunals, and the selection of independent tribunal members with the assistance of the ILO can help to overcome problems of bias and corruption that mar the delivery of justice in many developing countries. There is a great deal of literature expounding the benefits of tribunals as ‘deliberative arenas’ (Posner and Yoo 2005; Cooney et al. 2006; Bogdandy 2012). Such benefits include cheapness and ease of accessibility; freedom from technicality through; simplified rules of evidence and reduced procedure legal costs; people’s permission to represent themselves; and tribunal members’ expert knowledge. Regardless of these flexibilities, tribunals still offer reasoned judgements which allow for both sides to make amendments, for appeals and for justice to be seen to be done. They provide a means to achieve enforced self-regulation in which social actors devise their own standards and implementation methods subject to public oversight and, frequently, mandatory criteria. The members of industrial relations tribunals tend to draw equally from labour and employers, with an independent chair.

The tribunals envisaged here would be empowered to make consent orders where the parties have reached settlement before hearings, or through the negotiation process facilitated by the tribunal. Where there is no agreement reached between the parties, the tribunal will reach a decision, publish the reasons for it and make an order. It will be able to enforce or modify existing orders where a dispute is notified to the tribunal. It is envisaged that such a dispute notification will occur when a representative organization fills in a simple form with a brief outline of the matter in dispute, making the tribunals highly accessible.

Incentives for Compliance Activities

Tribunals would be charged with reordering incentives throughout supply chains, including those of state labour inspectorates. It hoped that the system will encourage state tribunals to be more active in inspecting, collecting evidence and prosecuting both employers and non-employer principals. State labour inspectorates will have the right to recover unpaid remuneration and entitlements from employers and other parties in the supply chain after claims have been made against the state in the Global Living Wage Dispute Mechanism. In order to recover funds already paid to workers, the state inspectorate will need to collect evidence that a business has underpaid workers or contributed to low pay. The incentive of receiving an award from the tribunal, which will fund the wages of inspectors, should outweigh the incentive of seeking bribes.

Likewise, employers and contractors will have an incentive to 'join' other parties to the claim and provide evidence about the ways that those parties have contributed to low wages and conditions. Other parties in the supply chain, including buyers, financiers, agents and so on, will then be in the position of defending their practices and providing contrary evidence.

The tribunals will be charged with fostering a spirit of problem-solving among all the parties, to address the causes of downwards pressure on wages and conditions. They will give workers, employers, contractors, other parties in the supply chain and their representatives significant opportunities for participation in remediation and problem-solving processes in relation to supply chain problems. Importantly, the tribunals will operate as forums through which remediation efforts are incorporated into collective bargaining processes (O'Rourke 2006, 910). The approach to enforcement proposed here would meld traditional

compliance and commitment approaches (Locke et al. 2009, 344). The aim would be to foster stability, mutual respect, trust and even reciprocity throughout supply chains.

Supply Chain Collective Agreements

The tribunal will have the power to approve and assist with negotiations for supply chain collective agreements between buyers, producers and unions. This would create the institutional scaffolding that is required to support the growing number of Global Framework Agreements which are being developed between international trade union confederations and global brands (Fichter and McCallum 2015; Hadwiger 2017).

The content of these collective agreements would be subject to negotiation and thus would vary in a way that would respond to the national institutional setting, industry and supply chain dynamics in which the dispute and subsequent negotiations took place. So, for example, a tribunal might order the creation of a collective agreement between the tea plantation union, the tea plantation owner and the international tea buyer. It has been estimated that tea plantations provide employment to over a million workers in India. Of these, it has been estimated that there are over 600,000 in Assam, over 260,000 in Tamil Nadu and over 53,000 in Darjeeling (Macdonald and Balaton-Chrimes 2016, 17). In growing areas in the north of India, poverty wages have interacted with problems of indebtedness, landlessness and the absence of wider social support. To address these problems in a positive fashion, parties to a collective agreement might include a major tea plantation owner such as McLeod Russel, with its headquarters in Kolkata, Hindustan Unilever who buys and packages the tea, and its parent company Unilever, as well as local and global worker representative bodies.

Other Orders

The tribunal would be empowered to make a wide range of orders in relation to disputes brought before it in order to address remuneration-related pressures that contribute to low wages and conditions. Such orders could be requested by the parties to the dispute. The idea is that the international instrument would encourage experimentalism, and the ILO would share learning across countries about the benefits of different orders. Three standard orders that could be made include: (a) payment

of unpaid remuneration, (b) orders for supply chain parties to provide training and (c) assistance to their suppliers and orders for the implementation of performance standards or industry codes of conduct. Where non-compliance is particularly stark or repeated, the tribunal could order more stringent penalties such as (d) suspension of intellectual property rights.

Training and Assistance

Where the evidence suggests that non-payment of proper remuneration is a consequence of the information asymmetries or low levels of competence of certain parties in the supply chain, the tribunal will make orders for supply chain parties such as buyers and financiers to provide training and assistance to suppliers. This will encourage processes of root cause analysis, joint problem-solving, information sharing and the diffusion of best practices throughout the supply chain (Locke et al. 2009, 321):

[T]here now exists an extensive body of literature [on regulatory effectiveness (or lack thereof) in an array of arenas that indicates that companies comply with laws, regulations, and standards not simply because these “amoral calculators” have been “deterred” by the threat of sanctioning but instead because many of them have been assisted and/or educated to comply with regulations and standards.

Without such assistance, the tribunal risks rejection by small and medium-sized entities.

Performance Standards and Industry Codes of Conduct

The tribunal would be empowered to make orders for the implementation of performance standards and industry codes of conduct. Such orders may be the consequence of the tribunal’s research activities or may be ordered at the request of parties to a dispute. Such orders will be made where sufficient evidence has been provided that the performance standard or industry code of conduct has produced, or will produce, improved compliance with labour standards through changed practices throughout the supply chain.

Suspension of Intellectual Property or Import Licences

Where breaches are particularly egregious, or parties refuse to adhere to orders, more powerful incentives may be necessary. There is significant evidence that large businesses are frequently willing to write off fines as a cost of doing business. There are also examples of transnational business ignoring court and regulatory orders made by developing countries.²³ As John Braithwaite argues: ‘More punishment translates to less crime only at those points on the deterrence curve where deterrence effects exceed defiance effects’ (Braithwaite 2013). This points to the need to search for new and creative enforcement methods.

One option is the use of embargos or the suspension of import and export licences. The US ‘Hot Goods’ provisions demonstrate the impact of using substantial novel penalties that interrupt the flow of goods to change business behaviour. An empirical study of the effectiveness of the provisions by Weil and Mallo shows that the global system of apparel distribution and production of apparel is extremely sensitive to supply chain disruptions (Weil and Mallo 2007, 809). There may need to be regional or international levels to the enforcement system, as well, in the form of embargos on the import of offending brands by other signatory nations.²⁴

Perhaps the most potent penalty for brands, whose greatest value adding comes from brand recognition, would be the temporary or

²³One of the most high-profile examples is Shell’s failure to pay fines ordered by Nigerian regulators. The National Oil Spill Detection and Response Agency imposed a USD \$5 billion fine for environmental damage, which Shell refused to pay. The fine was subsequently reduced to \$4 billion by the Nigerian parliament. However, Shell still refused to pay. A. Terngu (2014), Nigeria’s Parliament Says Shell Should Pay \$4 Billion for 2011 Oil Spill, *Reuters*, Abuja.

²⁴This proposal differs from the proposal by Elliott and Freeman, who propose embargoes on nation states: K.A. Elliott and R.B. Freeman (2003), *Can Labor Standards Improve Under Globalization?* Washington, DC: Institute for International Economics. There is a large body of literature that discusses the use of trade sanctions and debate within international organizations. See, for example, Tsogas who discusses the death of labour clauses in WTO agreements at the 1996 Singapore Ministerial Meeting of the WTO: G. Tsogas (2001), *Labor Regulation in a Global Economy*, Armonk, NY: M.E. Sharpe.

permanent loss of intellectual property including trademarks, copyright, patents and so on. If Nike, for example, lost its trademark on the ‘swoosh’ for a fixed period, this would be a very damaging sanction. Similarly, in the case of the tea example, Unilever might have its ‘Lipton’ branding suspended in some way as a penalty for continued breaches of human rights in its tea supply chains in India. It is acknowledged that penalties related to intellectual property would not be effective as against parties in the supply chain that do not rely on their brand for the success of their business. The suspension of intellectual property posited here provides only one creative example of the way new sanctions need to more effectively target various parties in supply chains.

Such penalties are currently being imposed in other policy areas, so there is no reason for them not to be applied in the field of labour regulation. States, through the WTO dispute resolution panels, have recognized that cross-retaliation based on intellectual property is legitimate. Cross-retaliation is the suspension of concessions in a sector of trade different than the sector in which the trade injury is suffered.²⁵

Intellectual property jurisprudence recognizes that intellectual property is different from other forms of property, designed to serve public policy objectives—not merely the private interests of rights-holders.²⁶

²⁵A WTO arbitration report in a dispute between the USA and Brazil over US cotton subsidies, for instance, gave Brazil the right to suspend intellectual property obligations. The arbitration arose from a request by Brazil to take countermeasures against the USA for its failure to comply with the rulings of the WTO Dispute Settlement Body in *US—Upland Cotton* DS267. S. Guan (2014), WTO Retaliation Rules in Subsidy-Related Cases: What Can We Learn from the US-Upland Cotton Arbitration? *Journal of World Trade* 48: 815.

²⁶See, for example, *British American Tobacco Australasia Limited v Commonwealth of Australia* [2012] HCA 43 (5 October 2012) in which British American Tobacco and others argued the case against the *Tobacco Plain Packaging Act 2011* (Cth). They argued that in effect, the laws extinguish their ability to benefit from statutory intellectual property rights (such as trademarks and copyright images) as well as established goodwill and reputation. A majority of the High Court (Justice Heydon dissenting) rejected these arguments on the basis that there had been no acquisition of property. The judgements stressed that intellectual property law is designed to serve public policy objectives—not merely the private interests of rights-holders. See also the dispute at the World Trade Organisation on this matter: World Trade Organisation (2014), *Australia—Certain Measures Concerning Trademarks and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, *Dispute DS434*.

The granting of intellectual property rights is a form of state recognition of the value of the intellectual content of a good. This value, arguably, includes its ethical integrity. Where such ethical integrity is shown to be tarnished, through the evidence-based system of the tribunals, the state is justified in suspending those rights. States could amend their intellectual property laws to incorporate a way of suspending intellectual property when breaches of living wage rights occur. This would provide a particularly strong sanction at the top of the regulatory pyramid, which ought to increase compliance with more collaborative or softer orders.

Role for the ILO

Here, again, an orchestration role is envisaged for the ILO, contributing to a virtuous cycle of enforcement.

The ILO would play a role in helping to set up tribunals. It would assist with the selection of tribunal members, in a manner similar to that which occurred in the establishment of the Cambodian Arbitration Council. It would also be charged with providing training to tribunal members following their appointment.

Once a number of tribunals were running, the ILO would be responsible for collecting and sharing information about the types of orders that have been developed across the tribunals. It would also run training and information sharing on claim-making within the tribunals, for unions and civil society groups with an interest in representing workers. Additional training should be provided for employers and principals on joining other parties to supply chain claims and the presentation of evidence about the commercial pressures placed on them from buyers and other parties in the supply chain.

The ILO may also have a role in providing specialist evidence in claims where disputes arise over whether the amount paid by a buyer is adequate to allow a supplier to pay living wages to its workers. Miller proposes a method for calculating a ‘standard minute value’ that can be used in the labour costing of garments. The method measures the time it takes to sew a garment and calculates the labour cost based on minimum wages (Miller 2014, 122) (Fig. 8.4).

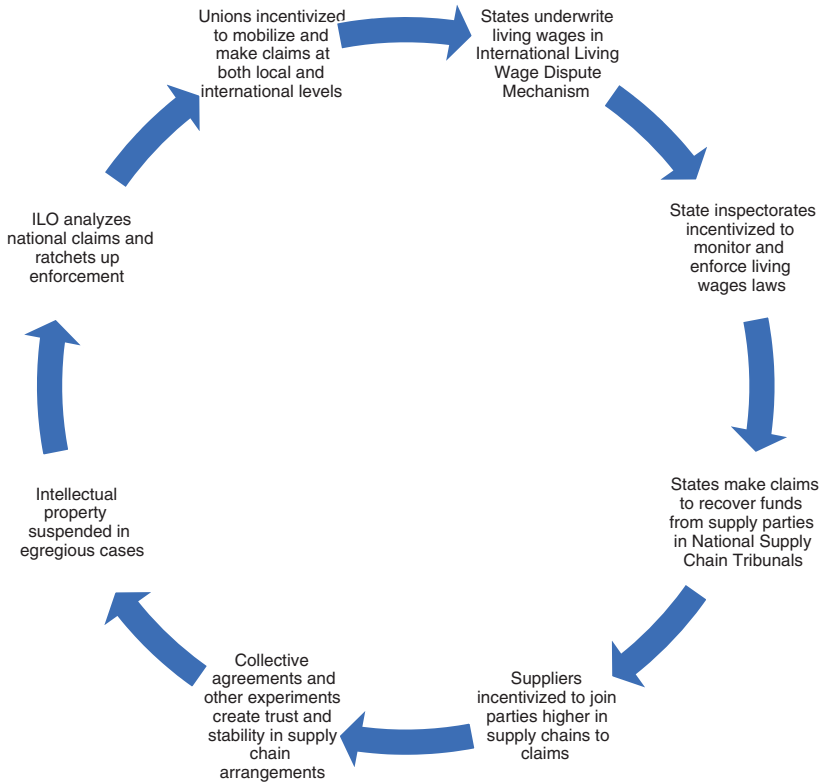


Fig. 8.4 Virtuous circles of enforcement and international orchestration

CONCLUSION

This chapter has made a proposal for a renewed purpose for the ILO. A century after it was first enshrined in the ILO's mandate, we lack the means to guarantee a living wage to a large proportion of the world's population. Yet, the question of how to ensure working people receive a living wage is one of the most pressings of our time. Across the world, the working poor are constantly churning from one job to another, living hand to mouth. They struggle to provide for their families, often having to call on their children to get jobs done, pulling them away from the studies that would put them in a better position in the future.

They feel forced to accept dangerous and unhealthy workplaces. They often cannot afford health care, with long-term inter-generational effects on well-being. With around 360 million people currently living in poverty in India, measures to encourage the payment of living wages are urgently needed. Minimum wage legislation is only one measure in a tranche of tools that can help to increase the income of the poor. It is perhaps the most significant and effective *regulatory* tool, which is why this chapter has argued that the ILO reorients its efforts around living wages. It has contended that the future of the ILO should be animated by a quest to re-regulate work so as to reduce informality and inequality and promote the enjoyment of a living wage by more people across the world. This chapter has proposed a new transnational labour law, coordinated by the ILO, which would incentivize countries, such as India, to more effectively implement the minimum wage.

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CHAPTER 9

An Internationally Comparative Framework for Analysing Employment Relations and the Gig Economy

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INTRODUCTION

Traditional approaches to the study of international and comparative Employment Relations (ER) tend to adopt a national systems approach focused on analysing the similarities and differences in national-level laws and institutions pertaining to the employment relationship (Bamber et al. 2016). As mentioned by Shyam Sundar in his Introduction to this volume, since Hall and Soskice (2001) developed the Varieties of

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Capitalism (VoC) approach, the international and comparative ER literature has often adopted this approach. The VoC approach, then, has been influential including in debates about the extent to which national systems are converging or diverging (Baccaro and Howell 2017; Katz and Darbishire 2000).

This chapter argues that the VoC approach is an appropriate starting point for analysing international and comparative ER, particularly in terms of understanding the behaviour of governments, employers, workers and their representatives, and for analysing the similarities and differences between different national systems. However, the globalization of business activity through subsidiarization and global production networks has reinforced arguments that national systems are ‘institutionally incomplete’ (Deeg and Jackson 2007). For these reasons, we argue that international and comparative ER cannot be understood by reference only to national actors, institutions and regulations. We seek to develop a framework of analysis that explicitly incorporates other institutional spheres and how they interact in shaping ER. As such, we emphasize a need to move beyond a focus on national systems as the main unit of analysis, to consider also the importance of sectoral and global institutions, as well as the ‘gig’ economy.

We draw upon evidence from 12 countries: four countries widely characterized as ‘Liberal Market Economies’ (LMEs), the USA, the UK, Canada and Australia; four Continental European countries, which to varying extents might be seen as ‘Coordinated Market Economies’ (CMEs): Germany, Denmark, Italy and France; and four Asian economies: Japan, Korea, China and India. Our analysis specifically examines key processes such as wage determination and dispute settlement and the strength of the key ER actors including employer associations, unions and government agencies (see Bamber et al. 2016).

THE VARIETIES OF CAPITALISM (VoC) APPROACH

A challenge for researchers interested in international and comparative ER is what to do with the mountains of facts that we can gather about different countries. How can we start to make sense of them? What criteria do we use for analysing ER in different contexts? In spite of its shortcomings, the VoC approach is influential and established. We use this approach as a useful starting point for analysis of international and

comparative ER. Several commentators point out that there is considerable diversity of the ER systems within the VoC categories (Crouch 2005). Further, the categories have only a limited relevance to many countries, e.g. India and China. Similarly, many other emerging economies and most developing, post-colonial and European transition countries are also difficult to categorize using the VoC approach.

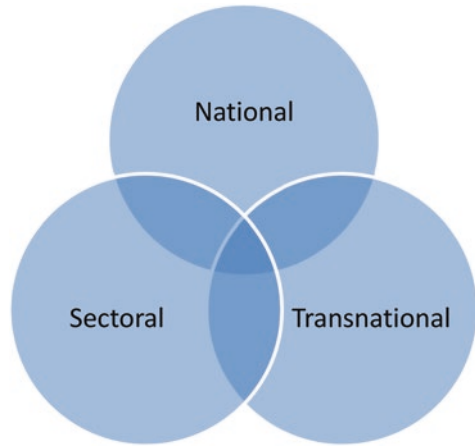
The VoC categories are not static. We can identify examples of countries oscillating between the two categories. For example, after 1974, arguably the UK displayed elements of the CME model, such as aspects of corporatism, including a ‘social contract’ with relatively high union density and multi-employer collective bargaining in many industrial sectors. After the election of the Thatcher government in 1979, the UK moved closer to the LME ideal type (Howell 2003). However, in the context of prolonged economic stagnation in the UK following the global economic recession of 2008–2009, there are indications that employers and unions in a few industries in the UK are moving back towards CME-type arrangements for regulating ER (Heery et al. 2017).

This shows that, rather than national systems alone, other factors such as the dynamics of particular sectors, global forces and how these interact with national regulations can be relevant to understanding comparative ER. Nevertheless, an important advantage of the VoC approach is that we can use it to begin to make comparisons between countries. In this way, it can serve as a ‘springboard’ that might help us to develop more satisfactory approaches that encompass other relevant factors at the sectoral and global levels.

TOWARDS A MULTI-LEVEL ANALYSIS OF COMPARATIVE EMPLOYMENT RELATIONS (ER)

Several commentators point to a need for a multi-level analysis of ER which takes into account the global, national and sectoral levels of ER across various countries and the interaction between them (Collins 2017; Dupuis 2017; Ng 2017). We address this need by developing Fig. 9.1. This provides an illustration of three institutional spheres and their modes of interaction. We suggest that these three spheres are worth focusing on when analysing and comparing ER in different contexts.

Fig. 9.1 Institutional spheres influencing and employment relations arrangements



NATIONAL INSTITUTIONS

National institutions play an important role in influencing the preferred ER arrangements of employers, unions, policy makers and other actors. Distinct national ‘models’ have been identified in certain countries, which ER actors in other countries have sought to emulate or avoid. One example is the Danish system of ‘flexicurity’, which some see as a potential model for other economies.

A national systems lens has been used to explain similarities and differences in employer preferences and employment regulation of, among other things, the gendered form of segmented labour markets, employee participation, job quality, vocational training, labour immigration policies, collective bargaining and union membership density (Martin and Bamber 2004; Frege and Kelly 2004; Estevez-Abe 2006; Harcourt and Wood 2007; Lansbury and Wailes 2008; Bamber et al. 2009; Goergen et al. 2012; Wright 2012; Frege and Godard 2014). National institutions still matter, then, and have a continuing impact on the preferences of ER actors including: the form of employment, the determination of pay and other working conditions, and how their interests are represented.

However, the potential may be diminishing for national models as a dominant reference point for allowing us to explain comparative ER. This is evident in relation to earnings inequality. Various factors

influence earnings inequality, but systems of pay determination are crucial due to their role in distributing wages relative to profits. According to Baccaro and Pontusson (2016), during the period from 1975 to 1995, rising earnings inequality was more concentrated among LMEs, such as the USA and the UK, in part because managerial prerogative over pay determination in these countries is generally strong. By contrast, in CMEs such as Finland, where unions and the state tend to play a prominent role in pay determination, earnings inequality declined. But in the period since the mid-1990s earnings distribution outcomes have not conformed to VoC patterns. Some (though not all) LMEs such as Ireland and the UK (as well as several CMEs) have experienced declining inequality, in contrast to widening inequality among CMEs such as Norway, Denmark and Germany having a widening disparity in earnings since 1995.

Changes in how ER arrangements are coordinated are another reason why the value of a national systems approach is diminishing. There is still much cooperation among employers in CMEs such as Denmark and in the German manufacturing sector with regard to pay determination and skill formation. However, in Germany the private-service sector and small- and medium-sized enterprises have opted out of sectoral bargaining in favour of enterprise-based determination, typically without unions (Keller and Kirsch 2016; Madsen et al. 2016). ‘Lifetime employment’, traditionally a hallmark of the Japanese system, has come under pressure from changing patterns of corporate governance that have adopted shareholder-driven financialization models to a greater extent than hitherto. This has led to a growth in non-standard and precarious employment (Suzuki et al. 2016). Similar outcomes can be seen in South Korea (Lee 2016).

Such outcomes underline the criticism that the VoC approach does not include enough variety (Allen 2004; Schmidt 2002) and is too static to account for change within national systems (Deeg and Jackson 2007). They also lend support to Baccaro and Howell’s argument that national systems ‘are being transformed in a common [liberal] direction’ (Baccaro and Howell 2011, 522; see also Colvin and Darbshire 2013). However, drawing on our book’s analysis of 12 national systems, we conclude that this trend has not been uniform in either its speed or its scope. Rather, the evidence seems consistent with Thelen’s (2014, xx) claim that ‘common liberalizing pressures ... are being channelled in different ways’. We argue that this

partly reflects the inherent characteristics of certain sectors that produce ‘dominance effects’ (Edwards et al. 2013; Pudelko and Harzing 2008; Smith and Meiksins 1995) in influencing the preferences of ER actors.

SECTORAL INSTITUTIONS

Thelen argues that a significant limitation of the VoC approach relates to its extrapolation of the specific preferences of manufacturing employers to be the coordination preferences of all employers. The structural shift from manufacturing to services that has occurred in most developed economies ‘has upset previous political dynamics because both firms and workers in these emerging sectors have interests that are very different from their counterparts in traditional manufacturing’, according to Thelen (2014, 25). Manufacturing employers tend to prefer CME-type arrangements, such as long-term employment relationships and skill regimes focused on the development of enterprise and industry-specific skills. In contrast, service sector employers tend to favour general and portable skill regimes and arrangements that facilitate more ‘flexible’ employment relationships (see also Batt et al. 2009; Bechter et al. 2012; Caviedes 2010; Katz and Darbishire 2000).

