

THE IMPACT OF GLOBALIZATION ON THE TRADE UNION MOVEMENT IN INDIA

Kiran P. Bhalerao*

SHEETAL PRAKAS BHLERAO**

Abstract :

The effects of 'accelerated globalization' cannot be denied when observing modern innovations shaping human life. Its development and consequent revolutionary impact is unlike any other in modern history. The last half of the twentieth century witnessed changes in exponential terms, such as informational and technological innovations that constantly redefine the way people function. This study focuses on the effect of globalization on trade unions, paying particular attention to the formation of liberal economic conditions, the rise of global capital flows, and the diversification of workers, working conditions and employment patterns. Globalization has led to the formation of new social, economic, and political conditions which have made it increasingly difficult for trade unions to function in traditional ways.

Keywords – Globalization, Trade Union, liberalization

Introduction

The term 'Globalization' has come to represent different things to different people, depending on the context in which it is used. It is a multi-faceted and multidimensional term that has a very broad definition, and has become incorporated into various fields of study. It is, however, important to note that it is a process that started almost as far back as human civilization and

* **M.A. (Eco.) LL.M. (NET) MBA (NET) Asst. Prof. (HR), Chate Business School, Satara Parisar, Beed By Pass Road, Aurangabad.**

** **M.COM, M.Phil**

exploration, one that has grown and accelerated ever since. It is only in the 1990s that academics have started commenting on what is now termed ‘Globalizations Theory’, in which some have gone as far as equating it to the Industrial Revolution in terms of its scope and spread.

The process has not always been called globalization, and the history of this phenomenon is widely contested and debated, making it difficult to actually determine when it started. In fact, it remains a debatable topic as to whether or not the term is analytically useful. It is, at this point, unnecessary to relay all the events and developments associated with globalization. It is, however, important for the purpose of this study to note some of the most significant developments in the process in order to see how it evolved and grew to become one of the most pervasive forces in the world, one which changed and transformed many facets of human life in a revolutionary way.

The evolutions of the economic, political, and social spheres have been greatly influenced by the increasing scope of globalization and the effects thereof. The structure of the global political economy, meaning the regulations and institutions governing the actions of states, has come to favor the more influential and powerful states and individuals. Capitalism, as the dominant economic ideology, demands certain structural and institutional characteristics such as the free flows of goods and capital, a monetary system which deals with exchange rates, control over capital movements and the managing of reserve assets. The need for industrialization, accumulation and growth prompted the powerful states to alter the protectionist status quo of the 1800s. Beginning around 1850 and continuing with accelerated pace later in the 20th century was an emerging trend where states began replacing mercantilist policies with more liberal measures that created an open market system. This served the dual purpose of gaining competitive advantage with products one can produce efficiently and having access to other resources in lesser-developed countries, such as raw materials and agricultural produce.

Trade unions have been formed out of the backdrop of capitalism and against capitalism and the accumulation process of the bourgeoisie, giving workers strength through solidarity. The various changes in the economic system, greater mobility, and localities open to organisations and capital were fundamentally against trade unions and the fight for working class issues. These

changes will first be assessed and noted as for their influence on unions around the world, discussed with the eye on looking at the condition of the global trade union movement today.

Trade Union Movement in India:

During 2001 the labour movement celebrated 100 years of its existence in India. During the centenary celebrations, various labour leaders narrated in great length contributions made by them and the India Trade Union Movement [ITUM] in the freedom struggle of India. Many of them have, furthermore, been glorifying their contribution in securing trade union rights and other benefits for workers in the organized sector; however the ground realities show that in the years following India's independence, the ITUM membership has remained stagnant, if not declining. Its activities have been more or less confined to the organized sector, more so to the public sector enterprises – from where over 70% of its membership is drawn. The number of trade unions and their federation has expanded. Further the state ownership on the one hand and trade unions closeness to political parties made not only the unionization work but also made easier securing non productively related financial benefits in the public sector establishments. With the onset of the liberalization process that included disbanding of the public sector and the Coalition form of government, the ITUM capacity to influence political leadership in securing undue demands weakened, causing the Labour Movement to move from one stage of marginalization to the other.

