LABOR, DEMOCRATIZATION AND DEVELOPMENT IN INDIA AND PAKISTAN

In this first comparative study of organized labor in India and Pakistan, the author analyses the impact and role of organized labor in democratization and development. The study provides a unique comparative history of Indian and Pakistani labor politics. It begins in the early twentieth century, when permanent unions first formed in the South Asian Subcontinent. Additionally, it offers an analysis of changes in conditions of work and terms of service in India and Pakistan and of organized labor's response.

The conclusions shed new light on the influence of organized labor in national politics, economic policy, economic welfare and at the workplace. It is demonstrated that the protection of workers has desirable outcomes not only for those workers covered but also for democratic practice and for economic development.

Labor organizations that are based on labor rights affect economic performance and political practices in desirable ways. Rights-based labor organizations strengthen democratic governments, public investment, and conversion of wealth into wellbeing. Organized workers help to ensure that benefits of growth are shared. Worker solidarity is essential for democraey and development.

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Introduction

WEALTH, WELLBEING, AND SOCIAL INSTITUTIONS

> The central problem in the theory of economic development is to understand the process by which a community which was previously saving and investing 4 or 5 per cent of its national income, converts itself into an economy where voluntary saving is running at about 12 to 15 per cent. of national income.[1]
>
> W. Arthur Lewis

The claim that economic growth is the surest way to combat poverty has fallen into disrepute. Some economies have grown very rapidly but have failed to convert that wealth into wellbeing. Other economies have grown less rapidly but provided more opportunity for people to escape poverty. How to achieve growth has long overshadowed how to transform wealth into wellbeing.[2] The question of how economic growth is transformed into general wellbeing – into health, and education and literacy, employment – needs greater attention.

The argument made here is that strong labor organizations and institutions play a central role in distributing the benefits of economic growth and in promoting human development. How and whether governments allow workers to organize has great influence on how well wealth can be converted into wellbeing. Unions and other working class organizations are the keys to building solidarity and breaking cycles of exclusion and underdevelopment. Unions promote decent jobs and fundamental rights at work and elsewhere.[3] In turn, decent jobs and rights at work are the foundations of democracy and broad-based human development around the world. Unions and other working class organizations have been active in promoting and defending democracy, often through prolonged popular struggle and personal sacrifice. Unions and other working class organizations lead to more successful economic transitions as well.

India, Pakistan, and the comparative method

India and Pakistan make an ideal comparative pair for inquiry into the impact of organized labor on democracy and human development. India and

Pakistan share cultures and histories. But the political regimes of India and Pakistan are markedly different. And political regimes fashion the legal institutions for the organizations of labor. India has maintained decades of parliamentary democracy. Pakistan, a decade after Independence, gave way to frequent dismissals of civilian governments and lengthy periods of military rule. This combination of deep similarities – cultural, colonial, administrative, legal, historical, and economic – and of stark differences in political regime type and in the organization of labor make India and Pakistan ideal for comparative analysis. One can more easily identify the influence of different labor organizations on human development achievements.

Studying India and Pakistan alongside one another brings to light important issues in the political economy of development. One can see each political regime keeping and consolidating its hold by amending identical colonial legislation to mold regime-supportive and to weaken regime-rival social institutions. Governments – senior managers of the machinery of the state – do act to stay in government. But political regimes – regular patterns for selection of government (e.g. electoral, military, monarchical) – also tend to seek their own longevity. Successive elected Indian governments built upon British legislation, strengthened social institutions, and facilitated political party competition. In contrast, Pakistani governments, mostly unelected, dismantled much of the legislation that Pakistan, like India, had inherited from British rulers, weakened social and civic institutions, and undermined political parties.

Differing institutional environments had, until the early 1990s, little influence on rates of economic growth. India and Pakistan have had nearly identical growth rates in gross national product (GDP), of about 5 percent per annum on average since their Independence in 1947 (See tables 0.1 and 0.2). Their conversion of that economic growth into public wellbeing, however, has differed very widely.

Literacy and health have risen in India but languished in Pakistan. The average years of schooling in Pakistan is fewer than half of that in India. Occupation accidents and fatalities are twice the rate in Pakistan as that in India. Higher income inequality in Pakistan means that the average Pakistani citizen, while as well off as the average Indian in income terms, lives a shorter life. Differing labor institutions had a powerful influence on each of these dimensions of human development and on the translation of growth into human development.