In some countries, shifts in the sectoral composition of the national labour market have influenced the dominant preferences of employers. In Australia, for instance, there has been a shift away from non-market coordination of skill formation and pay determination, which until relatively recently were favoured by manufacturing employers. Nevertheless, reflecting their relative decline in size as employers, the influence of manufacturing employers over national ER regulation has waned. By contrast, there is a preference for labour market deregulation among employers in the private-service and resource sectors, which have generally experienced growth in the twenty-first century. This shift in the dominant employer coordination preferences has served to embed the ‘liberal’ market (LME) features of Australia’s ER system (Wright and Lansbury 2014).

In Germany, while most manufacturing, finance and public-sector employers continue to prefer non-market coordination, as mentioned above, private-service sector and small-business employers are increasingly preferring market coordination. The growth in private-service sector employment is arguably producing a transformational shift in the

post-1945 ‘German model’ of ER (Bechter et al. 2012; Hassel 2014). More generally, this trend illustrates the extent to which sectoral issues, such as the mix of industries in a particular national economy, can impact on the preferences of ER actors independently of national-level institutional arrangements.

Sector-based logics, then, may cut across national systems, thus enabling increased diversity in ER arrangements within countries. Without discounting the influence of national systems, the role of sector-level variables—such as pay determination and skill formation arrangements, technology, the organization of production and product market regulation—should be given greater weight as a potential influence of actor preferences (Bechter et al. 2012; Katz and Darbishire 2000).

TRANSNATIONAL INSTITUTIONS

There have been calls for the field of international and comparative ER to account for the impact of the global level more comprehensively (Dupuis 2017). Another salient criticism of the VoC approach, then, relates to its neglect of transnational factors. As Hancke et al. (2007, 7) point out, the VoC approach has a tendency to treat ‘nation-states as “hermetically sealed” and [to] neglect the linkages between them’. Hall and Soskice’s (2001) VoC approach assumes that economies are relatively closed, so that institutions have homogeneous effects within national boundaries. Consequently, the VoC approach downplays or overlooks the role of international factors. However, the growth of multilateral forms of governance in recent decades indicates that the influence of transnational factors on actors’ preferences should be systematically incorporated in international and comparative ER analysis (Meardi and Marginson 2014).

‘Private’ forms of transnational governance, such as the commercial policies and practices of Multinational Enterprises (MNEs), are also increasingly important for understanding the preferences of ER actors (Katz and Wailes 2014). MNEs have extended their commercial presence and power by creating subsidiaries offshore and through global production networks that engage suppliers located in other countries, in many cases enabling MNEs to reduce labour costs (Lakhani et al. 2013; Locke et al. 2013; Wright and Kaine 2015). For example, many US enterprises have offshored parts of their activities to emerging economies (Katz and Colvin 2016). Japanese manufacturers have created many jobs in

offshore subsidiaries (Suzuki et al. 2016). In China, employment agencies engaging low-paid workers have benefited from widespread downsizing among state-owned enterprises and of significant migration of workers from rural to urban areas (Cooke 2016).

In Denmark, the EU Posted Workers Directive to an extent has enabled employers to circumvent collective agreements by hiring workers through subcontractors registered in Central and Eastern European countries with lower pay levels (Madsen et al. 2016), thereby allowing employers to gain similar cost advantages to what might otherwise have been achieved through offshoring. Outsourcing and offshoring often entail a shift to more market-oriented relationships between a lead enterprise and a supplier enterprise governed by commercial imperatives (see Gereffi et al. 2005; Marchington et al. 2005; Wright 2016). Therefore, even in CMEs, increased use of outsourcing and offshoring has produced more 'market' ER arrangements.

In addition, various international institutions can directly influence ER actors' preferences. For example, the conventions of the International Labour Organization (ILO) are reflected in laws of countries which ratify them. It is also increasingly common for ILO Conventions to serve as benchmarks for voluntary instruments relating to ER arrangements of offshore suppliers and subsidiaries, such as MNEs' codes of conduct and global framework agreements between global union federations and MNEs (Ryder 2015). These transnational instruments have helped partly to address the problem of weak regulation of labour standards in global supply chains (Ruggie 2013). Nevertheless, national institutions and/or sectoral institutions also influence the impact of such transnational instruments on local ER arrangements (Locke et al. 2013).

INSTITUTIONAL INTERSECTIONS

We have discussed the role of institutions at the national, sectoral and transnational levels and the ways these influence ER arrangements. These institutions may have a more dominant impact on certain scenarios and may operate relatively discretely from institutions operating at other scales. For instance, the systems of 'awards' which influence workplace pay determination in Australia or flexicurity which influence employer decisions relating to hiring and firing in Denmark might be seen primarily as national ER institutions that transnational and sectoral institutions have played little role in creating and sustaining.

Other preferences might reflect a combination of two institutional spheres, but not the third. For example, Appelbaum et al. (2010) explore the interplay between national regulation and sectoral characteristics in their study of low-paid work in six developed economies. They find that sectoral characteristics appear to be more important than national regulatory frameworks for understanding ER arrangements in the hotel industry, but that in retailing, the influence of national institutions is stronger. In other cases, national, sectoral and transnational institutions may all impact ER processes or outcomes. For example, the nature of work organization in the automotive industry is influenced by the preferences of MNEs which own the production plants, sectoral norms regarding production techniques, and factors pertaining to local ER including skill-development arrangements, labour costs, the organization of labour, and employment laws and regulations (Wailes et al. 2008). There is much scope for future research to examine the different ways that distinct institutional spheres intersect to influence ER arrangements.

DEVELOPMENT OF THE ‘GIG’ ECONOMY

The emergence of the ‘gig’ economy, also known as the ‘sharing’ or ‘platform’ economy, is a relatively recent development that is increasingly impacting ER and work organization (Poon and Ng 2017; Ng 2017). The temporary work associated with platforms such as Uber and Airbnb, which generally do not classify workers as ‘employees’, may be growing around the world. Workers engaged on these platforms are usually not covered by most employment laws, nor by all of the pension/superannuation benefits, sick leave, holiday pay and the workplace health and safety regulations that apply to most employees. Space here does not permit a detailed discussion; nonetheless, we offer three observations about developments in the gig economy and implications for the comparative study of ER.

First, while very visible, the gig economy is still relatively small in most economies. Estimates of its size vary widely. McKinsey Global Institute used survey evidence to estimate that up to 20% of the adult workforce in the USA and Europe were involved in some form of independent work (Manyika et al. 2016; cf. Torres 2018). This, however, was based on a very broad definition of independent work. Analysis by US Treasury officials of tax returns and social security returns found that in 2014 less than 0.7% of the US workforce could be classified as

working in the gig economy (Jackson et al. 2017). There are significant differences in estimates of the size of the gig economy, but most analyses suggest that it has been growing. Although it may take some time for a clear picture to emerge, it is important for ER scholars to pay attention to the rise of the gig economy and its interaction with other forms of employment.

A second observation is that the gig economy is complex and influences a range of industries and occupations in different ways. In particular, some platforms make it possible to access low-cost and relatively ‘unskilled’ labour (e.g. Uber, TaskRabbit and the former Homejoy). But there are also those that provide highly skilled and specialized workers with direct access to work, without them necessarily having to be associated with an employer. Examples of these types of platforms include Topcoder, Expert360 and Kaggle. Despite the similarities in the underlying technology that powers them, there are very different labour market dynamics taking place on these platforms. Expert360, an Australian marketplace for consultants, for example, makes it possible for highly specialized consultants to capture a greater percentage of the fees associated with the delivery of a professional service than would apply if they worked through a large enterprise. For these types of highly skilled workers, the issues they face are whether the platforms can deliver the same volume and quality of highly paid work that they would otherwise get through a larger enterprise and whether the higher pay-offs offset the potential variability of demand. These are the same types of decisions that, for example, lawyers have long had to make in deciding whether to remain in a large firm or establish their own practice. The main change is that these platforms may lower the costs and risks of setting up as an ‘independent expert’ and make it easier to access work.

Perhaps more interesting for ER scholars are the platforms that provide organizations and individuals access to low-skilled labour on an on-demand basis. On such platforms, the potential for exploitation is higher and the implications for other forms of employment are more dramatic. Increasingly, there is a debate about whether the independent contractors on these platforms are really independent or whether they can be more appropriately defined as employees. Sprague (2015), for example, argues that assessment of whether a contractor on a platform like Uber or Deliveroo is an employee should focus not on whether the employee is dependent on the platform, but rather whether the business model of the platform depends on the existence of the contractor.

In the USA, where the gig economy is the most developed, courts are increasingly accepting such arguments and placing constraints of the extent to which these types of models can be used to circumvent employment regulations. Threats of legal action by contractors who claimed that they were employees led to the decision to close Homejoy in 2015. There are more legal cases being brought against gig economy platforms in the USA and in other countries (Farivar 2015; Sanders and Pattinson 2016).

Foodora the Australian subsidiary of a German food delivery company closed in Australia in 2018, leaving the Australian market to Uber Eats and Deliveroo. Foodora was facing legal proceedings there. These included being investigated and audited for unpaid tax (Marin-Guzman 2018) and being sued by Australia's Fair Work Ombudsman for 'sham contracting'. That means misrepresenting its employees as independent contractors (who are their own bosses, running their own businesses)—to avoid paying minimum wages, annual leave, sick leave and superannuation.¹

To mention another instance, despite investing billions of dollars in China, the world's largest ride-hailing market, Uber was defeated by the local regulatory context. In 2016, Uber sold its business there to a Chinese rival Didi Chuxing (Kuo et al. 2016). Moreover, in Indonesia, Uber has been relatively unsuccessful in competing with the local taxi industry. The local gig economy start-up Go-Jek that focuses on motor scooters rather than private cars has been much more successful in the Indonesian market (Wailes 2016). Go-Jek's impact has been to displace private-scooter drivers in the informal economy rather than to directly impact on the taxi drivers in the formal economy. Uber has had mixed success in rolling its business model out across countries, and its inability to overcome regulatory barriers in new markets is constraining its growth (Murad and Hook 2015).

This leads to a third observation. While many of the on-demand platforms have global ambitions, their spread and impact on employment conditions vary significantly across countries and are influenced not only by local market conditions, but also by national regulations and institutions. Just because a gig economy platform works in one market does

¹<http://www.abc.net.au/news/2018-08-02/foodora-pulls-out-of-australia/10066964>, accessed 9 August 2018.

not mean that its success can be reproduced in all other markets. Local competitors that are better adjusted to local market conditions may be more successful than ‘transplants’ originating abroad. From a comparative ER perspective, then, it is interesting that national and local regulations and institutions may shape how the gig economy develops across countries.

In short, the rise of the gig economy is a significant development and an important area for those interested in researching comparative ER. It remains to be seen whether the ways in which the gig economy develops and its consequences for work organization can be explained in terms of the national systems frameworks that comparative employment scholars have tended to favour.

CONCLUSIONS

There are at least three challenges for scholars of comparative ER that relate to the informalization of labour markets. First, the growth of the gig economy as discussed above. Second, there are continuing arguments for more deregulation of labour markets from employers’ interests and right-wing politicians. Third, in India and many other emerging and developing economies, there is a huge informal economy that is almost unregulated (Sapkal and Sundar 2018). To account for these developments, we may need new analytical paradigms that incorporate the roles of non-formal institutions and norms such as social capital, custom, trust, self-employment or disguised employment and non-governmental agencies.

In the meantime, the VoC approach may still be useful as a starting point for comparing the differential impact of national regulation on the preferences of ER actors. However, our discussion of international institutions, sectoral dynamics and the gig economy suggests a need to develop an analytical framework that moves beyond the prevailing focus on national systems. In this chapter, we have begun to develop a novel framework that includes the influence of distinct institutional dynamics of sectors and global production networks as well as national systems. While the framework in this chapter is largely descriptive at this stage, there is potential for future research to build on theories of path dependency (Streeck and Thelen 2005; Thelen 2014) and dominance effects (Edwards et al. 2013; Pudelko and Harzing 2008; Smith and Meiksins 1995). Such research should help to explain the circumstances in which

certain types of ER, such as more market-oriented arrangements or more cooperative arrangements, may emerge at workplaces in certain scenarios.

Accordingly, we propose an agenda for the future that would look beyond VoC approaches, to embrace a more dynamic and diverse array of regulatory systems, including the gig economy and other developments in the world of work and ER. Our research agendas should also reflect the increased importance of global production networks, which may operate vertically and horizontally and which present challenges in terms of labour market regulation. Such continuing developments help to make this field so interesting and important.

To understand ER around the world, there is always more to learn about the varieties of national institutions and practices. But as we learn, we should try to adopt a fine-grained, contextual approach to analysing international and comparative ER. This would be facilitated by adopting a multi-scalar analytical framework for comparing ER regulation internationally. We have started to foreshadow such a framework in this chapter.

Acknowledgements This chapter builds on the book *International and Comparative Employment Relations: National Regulation, Global Changes* (Bamber, Lansbury, Wailes and Wright, 6th edition, 2016). Many thanks to all those who helped to improve the book, including the contributors (William Brown, Foreword; Jeremy Waddington, UK; Harry C. Katz and Alexander J.S. Colvin, USA; Daphne G. Taras and Scott Walsworth, Canada; Lucio Baccaro and Valeria Pulignano, Italy; Patrice Laroche, France; Berndt Keller and Anja Kirsch, Germany; Jørgen Steen Madsen, Jesper Due and Søren Kaj Andersen, Denmark; Hiromasa Suzuki, Katsuyuki Kubo and Kazuya Ogura, Japan; Byoung-Hoon Lee, South Korea; Fang Lee Cooke, China; Anil Verma and Shyam Sundar, India). Most of the contributors also made free videos to complement the book; see: study.sagepub.com/node/37463/instructor-access.

We are grateful to Chang Kai, Capital University of Economics and Business, and Fang Lee Cooke, Monash University, for leading the adaptation of the 6th edition into a Chinese version in Mandarin, published by China Labour and Social Security Publishing House (www.class.com.cn). We are also grateful to several conference organizers and participants who allowed us to discuss with them earlier versions of this chapter and who provided helpful comments. We acknowledge that this chapter is an adapted version of our article that was published in the *Employee Rights and Responsibilities Journal (ERRJ)* Vol.

29(4), 2017 (Wright et al. 2017, <http://link.springer.com/article/10.1007/s10672-017-9308-2>). ERRJ Vol. 29(3), 2017 included a Symposium (<https://link.springer.com/article/10.1007/s10672-017-9301-9>) with four review essays that focused on our book. We are obliged to Victor Devinatz (Illinois State University) and the ERRJ for commissioning these essays.

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The Trajectories of Industrial Relations: China and India

Sarosh Kuruvilla

INTRODUCTION

As two of the largest and fastest growing economies in the world, China and India highlight the promise that the twenty-first century will be an ‘Asian’ century. Ranking among the top 5 economies in the world today, and with growth prospects that are more positive than hitherto dominant Western economies, it is highly likely that Chinese and Indian policies and practices might become ‘models’ for the developing world. Even if they do not become models, practices developed in these countries are likely to reverberate in others. Hence, understanding their trajectories with regard to fundamental labour rights and labour relations is both necessary and interesting.

We cannot be blind, however, to the significant differences between the two countries. One is an authoritarian country with power concentrated in the hands of a small group of people, the 7 member standing committee of the Chinese Communist Party (CCP), while India is a raucous democracy. The differences in political structures are also mirrored in differences in social structures, with India exhibiting a lot

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K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and*

Globalization in India, https://doi.org/10.1007/978-981-13-6972-8_10

more variation in terms of caste, creed, religion and language, with its attendant implications for workplace issues and inequality. Importantly, the two countries differ in terms of how ‘encompassing’ their IR systems are. The Chinese system, during both, pre-1978 liberalization and after, remains an all-encompassing system, where the laws and policies extend to the whole workforce. India’s IR regulation is multi-tiered, with the small formal economy (less than 15%) being regulated by the best and most protective industrial relations (IR) laws, but the large informal economy, consisting of about 85% of the population (93%) by some estimates such as that by Harriss-White (2003), being covered by limited legislation that provides limited protection, or no legislation at all. Thus, it is important to remember that the China–India comparison involves comparing a ‘whole’ with a very small ‘part’!

The central argument in this article is that the two countries’ IR systems exhibited a substantial degree of convergence in the period before economic liberalization occurred in both countries. After liberalization, the trajectory of IR diverged, but is now exhibiting some degree of ‘converging divergences’ (Katz and Darbishire 2000). Specifically, they are now *converging* in terms of a reduced political and economic space for labour to articulate its concerns, but they are *diverging* in the methods that are used to constrain that space. Although IR systems are ‘sticky’ and tend to stay stable for many years (Katz et al. 1994), China’s IR system has evidenced many dynamic and transformational shifts, while India’s has experienced more gradual change. What I will show in this chapter is that the Chinese IR system has swung between extreme liberalization that resulted in considerable exploitation of workers during 1994–2006, resulting in high levels of labour unrest such that the government changed tack in 2007 to a pro-worker protectionist labour regime through a legislative ‘onslaught’ of protective labour laws (Gallagher et al. 2011). The government has changed tack again after 2016, suppressing labour activism and labour scholarship, but strikes continue to grow in number. If the political space for labour (already low in an authoritarian state) has reduced in China since 2016, I argue that the political space for labour in a democratic country like India has exhibited a steady constriction as a neoliberal discourse has become increasingly dominant in India after economic liberalization began in 1991.

Analysing the IR experience of the two countries provides a window into larger debates regarding institutions, markets and the role of the state in this globalized era. In India, there has been a steady evolution

from an effort to regulate the labour market and protect formal sector labour through a variety of state-dominated institutions, consistent with a ‘logic of industrial peace’ (Frenkel and Kuruvilla 2002), espoused by institutionalists like Webb and Webb (1897). Today, some of those state-dominated institutions, notably laws, are gradually being dismantled, consistent with the growing power of the neoliberal discourse highlighted in the introduction to this volume. In China, a labour market that had historically been dominated by state institutions under communism had shifted to a more market-based system in the 1994–2006 period, with its attendant implications for labour unrest, followed by a period of institutional revival in 2007–2015, and now, back to state domination via more suppressive, top-down strategies. The Indian experience with regard to labour relations is quite akin to those of several Western democracies in recent years, where a neoliberal discourse has resulted in market-based regulation weakening or replacing the traditionally strong institutional structures such as tripartism, in ways that have generally weakened the labour movement. China remains an enigmatic case, with an authoritarian state that has begun to control and suppress workers right to freedom of association, although these efforts coexist with high levels of industrial unrest.

In the section that follows, I describe the ‘high points’ of IR in different periods in the evolution of IR in both countries. Scholars will (and have) disagree[d] regarding evolutionary periodization of IR in India, evident from differing interpretations by Kuruvilla (1996), Frenkel and Kuruvilla (2002) and Bhattacharjee (2001). I intend to use my own periodization here, but point out that there are alternative periodizations available in the literature on the two countries. Readers should note that this essay does not purport to be a comprehensive review of the literature. Rather, it focuses on high points and issues that are well described in prior work, and the intent is primarily to highlight the similarities and differences in IR trajectories of the two countries.

EVOLUTION OF INDUSTRIAL RELATIONS IN CHINA AND INDIA

India

1880s–1930s Colonial Origins of Indian Industrial Relations

The key argument here, espoused by (Desousa 1999), is that the British embarked on a process of legalism that essentially reconstituted

Indian subjectivity with regard to the labour arena. While the colonial government was generally indifferent to workers' conditions and their demands both because it did not attach much importance to Indian industrial development and because workers were relatively unorganized, they did enact the Factories Act of 1881 in response to textile industry interests in Manchester and labour sympathizers in England. 'As industrial activity grew, and World War I stimulated the governments to promote industrial activity' (Desousa 1999, 67), they enacted four laws between 1923 and 1936. The Workmen's Compensation Act of 1923 and the Payment of Wages Act of 1936 were both designed to improve the 'efficiency of the Indian worker' by providing relief from work-related accidents, while the latter legalized a system of fines for 'misconduct' for acts that constituted inefficient work habits (Desousa 1999, 67). The other two laws (Trade Unions Act of 1926 and Trade Disputes Act of 1929) were designed to create responsible unionism and to curtail the right to strike by channelling disputes into conciliation or mediation. Desousa (1999, 89) concludes that the Congress government essentially inherited the four pieces of legislation that were the basis of post-independence labour regulation in India, and that 'despite the stated objective of labour policy in post-colonial India, the underlying principles are those of the colonizer'.

1947–1960s: Post-independence Labour Relations—Institutionalization

Some key legislation was passed before independence by the Congress government. The provincial government in Bombay, led by the Congress Party, passed an Industrial Disputes Act in 1939 that was the basis of the Central Law, viz. the Industrial Disputes Act passed in March 1947. The Industrial Employment (Standing Orders) Act was passed in 1946 to 'formally define the conditions of employment' a system of communicating those to workers and to provide a basis for regulating labour discipline in the factories. Thus, the most significant pieces of labour legislation occurred *before* political independence in August 1947.

As Bhattacharjee (2001, 249) suggests, this was a period of a 'state-driven industrialization regime that had the government guide and often control the labour movement'. But it is also quite important to note that subsequent legislations such as the Employees' Provident Fund Act 1952, the Payment of Bonus Act 1965 and finally the Payment of Gratuity Act 1972 were a series of legislations that were designed to eliminate conflict as much as possible in organized industry, partly based

on the argument that labour was in a weaker bargaining position relative to capital, and partly to ensure that conflict did not derail rapid state-led economic growth through import substitution industrialization with large publicly owned enterprises in a planned economy.

The enactment of these legislations and the laws that permitted easy formation of trade unions were consistent with Webb's (1897) idea of the 'device of the common rule'. Bhattacharjee (2001) and Chatterji (1980) argue that the intended pluralism of the IR system is, however, only partial in nature 'since the contingencies of under-development rather than the authoritarian nature of the regime per se might make state pluralism imperative' (Chatterji 1980, 8). However, the basic architecture of an IR system for formal sector workers was established and institutionalized during this period. This institutionalization can be seen in terms of the increasing number of unions (from 2002 in 1954 to 6594 in 1960, with 4,000,000 members, while the workdays lost due to strikes averaged between 4,500,000 and 6,000,000 annually during the 1950s (Kumar 1964)). In the next period, we will see how the IR architecture that was designed to solve conflicted actually had the unintended consequence of increasing conflict!