Since the focus of ITUM was the workers in the organized sector, more so those employed in the government-owned establishments, the mass of workforce engaged in the unorganized sector remained not covered by the trade union movement. Consequently, over 90% of the workforce remained unaware of their rights as workers and as such were being exploited by their employers. Most of the time the worker is not even aware of the employer's excess Long working hours, under payment, sexual abuse, and physical confinements are day-to-day affairs. The workers take these actions of their employer as fate.

The labour laws in India do not make a distinction between the organized and unorganized sector, yet the resources of the government and trade unions are directed mainly towards this section of workforce. The real exploitation of the worker and his/her family takes place in the

unorganised sector where unions are conspicuously absent. Of recent, the international pressure and the shift of workforce from the organized to the unorganized sector, etc., have generated renewed interest in the unorganized sector. The government has repeatedly made announcements about its intention to shift the focus of its activities towards workers in the unorganized sector. The trade unions too are now trying to penetrate the unorganized sector. All the major CTUOs have specific programmers aimed at enlisting membership of workers in the informal sector. There are some indications of workers being organized in beedi, construction, fisheries, forestry, home based workers, etc. industries. However, enrolling a worker as a member can't be a sufficient indicator of unions' functioning / effectiveness. The latest verified figure on the membership of Central Trade Unions in December 1989 was declared in July 1994 by the Government of India. Accordingly five of the Central Trade Union Organizations [CTUO] have been accorded recognition of being national centers of trade unions. These are, the Bhartiya Majdoor Sangh [BMS] having links with Bhartiya Janta Party [BJP] and with a verified membership of 3,117,324 tops the list followed by INTUC [2,706,451], CITU [1,798,093], HMS [1,477,472] and AITUC [923,517]. In addition there are a large number of non-affiliated / independent unions functional particularly in the unorganized sector and private / joint venture companies.

Then there are other forms of workers organizations, such as *Morcha*, labour cooperatives, NGOs, etc. performing the role of promoting workers welfare. The Indian Trade Union Movement is close to political parties, has a narrow support base, there is a multiplicity of unions, centralized decision making, ad hoc management, obsolete strategies, external and over-aged leaders, personalized and power-oriented leadership, confrontationist attitudes, non-existent second tier leadership, and negligible gender representation.

Global Context and Structural Challenges in Trade Unions:

Structure, as it is used in this paper, refers to the institutions and regulations that govern the actions of actors in the global political and economic system. The global financial system, however complex, has certain norms and procedures to which must be adhered. The global monetary system; international political commitment; economic policy; and even human rights, of which labour rights form part of; is governed by rules and governing bodies responsible for

regulating behaviour. The developments discussed in this section were selected in order to illustrate the tilted relationship between global capitalism and trade unions.

The transformation from protectionist to liberal was needed in order to expand the global economic system and for industrialized nations to accumulate wealth. Global FDI flows have increased remarkably in the last two decades of the 20th century, but much of this is still concentrated in industrialized countries. Transnational Corporations (TNCs) remain the largest source of FDI, and the majority of these are located in the developed world. Their investments also largely remain in the developing world, as is demonstrated by the fact that in 1998, 92% of total FDI outflows came from developed states and 72% of the total inflows returned to these economies (UNCTAD, 1999). This persistently marginalizes developing economies and sets the foundation for inequality in other areas. In Figure 1, the global FDI inflows are illustrated, as are the inflows toward developing economies. This shows the inequality in distribution and the rapid increase during the 1990s, peaking in 2000, and once again showing an upward trend since 2003.

The Pattern of Liberal Economic Conditions

Protectionist and state-centric regimes dominated international politics in the 1970s, when ideological clashes between capitalist and socialist regimes in combination with the advent of the welfare state made economic protectionism an easy strategy to follow for many governments (Scholte, 2005: 38). However, such measures did not facilitate global economic activity, and the wave of liberalization following the end of the Cold War and the Bretton Woods- system brought economic integration and cooperation to the forefront. Due to the economic situation many countries found themselves in after World War II and in some cases internal conflict and underdevelopment, the choice was an easy one: either open up local markets or stagnate economically, politically and socially. The planners of post-war economic governance saw it as pivotal to resurrect international trade. In order for this to happen two mechanisms or institutions were needed. First, a lending facility that could provide funds for reconstruction, the World Bank was needed. Also, a regulatory institution that would promote responsible appropriation of funds as well short-term loans to countries experiencing balance of payments, the IMF, would have to be created (Griffin, 2003: 796).