Table 0.1 India and Pakistan: basic wealth indicators

Pakistan		*India*
5.4 percent	GDP growth per annum (1961–2004)	4.8 percent
555 US$	GDP per capita (2003)	564 US$

Source: United Nations Development Program, human development statistics, on-line at www.undp.org.

Table 0.2 India and Pakistan: basic wellbeing indicators

Pakistan		*India*
2,097 PPP US$	GDP per capita (2003)	2,892 PPP US$
48.7 percent	adult (15 and above) literacy	61.1 percent
35.2 percent	female adult (15 and above) literacy (2003)	47.8 percent
32.6 percent	population living below the national poverty line	28.9 percent
23 percent	births attended by skilled health personnel (1995–2003)	43 percent
103 per 1,000	mortality rate (2003) under-5 live births	87 per 1,000
1.8 percent	annual reduction in under-5 mortality rate (1990–2004)	2.6 percent

Source: United Nations Development Program, human development statistics, on-line at www.undp.org.

Differing labor institutions also have a powerful influence on the implementation of major economic policy changes. Identical structural adjustment programs – a standard package of monetarist economic policies – have encountered markedly more resistance from the public in India than in Pakistan. In India, structural adjustment has been very contentious and thus implemented only very slowly. Rob Jenkins refers to India's economic reforms as a "stealth" operation.[4] The privatization program– a key component of any structural adjustment program – has been in Pakistan far quicker and has involved more corruption than in India because Pakistani labor unions have no voice in formal politics, unlike unions in India (or Pakistan's other South Asian neighbors).[5]

Postcolonial economic policies have influenced contemporary political fortunes. Pakistan's developmental shortcomings – suggested by widespread illiteracy, unemployment, and social discontent – are at the roots of its present political crisis.[6] India's present political fortunes – suggested by its rising status in international political fora and its high levels of foreign investments and foreign reserves – are, similarly, rooted in its developmental achievements. India's prior commitments to development – through high quality higher education, the establishment of institutes of technology, and protection of diverse national industries, to give three examples – allow its new pro-international economic interdependence policies to work. If trade and investment openness were the sole cause of economic growth, Pakistan, the more open and more rapidly liberalized economy in the 1990s, would be the economy with higher growth in the decade following. Instead, Indian growth outpaced Pakistani growth (after the initial recession that the structural adjustment initiates).

It is especially revealing to investigate organized workers' and unions' influence on democracy and development under South Asian conditions. These conditions are not friendly to workers' solidarity. High real unemployment (around 20 percent), high underemployment, decreasing job security, falling real wages, and low and falling unionization rates are the reality for most workers in South Asia. Unions face high unemployment and underemployment as does most of the developing world.[7] Labor law (as explained in chapter five) effectively prohibits all but a small percentage (1–2 percent) of the labor force in either country from bargaining collectively.[8] In many regions and many industries – including the textile industry, the largest employer (examined in chapter four) – most working people have little discretionary income and sell their labor at sub-sustenance levels. In some regions and industries, this trend is getting worse. (See map for the major industrial cities in India and Pakistan.)

Map 0.1 India and Pakistan: major industrial cities in which research was conducted. Christopher Candland and Erisha Suwal, 2007

Workers in South Asia and their unions face tremendous challenges. Despite these conditions – sometimes because of them – workers and unions have exercised a significant and positive impact on the creation and maintenance of institutions of democratic government and of high and increasing human development. Unions play an important role in the transformation of wealth into wellbeing. This book shows how organized labor guides economic change in ways that are broadly economically beneficial.

Political regimes and economic change

For more than a decade, structural adjustment has been a major force in the lives of working people – from farmers to factory workers to bank employees and civil servants. The impact of structural adjustment is great enough that any consideration of Pakistani economic development since 1988 or Indian economic development since 1991 must address the experience with structural adjustment.

Contemporary structural adjustment came to South Asia in the late 1980s and early 1990s, about a decade later than in the rest of those economies that underwent International Monetary Found (IMF) structural adjustment.[9] Sri Lanka is an exception. Sri Lanka has long been largely dependent on export earnings from plantation crops. These declined in value in the 1970s. The government was unable to finance imports and thus adopted an IMF loan in 1977, even before the Mexican debt crisis in 1982 prompted the IMF to set up its Structural Adjustment Facility. (See map in chapter two for countries that have undergone IMF-guided structural adjustment programs.)