1960–1980s: Indian Industrial Relations—Unintended Consequences

Bhattacharjee (2001) characterizes this phase as having two crises, the first a crisis of accumulation in industry under the state-led industrialization regime and a crisis of legitimacy of the basic IR model. But that is too simplistic a description. One must also recognize the congruence between the import substitution industrial industrialization model that protected the home-grown industry through a web of tariffs and licenses—'the license raj'—and the elements of the IR system. Given the absence of regulations regarding union recognition and single bargaining agents, and given the proliferation of political parties, each political party wanted to develop a trade union arm to gain vote-share. The laws made it easy to form unions, political leaders invariably became leaders of plant-level unions, and this period saw the beginnings of an extreme form of politicization of IR. Unions began to compete with each other for membership (within single workplaces) resulting in the development of highly conflictual IR. Ramaswamy (1983) captures these developments by highlighting the Indian management dilemma, which was whether to forge collaborative relationships with the leftist unions, who were ideologically driven and militant, but highly disciplined, and with

a stable ideologically committed membership (and hence more likely to live up to the terms of the collective bargaining agreements) or attempt to forge collaborative relationships with non-ideological unions such as the Indian National Trade Union Congress (INTUC), whose membership was never stable, i.e. members were prone to switch allegiance for the smallest reason, thus making those unions less reliable bargaining partners. The multiplicity of unions and inter-union rivalry was what prompted Rudolph and Rudolph (1987) to characterize India as having ‘involved pluralism’. In addition, Bhattacharjee (2001) notes the growth of ‘monopoly effects’ of unionism in the public sector, faced by politically appointed managers who saw little incentive to control costs and deal with militant unions. Thus, although the basic concept of Indian IR was to regulate working conditions in ways that would reduce conflict through legislation and collective bargaining, the politicization of the system resulted in both the unintended consequence of creating more conflict (Lansing and Kuruvilla 1986) and creating a labour-political party coalition. The declaration of ‘internal emergency’ in June 1975, coming on the heels of the governments’ brutal suppression of the Railway Strike, however brought a temporary end to the labour-political party coalition.

1980–1991 Indian Industrial Relations—Variation

This period in the development of Indian IR coincided with economic liberalization measures undertaken by Prime Minister Rajiv Gandhi, which moved the economy away from import substitution industrialization via partial deregulation of industry and imports. There was increased variation in IR during this period. On the one hand, some industries and firms had managed to develop reasonably mature collective bargaining relationships (e.g. Tata Steel) that resulted in what Bhattacharjee (2001) calls efficient gainsharing. On the other hand, there were significant strikes, such as the public sector strike in Bangalore in 1981 and the Bombay textile strike, led by Datta Samant in 1982, who formed an independent union to oppose the industry-wide bargaining structure that was negotiated by the employers and the INTUC (at that time it did not represent all the workers). The strike was a watershed moment in Indian IR, as the unions’ defeat signalled a sharp decline in labour union power and a corresponding rise in employer bargaining power. The search for labour market flexibility by employers seeking to gain advantage resulted in an outbreak of subcontracting and greenfield

production strategies. This period also witnessed the rise of independent unions, particularly in the Bombay-Thana belt, who competed with politically affiliated unions for membership, but fragmenting further a labour movement already fragmented on political lines. Finally, there was greater variation in IR across states, and across cities, which can be seen in the work of Ramaswamy (1983). In sum, the 1980s was a tumultuous period in IR in India, marked by increasing variation in IR, an increase in employer power relative to union power, and some unsuccessful efforts to reform the Industrial Disputes Act in 1988.

1991–2014, Indian Industrial Relations: Towards Neoliberalism

The essential argument about IR in these two periods is that economic liberalization in 1991 has ushered in a shift in IR in India. This present phase shows a clear evolution to deregulation. As early writings noted, Kuruvilla (1996), Frenkel and Kuruvilla (2002), Bhattacharjee (2001) and Venkataratnam (1993) suggest, liberalization has driven a wedge between organized labour (who opposed liberalization) and the political parties who voted for it. Second, whereas there was a close tie between labour and political parties in ways that gave unions significant power, liberalization has brought about a fundamental realignment with political parties and state governments more friendly to employers as they seek increased investment from employers in their states. Many states have changed their labour laws to make it easier for employers to deal with unions, an important issue in attracting foreign investment. For example, building on Maharashtra's experience in rationalizing union recognition procedures to facilitate a single bargaining agent in each workplace in the 1986–1990 period (a policy that was long resisted by unions), the state government of Kerala had guaranteed a no-strike period for foreign investors and banned work stoppages in certain industries (e.g. construction). The state of Uttar Pradesh signalled its support for employers by mandating that government factory inspectors may enter factories for inspection (to check if labour standards are violated) only after receiving permission from the district magistrate (Frenkel and Kuruvilla 2002).

The early period has shown that employers, having started to be more assertive during the late 1980s, intensified their opposition to unions in the 1990s (Ramaswamy 1983). Observers have documented the new greenfield strategies of employers (Kuruvilla and Hiers 2000) and the increased use of union avoidance strategies (Shyam Sundar 2014). Shyam Sundar's (2004) analysis of lockouts in India

Table 10.1 A
Comparison of strikes
and lockouts, India,
1976–2007

<i>Year</i>	<i>Strikes</i>	<i>Lockouts</i>	<i>Year</i>	<i>Strikes</i>	<i>Lockouts</i>
1976	1241	218	1993	914	479
1977	2691	426	1994	808	393
1978	2762	425	1995	732	334
1979	2709	339	1996	703	403
1980	2505	355	1997	793	512
1981	2245	344	1998	665	432
1982	2029	454	1999	540	387
1983	1993	495	2000	426	345
1984	1698	405	2001	372	302
1985	1355	400	2002	295	284
1986	1458	434	2003	255	297
1987	1348	451	2004	236	241
1988	1304	441	2005	227	229
1991	1278	532	2006	243	187
1992	1011	703	2007	210	179

Source Saha and Pan (1994); Indian Labour Statistics (various issues), Labour Bureau, Chandigarh/Shimla

clearly demonstrates this. The rise in employer militancy can be seen in Table 10.1, which shows a steadily increasing ratio of lockouts to strikes. Several aspects are interesting in the data presented in Table 10.1. First, during the 1970s, the number of strikes was almost 4 times as much as the number of lockouts. Strikes showed a steadily decreasing pattern in the 1980s during the Rajiv Gandhi regime and a far more dramatic decline since liberalization in 1991. Lockouts remained fairly steady during the 1976–1988 period as strikes declined. There were sharp increases in lockouts soon after during the 1991–2000 period, with a sharp increase in the ratio of lockouts to strikes. Since the 2000s, however, strikes have diminished to negligible figures, and lockouts too have shown a similar decrease. Overt conflict in Indian IR appears to be declining, potentially a testament to increasing union weakness, and employer militancy, after liberalization.

As liberalization progressed, by the late 1990s, there were increasing calls for an overhaul of IR legislation, described by some scholars as ‘rigid’, while employers and foreign investors targeted their ire towards Chapter V-B of the Industrial Disputes Act, which requires appropriate government’s permission before layoffs, retrenchments and closures, rarely given in previous periods. Many states have initiated reforms

in this regard and deregulated labour laws to attract investment. The United Progressive Alliance (UPA) government initiated the deregulation of the Contract Labour Act in national manufacturing investment zones (NMIZs), and both central and state governments suspended relevant labour laws in export processing zones (EPZs), special economic zones (SEZs) and export-oriented units. There were continued yet unsuccessful efforts to reform Chapter V-B of the ID Act.

2014–Present; Indian Industrial Relations—Solidifying Deregulation in the Formal Sector

The *current* period under the NDA government since 2014 has continued and accelerated the move towards neoliberal deregulation of labour laws. As Saji Narayanan (2018) suggests, there has not been any substantive difference between the UPA government and the current National Democratic Alliance (NDA) government led by Narendra Modi, in terms of their approach to labour. There has been a focus on more deregulation. For example, Rajasthan has increased the threshold number of workers in an establishment required for the Factories Act, and Contract Labour Act, and also increased the threshold for applicability of Chapter V-B of the ID Act. Further, violations of labour laws have been de facto decriminalized, giving employers a lot more freedom to manoeuvre. The government has expanded the number of SEZs, but has classified them as ‘public utilities’, making strikes all the more difficult. The general approach has been to raise the thresholds of applicability of variety of IR legislations, so they would be applicable to a reduced workforce. At the same time, in Rajasthan the Trade Unions Act was amended to require a 30% of the membership in a company in order to be registered. Although trade unions have protested, at the state level, these changes have occurred without significant industrial unrest. The efforts to deregulate IR at the policy level have had consequences for practice. Employer-government coalitions are evident in some very repressive actions in some disputes such as Hyundai Motorcycles and Scooters India (HMSI), Maruti Suzuki and Rico, lending support to the argument from the left that that neoliberalism is a form of repression in a pluralistic democracy.

The NDA government has also enacted pro-labour legislation while shrinking labour rights more generally. The payment of bonus act has been revised to make more people eligible, the minimum wages were revised upward, maternity benefits have been enhanced, and employees’

state insurance (ESI) wage thresholds have been increased, while the ESI has been extended to the informal sector as well in some cases. The new government has also initiated the rationalization of labour laws into four basic labour codes, focusing on IR, wages, social security and safety and working conditions. These efforts have been criticized by both commentators and trade unions (see, e.g., Bhattacharjee 2015; Gopalakrishnan and Shyam Sundar 2015). In addition, a variety of court decisions have increased flexibility in the labour market. Shyam Sundar (2016) notes that employers are striving to get around the labour laws through a number of ways, such as reducing the share of permanent workers, increasing the share of casual workers and trainees, increased outsourcing, increased automation, hiring workers for less than 240 days to avoid applicability of the Industrial Disputes Act, forcing voluntary retirement and so on. In general, the tenor of labour policy in India under the current government has emphasized flexibility over labour rights, consistent with more neoliberal principles in the formal sector.

In the informal sector, given its large size and increasing political sensitivity, both UPA and NDA governments have tried to bring more informal sector workers under laws that attempt to provide social security in different ways. The general approach has been to identify different occupations and regulate them in different ways so that some degree of social security is provided. There is therefore an emerging patchwork quilt of regulation regarding social security, such as the Janashree Bima Yojana (health insurance), the Unorganized Workers Social Security Act, 2008, state government welfare funds, provisions for *khadi* workers and handloom weavers, and so forth. The slew of regulations represents an ongoing effort to address the economic conditions of workers in the informal sector, even if it does not guarantee their fundamental rights as workers (Hill 2006).

In sum, Indian IR policy during the two periods since 1991 is showing a distinctive bimodal policy. In the formal sector, there has been a constriction in labour rights through a variety of legislation that increases the threshold of applicability of various acts and the restriction of rights in a variety of special zones, both of which are seen as important ways to deregulate the labour market consistent with neoliberal ideals to provide employers with more 'flexibility' and freedom to manoeuvre. Employers are taking the offensive and finding ways to attack union formation and bypass legislations through a variety of practices. For the unorganized sector, the effort is to increasingly provide security, but not an expansion

in labour rights. India's fractured trade union movement has not always been unified to organize the informal sector workers, although they have come together to organize national protests against some labour law reforms of the Modi government. A clear shift to a neoliberal trajectory is thus evident during the post-1991 period in India.

China

Given the largely Indian audience for this volume, for educative purposes my discussion of China is more extensive than that of India, and what follows draws heavily from my recent writing on China (Kuruville 2018).

Pre-1978: Chinese Industrial Relations—The Iron Rice Bowl

China's industrialization strategy, much like India's, was based on an import substitution model (ISI), with complete state ownership of industry, and no private sector at all. As a result, state-owned establishments (SOEs) were not profit-making concerns, but were allocated production targets, and were evaluated on how 'efficiently' they produced those targets. The absence of a market system and competition allowed a close congruence between the ISI-based economic development model and IR. The SOEs were used to provide employment, and employment in the SOEs became the source of all employment relations benefits. Thus, employment in SOE provided all benefits, such as health care, pensions, housing, schools, childcare, clinics, shops, services, post offices and even entertainment. This 'cradle to grave' employment policy has been called the 'iron rice bowl' system.

A key element of this system was the dual role of trade unions. The Chinese government only allowed one trade union confederation, the All China Confederation of Trade Unions (ACFTU), which was an arm of the CCP. The ACFTU had a dual functioning role in that it served as a protector of workers' interests and welfare at the enterprise, while also being a 'transmission belt' for party ideology throughout the workforce. Set up in a bureaucratic structure at the regional and local levels based on industry, the ACFTU was in every industrial enterprise. It was also charged with helping to ensure that the SOE met its targets, and through a system of 'workers congresses', Chinese industrial workers had substantial influence over the running of the enterprise. Of course, this influence is often mediated by the presence of party members in each workplace, and they were the nexus through which conflicts between

management and labour were largely resolved. The local labour union largely performed a welfare role. Thus, the system bound the worker tightly to his/her ‘*danwei*’ or work unit for life (more detailed descriptions of this IR system can be found in the works of Naughton (1997), Littler and Lockett (1983), and Walder’s (1988) work on communist-neotraditionalism, especially in its portrayal of the clientelistic relationship between workers and party leaders within the *danwei*). It is no wonder that older Chinese workers who experienced the ‘Iron Rice Bowl’ and *danwei* system are nostalgic about it today.

1978–1994: Chinese Industrial Relations: The Beginnings of Change

After the change in economic strategy announced by Deng Xiaoping in 1978, the SOEs were told to start making profits, many were asked to enter into joint ventures with foreign investors and a slow process of privatization began. Management at SOEs did not quite have the experience of working in a market economy. As they learnt the process of making profits, they also realized that many SOEs were ‘bloated’ and needed to reduce headcount. Bao Steel, now one of the most efficient steel producers in the world, was so heavily bloated in the 1980s that it needed to lay off 25,000 workers to reach an efficient needed headcount of 15,000. So this period witnessed for the first time in China, mass lay-offs. However, the pace at which SOEs ‘transitioned’ to the market economy varied dramatically. In many cases, SOE managers hesitated to lay off workers (partly due to the path dependency of the iron rice bowl system) and mostly due to the fact that Chinese government had no social security system in place for laid-off workers, i.e. no replacement for *danwei* benefits. As it became more and more clear to CCP leaders that the reform of SOEs and the adoption of ‘modern management practices’ were not being accomplished fast enough, the State acted to decisively ‘break the iron rice-bowl system’ through its 1994 labour law reforms that effectively introduced short-term employment, signalling a new employment relations era. The reforms in terms of transition to a more market-based economy, privatization of SOEs, development of joint ventures and the mass lay-offs in SOEs (as they transitioned from producing based on targets to producing for profit) introduced considerable tensions in the IRS system (for details with regard to these, see Warner 1987; Chan et al. 1989; Gallagher et al. 2011; Gallagher 2017).

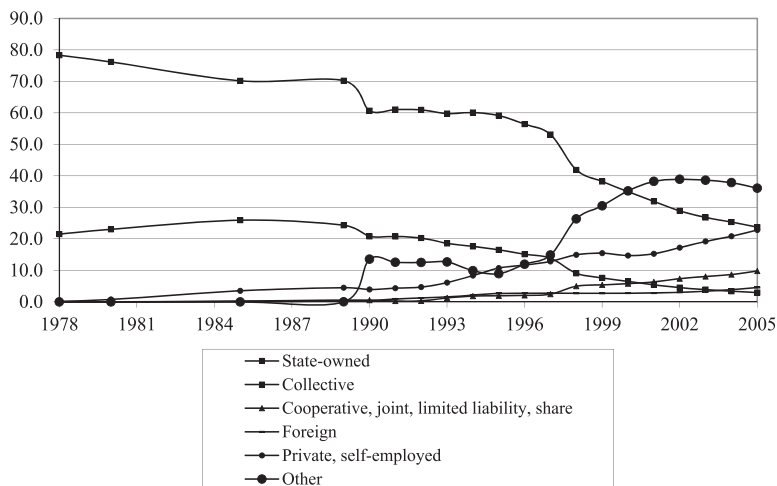


Fig. 10.1 Changing employment in China 1978–2005 (percentage of workforce) (Source Park and Cai 2011)

1995–2006: Chinese Industrial Relations: From Iron Rice Bowl to Informalization

The most significant developments in this period have been the continuing effects of the reform in SOEs (see, e.g., Chen 2010; Cai 2002) and the devastating effects of the 1994's laws, which by 2006 resulted in very high levels of informal employment. The net effects of the 1994 reforms on the *quantity* of employment can be seen in the employment picture presented in Fig. 10.1. To note is the steep decline in state-owned employment and the rise in the 'other category' which are informal workers.

But it is the *qualitative* decline in employment conditions that dominated scholarship during this period. Labour scholars have developed a rich literature that extensively documented the exploitative working conditions of migrant (mostly) labour in low-cost labour-intensive manufacturing for export factories. Good exemplars of the work in this period can be found in Solinger (1999), Ngai Pun (2005), Lee (1999) and Gallagher (2004). This literature highlighted, in particular, the rise of sweatshops, the differences in employment conditions between migrant labour and workers with local *hukou* (residence permits), the gender

Table 10.2 Rising Protests in China, 1993–2005

<i>Year</i>	<i>Number of collective protests</i>
1993	8700
1995	11,000
1997	15,000
1999	32,000
2000	30,000
2002	50,000
2003	58,000
2004	74,000
2005	87,000

Source Elfstrom and Kuruvilla (2014)

dimensions of low-cost production, the absence of adequate labour protection legislation, the limited efficacy of avenues for dispute resolution and, most importantly, the steady development of informal employment in China. In addition, during the latter half of the 1995–2006 period, when workers reacted to both exploitation and informalization with steadily increasing numbers of protests and strikes, scholars began to raise the question as to whether a Chinese labour ‘movement’ was evolving. The rise in public protests by workers regarding the devastating effects of this period can be seen in Table 10.2.

2006–2015 Chinese Industrial Relations: A Period of Reform

If the 1995–2006 period was characterized by depressing accounts of exploitation, sweatshops, rights violations and rising conflict in Chinese IR, I argue that the developments in IR in China during this period were in general, positive for workers, relatively speaking. Enduring themes during this period include the debates around the new labour legislation, the effects of the legislation, the reasons for the continuing increases in contention generally, the changing causes of strikes in particular, the growth in, and experiments around collective bargaining (Friedman and Kuruvilla 2015), the limited representation capacity and the legitimacy of the official trade union (the ACFTU) and, finally, vibrant debates regarding whether a genuine labour movement could form, or was forming, and specifically, the role of non-governmental organizations (NGOs) in that effort. To this observer, this period could represent, relatively speaking, a ‘golden age of labour research’ characterized by a rich, varied and burgeoning scholarship.

Table 10.3 Strikes in China: 2008–2017

<i>Year</i>	<i>Strikes</i>
2008	43
2009	29
2010	79
2011	227
2012	385
2013	645
2014	1358
2015	4132
2016	2664
2017	1256
2018 (Jan–May 18)	650

Source *China Labour Bulletin* (www.clb.org.hk), and Elfstrom and Kuruville (2014)

At the risk of being ‘reductionist’, three broad themes dominate this period: labour contention and state responses to it; collective bargaining; and the role of NGOs in helping workers with both contention and collective bargaining. A central issue underlay these three themes, and that is whether a labour ‘movement’ was developing in China. I discuss these three themes in greater detail below.

Labour Contention 2006–2015: A key issue here has been the increase in the *quantum* of contention. Table 10.2 draws on the most authoritative source of statistics on strikes and labour protests in China (provided in China Labour Bulletin) and also some data compiled by Elfstrom and Kuruville (2014). As Table 10.3 suggests, labour contention has steadily increased during the 2006–2015 period, dipping in 2016 and 2017, but continuing its upward trajectory thereafter.

The central focus of labour scholarship has been to try to explain the reasons behind the increase in labour contention (see Table 10.3), and how best to interpret this increase, i.e. whether the increase in strikes indicates the development of a labour ‘movement’.

To explain labour contention, some scholars point to macro-structural reasons that might explain a greater willingness to strike. Gallagher (2011) and Elfstrom and Kuruville (2014) suggested that economic forces, such as the labour shortage that emerged in the early 2000s and was due in part to China’s one-child policy, increased the bargaining leverage of Chinese workers. Agricultural policy changes that induced migrant workers to stay at home may also have contributed to the labour shortage. And some argued that the second generation of migrant

workers were different from the previous generation as they were better educated, more acclimated to city life, more media and technology savvy and, hence, more likely to strike (Pun and Lu 2010).

Political arguments for the acceleration of strikes rest on the government's enactment of a series of pro-labour reforms beginning in 2008 (including the important Labour Contract Law, 2008 and the Labour Dispute Mediation and Arbitration Law, 2008), which made workers more aware of their rights (Stockmann and Gallagher 2011). These were coupled with an apparent increased governmental 'tolerance' for strikes, suggesting that the political opportunity structure for Chinese workers changed after the passage of these laws (Elfstrom and Kuruvilla 2014).

An institutional argument for the increase in strikes suggests that the cause may well be of the CCP's own making (Friedman 2014). The CCP mandates that the ACFTU has a monopoly over worker representation. As a state-controlled organ, the ACFTU has little legitimacy among workers and is more often allied with the employer. Chinese workers, facing a representation gap, have no other choice but to engage in 'autonomous' strike action to resolve their issues.

As to whether this increase in strikes will help the creation of a labour 'movement', there are both pessimistic and optimistic interpretations. On the pessimistic side, Friedman and Lee (2010, 521) have argued that Chinese strikes are largely independent, with little cross-factory coordination, such that 'strikes are fundamentally cellular in the sense that the cells are not combining to form tissues'. Others suggest that there is little evidence that the new generation of migrant workers are 'more class conscious, politicized, mobilized or empowered' than the older generation. And even if strikes were effective in terms of generating wage increases, they are not successful in generating an employee elected union, as the ACFTU immediately gets involved to set up an official union in the workplace, thus 'absorbing the conflict'.

Optimists see the increases in the number of strikes and the changing causes of strikes as reflecting a new activism among Chinese workers that augurs well for a labour 'movement' in the future. Optimists point to the increasingly 'offensive' nature of strikes (where workers are striking for fundamental worker *interests*), as compared to the earlier pattern of 'defensive strikes' (where workers struck for protection of *basic rights*) (Chan and Pun 2009; Clarke and Pringle 2009). Writing about the Walmart protests in 2016 for example, Chan (2018, 14) suggests that 'in a growing number of incidents around China, workers have begun,

on their own, to demand better working conditions and their legal entitlements’.

These optimistic accounts regarding a labour ‘movement’ may have been fuelled by actions of the state to maintain social stability. Important here is the state’s enactment of protective labour legislation, its facilitation of worker education regarding their rights, its toleration of a more open discussion of industrial strife (albeit with a party-approved slant) and its promotion of collective bargaining via its instruction to the ACFTU to increase organizing. Of equal importance is its encouragement of legal mobilization¹ to channel labour conflict into the judicial and semi-judicial system rather than having conflict spill out into the streets (Kuruville and Zhang 2016). Optimism also has been generated because state responses to conflict have been, ‘... refracted through the interests and capabilities of local agencies’, resulting in a fragmented control system that led to ‘local authorities often working at cross purposes by simultaneously repressing, coopting, or neglecting underground union organizing (Fu 2017, 453)’. In addition, toleration of strikes (and the resultant high wage increases) could be explained by the government’s interest in re-balancing the Chinese economy—moving it away from growth via exports to growth via domestic consumption. Arguably, these actions increased the political opportunity for Chinese workers.

Collective Bargaining: 2006–2015: Kuruville and Zhang (2016) suggest that the state fostered the development of collective bargaining via three separate initiatives: a change in the role of the Ministry of Human Resources and Social Security (MOHRSS) to make it more responsible for collective bargaining, the inclusion of provisions for collective negotiations in the new labour laws of the 2007–2010 period (discussed above) and, most importantly, the instructions to the ACFTU to increase union organizing and collective bargaining coverage across the country with annual organizing targets. An institutional explanation for the state’s actions is that it was relying on the Webb’s (1897) notions of dealing with labour conflict through both minimum standards legislation and collective bargaining—although the prohibition of an independently chosen union somewhat militates against their objective. A political and social stability explanation is the government seeks to co-opt conflict and steer it through ‘safe and legal channels’ through the ACFTU.

¹A process that Lee (2007) calls ‘decentralized legal authoritarianism.’