It is important to note the actions of the major powers in structuring the international system and the institutions regulating global relations, for the neo-liberal agenda that is advantageous to the bourgeoisie of the international system is enforced by the various international inter-governmental organisations. Such organisations have some capability to act against individual states defecting on important issues due to the collective power of all the members (Gills, 2000: 152). These institutions, although influential, have not been solely responsible for the prevalence of the liberal ideology in the global political economy. The actions of certain states also facilitated the process by changing perceptions about liberalisation; neighbouring states at the time observed the actions of others when unsure about the outcomes of changing macroeconomic policy.

Globalisation has facilitated transnational class formation with the national ruling classes of different countries converging in the international arena through inter governmental institutions, global think-tanks, and other international **fore**. Major changes in the world took place during the last two decades of the 20th century; innovations in the transportation and information technology industries revolutionized the opportunities for communication across borders. Communication is the basis of human interaction and social interconnectedness, so it follows that the establishment of material conditions facilitating such interactions would also alter traditional formations of class and culture. The increased interactions between the leadership of industries, governments, non-profit organisations, and even influential individuals have made it possible for elite class formation on a global level. Robinson and Harris (2000: 17) commented in this regard, saying, “as national productive structures now become transnationally integrated, world classes whose organic development took place through the nation-state are experiencing supra- national integration with ‘national’ classes of other countries”.

A wide variety of conditions are found in the countries that make up the global political economy with differences in employment opportunities, working conditions, wage structures, labour laws and union activity. Neo-liberal conditions make it easier for large firms to choose countries with lenient cheap labour and weak or unregulated laws to facilitate their operations. Outsourcing manufacturing to poor and underdeveloped economies, which lack infrastructure and the capacity to enforce certain labour standards, has become essential to succeed in conditions of

global competition. Moreover, small developing economies sometimes welcome such companies at the expense of their citizens, foreign investment taking precedence over the rights of workers in the country.

‘Asymmetric Globalization’ refers to those areas which are ‘slow’ to liberalize, meaning certain products or services are less liberalized than others due to the continued marginalizing of such issues in the previously mentioned institutions, such as the WTO. When examining the products which the developed states are reluctant to liberalize, it is found to be those that are important to developing states and less important to the industrialized, developed world, such as agricultural products and textiles (Griffen, 2003: 792). Other important areas in which liberalisation has been reluctantly applied, is the movement of low-skilled labour and intellectual property rights.

Even though the effects of liberalisation on unions are not as visible or easily measured as some of the arguments that will follow, the changes are important because they lay the foundation for the further marginalisation of labour in the global political economy. By establishing liberal economic conditions in the global economy, the scales were tipped in favour of capital and the capitalist accumulating class at the expense of labour. This facilitated the rest of the measures instituted to sustain this biased relationship and is an enabling factor to the global nature of capital and the structural changes in employment practices.

The Increasingly Global Nature of Capital

Capitalism has always been expanding and evolving, encompassing more and more of the world, but it is only relatively recently that the infrastructure has been in place for the actual functioning of global markets and international trade and investment. Information and communication technologies have opened up new ways in which firms and governments deal with each other. Global markets are interdependent and integrated in such a way as to function in real time and beyond physical space, giving it more freedom and strategic options than ever before. This has not happened overnight, but was a gradual process involving various developments that paved the way for today’s integrated and deregulated financial system.

The development of the technological infrastructure that enables companies and individuals to communicate, trade, and process transactions at high speed and with pin-point accuracy has played a central part in creating the global system known today. These include information configurations, computer networks, and interactive systems that handle complex sets of transactions everyday from various parts of the globe (Castells, 2000: 104). As one author put it, “unlike all prior arrangements, this new system [of international finance was not built by politicians, economists, central bankers or finance ministers. No high- level international conference produced a master plan. The new system was built by technology.”(Wriston, 1991: 59)

Another development has been the creation of a wider range of financial instruments and products, such as bonds and other securities, which have aided the growth in global financial activity. Based on mathematical equations and market knowledge, these instruments provide investors with more options for international lending and have increased sharply since the 1970s. This is partly due to the availability of financial instruments and the sources of credit, thereby inserting more instability in the system (Hirst and Thompson, 1996: 41). The way in which financial instruments such as securities, derivatives, and foreign exchange are made into commodities is an important factor to note since these also contribute to the distribution of power away from the state into private firms. Within the last five decades, the scale and number of global markets and variety of financial instruments has increased remarkably, the volume of trading in such instruments increasing substantially in recent years (Scholte, 2005: 166).