In South Asia as a whole, currency controls, relatively low international debt exposure, and relatively high worker remittances kept balance of payment crises at bay until the late 1980s.[10] Many Latin American and African economies had already adopted IMF structural adjustment programs by the late 1980s. The IMF coined the term structural adjustment to refer to national macroeconomic measures designed to restructure the economy to take advantage of opportunities – or to avoid losses – in the international economy. An expanded role for the state might be, under some conditions, the best method for promoting advantages or limiting losses. That state-oriented strategy helped to power rapid economic growth in East and Southeast Asia. For example, the government of South Korea made investments in steel mills, ports, and other industries to promote export-oriented industrialization and effect its own structural adjustment to the world economy.[11] Contemporary structural adjustment programs, however, designed and financed by the IMF, reduce the role of government in most areas of the economy. Specifically, contemporary structural adjustment involves reducing government expenditure, withdrawing the state from ownership and regulation of industry, lowering barriers to foreign products and services, and allowing currency exchange rates to be determined by international currency markets.

The government of Pakistan adopted its IMF structural adjustment program with major financing from the international financial organization in late 1988. The government of India adopted a nearly identical agreement with the IMF in mid-1991. In Pakistan, a military-appointed interim government saddled the incoming elected government of Benazir Bhutto with the country's first major IMF structural adjustment program. Many Pakistanis saw cruel irony in the state's rapid withdrawal from the economy – and from the provision of good jobs and affordable public services – under international pressure just as democracy, after more than a decade of authoritarian government, was given another opportunity to survive. Mrs. Bhutto's government devalued the rupee, lowered import tariffs, reduced government expenditure and budget deficits, liberalized financial operations, privatized state-owned industry, and met the other IMF conditions. When Nawaz Sharif succeeded Mrs. Bhutto, his rival, in 1990, he increased the pace of these economic reforms. In their successive two turns in office, Sharif and Bhutto managed to privatize the entire Pakistani manufacturing and financial sectors.[12]

In India, shortly after the announcement of India's adoption of structural adjustment measures, the finance minister announced the elimination of subsidies for unprofitable state-owned enterprises within two years. Almost two decades later, despite concerted efforts, the central government had not managed to privatize in whole a single central government public sector enterprise. Privatization of central government public sector enterprises in India has been very limited. The Indian government has been able to sell shares of state-owned enterprises, but these efforts have been limited largely to a transfer of debt to other public organizations and to the sale of state-level public enterprises in some states. Indeed, in 2006 Indian Prime Minister Manmohan Singh announced that there would be no further privatization. In contrast, in Pakistan, the government has privatized most state-owned enterprises. All public sector manufacturing factories and government banks have been sold to the private sector. The government continues to privatize telecommunications, water, power, and railways.[13]

What can account for the differing records in implementing nearly identical economic policies in the two countries? Why has privatization, a central condition of India's and Pakistan's similar structural adjustment programs, been implemented only very cautiously and incrementally in India, but rapidly, even recklessly, in Pakistan? Does regime type account for the variance in implementation of economic reforms? Are new democracies somehow able to implement unpopular economic measures – such as cuts in public spending – better than established democracies? Or, are legacies of authoritarianism the key to rapid adjustment? This study finds that institutions matter more to patterns of economic change than do current policies or political regimes types.

The evidence from Indian and Pakistani regime types suggests that social institutions, and the organizations that they foster, not political regimes

themselves, explain economic reform outcomes. Pakistan Chief Martial Law Administrator General Zia ul-Haq did not initiate privatization, despite his firm control of government and business displeasure over the nationalization program of his predecessor Zulfikar Ali Bhutto. Zia appointed an interim military government shortly before his death in August 1988. That government initiated the structural adjustment program after Zia was killed. Elections brought a new civilian government, headed by Benazir Bhutto, the daughter of the populist leader (by then hanged). International financial institutions worried that the newly elected Pakistan Peoples Party government under Benazir Bhutto, an economic populist, would not be able to impose the requisite economic austerity. Yet, Bhutto implemented economic adjustment energetically. After Benazir Bhutto's departure, businessman Nawaz Sharif – her political rival and General Zia's former ally – continued the pace and the priorities of the reforms, including the emphasis on rapid privatization. The Privatization Commission sold public enterprises to political friends at prices below the assessed value and with extraordinary credit and buy-back terms. Scandal surrounded many of the sales of banks and public sector manufacturing industries to Pakistani and foreign investors.[14] Murder of the opponents of specific privatization deals accompanied some. General Musharraf, took power in October 1999. As of the end of 2007, he continues to implement the structural adjustment program. In Pakistan, civilian governments – of left and right political parties – energetically pressed reforms. One Pakistani military government did not press for reforms; another did. Thus, there is no clear correlation between type of political regime at the time of reform and the pace or pattern of economic reform.