An economic explanation is that the State sees wage growth through bargaining as necessary to rebalance the Chinese economy, which could be achieved by collective bargaining; it has taken a variety of steps to encourage the establishment of mechanisms for regular wage increases in enterprises.

Whatever the State's interests, its encouragement of collective bargaining has been successful in *quantitative* terms, as the number of collective bargaining agreements increased at an annual rate of 19.30% from 251,794 agreements in 2005 to 6,078,483 agreements in 2010. By 2010, these agreements covered more than 75 million workers (Kuruvilla and Zhang 2016). Nominal wages also grew at an annual average of 13–14% between 2005 and 2012.

However, in *qualitative* terms, most scholars agree that this is by no means *genuine* collective bargaining. Chan and Hui (2013) classify collective bargaining into two types: party state-led wage bargaining (along the lines described above) and collective bargaining by riot (the result of strikes and protests). Kuruvilla and Zhang (2016) classify Chinese collective bargaining along two dimensions (centralized-decentralized and authentic-inauthentic). They suggest that the *vast majority* of collective bargaining agreements are decentralized to the company level and largely 'inauthentic' (where agreements are largely made between the ACFTU and the management, with little or no participation by workers, who most likely are not even aware that they are represented by the union). The most authentic bargaining is best epitomized by Froissart's studies of 'worker-led collective bargaining' in which '...Chinese workers are de facto able to lead true autonomous collective bargaining, even if such bargaining is not yet institutionalized' (2018, 24).

Friedman and Kuruvilla (2015) argue that the Chinese State is taking an experimental, gradualist and decentralized approach to collective bargaining—hence the variation observed across the provinces. The Central State promotes or allows local experimentation in a number of ways. Local governments may involve themselves in collective bargaining in order to raise wages or to provide incentives to firms to use collective bargaining more regularly—or to encourage collective bargaining because it may prevent strikes and the general instability that ensues as a result of public protests. Several provinces have enacted detailed regulations that go above and beyond national-level collective bargaining regulations. Recently, Guangdong province enacted bargaining regulations

that not only provide for employer obligation to bargain, but even more far reaching, that allow (but not require), the direct election of worker representatives by workers.

The Role of NGOs 2006–2015: Because the ACFTU is not viewed as a legitimate representative by most Chinese workers, a number of NGOs (increasingly called labour NGOs or LNGOs) attempt to play a role in filling the representation void. Early research on LNGOs was pessimistic regarding their effectiveness and highlighted their difficulties in functioning in the ‘grey zone’ of inconsistent state policy of both repression and accommodation (e.g. Chan 2018). Later research on LNGOs by Fu (2017) highlights the notion of disguised collective action, where LNGOs act as unconventional mobilizing structures by coaching aggrieved workers to make individual rights claims without engaging in collective protests. The argument is that individual ‘atomized’ actions by individual workers do not elicit a harsh response from the state, and the pedagogical processes of disguised collective action foster collective consciousness.

More recently, a growing number of scholars argue that LNGOs really fill the gap between workers’ demands for collective bargaining in the absence of effective union representation. Chen and Yang suggest that the emergence of ‘movement oriented LNGOs’ calls into question commonly held views regarding them and that ‘some LNGOs have become surprisingly vocal in support of workers’ collective activism and have indeed become advocates’ of the labour movement’ (2017, 24). Froissart (2018) goes a step further, suggesting that some LNGOs (especially those who are led by former workers) have become a catalyst for collective action in ways that enable workers to successfully challenge employers, official unions and local authorities.

2016–Present: Chinese Industrial Relations: Towards Repression

If it was difficult to discern which of the Chinese state’s (both national and local level) interests were at play in its varied responses to strikes, its encouragement of collective bargaining and its varied tolerance of NGO activity in the 2006–2015 period, the post-2015 period leaves us in no such doubt about state interests. Much of the state’s action in the labour sphere is clearly linked to its interest of political and social stability, articulated through a centralization of power in ways that seek to firmly re-establish party control over all aspects of society—a significant departure from the earlier Hu-Wen regime (Fu and Distelhorst 2018).

Franceschini and Nesossi (2018) suggest that there has been an escalation in the tension between the party-state and NGOs and a shift to more ‘sophisticated’ methods of repression and control after 2015. There have been a series of laws designed to control NGOs. In July 2015, a state security law allowed actions against labour NGOs if they entered factories during strikes (Xu and Schmalz 2017). In 2016, China enacted the new ‘charity law’, establishing a comprehensive framework for the government’s administration of the social sector. Previously, charities, NGOs and other civil society groups had operated in a ‘quasi legal environment where enforcement was unpredictable or inconsistent and this legal uncertainty had provided a degree of operational freedom’. New measures include the requirement of registration, rules for fundraising platforms and organizations, rules regarding the filing of charitable trusts and a variety of rules regarding enforcement. In January 2017, a new law to regulate foreign NGOs required them to register with the Ministry of Public Security and to meet stringent registration and reporting guidelines.

Several developments exemplify the government’s new hard line against LNGOs and labour activism generally. In July 2015, the government arrested several lawyers and activists and charged them with the crime of collusion with ‘hostile foreign forces’ (Franceschini and Nesossi 2018). In May 2015, government officials arrested women activists in some cities as they sought to hand out leaflets regarding sexual harassment in public transport (reported in Chan 2018). In December, 2015, the government jailed five staff members of various LNGOs in Guangdong. A particularly high-profile arrest was that of Zeng Feiyang, Director of the Panyu Migrant Workers Centre in Guangzhou, one of the more daring of the ‘movement oriented LNGOS’. Although he received a suspended sentence for ‘disturbing the public order’, he was arrested (along with three of his staff) for helping workers protest in a dispute that was settled by collective bargaining.

The state’s macroeconomic interests may add a pessimistic tinge to the future of labour relations as well. China is settling into a period of lower growth rates, and Lee (2017) suggests that the labour contract law (enacted in 2007 and the ‘backbone’ of protective labour legislation and collective bargaining during the 2006–2015 period) is under attack. Moreover, the state has issued explicit directives in several provinces to freeze or restrain minimum wage growth; consequently, a noticeable flattening of wage growth has occurred in several cities (China Labour

Bulletin 2015). These developments suggest that the prospects for the growth in authentic collective bargaining are dim. However, autonomous action by workers, via wildcat strikes, continues to grow.

CONCLUSIONS

It is interesting to juxtapose the different developments in China and India during different periods to see whether they converge or diverge. Table 10.4 summarizes the result of the comparison discussed here. It is important to note that I am focusing at an abstract level in structuring comparisons between two countries that really should not be compared given their vast institutional differences. Therefore, I am using the concept of functional equivalence, i.e. are the intent and the goals of IR policies converging or diverging in the two countries?

I argue that during the first period in each country (the first row in Table 10.4), both countries followed an import substitution industrialization strategy, and both countries had highly protective labour relations. In the Indian case, the tariffs against imports which was necessary to sustain an ISI strategy suppressed competition, such that Indian firms, in both public and private sectors, could afford to be inefficient and costs could always be passed on to consumers. But the ISI strategy was also congruent with a state-dominated protective institutional environment for trade unions in the formal sector. In the Chinese case, since all industries were state-owned, and they existed not to make profits, but to meet targets, they became a tool of mass employment for Chinese citizens. China was thus able to sustain a highly protective ‘iron rice bowl’ for industrial workers. Thus, the prevalent economic development strategy permitted congruence with IR policies in both countries. Hence, from a functional equivalence point of view, the iron rice bowl system in China and the web of protective legislation for formal sector workers in India were quite similar in their objectives, and hence, *convergent*. Frenkel and Kuruvilla (2002) in discussing this congruence in the two countries refer to this period in both countries as being dominated by a ‘logic of industrial peace’.

In the second period (Row 2 of Table 10.4), the two countries begin to diverge. China began to change its IR after the liberalization of its economy in 1978. As the state-owned industry was now told to focus on profits, and not production targets, they began to gradually if not uniformly adopt more modern management practices, emphasizing

flexibility and productivity. In the meanwhile, India, still following its ISI model, begins to experience considerable industrial strife, in part due to the multiplicity of competing unions of different political hues. Many of the strikes recorded in India were not economic strikes against the employer, but political strikes against whichever party was in power. This explosion of conflict was not intended, as the Indian industrial relation system was constructed in ways to regulate and eliminate conflict consistent with a logic of industrial peace, but the politicization of the system resulted in more, rather than less, conflict.

In the third row of Table 10.4, the divergence between the two IR systems becomes more pronounced. In the Indian case, for the first time, employers begin to assert themselves as Rajiv Gandhi's economic strategy began to loosen some of the restrictions on employers who began to focus on competitiveness and productivity. India's growth rates increased significantly during this decade. During this period also, there were calls for reforms of the ID act, signifying a subtle shift towards a neoliberal discourse, and the beginnings of a shift of power in favour of employers. IR in India began to show more variation. One could argue in Frenkel and Kuruvilla's (2002) terms that the logic of competitiveness underlying IR systems was gaining strength, albeit gradually.

In the Chinese case, the logic of competition reigned supreme during the 1994–2006 period marked by an increasingly exploitative labour regime underlying China's rise as the world's leading low-cost manufacturer. The introduction of short-term employment in the 1994 legislation resulted in a decade of rising informality and exploitation that culminated with steadily increasing labour unrest by 2006. State institutions frequently 'traded-off' labour rights for inward economic investment. The state and the private sectors were clearly focused on economic growth with very little efforts to protect China's workers from an exploitative regime. Clearly here, in Frenkel and Kuruvilla's terms, the logic of competition was the dominant logic underlying the Chinese IR system at this time. Although the rise of the 'logic of competition' in both countries would suggest a modicum of convergence, I still prefer to highlight the divergence, given the dramatic differences between the two countries in terms of the strength and domination of this logic. India's labour institutions remained intact, while China's labour institutions were completely dismantled.

The fourth row of Table 10.4 exhibits marked *divergence* between the two countries. In the Indian case, there is a clear shift towards a

neoliberal discourse, and several states begin to change labour laws to be more investor-friendly, just like China did in the previous period. At the national level, many of the current laws are not applied to SEZs, for example. In the Chinese case, however, the sharp increase in labour protests during the previous period drove the state to enact protective labour laws and encourage collective bargaining through the ACFTU, while tolerating industrial unrest and some media freedom to report on labour issues. This period witnessed an increase in both collective bargaining and labour protests and the birth of a cadre of labour NGOs that provided workers with assistance.

The final row of Table 10.4 brings us to the current period, beginning in 2014 with the Modi government in India and since 2015 in China when Xi Jinping was elected as State President. In the Indian case, as my description suggests, there is a continuing shift towards a neoliberal approach that attempts to weaken labour power in the organized sector of the economy. There is a huge variety of acted and planned labour law changes that deregulate. And these changes are being seen at both the central and the state levels. In China, actions in their current period attempt to weaken labour. There are crackdowns on NGOs, and some attempt to crackdown on striking workers. Thus, in both countries, there is an effort to curtail labour power and to constrain the space for workers to exercise voice effectively. Hence, from a functional equivalence point of view, we could argue that the goals of labour policy are *converging* in the two countries.

However, the methods by which the countries are constraining this space are *diverging*. In India, this is done largely through legislative changes, a government-business coalition and through employer practice (e.g. the cause of the Maruti strike in Haryana was a clear case of employer violation of the Industrial Disputes (ID) Act in restricting the formation of a union), a practice to which the appropriate government turned a blind eye. But in India, being a democracy, it is theoretically possible for the labour movement to unify, organize and defeat the continuing efforts to change labour law. In China, however, the method used is more direct suppression, with a substantial increase in labour repression and restrictions on labour scholarship as described earlier in this paper. This is made more possible by a recent centralization of state power. On 11 March 2018, the CCP voted to abolish presidential term limits, paving the way for Xi Jinping to have ‘indefinite tenure’

as China's president.² The abolition of term limits was accompanied by the amendment of the national constitution to insert Xi's political theory into it, following the addition of his theory to the communist party charter last October. Xi is only the second political leader since Mao to have his political theory included in the constitution while in office and now holds the 'trinity' of important positions in China, i.e. General Secretary of the CCP, Chairman of the Central Military Commission and State President, and hence, he is in a unique position to accelerate the consolidation of the CCP hold over China. This has fundamental implications for Chinese labour activism.

In sum, the current trends in both countries with regard to IR do not augur well for Indian and Chinese workers and for workers for other developing countries wishing to emulate China and India as they provide alternate visions for how developing countries could organize their IR arrangements. It is ironic that the emerging 'Asian Century' is one marked by a significant constraining of the space for labour to exercise its voice. Finally, the experience of the two countries provides a window into wider discourses regarding the relative role of labour market institutions, the role of the state and the growing power of markets. As Shyam Sundar argues persuasively in the introduction to this volume, globalization and economic liberalization have challenged and weakened the conventional IR paradigm of strong institutions, in favour of markets.

APPENDIX

See Table 10.4.

²Presidential term limits had been introduced into the Chinese constitution after Mao's death by his successor Deng Xiaoping, in order to prevent indefinite one-person rule.

Table 10.4 Convergence and divergence in IR trajectories in India and China

<i>India</i>	<i>China</i>	<i>Industrial relations convergence/ divergence</i>
1947–1960s: Post-independence labour relations: institutionalization	Pre-1978: Chinese industrial relations: the iron rice bowl	CONVERGENCE • congruence between economic development strategy and highly protective labour relations policy in both countries
1960–1980s: Post- independence labour relations: unintended consequences	1978–1994: Chinese industrial relations: the beginnings of change	DIVERGENCE • China loosening up on protective labour aspects, while India experiences the unintended consequences of protective labour policy
1980–1991: Indian industrial relations: variation	1994–2006: Informality and unrest in Chinese industrial relations	DIVERGENCE • Indian industrial relations retain its essential institutional structure but there is more variation in industrial relations China is characterized by an exploita- tive labour regime that results in high levels of informality and labour unrest
1991–2014: Emergence of a discourse regarding the need for chang- ing India's protective labour legislation	2006–2015: Chinese industrial rela- tions: positive reform	DIVERGENCE • China enacts protective labour legislation, including encouragement of collective bargaining, and new laws regarding labour disputes and introduces a variety of new laws, and tolerates strikes • A few states begin the effort to change labour legislation in ways that are more employer-friendly
2014–Present: A more focused shift towards neoliberal- ism, with several laws revised that takes away coverage for industrial labour, but more pro- tective legislation for unorganized workers	2016–Present: Chinese industrial relations: towards repression	CONVERGING DIVERGENCES • Both countries' IR systems converge in terms of constraining the political and economic space for workers (in India, this is for organized sector workers) • They diverge in terms of the meth- ods used to constrain the space. China uses repression, while India relies on neoliberal approaches

Note Constructed by the author

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CHAPTER 11

Labour in GVCs: An Analytical Framework

Dev Nathan

INTRODUCTION

This paper deals with the manner in which global outsourcing or production in global value chains (GVCs) intersects with labour conditions. The paper starts with setting out the dimensions of GVCs. This is followed with an account of the functional distribution of income between value chain segments, followed by the manner in which this distribution of income between segments can affect distribution of income between capital and labour income in a particular segment. The next section summarizes the different labour conditions, including those of women, in what are identified as segments within different GVC governance relations. This is followed by the main section of the paper setting out an analytical framework linking the knowledge level of outsourced work, profits and labour conditions. There is then a short empirical investigation of the relationship using National Sample Survey (NSS) data. Having set out the structure of these relations, the next section

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K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and*

Globalization in India, https://doi.org/10.1007/978-981-13-6972-8_11

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brings in the manner in which agency, whether of workers or of firms with their own strategies, may affect the labour outcomes as also the limits to such agency. The concluding section summarizes the main points of the analytical framework relating knowledge, profits and labour conditions as the outcome of structure and agency.

BACKGROUND

Production and trade are increasingly being organized in GVCs or Global Production Networks (GPNs), involving the fragmentation of production with segments located in different countries. Based on the management doctrine of concentrating on core competence (Prahalad and Hamel 1990), production is split up by coarse-grained tasks across firms in a value chain. An example of a coarse-grained division of tasks is that of pre-production *design*, then *manufacture* and finally post-production *branding* and *marketing* of products. The point of a value chain is that these various tasks are carried out not in an integrated firm but by different firms bound by contractual relations. There are some GVCs in which the lead firms work on raw materials purchased from the market, as in the case of agricultural products or minerals. But the contractual form of relationship is a growing and major part of value chain production. United Nations Conference on Trade and Development (UNCTAD) (2013) estimated that 80% of global trade is carried out through value chains, and the International Labour Organization (ILO) estimated that 450 million workers are employed in GVC production (ILO 2015).

What does this mean for the Coaseian notion of a firm,¹ where these same tasks would be carried out by different departments of a firm, linked by non-market or bureaucratic decision-making, deciding in what sequences tasks would be carried out and quantities produced and transferred between departments? As Coase had posed the problem, it was a matter of choice between the costs of coordination in an intra-firm bureaucratic manner or an inter-firm market manner. The development of Information and Communication Technologies (ICTs) has made it

¹This was the question posed by Lalit Deshpande, during probably the first workshop on GVCs/GPNs in India organized by the ILO. It is fitting that this paper, written as a tribute to Lalit, brings in industrial organization into the discussion of labour conditions.

possible to coordinate the fragmented carrying out of these tasks across firms. Thus, ICTs have reduced the costs of inter-firm coordination vis-à-vis intra-firm coordination, making outsourcing less expensive than before.

More important in the development of outsourcing is the benefit in production where there are economies of specialization involved, where firms specialized in the carrying out of particular production tasks can bring in specialized knowledge in the performance of that task. When the Indian telecom company, AirTel, decided to outsource its IT division to IBM, the logic was that IBM as a specialized IT services provider would bring to the performance of the task, the accumulated knowledge of providing IT services to numerous firms. On the other hand, an IT division of AirTel would only have the much more limited experience of looking after AirTel's own IT needs. The superior knowledge of IBM compared to an IT division of AirTel would make possible a superior service. The economics of specialization thus promotes in outsourcing.

When there are inter-country inequalities in wage rates and other production costs, outsourcing can take the form of offshoring. Thus, GVCs are essentially based on labour arbitrage, using differences in wage rates to locate production segments where the required capabilities would cost the least.

A GVC then is a form of contracted, rather than open market, production. It comprises the following set of relations: (1) there is a lead firm and there are different tiers of suppliers; (2) there is an input–output structure, where the outputs of one tier or production segment become inputs of the next tier; (3) this fragmented production is governed by the lead firm, which oversees the disintegration and reintegration of production; (4) there is a distribution of income or revenue along the whole chain; and (5) there is a division of knowledge according to the tasks to be performed in a production segment (Gereffi 1994; Nathan 2018).

In this GVC production structure, obviously not all firms have equal power and position. The lead firms that govern the whole GVC structure often have monopoly positions, based on their knowledge embedded in patents or copyrights, or other forms of market privilege, such as branding. Many of them may also function in highly competitive markets, such as for garments or footwear. They are generally located in the High-Income Countries (HICs) or what Richard Baldwin named 'headquarter economies' (2016). Of course, one should note the recent appearance of lead firms from the major developing economies or the so-called emerging economies, such as China, Brazil and India.

In relation to suppliers from the developing economies, the lead firms are few in number. Suppliers based on the easily acquired knowledge of manufacturing tasks are numerous. In garments, for instance, the major brands and retailers, the lead firms from the headquarter economies or HICs are few, while the suppliers, spread all across the world of low- and middle-income countries (LMICs), are many. The capabilities of both management and workers to manufacture garments are easily acquired, leading to the spread of firms in this segment across the developing world. The few buyers are then able to utilize the competition among the numerous suppliers, as would be expected in a monopsony, to keep down prices they pay to the suppliers.

The result of this monopsony situation is that the lead firms are able to capture high profits or rents, while the supplier firms get merely competitive profits (Nathan and Sarkar 2011). They could, of course, also be intermediate positions, where supplier firms that carry out more functions get a higher, but still a medium share of profits. Nevertheless, lead firms get much of the high rents while manufacturers' get just competitive profits. For instance, Apple's returns are above 50% while those of its contract manufacturer, Foxconn in China, are just around 3% (Chan et al. 2016; Raj-Reichert 2018).

TASK-BASED DISTRIBUTION OF INCOME

What we get with a GVC manner of segmentation of production is a task-based distribution of income. This is not income distribution in a Ricardian manner, where the distribution of income between land, labour and capital is determined in a functional manner. Rather it is a task-based distribution between firms performing different tasks in different nodes or production segments. Firms carrying out the manufacturing or assembly tasks get low profits, while firms performing design, brand and marketing functions get high profits. This is a functionally vertical distribution between nodes in a GVC.

Given this distribution between functional nodes or segments, there is then the subsequent distribution between labour and capital in each node. This distribution between capital and labour within a given segment depends, in the first place, on the profit or margin earned in that segment itself, which sets a limit to, say, wages. The price paid by the monopsonist buyer firms to the competitive supplier firms is then the first factor in the distribution of net income between capital and labour in that GVC node.

In GVC analysis, this has been described as the relation between vertical and horizontal relations (Nielson and Pritchard 2009). Vertical relations are those between lead and supplier firms that determine the net income or margins of supplier firms, assuming that non-labour or material costs are more or less given. Horizontal relations in the form of supplier firm-specific capital and labour relations then come into play in determining wages and profits in the supplier firm.

How does this GVC relationship between high rents for lead firms and competitive profits for suppliers affect labour outcomes? Our main concern here is with labour outcomes in the supplier firms in developing countries. Firstly, competitive profits set limits to wages. As argued in Kalecki's degree of monopoly theory of wage determination, profits or surpluses earned set a limit to wages (Kalecki 1970). A monopoly firm can set prices on a cost-plus basis. Higher wages can be passed on to consumers. Thus, where profits are high, trade unions can be strong and employers too will be willing to accede to demands for higher wages. On the other hand, where firms are in a competitive market, they are price takers and not able to pass on higher wages to their buyers, the lead firms. Thus, they would be unwilling or unable to accede to demands for higher wages.

A number of studies support the Kalecki proposition that workers' wages are positively connected to rents earned by the firms. Mishel (1986) found that wages in the USA to be influenced substantially by the employer's 'ability to pay'. Unions, he argued, were able to bargain for higher wages in industries which were concentrated and had entry barriers. In a study of Belgian firms, Dobbelaere (2005) showed that workers' bargaining power and firms' markup are positively associated. A more recent study of India (Pal and Rathore 2014) argued that both workers' power and firms' markup had together declined since liberalization. These empirical studies support Kalecki's assertion that there is a link between high markups and the demand for higher wages by unions.

What we then have is a link between vertical and horizontal relations in a GVC. Vertical relations lead to the profits earned in supplier firms; and that, in turn, influences or sets a limit to wages in supplier firms. Of course, there are degrees of flexibility in the latter. Labour can be weak in the marketplace, because it is low-skilled labour with an excess supply available for transfer from agriculture to industry. With large amounts of surplus labour, this can occur in a Lewisian manner at constant wage rates or at wage rates just above the rural wage.

Where labour is additionally weak in associational terms, then wages are unlikely to rise above the minimum wage or even remain for long below that minimum. The state plays an important role, both in setting the minimum wage and in enforcing or not enforcing it. In any case, the labour situation in the supplier country would have a major effect on the strength of labour in its horizontal relation to capital in GVC nodes. A combination of weak suppliers in relation to buyers and weak labour in relation to suppliers would together result in what is often called the *low road* of GVC participation, with low wages and insecure employment.