These endeavours form the basis of electronic, supra-territorial, financial activity taking place across borders easily and efficiently, but also out of the reach of the vast majority of the earth’s population (Scholte, 2005: 165 — 167). Inequalities and insecurity within the system are exasperated because these activities normally serve only small elite, the accumulating class of the world, but affects the majority of people living in a volatile global economy. The resulting nature of the global economy has become volatile and uncertain, causing major crises in large parts of Asia and South America. This is primarily due to irresponsible lending and speculating by large groups of investors and banks.

Another critical development in the global financial system has been the deregulation and liberalisation of financial markets across the globe. These developments have been discussed in the previous section of the study, but it is important to note the connection between speculative movements, financial flows, and liberalisation. In a fully integrated and liberal system, financial flows can move unhindered to and from a given market, thereby opening up more options to companies and individuals, but it also increases the instability of an already vulnerable market system. Especially, the banking sectors of developing countries were observed to become fragile and unstable, caused in part by irresponsible lending, but also because the banks were not ready to deal with unstable economic conditions.

The relationship between capitalism and labour has always been a conflicting one, since it is the goal of any capitalist enterprise to reduce production costs, including labour costs, in order to make a bigger profit. In a fully integrated and global market system, various options are open to advanced capitalist companies in its quest to reduce costs and optimize efficiency. Strategies concerning labour include the following:

- downsizing or subcontracting certain parts of the business that can be performed in areas with lower labour costs
- adopting new and innovative labour strategies such as temporary labour, part-time workers, and by automating certain tasks and functions
- obtaining permission from their labour force to apply stricter conditions of work and payment in return for a furtherance of their employment (Castells, 2000: 254)

Firms are understood to be rational actors in the economic system, stimulating circumstances of global competition and reacting to threats and opportunities that subsist in the global economy. As firms move their activities and investments to favourable environments, states become entangled in a bid to attract such ventures. The result is global competition, not just between firms, but also between countries who have become commodities in themselves: “By increasingly promoting the transnational expansion and competitiveness of its industries and services abroad, and competing for inward investment, the state becomes a critical agent, perhaps the critical agent in globalization itself.” (Cerny, 1996: 131)

2.2.3 Changing Patterns of Work and Employment

The innovation and development of capitalist society has created new ways in which to optimise efficiency in the firm, increase output, and decrease the potential for error through the advent of computers and automation of production processes. While the images of industrialisation in the 1940s and 1950s have been masses of workers standing in front of a production line, performing simple tasks, the current situation is much different as people have been replaced by machines and computers. No longer do eight hour work-days have a place in the modern firm, because flexible labour policies and part-time employment are now favoured due to the positive effect on profit margins.

The effect of globalisation can most clearly be seen when one takes a closer look at workers and their lives in the global economy. Despite the widening income gap between workers of different education levels, there is also evidence that the recent transformations in the global economy did not create enough jobs for the world's citizens. It has become a sad truth, but technological or structural unemployment has become a reality as blue-collar workers and farmers are becoming a thing of the past along with the major influence of the organised labour movement. Smaller workforces with diverse, multiple skills are employed to do quality checks and repairs, working in shifts and irregular hours in order to find more efficient ways to organise labour in the production process (Munck, 1999: 10; Collier and Mahoney, 1997: 300).

New strategies have been developed in order to respond to the pressures of global competition, ones that move away from Fordist approaches and more towards new generation Toyotism and flexible labour strategies. The goal is to reduce labour costs and limit labour's power by organising workers in different and innovative ways around the numerous jobs performed in the production process. Just-in-time, lean production, job rotation, multi-skilling and flexible employment patterns were said to provide more autonomy and responsibility to workers but have instead created underemployment, informal employment structures and job insecurity for most workers (Eder, 2002: 173).

The effect of these measures has been leading to further diversification of the labour movement, as well as increasing the uncertainty and helplessness of unions. The informalising of labour has

tended to give companies more power to allocate workers less privileges and rights, thereby optimizing their own position at the deficit of workers. With temporary employee structures, a company can dismiss workers without prior notice as contracts have sub- clauses protecting the firm. With more diversification within the labour conditions, it becomes more difficult for unions to make their members identify with each other and form cohesive issues to engage in with companies (Thomas, 1995: 241).