In India too, no correlation between current regime type and patterns of economic reform is obvious. Indian Prime Minister Indira Gandhi made initial, modest economic adjustments during her 18-month Emergency, a civilian dictatorship she declared in 1975. Two years later, Mrs. Gandhi and her Indian National Congress conceded electoral defeat to the Janata (People's) movement. The Janata Party coalition continued incremental economic liberalization policies until 1979, when Mrs. Gandhi was re-elected. Mrs. Gandhi's government negotiated a major IMF loan in 1981 that fostered some very limited regulatory reforms (e.g., removal of production limits on private companies) but also mobilized political opposition to her policies. In 1985, after Mrs. Gandhi's assassination, Prime Minister Rajiv Gandhi, her son, enthusiastically promoted economic reform. In June 1991, after Rajiv Gandhi's assassination, the coalition Congress-led government of former Prime Minister P. V. Narasimha Rao began reforms that would transform Indian economic ideologies and economic performance. Subsequent governments – Congress, Congress coalition, Bharatiya Janata Party (BJP) coalition, and others – have pushed reforms against stiff social opposition for more than a decade. Despite support for economic reform from all the major non-communist political parties, implementation in every area has been slow and enormously contentious. The Indian Government has managed to liberalize currency transactions, lower tariffs, and lift industrial licensing restrictions. But the central government has not engaged in wholesale privatization of industrial or financial enterprise. Thus, in neither India nor Pakistan does the political regime – military or civilian, authoritarian or democratic, new or consolidated – correlate with vigorous or effective implementation of economic adjustment.

More serious, the correlation of regime type with the pace of implementation of economic adjustment itself explains very little. We still would not know the specific mechanisms that would allow an authoritarian regime to impose economic adjustment or those that would allow a new, struggling electoral democracy to implement unpopular economic measures more readily than an established democracy.

The comparative method in a global economy

> For those who would like to get clear of difficulties it is advantageous to discuss the difficulties well. ... people who inquire without first stating the difficulties are like those who do not know where they have to go.[15]
>
> Aristotle

The ubiquity of structural adjustment in the developing world brings into focus the global forces that drive national and local economic and political change. Do these global forces limit the ability of comparative analysis to understand these changes? Before beginning the comparative analysis, it will be useful to discuss what can and cannot be achieved with the comparative method, pitfalls associated with it when considering national changes that might be global in origin, and strategies for avoiding these pitfalls. Let us take Aristotle's advice to discuss inherent difficulties with the comparative method, to which India and Pakistan are here subjected. What are the difficulties inherent in using comparative historical analysis to answer questions related to transnational economic forces and how can these difficulties be avoided?

The most widely used comparative method in the social sciences is John Stuart Mill's "comparisons by the methods of difference and sameness." Many students of comparative politics argued that Mill's method provides a way to make the study of politics a behavioral science. But Mill himself cautioned against applying the comparative method to the social world. As Mill pointed out, the number of relevant variables involved in social phenomena well exceed the number of cases of these phenomena. No countries or political communities are essentially the same in all respects. Thus, none can serve as representative of a type. The comparative method described by Mill is appropriate in solid physics or plant biology, where a physical mass or biological specimen might be regarded as a model representative for an entire class of objects. The social science researcher, however, must specify

and control for such an enormous variety of variables when comparing entities as complicated as whole societies and countries that it leaves comparative historical analysis vulnerable to *post hoc* theorizing. Thus, Mill argued that "It is an imperative rule never to introduce any generalization from history into the social sciences unless sufficient grounds can be pointed out for it in human nature," that is, from a non-historical, non-comparative foundation.[16]

A second methodological problem is especially apparent in *post hoc* theorizing and thus prominent in poorly conducted comparative studies. Findings are often restatements of unstated value assumptions. Values (e.g., a preference for political stability over political participation) make their way into all meaningful concepts in social science. Many American economists in the 1950s and 1960s confused the instrumental value of economic growth (e.g., as a means to welfare) with development itself because value assumptions (e.g., a preference for material goods and individual freedom over non-material goods and social solidarity) were lodged implicitly in their economic development models. The manner in which concepts are formulated, data are selected, trends are interpreted, and evidence is treated can easily reveal one's value assumptions as if they were empirical findings.