The low road, however, is not of just one type. There can be a number of sub-types of the low road. Three sub-types are identified here. The first involves the employment of child and/or forced labour. With such illegal methods of employment, wage costs are pushed down, often in extended or home-based locations of production (Bhaskaran et al. 2010; Phillips et al. 2014). The second is of the standard sweatshop variety, based on low wages and high quotas and overtime production, as is the case in the export garment industry in India. The third is of a somewhat improved variety, wherein wages remain around the minimum wage level but security of employment is higher. A secure workforce enables management to better organize production and secure some process rents by increasing productivity in the form, for instance, of fewer rejects and more on-time delivery (Nathan and Harsh 2018).

GOVERNANCE SYSTEMS AND KNOWLEDGE

Above we have looked at labour conditions in relatively low-skilled products, such as garments, in firms supplying these products in GVCs. Products of other skill levels, such as computers, mobile phones or automobiles, are also produced under fragmented GVC manner. The types of GVCs in these various products have been categorized under the manner in which they are organized or governed, in the term used in GVC literature. Gereffi et al. (2005) categorized GVCs under the type of governance based on a differentiation of the knowledge level of the outsourced production.

1. Captive value chains are of low-knowledge tasks, as in the manufacture of garments or shoes. Suppliers produce to buyers' specification. Since there are many suppliers with few buyers, this relationship is categorized as *captive* governance.

2. *Modular* governance is of medium-level knowledge tasks, where suppliers produce to specifications, but where the ratio of suppliers to buyers is not so large. Automobiles and electronics productions or assembly fall into this category.
3. *Relational* governance is where the task or service is not so well-specified, and where, consequently, there are complex interactions between buyers and suppliers, often resulting in mutual dependence. IT services are often of the relational governance variety.

Case studies have been done of labour relations and employment quality in supplier firms in various types of industries. For instance, Nathan et al. (2016) contained case studies conducted by various authors of different sectors (garments, fresh food, leather products, tourism, electronics, IT services) in different countries of Asia (Bangladesh, Cambodia, China, India, Pakistan, Vietnam). To this, one can add studies of labour in GVC production of minerals in the Congo (Nathan and Sarkar 2010), of fresh vegetables and flowers in Kenya and Uganda (Evers et al. 2014) and of sugar in Brazil (Selwyn 2007). In the following summary, detailed references are not given, since most of the material is taken from Asian case studies in Nathan et al. (2016). Case studies of employment relations in supplier firms in different types of governance relations are summarized below.

EMPLOYMENT RELATIONS

Employment relations comprise many aspects or elements, including wages, security of employment, manner of supervision and so on. Over here, we take basically wages and security of employment as characterizing different types of employment relations.

Captive Value Chains

Major products studied of captive value chains or governance relations are garments, agro-foods and tourism. In garment manufacture, the skill and educational levels of workers are low, employment is largely insecure, with substantial employment through brokers or contract labour. There is a large presence of homeworkers, mainly women, with child labour often involved in home-based work. Wages tend to be low, around the

national minimum wage and there is high pressure for working overtime or with high production quotas. Supervision is in the Taylorist mode and even abusive. There are many reports of sexual and other gender-based violence in garment factories, also related to abusive forms of supervision.

In agro-foods production too, relatively low-skilled workers are employed, though skill levels are going up with global quality standards in exports. Even more than in garments, employment security is low and wages often are below national minimum wages. Skilled workers, such as those who work in sorting and packing, tend to be paid more.

In tourism, the educational requirements are higher than in the earlier two sectors discussed. But employment is very precarious, other than for a handful of regular employees. Many workers set up as self-employed. Employees are often paid low wages, with the expectation that shopping or other commission will make up for low wages.

In some of the captive value chains, there is often some form of bonded labour. These exist mainly in the performance of low-skill jobs, often in remote locations.

Modular Value Chains

The modular value chains brought into this discussion are of automobiles, electronics and call centres.

Electronics assembly requires a moderate level of education. There are high levels of brokered employment or repeated short-term contracts. Since it is difficult to take in workers off the street, there tends to be a manner of employment security. Wages are above the minimum, and supervision is Taylorist.

In automobiles too there a moderate level of knowledge required and in Tier-1 or main suppliers, workers often have some post-secondary education. Large numbers of automobile workers are of the contract labour variety. In lower tiers of the automobile value chain employment is largely of the precarious, informal variety in the unorganized sector.

Call centre employees are of higher educational levels than those discussed above. Knowledge of English or some other European language is essential for employment in international call centres. In India, however, the growth of call centres fostered a high level of employee attrition, as jobs were easily available. The slowdown in growth after 2008 led to a fall in attrition. Wages are higher than minimum wages, and supervision is a form of office Taylorism.

Relational Value Chains

The only sector we consider the case studies with relational value chains is that of IT software services. Education required in this sector is high, with an engineering degree being the minimum. Salaries are higher than even for those with similar qualifications employed in other sectors. There are also high incentive payments. Secure employment is much higher than in the other sectors; though the use of the ‘bell curve’ method of employee assessment reduces security of employment.

Women in GVCs

Factories producing garments and other labour-intensive products were often the route for women’s entry into the industrial workforce in Asia. Women’s participation in GVCs, however, is framed by gender factors, including their lower endowments in education than men, greater responsibility for the domestic work of social reproduction, sexual harassment and even discrimination.

Women with low-educational attainments often form the majority of garment workers. Domestic responsibilities constrain their participation in more than one way. With the responsibility of providing for their children, women’s marketplace power is often lower than that of men. Their domestic responsibilities also mean that they often perform a double shift of work, in the factory and at home, resulting frequently in what can only be called a mining of women’s bodies, i.e. using up more energy than is replaced. Again, childcare responsibilities also mean that women often drop out of fixed time factory work to take up flexible, but lower paying home-based work.

Besides sexual and gender-based violence in the workplace, women also face discrimination, resulting, for instance, in fewer women being trained for skilled jobs. Even where they do participate in high-skilled work, as in the IT sector, they often get promoted less than men, as their domestic responsibilities make it difficult to accept transfers as easily as men do.

An Analytical Framework for Labour in GVCs

After having described labour conditions in various GVC segments, one can now try to put these together into a framework relating these

conditions with the type of GVC segments. GVC segments are differentiated on the basis of the type of governance system, captive, modular or relational. The governance relations, in turn, are based on the knowledge levels of the segments. In captive governance, such as in garments or shoe manufacture, the tasks are of relatively low knowledge and the capabilities for carrying them out somewhat easily acquired. Since it is easy to enter these GVC segments, there are many suppliers. With few buyers, the result is that profits are also low. Low profits, as argued above, constrain employment conditions of workers in these segments. The key aspects of employment conditions to be considered are security of employment and wages. The result of low knowledge in a GVC segment is low profits in the same, which, in turn, provides employment that is of poor quality with low wages. This is Cell A in Table 11.1.

Moving along the diagonal leads to Cell E. In this GVC segment of assembly of electronics, automobiles, etc., there is a medium level of

Table 11.1 Knowledge, profits and employment quality in GVCs

		<i>Knowledge and profits (result of vertical relations in GVCs)</i>		
		<i>Captive governance</i>	<i>Modular governance</i>	<i>Relational governance</i>
		<i>Low Knowledge</i>	<i>Medium Knowledge</i>	<i>High Knowledge</i>
Employment quality wages, employment security (result of horizontal relations)	A	B	C	
	Low Knowledge/ Low Profits, Low Employment Quality	Medium Profits, Low Employment Quality	High Profits, Low Employment Quality	
	D	E	F	
	Low Profits, Medium Employment Quality	Medium Knowledge/ Medium Profits, Medium Employment Quality	High Profits, Medium Employment Quality	
	G	H	I	
	Low Profits, High Employment Quality	Medium Profits, High Employment Quality	High Knowledge/ High Profits, High Employment Quality	

Source Own illustration, modified from Nathan (2016)

knowledge in the outsourced segment. Profits rates may be low, as in the case of Foxconn, well known for assembling Apple products in China, but with volumes being high, overall profits earned are higher. Since quality production does require retention of higher-skilled workers, employment security would be better than in garments or shoe manufacture. Wages would be above the living wage; in the case of regular workers with secure employment, it could be at ‘middle-class’ levels.

The Cell I has high-knowledge segments, such as in IT services. Profits are high, as suppliers have some price-making ability. For instance, the major Indian IT companies fix the margins at which they will work, though the margins have gone down with competition. Employment is largely secure, more so in the industry as a whole. Salaries are higher than those of similarly qualified persons employed in other sectors (Sarkar and Mehta 2016).

The matrix above could be looked at as showing the link between knowledge levels of outsourced work in GVCs, profits and employment conditions. As outlined above, along the diagonal, the Cell A would represent the garment suppliers; Cell E automobiles and electronics; and Cell I the IT software services sector. At the same time, the matrix could also be seen as showing the distribution of knowledge, profits and wages in a single GVC. For instance, Cell I would represent the Lead Firm or Brand/Retailer in garments; Cell E the Contract Intermediaries, such as Li and Fung; and Cell A the supplier factory. The knowledge level goes down, as also profit levels and employment conditions as we move leftwards along the diagonal.

In this GVC structure, labour arbitrage is involved in manufacturing being carried out not under the high-wage conditions of the lead firms themselves in headquarter economies, but in the low-wage conditions of supplier countries. The excess profits or rents due to this labour arbitrage, however, may not all remain with the lead firms themselves. If the lead firms operate in competitive product markets, then a portion of the arbitrage benefit would accrue to consumers through lower product prices. That is definitely the situation in, say, the garments industry with highly competitive product markets. On the other hand, where the lead firm operates in a monopolistic product market, then the lead firm would be able to secure for itself the excess profits due to labour arbitrage. That, for instance, would be the situation of Apple, which is able to sell its iPhones for a much higher price than even competing smartphones.

THE KNOWLEDGE-EMPLOYMENT QUALITY FRAMEWORK: INDIA

The above framework can be used to look at the nexus between knowledge levels and employment quality in GVCs in India. We look at four GVC-involved production sectors—garments, automobiles, electronics and IT services. Knowledge levels of firms can be proxied by the educational level of its workforce. Table 11.2 gives the distribution of workers by educational level in the four sectors. Looking at the last row shows that the proportion of graduates is low in the garments sector, falls at an in-between or medium level in automobiles and electronics and is high in the IT services sector.

Security of employment is our next and dependent variable and is shown in Table 11.3. The highest security of employment is of those characterized as formal workers, those with regular employment, payment on monthly basis and some social security benefits. The last row shows the proportion of formal workers as being the highest level of security. This too is distributed in three levels. Garments have a low level of employees with security, with just 3.7% of its workforce falling in the formal category. IT services have the highest level of formal workers at 63.8% of its workforce, while automobiles and electronics fall in the intermediate category with 45.4% formal workers in automobiles and 31.9% in electronics.

Table 11.2 Distribution of workers by educational level in different sectors (in %)

<i>Education completed</i>	<i>Garments</i>	<i>Automobiles</i>	<i>Electronics</i>	<i>IT services</i>
Up to middle school	70.6	21.4	17.9	2.7
Secondary and higher secondary	24.1	45.9	42.3	19.7
Graduate	5.3	32.7	39.8	82.6

Source Calculated from NSSO (2012); see Nathan and Kumar (2016) for further details

Table 11.3 Percentage distribution of types of employment by sector

<i>Employment type</i>	<i>Garments</i>	<i>Automobiles</i>	<i>Electronics</i>	<i>IT services</i>
Self-employed	66.5	8.4	23.2	7.9
Informal workers	29.8	46.2	44.9	28.3
Formal workers	3.7	45.4	31.9	63.8

Source Calculated from NSSO (2012); see Nathan and Kumar (2016) for further details

Table 11.4 Knowledge levels and employment quality

<i>Knowledge level</i>	<i>Employment quality</i>		
	<i>Low</i>	<i>Medium</i>	<i>High</i>
Low	5.3/3.7 (Garments)		
Medium		32.7/45.4 (Automotive) 39.8/44.9	
High			82.6/63.8 (IT services)

Source Nathan and Kumar (2016)

Notes

- Knowledge level is proxied by educational level, using the category of those with more than a High-school Education
- Employment quality is proxied by formal workers, which refers to those who have regular employment, are paid on a monthly basis and get some social security benefits

Putting knowledge level and employment quality together gives us Table 11.4. The first term in each pair refers to the knowledge level, as proxied by education, or those with college degrees; the second term is the quality of employment, as proxied by formality.

The structures above could be used to formulate empirically testable propositions. For instance, instead of just 4 sectors as we have dealt with here, one could take all possible sectors and see whether the resulting scatter plots lie along the diagonal as this analysis would predict. Such tests could be carried out in a number of countries.

STRUCTURE AND AGENCY

In a sense, the matrix in Table 11.1 is a technologically deterministic theory of labour outcomes. The matrix is based on a posited link between knowledge levels of tasks performed in a GVC segment, leading to profit levels in that segment and then employment conditions of workers. The manner in which knowledge levels affect profits is through the mediation of market structures. In high knowledge levels, there would also be more monopolistic firms, with monopolies often supported by intellectual property protection or brand differentiation. For brands or retailers that are in competitive product markets, some portion of arbitrage may be distributed as consumers' surplus.

The basic structure of the knowledge-profits-wages relationship can remain as is shown in Table 11.1 above. What then is the role of trade unions or workers' agency? Look at Cell B in Table 11.1. In that cell, the supplier has moved from being a Cut-Make-Trim (CMT) manufacturer to being a 'full package supplier', moving from performing low-knowledge tasks of CMT to adding the medium-knowledge tasks of full package supply, requiring knowledge that goes beyond that for CMT. Workers' employment conditions, however, remain poor, with low wages and low security of employment. In this situation, it would be possible for trade unions to bargain for higher wages and better quality employment on the basis of the higher profits being earned. Further, it is also likely that the factory would try to retain its workers as higher skills are involved in full package supply, including that of delivering on time. Consequently, instead of remaining at Cell B, with medium profits and low wages, the factory may move to Cell E, with medium wages matching medium profits. Workers' agency then can be introduced into the matrix in the movement towards the diagonal.

At the same time, the matrix may also show that some steps are not possible merely on the basis of workers' exerting their agency. For instance, can a factory move from A to D, i.e. from a 'low profits-low wage' situation to one of 'low profits and medium wages'? It seems unlikely that such a move could be made as that would reduce profits. This could also be interpreted to mean that a demand for medium wages, such as a living wage and not the existing minimum wage, would not be possible without an increase in the revenues of the factory concerned. At present, in contracts for supply of garments, labour costing is done on the basis of minimum wages. Without a change in labour costing based on living wages, would it be possible for a supplier factory to sustain the higher cost of labour? The matrix suggests that medium wages can only be supported by a move from low to medium profits.

This matrix can also be used to look at another issue. A supplier currently producing low-quality goods with low profits might want to move up to supplying higher-quality goods that would earn a higher profit. Such a move, however, requires better skilled and a more stable workforce, as is suggested by the move along the diagonal from Cell A to Cell E. As confirmed by case studies reported in Nathan et al. (2016) and Nathan and Harsh (2018), suppliers that produce higher-quality garments have more secure employment than suppliers that produce lower-quality garments.

CONCLUSIONS

In this paper, we have outlined a framework relating knowledge levels of tasks outsourced in GVS to profits in that segment or node of the GVC. These profits then, in turn, set limits to wages and quality of employment. Other buyer practices, such as volatile orders and short lead times, which we have not discussed here, would contribute to the extent of precarity of employment or low employment security. This structure relating knowledge to profits and employment conditions can, however, be modified, though within limits, by the agency of workers and firms with their own development strategies. Consequently, the labour outcomes in GVCs are a result of both structure and agency.

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Globalization, Workspace Transformation and Informal Workers: A Reversal of Gender Roles

Sonia George

INTRODUCTION

Globalization and the ideational shift its discourse brought out across the world have rearranged the socio-economic, political relationships and work patterns across the borders. It has been a paradigm shift that has pushed us to a situation of analysing the dynamics that emerged in both public and private sectors. Economic, political and cultural theories have developed significant changes under the ever mushrooming shade of globalization. While specifically locating the relevance of labour in these changes, it is important to look at the different patterns each of these phases developed so that a positioning can be clearly analysed. Since the focus is on gendered notions of this change, elaborating the epistemological shifts that have happened could invite a major deviation. The existing political economy theories appear to explain the situations partially, in a disciplinary approach and mostly narrowing down

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K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and*

Globalization in India, https://doi.org/10.1007/978-981-13-6972-8_12

to economic explanations. But broadening our base will help us understand the dynamics and also link the diverse features of globalization where identity, culture, economy and power find space (Peterson 2003). Broadening the theoretical discussions on globalization will help us understand the transformation in the labour arena and to conceptualize gender and labour in the pathways of informal sector. By contextualizing the New International Division of Labour, this article attempts to connect the global restructuring process and informality to a methodological shift in conceptualizing labour with a gender frame.

NEW INTERNATIONAL DIVISION OF LABOUR—AN AGENDA OF NEOLIBERALIZATION

In several senses, globalization has been going on over the last two centuries, dating from the colonial period to the modern. The twentieth-century Fordist model of capital accumulation kicked off the modern form of globalization by locating production to the Third World countries. The first neocolonial period saw an enormous expansion of producer goods and consumer durable industries stimulated by the Fordist model of production and social organization¹ (Hobsbawm 1964, 52). Unskilled labourers of the Third World were chosen for these new phases of industrialization. This industrial relocation was considered as a critical period of the global capital economy. The multinational corporations (MNCs) adopted the strategy of scattering production to different countries with each country producing, undertaking only a part of the production process.

Production in this globalized situation is mainly aimed at profit and is based on wage labour. An unequal exchange got developed in these relations between the core and the periphery. Free trade² has become one of the important tents of neoliberal position. Market became the signpost of economic transactions, and market-oriented policies became a major obstacle to democratic development. This has led to the decline of the democratic states' political control over their economy. Flinging away of subsidies, welfare programmes, rights of organizing, disintegration of local communities, etc., thereby protecting the market dynamics through

¹Flow line technology; mass production of consumer durable; improved wages for workers; Keynesian forms of demand management; and welfarism.

²Here, it has to be noted that the changes happened in the production relations and its interlinkages reoriented the world order.

entrepreneurialism and privatization became the central idea of neoliberalization process (MacEwan 1999; Lechner and Boli 2000).

The operations of the MNCs are central to the development of economic globalization. MNCs³ played a major role in the expansion of the technologies internationally; their huge capital demands and the surpluses created made them key players in the international financial markets (Held et al. 1999). Different production units were set up in different national locations to enhance this system. Each subsidiary unit involved in the production process producing pieces but no single affiliate produced the whole product. The fusion of computer technology with telecommunications made it possible for firms to relocate an ever-widening range of operations and functions to wherever cost-competitive labour, assets and infrastructures exist. The explosion of new markets and monetary mechanisms operating through a space-time compression placed the financial order independent from the real production where labour became treated as a separate entity with no capacity or role in this financial run (Comaroff and Comaroff 2001, 181). Power goes into the hands of the owners of capital where they could easily shift their location to lower labour cost location and which involves superseding and suppression of labour rights (MacEwan 1999, 59).

The movement of capital across borders always redefined labour at various levels. It underwent constant shifts in its representations and also relations. It is calculated that the world's workforce got doubled in the last three decades of the twentieth century. Munck describes it as the second Great Transformation which is happening in the capital/wage-labour relations (2002, 66). Capital in its race to conquer maximum profit searches for the ways and means for high productivities with cheap labour where maximum return was possible. Global competition, neo-liberalism and structural adjustment programmes are corroding away the labour's bargaining strength. Multiple but interrelated forms of flexibility determine the characteristic of labour in the era of international competition. The main neoliberal argument is that labour flexibility will result in economic growth which will create more jobs.⁴

³MNC-Multinational Company is a company which produces goods or markets its services in many countries through Foreign Direct Investments and controls and manages subsidiaries in a number of countries outside its home base.

⁴OECD (Organisation for Economic Co-operation and Development) explains flexibility in five forms: (a) external numerical flexibility where number of employees adjusted in accordance with employers' needs; (b) externalization where part of the firm's work is put

Guy Standing describes seven kinds of flexibility: organizational flexibility, numerical flexibility, functional flexibility, job structure flexibility, working time flexibility, wage system flexibility and labour force flexibility (1999b, 33). The contextualization of flexibility with few numbers of workers than the required, no rules, no bargaining capacity and cheap wages act at each place thereby get embedded in the local contexts. Jeopardizing the nation state through compulsions of labour law reforms and informalization are manifestations of these attempts. Labour flexibility in these transformations has developed as a social process and at the same time a discourse too. These changes opened possibilities to critically examine and deconstruct the dominant discourses of work in a globalized era (Munck 2002, 73). The term 'flexibility' has undergone various syntheses each arguing that it promotes some stakeholder's interests (labour or capital) in order to explain it in the new worker's context (Furåker et al. 2007).

Feminization of labour is another important feature of the globalization era that got perpetuated through the changing labour process. The term simply indicates the increased participation of women in the paid labour force but in reality it is a very problematic approach. Guy Standing developed the theme 'global feminization through flexible labour' which implies that flexibilization of labour created shifts in the gendered patterns in labour (Standing 1999a). With many more women coming in and out of the labour force more easily, combining labour and other work, more women started sustaining in the labour force. These tendencies increased in the 1990s with the growth of export-oriented industrialization. The increasing informalization tendencies all around the world and these new approaches are interconnected. Many male-oriented jobs have been slowly taken over by women. On the contrary, gender division of labour sustained in the turn of flexibilization too (Elson 1996, 40).

This shift needs more comprehensive analysis. International trade cumulated in the hands of a few mega-players where industries are completely dominated under their control. On the other side, unemployment and poverty pushed workers to accept any kind of work that was

out through subcontracting; (c) internal numerical flexibility where working hours and their 'delivery' adjusted according to employers' needs; (d) functional flexibility where workers' jobs modified according to employers' needs; and (e) wages flexibility where labour's reward according to productivity and market conditions (cited in Van Dijk 1995, 223–24).

available even under exploitative conditions (Cohen and Brodie 2007). A chaotic situation has emerged in the labour scenario where the divisions of labour exemplified binaries constructed as formal/informal, organized/unorganized, etc. A systemic gap within these binaries encouraged the neoliberal production process to manipulate this situation. This context retrieves the discussion on labour with a new methodology for understanding it.

GENDER AND GLOBAL RESTRUCTURING: FEMINIST DISCOURSES

Feminist critiques of the global capitalist market began looking at the gendered divisions of labour where men's work is valued over women's work in terms of wages, status and working conditions. From the early time onwards, the conflict between productive and reproductive labour shaped many political interventions in feminist theory. Mohanty (1997) says that the naturalized assumption about work and the worker is crucial while understanding the sexual politics of global capitalism. The issues of spatial economy⁵ have become important for feminist analysis. In the neoliberal policies, gender is erased out in such a way that the unpaid work of reproduction is disregarded in its formulations of labour (Brodie 2005).