In developing economies, there is often an expanding informal sector where ‘work’ does not imply regular hours, a regular income, or even a fixed working place. Street vendors, domestic workers, illegal immigrants, and migrant farm workers can all fit into such a category; they all fall outside traditional work structures and pose a challenge to unions. Trade unions have to find ways in which they can incorporate these workers; this is often the fastest growing sector in the developing world, although traditionally viewed as too big, complex or diverse to organise (Gallin, 2002:244).

There are also certain changes in the make-up of the labour force that represent a break from traditional views relating to union membership. Women have been overlooked for a long time in union structures, as they often find employment largely in the informal sector and on an irregular time schedule. Another reason is the traditional societal views around women, especially in the developing world, as unimportant and inferior. These societal views have led to the oversight of this group in union membership and leadership. If they are to curb their downward trends in membership and influence, unions have to change the traditional view of their members from male workers in the manufacturing or mining industry and employ new strategies to incorporate women and the informal sector. This leads us into the next section surrounding diversification of workers and the work structures in the world.

2.2.4 Diversification of the Workforce and Structural Employment

With globalization and modernisation comes change, not only in the areas already described in this study, but also socially and personally within groups and individuals around the world. People are not only workers, but also citizens, parents, men and women, ethnically distinct, and socially conscious. These multiple identities bring about diverse issues and interests that may

serve to unite, but also divide; and can have profound effects on unions and their members. One of the most important dividing factors is gender and the changing of traditional views around the labour force. The proportion of women in the labour force has grown from 33 per cent in 1970 to around 40 per cent in 2000, making them more important today than ever before. Especially considering the huge impact they have on the youth and education of children on matters pertaining to the labour movement, this is a constituency that cannot be underestimated in the future. However, worldwide, women still occupy proportionately lower positions in terms of pay, part-time vs. full time, and the formal vs. informal sectors (Harrod and O'Brien, 2002: 11).

The differences between industries and within countries are another issue that fundamentally weakens the negotiating power of unions, as these divide people on vital issues that need attention and change. While certain issues are universal and affect all workers, some still remain specific to some industries, such as working conditions, payment structures and work times. While business practices and management policies usually establish themselves through education and tradition, seeming almost universal, especially in the case of multinational corporations; the same cannot be said about the labour movement.

The effect of all the above mentioned conditions is an intensification of differences between groups within the labour movement. This makes it difficult to reconcile the different issues that various groups have and create solidarity and coordination of goals, thereby undermining the effectiveness of bargaining and negotiating on a global level. The fragmentation and division of the labour movement is aided by corporate managers and serves to individualise and externalise the social relations of production, thereby making workers think in 'insider /outsider' terms and accentuate differences (Crouch, 1997: 375). In real terms, this means that although solidarity has always been the key strength of unions worldwide, it is rapidly declining due to the inability of the labour movement to unite behind a few fundamental issues which serve the movement as a whole. Workers, worldwide, see the effects of automation and mechanization in the manufacturing and service industries and with it the decrease in blue collar work. This adds to the hostility between groups, and xenophobia and other prejudices increase between opposing groups. Such is the effect of these that it becomes more difficult to unite behind one cause due to the accentuated differences that people perceive to exist. Add to this the shortage of work and the

entry of new groups to office structures, and it becomes almost impossible for unions to create a clear mandate to address.

Conclusion

The purpose of this paper was to describe and identify the problems facing Indian as well the global trade union movement, paying particular attention to the effect of globalisation on trade unions. Globalisation has been explained as a process, one that encompasses various factors and builds on each in complementary and sometimes conflicting ways. Even though this process can be traced to the mid-nineteenth century, the speed and spread thereof has increased dramatically during the course of the twentieth century.

Labour is firmly grounded in the territorial constraints of the nation state, and thus, trade unions have increasingly found themselves subject to the demands of global capital and marginalisation by governments. The ease and scale of global financial flows is astounding, with billions of dollars in financial ‘commodities’ being exchanged every day through the vast network making up the world’s financial markets. The growing number of multinational corporations creates conditions of heightened global competition and results in various managerial strategies to cut production costs and maximise profit.

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