How are we to avoid these two pitfalls – of variables that outnumber cases and of values that creep into basic concepts? As for values, I assume that they are inescapable. I agree with Gunnar Myrdal that the social scientist can at best (and should at least) try to lay bare his or her value assumptions.[17] This study involves, even pivots on, two value-laden concepts: democracy and development. I acknowledge that these basic concepts are culturally defined. I consider democracy an ideal – pursued, but never fully attained. I believe in inalienable human rights, not that good governments bestow rights on citizens. I regard individual and collective opportunity, security, and empowerment to be the greatest goods. I presume social solidarity and individual freedoms to require one another. I elaborate on these values – where it seems relevant – in coming pages.

As for the problem of fewer differing cases than differing variables, I do not regard India and Pakistan as members of a set (e.g., established democracies or authoritarian regimes). Rather, I evaluate explanations for patterns of economic change in one country against the experiences of the other country. This way, I can readily disconfirm the conjectures that readily make their way into single-case studies. I attempt to not confuse historical phenomena with rules of social or political life. Broadly, I follow Reinhard Bendix's inclination to "increase the visibility of one structure by contrasting it with another." I attempt "to preserve a sense of historical particularity ... while still comparing different countries ... to make more transparent the divergence among structures."[18]

With this reflective comparative approach, I hope to avoid the reconstitution of facts according to the needs of theory, to which single case studies can easily fall victim. I evaluate trends in one country alongside trends that should appear similar, or dissimilar in predictable ways, in the other. I do not test a model against the experiences of either or both countries. My approach weeds out incidental explanations and enables one to avoid findings based on spurious evidence. It would be easier, but also considerably less reliable, to make findings based on India's or Pakistan's experiences alone. It would be easy to suggest that unions, say in India, inhibit economic growth and even promote economic inequality. Drawing findings on this same question – the impact of unions on growth and inequality – from India and Pakistan is more difficult, but provides more compelling results.

India and Pakistan allow for a high degree of control for study of the influence both of political regimes on labor organizations and institutions and of labor institutions and organizations on patterns of economic and political change. Each country adopted identical colonial labor legislation at Independence. Each country inherited all legislation, including all labor legislation, in August 1947. Paths diverged only after Independence. The Indian and Pakistani governments modified colonial legislation to restrict and to control the trade union movements to suit differing political regime requirements. Military governments in Pakistan ensured that the trade union movement would be politically weak, factory-based, and fragmented. The transitional martial law regime, preparing the way for the first national elections, promulgated an Industrial Relations Ordinance of 1969. The Ordinance effectively prevented trade unions from representing workers of more than a single enterprise and limited unions from forming bonds with political parties. Without overhauling the labor legislation inherited from the British, the military government was able to de-politicize the trade union movement. By contrast, India's elected governments encouraged the development of politically powerful trade unions to serve as electoral vehicles for the major political parties. In India, elections initially strengthened the national trade union federations that were aligned with the Indian National Congress and with other political parties. Thus, while workers and unions helped to shape economic ideologies and political outcomes, India and Pakistan's different political regimes led to two very different labor regimes.

Neither the Indian nor the Pakistani labor movement has been able to reverse the informalization of terms of employment. Indian labor organizations, however, have managed to contain the deregulation of work and to arrest some adjustment measures, most notably privatization. In contrast, Pakistan's new transitional regimes, burdened with the institutional legacy of authoritarian regimes, while unable to prevent labor protest, have espoused neoliberal economic ideologies and imposed upon labor a system of enterprise unionism, prohibiting the development of a trade union movement that could successfully resist government economic reforms.

The argument ahead

This introduction has posed what should be the central question for political economy: how to transform wealth into wellbeing. This introduction has also presented India and Pakistan as a comparative pair for gauging the impact of organized labor on economic and political development and discussed the comparative method.

Chapter one discusses the impact of workers and union movements on Indian and Pakistani politics and the impact of politics on workers and unions since 1920. The All India Trade Union Congress, the longest standing national union federation in the Subcontinent, was founded that year. The chapter will show that organized workers, their unions, and unorganized labor movements had a powerful impact on political developments in the South Asian Subcontinent. The involvement of the working classes in the Indian Independence movement helped to secure democratic institutions in independent India. A habit of selection of candidates for public office from among union leaders stabilized democracy and laid foundations for relatively better welfare and opportunity than experienced in Pakistan. Workers' movements in Pakistan were not as strong as those in India, but they did make democratic gains possible. In Pakistan as well as India, workers and unions asserted and fought for the political rights of all members of society, including universal franchise and the freedom to associate.