The ideological construction of jobs in terms of gender and its impact on women's work is important in placing labour in the capitalistic era. Mies (1986) assessed the impact of the changing international division of labour on women, and how it sustained women's subordination under the different historical shifts of production. Women are preferred for certain kind of jobs in the global market like in the service sector or just-in-time production processes. The age-old debate of women's space with their cheap and unpaid labour and reproductive capacities continues to follow in the neoliberal globalized period also. They are seen to be better suited to perform tedious repetitive tasks and also with no tendency to organize. The kind of jobs they perform in this era is assembly work in export processing zones (EPZs), subcontracted home-based/sweatshop labour, clerical service works, domestic work and also sex tourism. They become the vulnerable sources of labour characterized by low wages,

⁵Spatial economy denotes the manner by which capital utilizes particular spaces for differential production and the accumulation of capital and, in the process, transforms these spaces (Mohanty 1997).

worse working conditions, few benefits, no unionization, and minimal regulation, part-time, temporary, casual and informal.

This restructuring of women in work is coined as the ‘feminisation of the proletariat’ by Sassen (1999). Adapting more women to the workforce temporarily has altered the labour relations in a disruptive manner. Marchand and others emphasize that a gender analysis of the current transformation of globalization is important in revealing the power dimensions of globalization (Marchand and Runyan 2000; Pyle and Ward 2003). Marchand (2006, 260) illustrates that ‘gender operates on at least three interconnected levels: the individual, the collective, and the ideational/ideological’. Hence development of a gender perspective ‘allows us not only to introduce “subjects” or “people” but also subjectivity into an otherwise rather abstract discussion about processes, structures, markets, states and so forth; it also sensitizes us to the specifically gendered representations and valorizations of global restructuring: for instance, is the market becoming increasingly masculinized and (civil) society feminized’. She says the entire process of global restructuring involves a reassessment of the relations among the state, the market and the civil society (2006).⁶ This has had a processual impact on the entry of women to the labour market and the kind of marginalization they faced. It was essential to go beyond a narrow materialist understanding of global restructuring to capture the gendering process in this shift (Marchand and Runyan 2000). The discourses of globalization are highly gendered and that the relations of domination in global restructuring coexist with gendered symbolism and metaphors to naturalize hierarchies. Brodie (2005) says that a feminist analysis must place work restructuring as struggle over the appropriate boundaries of the public and private and looking at the formation of gendered subjects within these spheres with the ultimatum of feminist political struggles. But these boundaries are more complex including those pertaining to the state/market/civil society complex, the global/regional, etc. that globalization involves renegotiating all these. ‘Gendered subjects’ in this restructuring also gets reconstituted complexly in this process which need a close look in the context of this new political economy (Brodie 2005; Marchand 2006). Women’s role in the family was considered as their commitment and primary responsibilities which controlled their

⁶Marchand uses the term global restructuring to explain the process of globalization that is breaking down an old order and constructing a new one.

activities in the labour market. Feminist theorists have countered this argument by reversing the reality that her role in the home dictated her space in the labour market through patriarchal constructions which exactly is subordinating women's roles (Jenkins 2004). The rights of women articulated through historic diversities symbolize the struggles of establishing the role of women. Maternity rights, childcare rights, etc., evolved all around the world because of this necessity. This is again contestable as the organized sector enjoys the benefits of this.

Gender is a socially constructed category which is inherently grounded in a specific historical context, as it refers to the understanding of a particular society at a particular time. This approach provided a path of visibilizing the experiences of women as active participants rather than in a victim, unchangeable role under patriarchy (Scott 1986). Meaning is multidimensional which paves to develop a different understanding of class. The possibility of a new methodology in understanding women's role as working class evolves in this process (Scott and Keates 2004). Each locality will generate their own gender ideologies which will get reflected in the workspace. The change in production pattern and the consequent shifts have not altered the social location of the women workers. Rather the old masculine frame sometimes gets articulated by women as dominant masculinity (Devika 2010) without any substantial effect in the labour market. The vulnerability through adapting flexible working conditions is part of women's continuing tension to fulfil her role as a homemaker.

This gendering process has transcended the ideational frame influencing the global restructuring. 'Hegemonic masculinity'⁷ is another term used to understand the gendered representation (Connell 1995). This is reflected in the restructuring of the international economy (masculine space) over domestic economy (feminine space) where the former deals with the control of the resources, trade and export while the latter consists of welfare measures and the services offered within it. The gendered metaphors and symbolisms in globalization discourses are used in such a way that particular groups are privileged over the others, i.e. the finance capital over manufacturing, finance ministries over social welfare ministries, market over the state, global over the local and consumers over citizens. It is quite difficult for women to enter into these areas of

⁷Using the concept 'hegemony' by Gramsci, this term represents the successful claim to men's authority, by subtle means than direct violence.

hegemonic masculinity because there are possibilities to face hindrances in their careers resulting from the notion that women are 'out of place' and tendencies to push them aside (Marchand 2006).

The national and international labour markets have been restructured in such a way that they are increasingly segmented and hierarchically organized in terms of class, race, gender and age. The increasing flexibility of gender in the OECD (Organisation for Economic Co-operation and Development) countries is leading to a shrinking group of masculinized core labour with relative job security and a growing group of feminized flexible labour with little job security (Marchand 2006, 266). This leads to an increasingly feminization and casualization of labour in the rapidly expanding export industries in the south. The shift in production to the export sector as part of structural adjustment was aimed at women available for these poorly paid positions with little or no opportunities to improve wages or benefits with temporary job situations. Their labour will be resurged in the new situations attuning to the need of the market.

Mohanty stridently argues that in the functioning of this 'new' world order, the social location of the Third World women is important in the new international division of labour where the exploitation and domination of capitalistic process are highly illuminated (1997, 7). The increase in the number of EPZs in the Third World and the characteristics of workforce employed therein offers support to this argument. Enloe explains the recruitment of young women into assembly lines of EPZs and the techniques espoused to ensure their docility until they are fired out of the employment. The preferable situation of women's cheap labour is not the only mandatory reason behind it but also the enhancement of patriarchal norms that prevail in the larger society and the family. These young women are assigned to work only for few years, after which they 'naturally' return to their family in rural areas or turn into sex work in the larger urban centres in which they find themselves (Enloe, cited in Whitworth 2006).

Enloe (see Whitworth 2006) discerns links between the adoption of the International Monetary Fund's (IMF) austerity measures and how women carefully accommodate the economic pressures arising out of them in their own ways. This link is between the macro- and micro-existential strategies of these women. The legitimacy of a government depends on the families' capacity to tolerate those measures like the capacity of women to stretch the family budgets, through which the basic necessities are taken care of. Women are forced to strict financial managements both through domestic incomes and also travelling abroad

to work as domestic servants or other forced labour where the main condition of such undertaking is to repatriate the money for the household needs. Sassen (2004) describes it as the ‘counter geographies’ of globalization which is out of the normal process.

Whitworth (2006, 93) says that a dynamics is set up around the deeds of women, their actual life situations and the policies produced by international organizations and powerful foreign governments. These dynamics reverberate and are dependent on the stereotypical roles and qualities of women, their racial, caste status and also their locations. Large numbers of women both migrant and local are involved in these service sectors. The emergence of a new feminized ‘internationalized’ service economy is not visibly attended even though these sectors couldn’t survive without the service of them. The heterogeneous characteristic of the gender relation is also too visible in this process where racial- and class-based disparities are visible between women themselves. Domestic work is a classic example of this hierarchical entry (Brodie 2005). This regime pressurizes women from both sides to be full-time workers in the paid labour force and gendered domestic workers and caregivers in the unpaid domestic sphere. Women going abroad to work as domestic servants face unregulated and inaccessible workplace environments and the wages will be lower than minimum according to that particular country. There are many experiences of sexual and physical assaults too (Whitworth 2006, 94).⁸

While ensuring the strategies of the labour market, a clear connection between low wages and the definition of the job as supplementary is visible. The ideas of flexibility, temporality, invisibility and domesticity are the conceptualizing and explanatory factors of women as cheap labourers and unskilled. In most of the cases, there won’t be any protective legislation for these women working as either migrant workers or in the EPZs or as home-based workers. They face adverse working environments under which they have to sustain for their survival. The working situations are so severe that they are forced to leave once they are pregnant. The temporality of the work denies them their rights as workers and also enrolment in the workers’ statistics or trade unionism.

⁸Enloe explains the complexity of being a domestic worker where a woman is involved in a complex set of issues that includes assumptions about femininity, citizenship and the transformation of a ‘family home’ into a workplace, and all of these are informed by gendered and racialized attitudes (Enloe, quoted in Whitworth 2006).

VISIBLE FORMS OF INVISIBLE LABOUR—GENDER AND INFORMALIZATION PROCESS

The global restructuring has resulted in the formation of a new category of workforce where the hegemonic rearranging has placed gender, caste, ethnic and racial formations in a complicated manner. A new hegemonic work atmosphere has become the reality with majority of the workforce falling in that category. Work got defined variantly in the new premises, and many of the old formations became not applicable to the newly created workforce. In this categorization, there is a tendency to place the formal and the informal sectors in a duality where one is projected against the other. This dichotomy even though discredited but matters in explaining labour activities in the different sectors. Formal spaces of work started getting replaced through informal, flexible and temporary spaces. Informal activity in the developing world consists largely of unregulated but productive activity, a survival means of the poor in the economy (Sudarshan and Unni 2003). Giddens (2006, 741) explains the term informal economy as the dealings outside the sphere of formal employment, involving the direct exchange of goods and services and sometimes exchange of cash for the services provided.

Over the last two decades, there has been a rearrangement in understanding the employer–employee relationships leading to informal contracts through the development of new technology and also through the new forms of structural variation. Multiple work and multiple tasks could be specified as an essential requirement in this new phase. Employers at their end try to find out maximum ways to reduce their fixed costs by contracting out where ever is possible. This explains the flexibilization of labour which results in casualization and instability. There will be no legal minimum wage, no social security, poor conditions of work, no employment security, etc. in this labour. It includes deviations like migration, bonded labour, forced labour, etc. Men are being pushed out of work, and the urbanization process has incurred more women into the labour force. These formations are so fragile that conceptualizing and accounting informality has been a very complex issue. Theoretical and empirical analyses have often travelled in divergent paths which fail to account for the informal sector. New attempts to converge both methods imply a re-patterning of the informal economy in the official statistics.

Increasing informalization implied the increasing feminization of the workforce. Women got entry and access in male-dominated world of

work through the informality process. Feminization of the workforce predominantly refers to the ‘flexibilisation’ and ‘casualisation’ of women’s labour (Marchand and Runyan 2000). As discussed above, it is not simply adding women into the workforce but women became the most suitable labour force in the new arrangement of the capital. Informal sector is the primary source of work for women in most of the developing countries. Women are predominately employed in the most marginalized sections of the informal economy (Hill 2010). The various processes of informalization have led to the displacement of regular, full-time and permanent labour. These informal processes of work consist of outsourcing (putting out system), contracting/subcontracting labour, casual labour, temporary labour, home-based workers and other forms of work unprotected by labour standards. Informal employment is gendered in the sense that it makes up a larger share of women’s non-agricultural employment than men in most developing countries (Chen and Vanek 2013). It implies illegality and invisibility as there is no direct link between the provider and the worker. Decreasing labour costs directly reflects on the lowest wages and no extra cost for labour. Overriding the mandates of formal is facilitated at the micro-levels with less number of workers and maximum homes being used as workplaces. It is evident in industries like garment, food processing, etc. in India.

The flexibility of the labour force opened up new forms of informalization, which easily adapted women to the labour market. Extreme conditions of poverty pushed women to the available labour market without looking at the consequences. In the newly emerged labour spaces like special economic zones, young women (aged 18–25) are chosen to work only for a short tenure adds to the flexibility argument (Kabeer 2008). Labour-intensive forms of production aimed at export markets are frequently relocated by the MNCs mainly due to the availability of unorganized and cheap female labour in the host countries. The workers selected for these zones are in such dismal conditions that their daily subsistence is really limited with rare chances of organizing for their rights. Another trend which is the increasing home-based work either at the bottom of global subcontracting supply chains or local production creates less visible forms of employment with no labour practices (Chen and Vanek 2013; Heintz 2006).

The transnational turn of these trends is also significant while discussing the global restructuring. With the increasing flow of migrant domestic workers, a new world gendered domestic order is created, which carries an

unequal division of labour between the Global South and Global North. The extension of productive/reproductive labour to a transnational terrain operates in such a way where transnational families are involved and through the constant flow of resources from migrant domestic workers to the families they continue to support in the country of origin. This establishes that gender hierarchy has a multilayered explanation where race, class and nation state are involved in it at specific points. An international division of domestic labour is articulated through these debates where global capitalism uses the reproductive labour of women in the labour market. This again reinforces patriarchal hegemonic relations among and within countries (Parrenas 2005). The informal economy is deeply gendered, and there is a strong relationship between poverty and women's informal employment. The disproportionate representation of women in poorly paid and lowly regulated jobs in the informal economy demonstrates the link between gender and poverty (Sethuraman 1998, 46–63).

The involvement of men and women in the same kind of trade differs as men concentrate in large-scale business and non-food items, while women concentrate in small-scale trades and food items. Even though the income in the unorganized sector is less compared to the formal sector, the gender wage gap is large in the informal sector. The complexity and invisibility of women workers in the global value chain which largely comprises informal economy widen the gender gap in it. In these production organization spaces, employer is situated very far or invisible in the chain and in most cases, there will be no employer–employee relationship. Women in the informal sector are mostly under-represented in the higher-income wages zones as they are mostly engaged in low-income activities. Despite their low average earnings, female workers' contribution to gross domestic product (GDP) is higher than their labour force participation. The multiplicity of the activities women perform adds to a high point in the country's income without them being acknowledged at all (Chen and Vanek 2013).

UNDERSTANDING CLASS AND LABOUR USING THE GENDER LENS

Class has always been among the major interests of sociologists in the modern era. The discussions around class have always used men's life experiences as the 'point of reference'. Traditional theoretical positions could not accurately place women's class positions and class analysis undermined women's labour by 'invisibilising' it in the production

system. Holmes (2007, 130) argues that in order to understand the ways class and gender relate, we have to seek a transition from the focus on the economic and occupational categorization of class (Marxist analysis) onto feminist critical responses to the ideas which embrace culture. A class analysis formed under the assumptions of male breadwinner and female housewife model formed under the structuralist conceptions had a universalizing tendency of this situation where it was only a reality for middle- or upper-class women.

While appropriating the methodology of historical materialism, Marxism has valued only things that produced money and had exchange value. Early positivists⁹ who concentrated on workers' issues excluded women from their discussions as women mostly were not a paid labour force. There was no gender-differentiated data available that time (Hesse-Biber 2007). Marxist feminists, while bringing out the limitations of this analysis, have brought forward discussion of domestic labour, the unpaid labour of women,¹⁰ reserve army of labour, etc. into the mainstream debates. They highlight the importance of women's labour in a capitalistic economy which has always been considered of no value. Historically, patriarchy was developed as a structure to explain and even legitimize women's oppression by men in the society. Delphy (1997) explains patriarchy as a system that subordinates women primarily through its economic bases in the domestic mode of production.

Criticisms of materialist-based approaches (class analysis) have drawn on elements associated with the cultural turn. Early materialist feminists like Barrett (1992) have expressed the shift in the positions by expressing the inadequacies of the materialist methodology. Discursive approaches are explored to go beyond the limitations of Marxism and class analysis. Feminist researches have seriously responded on research of feminists of colour and thereby have discarded the essential experience of women in favour of a plurality of women's lived experiences. Bringing

⁹Feminists have pointed out the invisibility of their experiences in social science researches and raised the contradictions between their lived experiences and mainstream social science findings. This is how a strong criticism to positivism was considered as one of the broad-reaching paradigms in social science methodology. Positivists relied on empirical facts to promote the objective reality by denying values in researches. Emile Durkheim (1938/1965) followed positivist traditions.

¹⁰Early debates on domestic labour and other forms of women's labour well explain these concepts.

the 'other' into the research process has changed the feminist discourse in itself adhering to a post-structuralist deviation. Social construction of gendered subjectivities gained prominence in this discursive paradigm (Hesse-Biber and Brooks 2007). A post-structuralist focus on discourse stresses a more social and less deterministic way to address gender and its relationship to class (Barrett and Philips 1992). Reay (1997) has argued for the need to go beyond the materialistic (structuralist) explanation of class and class inequalities to inclusive gender discourses in order to understand gendered ways of it (Holmes 2007, 141).

Many feminist scholars have worked to unveil this structuralist focus. Skeggs (1997) argues that the forms of capital are structured and valued within the social relations of gender and class. In their struggle with constructions of class and gender, the notion of respectability always predominates. She claims that it is not easy to convert femininity into 'good jobs', when compared to masculinity (Holmes 2007, 143). In order to deconstruct the notion of good jobs, differentially marked out parameters have to be worked out.

Adkins intellectually explains this in relation to labour markets. She has explored the labour market debates where the notions that are carried out about gender and sexuality with 'feminine' and 'masculine' capabilities help divide jobs into women's and men's jobs (1995). In society, masculinity is a marker of physical strength and femininity a marker of pretty pleasantness. Adkins (2004, 145) argument is that 'gender is an ingrained habit remade and reinforced by reflexivity, rather than transformed by it; but the actual role that class might play remains unanalyzed'. She attempts to develop an analysis of 'feminine habitus'¹¹ as it has altered in a shift from private (domestic) to public spheres.

Knowledge is always socially situated, and the social location of the particular women counts to the epistemological foundations of that particular site. Gherardi, while explaining the symbolic order of organizational workspaces, tries to define women's subject. This is the positionality approach which presupposes a discursive order where gender relations are the outcome of discourse practices that is produced out of human realities. The symbolic universes of male and female are differentiated by the symbolic order of gender whereby a hierarchical order

¹¹Habitus is the set of learned and embodied ways of doing and thinking the concept being developed by Pierre Bourdieu (1987/1990).

is created with interdependence. A position creates a location in which social relations and actions are mediated by symbolic forms and modes of being (Gherardi 1995, 100–101).

Drawing this theoretical implication to a work organization, we could fix these schematic utterances. Male and female workspaces are completely different with male symbolic universes defined as the authoritative in the hierarchical order.¹² Here, positioning gender is not a process of creating oppositional subjectivities but an approach which reflects the essential indeterminacy of the symbolic order of gender.

GENDER AND LABOUR: SPATIAL AND TEMPORAL DISCOURSE

The gendered dimensions of globalization coerce us to reconsider some of the core areas in feminist method and research. The discourses of globalization are highly gendered and that the relations of domination in global restructuring coexist with gendered symbolism and metaphors to naturalize hierarchies. The globalized political economy has intervened in the discussions on labour with a specific approach to gender. Questions of gender, class and caste deviate into a new path when ‘feminization of labour’ especially that of Third World women becomes a reality. MNCs have developed production systems in tune with the situations of these women so that their terrain remained unshattered. Mohanty (2003, 72) argues that problematizing the situations of Third World women (who are the most exploited) is one of the urgent theoretical challenges, and the social and political analysis of gender should be addressed in the postindustrial contexts. The location of the multinational export processing labour-intensive zones in the Third World countries is one site that produce cheap labour, high unemployment situations and low tendencies of unionization of these women.

In most of the discussions on Third World women’s participation in labour, they are treated as victims of class, racial and sexual ideologies. The social agency of women who undergo a series of capitalist discipline is not given any specific attention. This writing does not provide a space to understand them as agents who make choices, holds a critical position on their own situations and who have

¹²Gherardi uses Derrida’s concept of *différance*, male and female are not only different from each other but they also constantly defer each other. The difference at the same time separates and unites because it represents the unity of the process of division.

raised symbolic forms of resistances (Mohanty 2003, 72). Mohanty very strongly puts forward the argument that:

one of the tasks of feminist analysis is uncovering alternative, non-identical histories that challenge and disrupt the spatial and temporal location of a hegemonic history...In the rewritings what is lost is the recognition that it is the very complication of histories with History that helps us situate and understand oppositional agency. (Mohanty 2003, 116)

This methodology will help the analysis in building up discursive spaces on women's realities and its relation to the political economy. Deconstructing women's time and their spatial involvement will help in positioning their role in the labour market. Adkins, while working out a feminist framework of temporality, mentions about the need of building an alternative 'time concept' for women. Industrial capitalism excluded and segregated women from and in the economic field, which would allow the actualization of time in practice corresponding with the time of the field. In an effort to counteract such clock time frame, it is logical to situate ventures to stretch clock time and its associated measurement mechanisms to compute social reproductive activities as exemplary models to counter the exclusion of many women from the objective universe of the clock. A measuring methodology for such practices had a tendency towards failure since such activities typically escaped, evaded and defied measure in units of clock time, not least because of their diverse and multiple responsibilities (Adkins 2009). Another strategy worked out is that an alternative time universe of women's spatial actions should be developed. Adkins explains this as often phenomenological in character and time measurable not in standardized units but something that is emergent, processual and subjective (2009). She mentions Julia Kristeva's work on women's time as paradigmatic of this strategy. She explains that female subjectivity is linked to cyclical and monumental forms of temporality which intensely challenge the linear, teleological and prospective conceptions of time (Kristeva 1981). The strategy that has to be developed is to extend normative clock time and its measurements to the real-life processes and also to discover alternative counter-hegemonic regularities and ethics in the very same activities.

As mentioned above, global restructuring processes profoundly established work patterns which are highly flexible in character and temporal. Space is also temporary that most of the times work takes the form

of contracted, home-based where there are possibilities of high flexibility. At some points, collective measures of time are also lost, when the work sites become so individually managed. The value of the work is not measured in terms of time but the output which can be worked out at any time. Subcontracted, self-employed, piece-rate works and their implications to the identity of a worker fit into this social process. Adkins explains this as a shift from a clock time to an event time where the future has to be worked out in terms of this shift. Event time in this process is entwined with the transformation of the social field, a transformation involving a move from the social as territory to the social as circulation (Latour 2005; Adkins 2009).

Like temporality, spatiality is also a significant concept in situating women's work. In a capitalist situation, how capital utilizes particular spaces for differential production and also to more accumulation of capital and in this process how these spaces get transformed also requires attention of feminist analysis. Different patterns of gender relations are found in different spatial locations. This depends on the gender and class formations at each industrial space and its political locations. Changes in the economy and sexual division of labour occur haphazardly through time and space (Walby 1997, 7). In the new world order, Third World women are being trapped into specific social locations in the New International Division of Labour that its specific outcomes are the existing reality of these women. While considering the debates on space, it must be conceptualized integrally with time. There are multiplicities of spaces in social relations, sometimes they intersect with each other, align with one another and also share enormous contradictions. Social relations of space are experienced and interpreted differently by different people in the hierarchical set-up. Massey (1994) discusses about the gendered spaces, where she stresses that when space is thought of in terms of social interrelations, place emerges as a particular articulation or moment of interrelations which are not confined to the local, but beyond the global. Place identities are always unfixated, contested, and multiple and trying to stabilize places means conforming it to particular space-time constraint. She underscores that the unity of space and place should be considered in terms of gender identity too.

Extreme situations of poverty compel women to enter into labour market with all its consequences. The responsibilities of their families push them to asymmetrical labour relationships which could be defined in a social reproduction per se. Social reproduction occurs at the level of

the household through all the activities that women do which are considered invisible and unpaid, at the level of state through various policies and welfare initiatives and at the interstate/national level via policies such as immigration (Bezanson and Luxton 2006). The type and level of responsibilities that individuals have for the different aspects of social reproduction vary by social location (Vosko and Clark 2009). In feminist, political economy both reproductive and productive labour heaves wider social and political issues.