Workers and unionists who migrated to or remained in Pakistan made significant contributions to the Pakistani labor movement but were too few to help shape the ideas or programs of the movement for the creation of Pakistan. What the All India Muslim League argued generally about the rights of workers or the dignity of workers – like other specifics about what kind of a homeland for Muslims Pakistan might be – was carefully left unclear in the details.[19] Nevertheless, the Pakistani labor movement was tremendously powerful at important moments after Independence. Factory workers and their protests in 1968–69 persuaded a decade-old military government to hold elections. Two decades later, workers and unions were central to the Movement for the Restoration of Democracy, which helped to end Zia's military rule and begin a decade of elected governments. Workers and unions could assert themselves in factories or on the streets, only rarely through elections. They did protest forcefully and repeatedly to press for democratic rights and to demand an end to military rule.

Chapter two discusses the contribution of workers and unions to Indian and Pakistani economic development, beginning in 1920 a generation before Indian and Pakistani Independence. Differing ideologies and strategies affected labor institutions and organizations just as workers and unions influenced these state ideologies and strategies. Indian workers and unions helped to secure a commitment, albeit not fulfilled, to a socialist pattern of economic development. In Pakistan, as in other authoritarian regimes without hegemonic political parties, workers and unions could rarely influence national economic goals.

Comparative analysis of Indian and Pakistan economic ideologies, development strategies, and political regimes, discussed in chapters one and two, suggests that the more working classes participate in the struggle for independence, the more social-democratic the economic ideologies and economic development strategies will be and the more democratic the politics will be. The relative strength of workers and their unions is an important contributor to India's enduring democracy. Correspondingly, the relative weakness of workers and their unions is an important contributor to Pakistan's entrenched authoritarianism.

Chapters three and four bring the analysis to bear on recent policies and practices. Chapter three discusses the differing responses of workers and unions to economic adjustment in India and Pakistan since the late 1970s. The chapter provides profiles of the Indian and Pakistani economies and of government efforts to implement structural adjustment programs. It documents the influence of workers and unions on patterns of adjustment, specifically privatization. Even enthusiastic promoters of adjustment admit that organized workers and unions have been the chief obstacle to IMF reforms. Maria Victoria Murillo shows in a comparison of Latin American countries that where unions compete with one another and political parties compete with one another, economic reform is a highly contested process.[20] Comparative analysis of labor's influence over the adjustment process in India and Pakistan, specifically over the privatization process, encourages us to extend and elaborate on Murillo's argument. Strong unions – especially when leadership are selected by workers and when their political advocacy is permitted – can make economic adjustment less pernicious to the least advantaged. Strong unions help to slow the adjustment process, soften economic austerity, and make the privatization process less corrupt. Comparative analysis shows that India's process of adjustment has been less painful, less austere, and less corrupt than Pakistan's. In part, this is because of the political power of Indian unions. Organized labor promotes sounder economic policy and economic administration in a variety of ways.

Chapter four discusses the changing nature of work and the increasingly insecure and informal terms of employment that have accompanied adjustment. The chapter surveys changes in the industrial labor force in India and Pakistan focusing on terms of employment, drawing illustrations mainly from each country's largest industry and employer, textiles. In each country, labor organizations are using new strategies to promote social justice and economic democracy in an environment of increasing job insecurity and informality. Unions have fought informalization at the firm level and at the industrial level. Unions have engaged management to keep factories open, to ensure payment of wages, to keep accounting honest, and to include

subcontracted workers in union collective bargaining agreements. Unions are also reforming and democratizing themselves.

Emerging union strategies, while differing from country to country in significant ways, involve greater attention to workers in sectors of the economy once neglected by organized labor, with its traditional base in registered factories, often in the public sector. South Asian unions are reaching out to workers in irregular employment status. Some unions have even bargained successfully to include protections for irregular employers, prohibited from unionizing. As such, unions, in South Asia, as elsewhere, are democratizing, both by enlarging their constituencies and increasing rank-and-file participation in leadership selection and advocacy orientation.

Chapter five discusses union strategies and the viability of durable alliances between organized labor and political parties in an era of increased international economic interdependence in which the hand of organized capital over labor is vastly strengthened. The chapter forecasts, based on the evidence of labor's contribution to democracy and development, labor's strategic advantages and political opportunities in poor economies facing continued fiscal crises. In their totality, the chapters demonstrate that workers' solidarity is an essential condition for political democracy and economic development. Labor organizations help transform wealth into wellbeing.