A social reproductive bargain composes various institutions, ideologies and identities around social stipulations and cares for human beings. A welfare state managed to address these situations through its social policies. A hegemonic framework which the bargain assumes consists of a bounded agreement (structure) including conditions of action, with the consistent role of agency involved in it. Actors negotiate from different structural positions of power with different resources (material, symbolic and organizational). Agents continuously get involved in questioning the power relations and alter the boundaries of bargain. It is impossible to determine the politics of reproductive bargain only at the site of production but considering seriously the social organization of care work, reproduction and sexuality across and in families, markets states and civil societies. The negotiations for social reproduction strengthen when public and private powers combine together. The means of organizing (social)reproduction raise questions of the subjective costs of reproduction of labour and conditions that enables it. Labour is commodified, marketized of socialized determines the stakeholders, with repercussions for social cleavages with and across social spaces and locations (Gottfried 2009, 77).

State has silently abdicated its responsibility of ensuring these workers' rights under the garb of transitioning to entrepreneurship. This is well noted in the policy changes of the state with regard to social security approaches too. Moving away from a labour focus, the social protection measures covering women (desstitutes, widows), children and elders became the focus of the budget. Measuring women's work never turned out to be the concern of 'protection providers'.¹³ Spatial redistributions occurring historically were also not considered as an ideological and discursive shift. Male-dominated work sectors have transitioned to

¹³Protection provider is used to denote the welfare state.

women majority workspace. These transitions have not got reflected in the larger sphere of work, family and society. This has altered into the transition of male breadwinner role becoming female social reproductive responsibility.

Here, the discussions on precariousness seek important highlights, moving beyond statistical measurements to the organization of social reproduction. Kathy Weeks using the standpoint analysis focuses on subjectivity to understand the labour practices. This gendered subjectivity necessarily presupposes some conception of the complex relationships among the social forces it seeks to challenge (Weeks 2004, 183). A project of totality is being proposed to locate some of the specific connections between women's everyday practices and the larger framework of social structures within which they are organized. Following her, it is possible to connect capitalism, patriarchy, sexist practices and racism which intersect at multiple points so that a feminist standpoint could be drawn by considering gendered subjectivities within it. Understanding labour within these social structures and subjectivities provides an alternative methodology to deal with women's subjectivities.

She refers to labour as 'the variable practices that are constitutive of ever-changing forms of existence and modes of subjectivity. By challenging the traditional gender division of labour, labour could be located as an immanent and creative force of social production and historical change' (2004, 184–85). Weeks again elucidates that 'labour is a category that enables us to acknowledge our historical immanence and to recognize the determined dimensions of social life while simultaneously affirming the creative force of the subjective will' (2004, 186–87).

Drawing from the above discussions, it is clear about the present reality of labour. Industrial workers are being scattered with the reality of no work, no benefits and an altogether disintegration of their work (Standing 2011). The systemic adjustments create situations to make women end up as individual entrepreneurs (mostly home-based) with supports only in the form of loans. The state whose role to support their labour process and welfare has completely withdrawn pushing them to become debtors. On the other side, the reality is the representation of women being suited for repetitive and tedious jobs and also without any chance of organizing because of their submissive nature. A symbolic feminization of the economy also occurs in this process through gendered and sexualized representations and discursive constructs in work situations and also at the state level (Marchand 2005).

Weeks (2004, 188) also affirms that women's work should not be considered as a site of exploitation and oppression; it is a micropolitical site where alternatives can be constructed, it is an enabling process rather than affirming it to be constraining. For her, the possibilities of feminist subjectivity and political agency are grounded in an ontology of labouring practices. Focus on women's labouring practices provides a feminist political site for developing alternative ways of being, desiring and knowing through models of collective subjectivities. Thus, feminist standpoint developed is a powerful ontology of creating models of subjectivities, subversive labouring practices. Global economy acts through its multiple localizations irrespective of its compositions. It penetrates into public/private, traditional/newly emerged locations. Attempts to look at the counter geographies of women's work provide the link between economies and survival strategies of nations. Few things are becoming clear in the course of understanding these multiple localizations. There is a shift in the spatial locations and temporal dealings which places the labourer in a newly defined space. This transformation entitles to a new labour culture and practices.

REVERSAL OF GENDER ROLES AND THE NEED FOR SUBVERSIVE PRACTICES IN LABOUR

Discussions on the impact of global restructuring in the daily life of women invoke a new approach to the socio-economic processes that have convoluted the political processes. Rather than shifting women from the clutches of victimhood to empowered positions, structural transcendence of the victim status with respect to class, caste and gender to an agential subjectivity releases the hierarchical influence. The issues of the new labour like flexibilization, feminization and precariousness have to be interlinked with this structural transcendence where women create their own spaces of choice and resistance. Considering women as labour subjectivities makes the new interpretations possible within the new discourse. Trying to make connections between gendered subjectivity, women's labouring practices, and the gender division of labour and global capitalism engages new meanings to the concept of labour. Labour is developed out of the need of human being's determination for basic sustenance. Female labourers always have been taken for granted in situations where the amount of labour and kind of creativity it puts

to the work is not valued. A certain nature of voluntary approach always shapes the conditions of it. These conditions favour capital which develops a certain sense of 'fear' and thereby 'invisibility'. It has direct linkages to their subsistence, which is the social responsibility that is placed on these workforces. The situation is too temporary in the minds of the subjects as this curtails again the basic values and rights they are entitled too. This is not the choice of entrepreneurship with state-designed mechanisms or more welfare assistance as 'women', but a freedom of determining work situations which are beyond the prescribed modern patriarchal situation. A new wave towards formalizing evolves out of these resistances.

Multiple responsibilities of the home, workplace and added to it other social reproductive responsibilities are the realities of women. Considering the interlinkages between their social locations (caste and racial identities), the kind of work they are involved in and the new identities that emerge in this process, a new ethical liberative politics has to emerge. In this world of rapid informalization of labour, the link between their very subsistence and survival has to be consciously worked out through the new social reproduction measurement system. Here, Weeks's (2004) argument explains how to get away from the mechanistic logic of determinism by highlighting the immanent, creative and strategic dimensions of women's lives. A specific political problem is rising here as how women's labour at different points of history summon for new models of work and the strategic ways to formalize it. The new forms of labour in this postindustrial situation and the politics of labour it proposes seek macro- and micro-level analysis. This is even a challenge to the existing model of the working-class organizing. The point is to create sites of contestation over the social construction of specific practices to counter the hegemonic debates of 'valuing labour'. Highlighting women's contribution to the economy, the new labouring practices and new forms of assertions could develop a new methodology of practising labour. Spike Peterson (2003) argues that when capitalism becomes a cultural code, new strategies of resistances should be worked out with how we participate in dominant representations as well to map capitalism as inextricably cultural and material process. This necessitates the process of transcending the feminine and masculine binary towards new debates on gender divisions of labour to counter the existing model.

This possibility of female subjectivity and feminist political agency can only be formed around women's labouring practices and situating them within the larger field of social reality. Highlighting women's contribution to the macro-economy and the new labouring practices they develop at each work site and new forms of rights assertion they do can be the means of it. Articulating spaces of work as spaces of resistance and determining the subject position in the reordering envisages a new spatial and temporal work model.

The feminist subject grounded in women's labouring practices constitutes a social collective. The usual parameters like participation, equality, welfare, collective bargaining, etc. could be relooked in this spatial frame of labour. This gives the potential to challenge the dominant structures to a political project based on the alternative ways of sustaining the social practices through women's labouring experiences. It creates a political ontology of practices in the labour milieu by challenging the existing parameters of measurement. New pathways of labour can be evolved through the subversive possibilities of gender roles and efforts to make a collective consciousness.

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State, Market and Labour: A Dalit Perspective

Rahul Sapkal and Daksha Parmar

CASTE SYSTEM IN INDIA

Caste is one of the unique features of Indian society that determines the nature of social relations between individuals in our country. As a system of social stratification, caste has historically divided Hindu society into different social groups of the Brahmins, the Kshatriyas, the Vaishyas and the Shudras (Jodhka 2012). The untouchables constituted a large group of population who were beyond the fourfold division of Hindu society. This division is mutually exclusive and inequality is the hallmark of this division. Brahmins because of their ritual status and hierarchy are always on the top with the three other groups below them and who are also considered as inferior in comparison with the Brahmins. This division is strictly based on the occupation that different caste groups perform as sanctioned by Indian traditions. Membership to caste is acquired through birth and it is very difficult to change one's caste. Central to the

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K. R. Shyam Sundar (ed.), *Perspectives on Neoliberalism, Labour and Globalization in India*, https://doi.org/10.1007/978-981-13-6972-8_13

question of caste is the idea of hierarchy, difference and discrimination (Gupta 1991). Caste groups in India are ranked according to the hierarchy in Indian society, and this position determines the nature of social interaction between caste groups. Inherent in the caste system of India is the idea of purity and impurity depending on the ritual status of different castes.

Untouchability and Caste in Modern India

In India, the caste system inherits and professes the inhumane practice of untouchability (Michael 1999). This practice separates the untouchables from the rest of the social groups. Because of the association of untouchables with certain polluting occupation based on hereditary, they were considered impure. Hence, the practice of untouchability was religiously sanctioned by the traditional Hindu texts and scriptures primarily the *Manusmriti*, which in a sense constitutes, though contestable, the ancient legal text in Hinduism. Given the polluting nature of the work done by certain untouchables such as removing the dead carcass of cattle from villages, there were severe restrictions imposed on nature of social interactions between different social groups in India. Historically, the line of pollution that divided the untouchables from the rest of the social groups and segregated these subgroups to accept the menial and less-human degraded jobs has been an important point of distinction in Indian society. The practice of untouchability was strictly enforced throughout the colonial period and was the rigidly observed by every social group. This is because it was almost impossible for the untouchables to adopt the path of social mobility and overcome their low status (Jodhka 2012).

During the colonial period, there was a systematic attempt to understand the social organization of Indian society primarily through the process of population census that led to the enumeration of different castes in India (Cohn 1987). This resulted in the consolidation of castes in India which was primarily done on the basis of classification of groups as per the occupations performed by different castes groups. As early as the 1881 census, the untouchables were classified in the occupational categories of field labourers, leather workers, scavengers, watchmen and village menials (Webster 1999). Apart from the census, the writings of various social reformers in the nineteenth century also discussed the existence of the practice of untouchability through which certain people

belonging to the lower castes were systematically excluded from social interactions because of the practice of purity and pollution (Jodhka 2012). This practice of untouchability imposed certain restrictions and debilities on the hitherto depressed classes which were the term that was popularly used to identify the untouchables during this period (ibid.). The caste system because of its graded inequality as well as the practice of untouchability restricted the depressed classes from accessing water or entering the temples or for that matter to pursue education. It was believed that the untouchables should not be allowed to pursue education as this is only restricted to the upper castes. Given the fear of pollution, the untouchables were also debarred from entering the schools or to drink water from the common source of water. Further, the untouchables were forced to perform certain occupations which were degrading in nature that involved their association with either human waste disposal or handling of dead cattle in the villages. They were paid a miniscule amount for rendering such services in the villages of rural India. Hence, because of these reasons, the poverty, illiteracy and deprivation among the untouchables were very high.

From Untouchables to Scheduled Castes (SCs)

By the early twentieth century, the depressed classes or the untouchables got an official recognition in the Government of India (GoI) Act of 1935. Under this Act, the process of listing certain castes in the Official Schedule began and it identified social groups that needed special attention by the colonial state. Hence, this resulted in the identification of SCs that primarily included certain communities who were historically marginalized and deprived because of the practice of untouchability (Galanter 1984, cited in Jodhka 2012). However, it was also recognized by those who were associated with the drafting of the GoI Act, 1935 that there is tremendous diversity in the practice of untouchability that existed in different parts of the country. Thus, there was a significant difference in the way in which untouchability was practised in the northern or the southern provinces of India. Hence, it was recognized that there is also a need to include other disadvantages that the communities suffered apart from the merely including the castes only on the basis of untouchability. Accordingly, though untouchability was an important criterion there were also other deprivations and disadvantages that were considered in the preparations of the state-wise lists in order to be

categorized as SC. Thus, the inclusion criteria were multiple in nature, and it was annexed to the Schedules of the Act and thus, it was known as SCs (Galanter 1984, cited in Jodhka 2012).

Given the introduction of various reforms related to the practice of untouchability during the colonial period also resulted in the enactment of various legislations for the removal of this practice. There were different legislature measures passed by various provinces in the south and Western India during the early twentieth century. However, it was only in 1950 with the adoption of Constitution that India abolished the practice of untouchability and its practice was made an offence under Article 17 of the Constitution of India. Hence, any practice of untouchability is strictly prohibited and it is punishable as per Indian laws. After independence, GoI adopted the list under GoI Act 1935 and has also expanded the same over the years. Apart from abolition of untouchability, Indian government also included various provisions for the welfare and upliftment of the SCs. One of the important measures adopted by the independent India relates to the affirmative action policies for the historically marginalized communities of SCs particularly with respect to education and employment in order to ensure their full participation and empowerment (Jodhka 2012).

As India embarked on its journey of planned development since the early 1950s, it was increasingly believed that the institution of caste will disappear as India progresses and becomes a modern nation. Caste system was seen as a thing of past or one of the features of the traditional Indian society that will wither away with the ensuring modernization process of development. However, even though there have been significant changes in the caste system it has not totally disappeared from our society.

Historically, given the hierarchical nature of the caste system in India it has legitimized inequality and discrimination by those belonging to the upper castes among those who were ranked below in the ritual hierarchy of status and power. The caste system to a large extent also justified the dominance of the powerful social groups, i.e. higher caste on the Dalits due to their lower status in the social hierarchy. However, this dominance was not accepted as religiously sanctioned but was challenged in multiple ways by those who were exploited in the name of caste system through various initiatives from below through the low caste movement. Some of the movements were reformists in nature that called for reforming the functioning of the caste system by giving up on certain

practices that were humiliating in nature while other movements were radical in nature that called for annihilating the system of caste such as the one as propounded by Dr. B.R. Ambedkar (Guru 1999).

Over the years, there has been an increasing consciousness among the untouchables castes about exploitation and discrimination built in the caste system. It is also realized that the system is unequal in nature and has restricted their access to resources primarily in terms of access to education or in terms of ownership of productive assets most importantly land and also with reference to employment. Even though the practice of untouchability with its debilitating features as prevalent during the pre-colonial and colonial period does not exist in India. Nevertheless, there has been a surge in the incidence of atrocities committed against SCs primarily because of their assertion to break away from the traditional social order (Shah 2000). Since the early 1970s, a new term called Dalits has been used to refer to the untouchables. Dalit means oppressed or broken and was first used as a Hindi or the Marathi translation of the term, depressed classes. In a narrow sense, Dalit refers to those who were untouchables primarily based on the criterion of caste whereas a broader understanding of the term Dalits encompasses Scheduled Tribes (STs), working people, landless and poor peasants, women and all those who are exploited politically, economically and those in the name of religion (Omvedt 1995).

The post-independent period also saw the introduction of various legislations and affirmative action policies with an objective to have a social system where the influence of caste can be minimized to a large extent. Given the historical deprivations and marginalization of SCs, GoI adopted several policies and programmes for creating enabling conditions between social groups and also for the welfare and development of SCs.

CONSTITUTIONAL REMEDIES, SOCIAL CHANGE AND MOBILITY OF DALITS

On 26th January 1950, we are entering into a world of contradictions. In politics, we will have equality and in society inequality. In politics, we will be recognizing the principle of one man, one vote and one value. On the social plane, we have a society based on the principle of graded inequality, which means elevation for some and degradation for others. On the economic plane, we have a society in which there are some who have

immense wealth as against many who live in abject poverty. In our social and economic life, we shall, by reason of our social and economic structure continues to deny the principle of one man, one value. How long shall we continue to live this life of contradictions? We must remove this contradiction at the earliest possible moment or else those who suffer from inequality will blow up the structure of political democracy which this Assembly has so laboriously built up.

Dr. B.R. Ambedkar (Constituent Assembly Speech delivered on 26 January, 1950, pp. 2–3)

The above is an eloquent testimony to the unprivileged status of Dalits and even a prediction of the consequences of discrimination by a Dalit scholar and a Parliamentarian of highest repute and one of the drafters of the Constitution of India—Dr. B.R. Ambedkar. These are excerpts from his last speech in the Constituent Assembly on 26 January 1950 while presenting the Constitution of India to the Republic of India. To overcome the historical discrimination of Dalits and to ensure access to social justice to all marginalized sections of India, the constitutional safeguards have been provided. They are expected to help the Dalits in protecting their legitimate welfare interests, accelerate their socio-economic development and to build up their capabilities for upward mobility. Those constitutional safeguards are aimed to provide legal entitlements, promote their socio-economic and welfare development and to foster upward mobility. From the beginning of Preamble and across the Directive Principles of State Policy as well as the fundamental rights, the framers of the Constitution have taken up special care to interlace the welfare and legal entitlements of those socially marginalized groups who are lagging behind in the process of development. While tying the legal entitlements with the developments goals, it is well understood that caste affects the every aspect of an Indian's economic life. By virtue of being born into a particular caste group determines the person's ability to access market opportunities, initial endowments and capability to harness his/her full potentials. Hence, in its preamble, it has been provided that the State shall secure to all of them *Justice, Liberty* and *Equality* together with the *Fraternity* to ensure equitable distribution of and access to resources. To maintain the aforesaid ideals, and above all the equality of opportunity and dignified life, the State pledges to mainstream the downtrodden, the oppressed people into the race at par with the frontrunners (Goswami 2003).

In the post-independence era, several policy initiatives and programmes were formulated and implemented to facilitate the integration and empowerment of Dalits into the process of economic development. Accordingly, the Indian Constitution provided for (1) equality before the law and the equal protection of laws (*Article 14*); (2) prohibition of discrimination based on grounds of religion, race, caste, sex or place of birth (*Article 15*); (3) equality of opportunity in employment under the State (*Article 16*); (4) prohibition of untouchability (*Article 17*); and (5) prohibition of 'beggar' or forced labour (*Article 23*). It provides for specific representation in the form of positive discrimination through reservation of seats for the SCs and the STs in the Parliament (*Article 330*) and in the State Legislative Assemblies (*Article 332*), as well as, in appointment to government service and posts in both the Federal and the State Governments (*Articles 16(4), 330(4) and 335*). There is also a clear directive in the Constitution that the State shall promote the educational and economic interests of the SCs and STs and protect them from social injustice and all forms of exploitations (*Article 46*).

Theoretically, the aforesaid provisions, as enshrined in the Constitution of India, depict the broader vision of Republic of India that shall guarantee the right to have the prescribed rights which will enable Dalits to have a dignified life. Therefore, the *de-jure* spirit of legal entitlements as reflected in the Constitution indeed received prominence in the development discourse and policy making than the *de facto* execution of those spirits while executing the welfare programmes for Dalits.

Jodhka (2012) argues that the various policy measures were undertaken by the GoI since Independence to address the socio-economic deprivation suffered by the SCs can be divided into three main categories. Firstly, the Constitution guaranteed equal rights of citizenship for all individuals. This included protective measures that abolished the practice of untouchability under Article 17 of the Indian Constitution. Secondly, government adopted several measures aimed at creating enabling conditions particularly through the system of reservations in government-run educational institutions and also in employment in the government services and the public sector. Lastly, government also adopted special measures for increasing the representations of SC through the quota system in legislative bodies at all levels in proportion to their population.

To promote the inclusive development policy and to integrate the welfare of Dalits into national agenda, the affirmative action policies,

i.e. reservation in employment and education were formed as a larger policy programme (Thorat 2009). It aimed to achieve three sets of policy goals: first, to promote social, spatial and cultural integration of Dalits into the mainstream so to repudiate social and religious discrimination, second, to promote and provide equal level playing field for equitable participation with others in the organized sectors of the country's economic and political life and third, to promote the welfare of SCs and STs in the public sector, the introduction of reservation in employment has been one of the most successful programmes of affirmative action in the world today (Jodhka 2012). Over the years, there has been a significant increase in the representation of SC employees at various levels of employment in the government sector. However, given the high proportion of illiteracy among the SCs they were primarily absorbed in the Group D jobs which were at the lowest level. Moreover, being recruited at the lowest level jobs, these jobs gave them a sense of dignity and security from the uncertain jobs that majority of them were occupied in the villages (Thorat 2009). It was only through the government jobs that majority of the SCs migrated to urban centres and this enabled the first generations SCs to allow their children to study in schools and pursue their education.

But the Dalit welfare does not merely mean access to some low-class jobs. Dalit welfare is sought to be achieved at multiple levels, viz. provisions of preferential treatment in education, in government employment, reservation of seats in parliament, state legislatures and local bodies and through other ameliorative measures and schemes designed to improve their life chances (Sheth 1998; Mungekar 1999). However, after the Mandal Commission's recommendation, the same preferential treatment further extended to the category described in the Constitution as socially and educationally backward classes of citizens, better known as the OBCs (other backward castes). Finally, to protect and promote welfare of OBCs, as a newly created socially and educationally backward category, the state has enacted legislative policies and executive orders (Sheth 1998). Hence, to ensure social justice and legal entitlements and to promote welfare of Dalits, measures taken by the state to strengthen effective citizenship rights shall be viewed as an active instrument of inclusive policy for creating a just and civil society.

Despite these concerted efforts by the state, it is distressing to observe that the gains of development have not yet trickled down to the indented classes to the extent it was envisioned, nor it has assisted in improving the daily lives of Dalits in a modern India.

DALITS, ECONOMIC DEVELOPMENT AND LABOUR MARKET: 1950–1990

As discussed in the previous section, in the post-independence era, the State is set to play a pivotal role in integrating the welfare policies of Dalits with national development goals and to create a just and inclusive civil society. An anchoring role of the State also indicates that the policy makers were concerned about the allocation of national resources for improving the welfare of all citizens and to accelerate the growth of self-sustained development. The planned economy model as adopted by the policy makers as a development strategy for economic development shows the strategic role played by the State in fine-tuning the balance between the economic and the social policies. The mediating role played by the State indicates that the democratic space shared between all stakeholders that allow marginalized section to raise their concerns and to negotiate the expected opportunities for economic development for all Dalits.

Since the post-independence, India adopted the model of planned economic development, based on socialist ideals and self-sustenance. It adopted development policies which laid significant emphasis on development of infant-in-house industries and adopted the policy of import substitution-led industrialization. The development strategy based on state intervention was expected to lead to the systemic development of these industries and the benefits of these shall trickle-down to the lowest strata of the society through redistribution of resources and central planning. As noted by Radhakrishna et al. (2006), at the time of developing five-year plans, the policy makers were reluctant to rely on free market mechanism and international trade due to the colonial history of the *laissez-faire* policy of British that had drained India's wealth during their rule. The initial success of planned economy and the Fabian Socialism led the policy makers to apply import substitution-led industrialization for self-reliance (*ibid.*). The first two decades after Independence laid the foundations and progress in modernization and developments in scientific areas particularly those related to the establishment of strategic industries in certain sectors. Active state policies in those periods saw the government's direct interventions to nationalize banks for boosting the credit supply in the economy, promote regulation-driven industrialization and poverty alleviation programs. The interventionist regime of these decades also witnessed an effort to increase the share of public sector and government in the economic development.

As shown in Table 13.1, the growth rate of real Gross National Product (GNP) in the post-independence period has been uneven. Till the 1980s, the mean growth rates were significantly low with considerable variability due to deceleration in the industrial production. The growth performance of GNP improved since the 1980s when the State started reforms towards strengthening the industrial sector and the variability of this growth has come down tremendously. The average annual growth rate of GNP hovering around 3.53% from the 1950s to 1980s increased to 5.65% after the 1980s. During the period of 1950–1980s, India achieved the growth rate around 3.5% per annum (referred as the ‘Hindu growth rate’). The deceleration of economic growth rate was largely attributed to the ideological orientation of early policy makers who were influenced by the socialist planned economic model (Sodhi 2008).

It is interesting to note that socio-economic conditions of Dalits during the command economy period did not show any positive development as expected to be in the fifth and sixth five-year plans; however, the blame for this cannot be placed on lower economic growth rates witnessed during the planned economic period (Thorat 2009). As indicated in Table 13.2, the literacy rate of Dalits increased from 14.67% in 1971 to 31.5% in 1991, though it was much less as compared to non-Dalits populations in India. The marginal success in achieving this literacy rate was due to affirmative policies and literacy programmes of the state (Thorat 2009). Prior to liberalization of Indian economy, the migration of Dalits to urban areas was less until the 1980s; however, thereafter Dalits started migrating to urban in search of better livelihood and educational

Table 13.1 Growth rates of real GNP in India

<i>Period</i>	<i>Mean annual growth rate (in %)</i>	<i>Standard deviation of year to year growth rate</i>
1951–60	3.58	2.64
1961–70	3.91	3.64
1971–80	3.05	4.16
1981–90	5.65	2.27
1991–00	5.83	1.97
1993–00	6.46	1.16

Source Author’s calculation based on data from *Reserve Bank of India Handbook of Statistics on the Indian Economy*, Reserve Bank of India (various issues)

Table 13.2 Demographic characteristics of Dalits vis-à-vis non-Dalits

<i>Particulars</i>	<i>Dalits</i>			<i>Non-Dalits^b</i>		
	<i>1991^a</i>	<i>1981</i>	<i>1971</i>	<i>1991^a</i>	<i>1981</i>	<i>1971</i>
Population (%)	16.48	15.75	14.6	75.44	76.49	78.46
Population (million)	13.82	10.48	8	63.26	50.89	42.99
Literacy (%)	30.07	21.38	14.67	47.69	41.3	33.81
Urban Population (%)	18.72	16	11.94	29.23	27.06	22.85
Workers Population Ratio (%)	39.75	39.58	36.34	35.8	34.87	31.79

Dalits refers to population belonging to Scheduled Caste and Tribe groups

Source *Census of India, Population Abstract* 1971, 1981, 1991, Office of the Registrar General & Census Commissioner, India, Ministry of Home Affairs, Government of India

^aExcluding Jammu and Kashmir

^bExcluding Scheduled Tribes

opportunities. This period is also accompanied by the deceleration in the agricultural sector growth rate and lack of employment opportunities in the rural areas. As one can see in Table 13.2, Workers Population ratios for Dalits on average were approximately equivalent with non-Dalits during in the 1980s and 1990s. This trend indicates that the majority of Dalits did not have any land ownership nor they had any capital for entrepreneurial activities, which compelled them to earn their livelihood only through selling their labour power in the market.

Though, the aspirations and prospects of having a better livelihood in the cities were driving the social imagination of Dalits that enabled them to join the industrial working class who were working in the textile mills and other industrial units around Mumbai, Kanpur, Surat and other industrial cities. Despite their hardships, the population was subjected to abject poverty and other struggles to live a dignified life in urban areas (Pais 1999). Table 13.3 shows us that prior to globalization, the incidence of abject poverty was higher among Dalits (includes SCs and STs) than total population in India, though the poverty rates for all people declined considerably from 51% in 1978 to 33% in 1988. Notably, the size of Dalits population below poverty line was hovering around 50% on an average between the periods of 1978–1988. This shows that more than half of the Dalits population were living a miserable life, barely able to ensure their food and income security without any livelihood opportunities during the same period. However, those who joined the unorganized

Table 13.3 Population below poverty line (%)

<i>Year</i>	<i>Total population below poverty line</i>	<i>Schedule tribe below poverty line</i>	<i>Schedule caste below poverty line</i>
1977–78	51.2	72.4	64.6
1983–84	40.4	58.4	53.1
1987–88	33.4	52.6	44.1

Source *Eighth Five Year Plan, 1992–97, Vol. 2*, <http://planningcommission.gov.in/plans/planrel/fiveyr/index8.html>. Accessed on 12 October 2018

Table 13.4 Percentage representation of Dalits in government offices as on 1st January

<i>Service group</i>	<i>1965</i>	<i>1970</i>	<i>1975</i>	<i>1980</i>	<i>1984</i>
A	1.64	2.36	3.43	4.83	6.92
B	2.82	3.84	4.98	8.07	10.36
C	8.88	9.27	10.71	11.54	13.98
D	17.75	18.09	18.64	19.16	20.2

Source Report of Commissioner for the SC's and ST's, 1987–88, Ministry of Social Welfare, Government of India

Group 'A' posts carry higher administrative and executive responsibilities and include senior management positions in the ministries/departments and field organizations. The middle and junior levels of Group 'A' along with Group 'B' constitute middle management. Group 'C' posts perform supervisory as well as operative tasks and render clerical assistances in ministries and field organizations. Group 'D' posts are meant for carrying out routine/manual duties to assist the supervisory positions

sector mostly in the urban areas were pushed to work in the insecure working conditions with no social or income securities (Thorat 2009).

Majority of Dalits who migrated to urban areas and joined the organized sector were mainly employed in the Class C and D groups whose real wages were much lower to support the family social security (see Table 13.4) (Mungekar 1999).

Thorat (2009) argues that prior to the 1990s, the reservation policy in the public sector indeed helped to improve the economic conditions of Dalits. Among non-managerial and supervisory positions (included both Groups 'C' and 'D'), the share of the SCs and Tribes in the public sector increased from 17 to 27%. Table 13.4 shows that the representation of SCs and Tribes was higher in menial jobs (lower-cadres Groups 'C' and 'D') than the managerial cadres Groups 'A' and 'B'. This clearly indicates that the quota policy did not implement fairly and resulted in blocking the opportunities for upward mobility in the public sector.

GLOBALIZATION, DALITS AND LABOUR MARKET: 1990S–PRESENT

Since the early 1990s, the economic reforms of the Indian economy turned out to be a watershed in accelerating the pace of economic growth, shifting from the state-dominated economy towards free market economy. Under the new liberalized market economy, the State began to limit its market interventions and created a niche to promote private sector into the areas of economic activities which were earlier provided by the public sector. In pursuit of market-led reform, this shift during the 1990s marked the state's substantial withdrawal from the public provisioning of social goods towards the promotion of market-oriented private goods whose accessibility was largely determined by individual purchasing parity (Thorat and Newman 2010).

The balance of payment crisis prompted the GoI to seek loan from the International Monetary Fund (IMF) and World Bank (WB) in the form of structural adjustment programme (SAP). The SAPs come with some conditionalities which are best described as neoliberal policies and the SAPs characterized by common set of conditions and policies are extended to all the countries in distress irrespective of their economic characteristics (Peet et al. 2003). These policies include export promotion, minimal state regulation, expansion of markets, deregulation of product and labour markets, privatization of public sector, liberalization of trade, fiscal conservatism, strict regulation on collective bargains, reduction in development expenditure and removal of controls on global financial flows (Thorat and Newman 2010; Steger 2009; Chandrasekhar and Ghosh 2002; Bardhan 2004). The prescriptions offered by these global institutions are without any consideration to structures and circumstances at the national levels. The process of globalization was intensified within the larger economic doctrine of neoliberalism (Teltumbde 2010). Neoliberalism as an ideology since the 1990s has become all pervasive and widespread across the world which is considered to be a very powerful idea and has penetrated all aspects of our life (Saad-Filho and Johnston 2005). Globalization within the neoliberal discourse emphasizes on expanding the role of markets and reduces state intervention in the economy. One of the major changes that were introduced with the advent of globalization was the introduction of market principles in every sphere of life. This was accompanied by deregulation, privatization and withdrawal of state from many domains of economic policy making such as employment generation and provision of social services such as education and health (Lister 2005).

The post-liberalization period also witnessed a rise labour productivity and fall in the employment in the organized sector. During the pre-reform period from 1981–1982 to 1991–1992, the employment growth rate in manufacturing industries was 0.40% while it marginally increased to 0.63% during the post-reform period from 1992–1993 to 2004 (Kannan and Raveendran 2009). During the period of 1960–1990s, the growth rate in aggregate employment was 2% when the GDP growth rate was around 3.5%. This further decelerated to 1.5% during the early 1990s and further to 1% in the early 2000s. A sharp decline in the employment growth in the 1990s was also accompanied by the acceleration in the GDP growth rate. Thus, the substantial decline in employment elasticity from 0.41 during the 1980s to 0.15 in the early 2000s attributed to the period of ‘jobless growth’ in the economy. This period of jobless growth was largely attributed to both policy and technological changes that increased the capital intensity of production process than labour intensity (Sharma 2006). Notably, the decline in the employment growth rate is primarily due to drastic decline in the state spending on major social sectors and employment promotion sectors, as a result of neoliberal policies adopted during the 1990s (Thorat 2009). As a result, the employment growth among Dalits fell drastically, since it was directly linked to the weakening of affirmative policy of the state due to state retrenchment prescription of neoliberal policies. And secondly, those who could not join the government sectors were pushed towards the unorganized private sector.

The post-reform growth story betrays bewildering contradictions. On the one hand, mainstream economists boasted of improved growth rates and higher productivity levels and enhanced choices and freedoms available to people at large due to neoliberal policies, and on the other hand, the marginalized sections could not reap the benefits of market reforms and lack capacities as they were strapped in the spiral of income and employment vulnerabilities especially among Dalits and women workers (Teltumbde 2010). The intervention by the State in terms of investments was seen as a wasteful expenditure creating inefficiency in the allocation of resources. In contrast, free markets were considered to be the most efficient institution in the allocation of scarce resources and capital (Munck 2005). Hence, the outcome of globalization was intensified privatization as well as increased participation of the private sectors in the economy that affected the employment opportunities for Dalits.

In the earlier section, we saw that under the heavily state-regulated regime, the Dalits in India could achieve *marginal* progress in terms of educational attainments and securing regular jobs in the urban areas. On the other hand, the process of globalization has shifted the policy focus from an active state intervention in public provisioning of social goods such as health, education and employment towards the market-oriented distribution system. Reducing the fiscal deficit has become a new gimmick to promote the private sector in key areas of erstwhile spaces of public investment. This development strategy has often been considered as reform by stealth and has dominated the process of policy making in the State (Bardhan 2004).

The rise of neoliberal regime, characterized by fiscal conservatism, state withdrawal from the market, decline in the union density, reduction in social sector spending, has led to informalization of workforce and both impact the welfare prospects of Dalits in India. As noted by Mohanty (2006), the agricultural sector continues to be pivotal source of livelihood for Dalits in the post-reform period. On the other hand, the manufacturing sectors employment share fell drastically and net new jobs disappeared, as relative to service sector that has emerged as employment generator. The share of regular employment of the total employment remained constant in the early 1990s; however, subsequently in the early 2000s, it was declined sharply. The decline in regular employment was co-existed with a significant increase in casual labour and decline in self-employment (GoI 1998). In the 1980s, regular employment accounted for only 10% of the net new jobs, and the rest was evenly distributed between self-employment and casual labour. The share of regular employment was around 10% of the net new jobs in the early 1990s and rest was equally divided between casual labour and self-employment category. However, in the 1990s, the share of self-employment declined from 44% (in the 1980s) to 20% (Mohanty 2006). Net job losses in the self-employment were counterbalanced in the increase in share of casual employment. The rise in the share of casual workers was largely located in urban areas as noted in 50th (1993–1994), and 55th (1999–2000) rounds of Employment and Unemployment Survey of National Sample Survey Organization. Majority of Dalits have been working in the urban areas as casual labourers. Worse still, Madheswaran and Attewell (2007) observe that Dalits working in the urban areas and mostly in casual employment earn 15% lower wages relative to equally qualified non-Dalits. They further argue that caste-based discrimination

is much stronger in the private sector than the public sector. Apart from the earning differences in casual employment, they also observe significant wage differential in regular employment. And finally, they note that unequal access to good jobs by Dalits is largely driving the discrimination in the urban labour markets. According to recently released 68th round of Employment-Unemployment Survey (2011–2012) of NSSO, in rural areas, self-employment accounts for the major source of livelihood among households belonging to others (58.4%), OBC (52.9%), followed by ST (49.5%) and finally SC (33.7%). On the other hand, being employed as casual labour for primary source of income was highest among SC (52.6%) and ST (about 38.3%) than among OBC (32.1%) and others (21%). The share of households with regular wage/salary earning as the major source of income was the highest among others category (13.3%) followed by OBC (9%), SC (8.5%) and ST (6.3%) (NSSO 2014). Similarly, like in rural areas, proportion of households with household type self-employed was higher among OBC (37.8%) and others category (36.9%) than among SC (26.8%) or ST (19.5%). Proportion of households with income from regular wage/salaried employment as major source of income was the highest for others (46.5%) followed by ST (44.5%), SC (44%) and OBC (37.6%). Proportion of urban households with income from casual labour as major source of income was higher among SC and ST (20.5 and 18%, respectively) households than among OBC households (14.3%) or others households (5.9%) (NSSO 2014). Persistence of employment and income vulnerabilities is still glooming phenomenon of Indian labour markets. This trend however we saw prior to liberalization and even it continued after the successful years of market-led reforms does not insulate Dalits from slithering into the trap of precarity and market adversity. Thorat (2018) using 68th round of NSSO survey argues that disproportionate dependence on precarious wage work by Dalits largely attributed to caste-based discrimination in labour markets and lack of accessibility to market. As a result, the rate of unemployment is higher among Dalits than the rest of population.

IS GLOBALIZATION GOOD FOR DALITS?

As discussed above, this paper argues that the globalization has directly affected the Indian economy in general and the working life of Dalits in particular. It has not only changed the product and labour markets conditions but has changed the living condition of toiling masses.

Scholars who support globalization as an instrument to expand the boundaries of freedom, liberty and market individuals overlook the *post-facto* impact on the struggling masses who are finding it difficult to manage their day-to-day life. Theoretically, globalization indicates an unconstrained mobility of labour and capital sources which will take its recourse using the fundamental market economy principle, viz. markets will allocate the resources efficiently to those who values the most. However, the reality is far away from theoretical principles postulated by neoclassical economic theory. Globalization has brought concentration of ownership power in the hands of few, who based on their vested interests influences the State to promote their private investment. As a result, globalization only benefits too few at the costs of large ‘others’.

Scholars like Prasad (2016) argue that though the globalization has benefited too few people, it has a potential to create opportunities for others and thereby even Dalits can join the group of those few to become a Dalit capitalist. His argument makes two assumptions, viz. market forces are identity-neutral, and they provide level playing field to all. However, it is undeniably false to assume that the market forces are identity-neutral. They in fact work primarily on the identity of individuals because identity acts as a signalling mechanism in various markets. For instance, in their pioneering work, Thorat and Attewell (2010) argue that caste as reflected in the surname of the candidates act as a potential factor for creating taste for discrimination in the labour market who are otherwise having same qualifications. Therefore, the functioning of globalization in labour market is not identity-neutral. It is important to note that like labour market, caste identity acts a signalling mechanism in access to credit thereby perpetuating inequalities. Though scholars like Prasad (2016) firmly believe and attest a credence to Dalit Capitalism as a force which shall annihilate the labour market discrimination through transforming the self-employment into the business entrepreneurship as noted by Harriss-White et al. (2014), a rapid surge in private business since the 1990s and substantial Dalit population moving into self-employment does not provide the conditions for the erasure of caste. The dominance of caste in business and homophile in employment indicates rather caste exclusion and barriers with caste-driven networks at the distribution level (Deshpande 2017). Moreover, caste as a form of social identity will remain as prognosticator and screening indicator of economic status which enables banks to practise taste-based discrimination while allocating credits to Dalits in India. In their empirical

study, Kumar and Venkatchalam (2016) argue that the incidence of taste-based discrimination in credit market shows significant inter-caste differences in processing fees and later on at the approval stage.

On the other hand, scholars like Thorat (2009), Thorat and Newman (2010), Teltumbde (2010) and Chandrasekhar and Ghosh (2002) have been arguing that globalization has adverse impact on the economy as a whole and notably the marginalized section has been worst affected. Firstly, globalization supported by neoliberal policies is reducing state intervention from the market functioning, as a result there's no control on the private sector. In order to sustain in the global competition, the private firms are engaged in inefficient trade-offs whereby quality jobs and mandated wages are reduced and workers are forced to work in precarious working conditions. Sapkal and Shyam Sundar (2018) argue that workers from SC & ST social groups are largely represented in precarious employment and whose odd ratio of getting regular employment is statistically large as compared to workers belonging to OBC and unre-served social groups. Secondly, the huge programmatic research body that Shah et al. (2018) have put together in terms of statistical analyses of the National Sample Survey data and in-depth ethnographic studies across the spaces in India has clearly shown that Dalits, adivasis and other socially vulnerably placed people have suffered the brunt of restructuring of the economy by neoliberal policies and they document the adverse outcomes and processes in their book. We describe some of the processes and outcomes here. Dalit workers have lost even their low-paid jobs say in the tea plantations. They suffer from poor bargaining power thanks to the insensitiveness shown by trade unions in tea plantations in Munnar in Kerala, and the managerial strategies which seek to pit poorer sections of Dalit migrant workers with local Dalit workers. They perform dirty works (like cleaning bones with toxic chemicals) and most precarious jobs due to social segregation of them to those jobs. They have lost their regular and long-established sources of livelihood (especially land) due to exploitation of natural resources by powerful multinationals under state protection and even invitation and they get poor compensation and some low-paid casual jobs in return. Kannan (2018) has shown that Dalits and adivasis are worse off than Muslims in most parts of India as poverty incidence was much higher among these two segments than others. The state under the shadow of globalization appears to be the weak protectors of legal rights of workers. As the process of liberalization began, the state has started the reforming the labour laws in favour of

employers (Sapkal 2016; Shyam Sundar 2011). This strategy has weakened the processes of social dialogue and collective bargaining in labour market. Under the state-controlled regime, the rights of Dalits could be protected because the state functions in the spirit of Constitution of India. The same may not be true for firms in the private sector as they are driven by profit motives. In the name of reforms, even the public sector firms especially the nationalized banks are asked to follow the market principles lest fiscal drain would take place. Further, thanks to neoliberal prescriptions which the GoI has completely accepted government employment has not grown at the pace as witnessed during the planning period. Therefore, it is clear that the rights of all workers especially about the Dalits workers are under attack.

Around the world, the trade union and social movements are rising against the forces of globalization and dominance of global institutional players such as WB and IMF. India has also witnessed 16 major nationwide strikes on the issues of pro-capital and pro-market economic and labour policies. Shyam Sundar and Sapkal (2017) argue that countrywide strikes have two striking characteristics. One, trade unions are trying to form a caste-class solidarity when they fight against precarious work. Two, the industrial struggles of the working class have taken up social policy issues such as public distribution system or price rise which results in articulating the concerns and the collective voices of the marginalized sections of the society. Trade unions are widening their social landscape.

Furthermore, the caste-based discrimination is as well reinforcing social conflict in the society and detrimental to social cohesion. As noted by Thorat and Joshi (2015), the incidence of caste-based discrimination often leads to atrocities committed against Dalits and social conflicts. Finally, as discussed above the caste system is hereditary in nature as it is a unique feature of birth-binded social identity and identity dictated occupations circulate from one generation to another generation. The unique feature of the outcasts is that they constitute the only group considered as ‘untouchables’ and who were/are born ‘impure’ due to caste-based assigned jobs which are considered to be physically and ritually polluting. Dalits under the globalization have been forced to accept these caste-based occupations (which are precarious in nature-like scavenging) as the opportunities provided by markets are not accessible to them. As a result, Dalits are pushed towards the margins and compelled to accept the dirty jobs (Shah et al. 2018).

Apart from accepting the dirty jobs, caste network works both as a structure of disadvantage or discrimination, and as a structure of

advantage or accumulation working alongside gender, religion and the dis/advantages of education, occupation and connections 'closed' through endogamy (Harriss-White 2003). When the means of production and distribution in the market is controlled by non-Dalits, then Dalits would be ensnared into the lower rungs of the business economy, running small shops as retailers or agents. The limited opportunities will further impoverish the Dalits to a great extent and would endogamise non-Dalits for blocking Dalits' market access through caste-based network externalities. To be sure, the limited and poor quality opportunities constitute sources for bare minimum survival for the Dalits as elite opportunities such as businesses are denied to them thanks to absence of or limited access to formal credit (Guérin et al. 2015).

CONCLUSION AND WAY FORWARD

Given the persistence of adverse consequences of economic and social discrimination at various levels, annihilating caste-based discrimination will eventually spur economic efficiency and growth. Development theories have been for a long time centred around the question of overcoming the discrimination of Dalits and marginalized and how to augment the pace of growth through inclusive policies. In this paper, we have outlined the narratives of Dalit discourse and their tireless struggles to lead a dignified life in neoliberal India. We have located caste as a social marker which despite serious policy efforts is resurrecting the ordinary economic life of Dalits and still blocking their access to market opportunities. Two strategies have been discussed in the existing literature on impact of globalization on Dalits in India. One theoretical strand predicts that in perfect competition, the social costs of discrimination will be externalized through self-correcting solutions and self-enforcement of norms which are anti-competitive in nature. On the other hand, the divergent view argues for an active state intervention to protect Dalits against discrimination and shall ensure equity and equality in market opportunities so that it will bring the private sector under an optimum regulation. Other strategies argue for an active state interventionist policy to overcome economic discrimination so that the rights of the marginalized could be protected and it also will bring the private sector under optimum regulation. The latter strategy has been recognized widely a feasible option as it ensures legal protection of Dalits. Our discussions above indicate that caste-based discrimination against Dalits in labour market is high,

notably severe in the private sector than public sector since it restricts the equal access to jobs. There is a crying need for imposing affirmative action legally on the private sector. Aforesaid discussion on various aspects of discrimination and humiliation of Dalits in labour market not only indicates the persistence of deprivation of Dalits, but it is also detrimental to economic growth in private sector. Neoclassical growth theory tells us that for higher economic growth, the unconstrained mobility of capital and labour is essential; however, any constraints due to identity of individual lead to inefficiency and reduced productivity. To correct this, there's a need to design inclusive affirmative action for enhancing diversity within private economy and securing non-discriminatory access to Dalits in hiring. Moreover, a recent legislative act to promote equal opportunity would be a catalyst for effective legal safeguard in eliminating discrimination in recruiting and for ensuring fair participation of the marginalized groups in the growing industrial sectors. Recently, Supreme Court of India (State of Punjab And Ors vs Jagjit Singh And Ors on 26 October 2016, <https://indiankanoon.org/doc/106416990/>. Accessed 4 October 2018) has grounded equal pay for equal work in Article 14 of the Constitution as a fundamental right. There is a need to adopt this principle in the proposed labour codes so that the incidence of discrimination against Dalits could be minimized in the Indian labour market. Finally, we argue that state needs to take necessary measures to promote a decent work regime wherein work and employment opportunities for Dalits would abound, Dalit workers' rights would be protected, social protection would exist, and social dialogue would be active for restoring social cohesion in the society. Finally, this paper argues that state needs to take necessary measures to promote a decent work and inclusive policies for Dalits so that they shall not be pushed to at the market adversity. The rights of Dalit workers would be protected, and ensuring social protection to all through social dialogue would be instrumented for restoring social cohesion in the society.

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