

3 The Cost of Incorporation: Labor Institutions, Industrial Restructuring, and New Trade Union Strategies in India and ¹⁸⁵

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Within the last two decades, transnational consumption networks have widened and deepened and labor processes have become increasingly informal. Within recent decades, the very nature of production has changed. The ability of trade unions to organize and represent labor in conventional ways is seriously challenged by a trend toward informal, contractless, independent, freelance, home-based, or otherwise unregulated and unprotected employment, and by political appeals to classless identities. Organized labor finds itself in the midst of an historic economic challenge. Not only do labor organizations suffer the general crisis of legitimacy in the conventional organizations of modern political life. They are also shaken from their foundations in an increasingly informal economy.

This chapter covers wide terrain in order to gain a broad perspective on the institutional landscape in which trade unions in industrializing countries are involved and the organizational, and strategic efforts they have effected in response to industrial restructuring and shifting labor force demands. The chapter first examines trade union development in India and Pakistan, countries with broadly similar economies and large labor forces. Focusing on two variables—trade unions' relationships with political parties and the nature of workers' representation in trade unions—two distinct patterns of development emerge. In India, an impressive labor movement based on political unionism developed and exercised some influence over economic policy. In Pakistan, an assertive and often militant workers' movement emerged, was severely repressed, and exercised little influence over economic policy. The chapter then assesses the ability of each labor movement to oppose recent economic reforms, specifically the privatization efforts of each government.

¹⁸⁵ I thank Karamat Ali, Pranab Bardhan, Arun Daur, John Echeverri-Gent, Prem Shankar Jha, Mark Kesselman, Rakesh Mohan, Philip Oldenburg, Gail Omvedt, and Barnett Rubin for helpful comments on the arguments presented here. Much of this chapter draws from Christopher Candland, 'New Social and New Political Unionism: Labor, Industry, and the State in India and Pakistan', in Peter Waterman and Ronaldo Munck (eds), *Labour Worldwide in the Era of Globalisation* (Basingstoke: Macmillan, 1998), 175–96.

The capacity to oppose industrial restructuring is traced to the differing structure of labor institutions, specifically trade union relationships with political parties and workers' representation in trade unions. In conclusion, the chapter draws from a debate within the Indian trade union movement concerning the limitations of political unionism and the need for new union strategies. I suggest that a new unionism, with wider networks among other social organizations and deeper roots in local communities, must also include a new political dimension.

Evolution of Trade Unionism in India and Pakistan

India and Pakistan inherited identical colonial labor legislation at Independence, but the working classes and their organizations were afforded markedly different roles. The Indian National Congress, which dominated the independence movement and parliaments in independent India, maintained a strong concern for labor from 1920, with the founding of the All India Trade Union Congress (AITUC). The All India Muslim League, the party that successfully petitioned for the creation of Pakistan, had no such concern for labor and did not develop relations with organized labor in its campaign for Pakistan.

India and Pakistan exhibit the stark contrasts in regime type and in development ideology that is rarely seen between neighboring countries, except those created by partition. Pakistan, claiming to be the national right of South Asian Muslims gave way to decades of military rule within a decade after its creation in 1947. India maintained a competitive electoral democracy which predates Independence. Similarly, India and Pakistan adopted markedly different development strategies. Indian planners were inspired by Fabian socialism and Soviet industrial achievements and followed an import substitution strategy for economic development that was politically buttressed by socialist rhetoric. Pakistani planners, in contrast, had no firm ideological moorings and were persuaded by American advisors in the 1950s to adopt a more export-oriented development strategy and an economic doctrine of 'functional inequality'.¹⁸⁶ Economic development was to be fueled by the concentration of private capital.

The impact of their divergent economic ideologies is evident in the field of state-labor relations. Both countries inherited identical regimes of labor legislation. For twenty years after Independence, colonial legislation—notably the Trade Union Act, 1926, the Industrial Employment (Standing Orders) Act, 1946, and the Industrial Disputes Act, 1947—provided the basic framework of the Indian and Pakistani labor regimes. The 1947 Industrial Disputes Act, for example, established permanent administrative machinery for the

¹⁸⁶ Angus Maddison, *Class Structure and Economic Growth* (New York: W. W. Norton, 1971), 136–63.

settlement of labor disputes, laid down deadlines for specific stages of consultation and arbitration, required employers to recognize and to negotiate with trade unions, prohibited strikes and lock-outs during pending conciliation, and provided that industrial disputes in public services be settled by compulsory arbitration.

In Pakistan, however, in 1969, the military government rewrote the colonial era labor legislation and restructured labor institutions. The government of General Yahya Khan ensured that the trade union movement would be factory-based and marginalized from formal party politics. The state promoted trade union multiplicity and restricted the trade unions' national political participation. None of Pakistan's political parties have evidenced interest in alliances with organized labor. India's elected governments, by contrast, encouraged the development of politically powerful trade unions which could serve as electoral vehicles for the major political parties. The participation of industrial labor in the independence struggle secured an institutional role for organized labor in Indian politics. A brief review of Indian and Pakistani labor history bears this out.

As a response to the creation of the International Labour Organization in 1919, the All India Trade Union Congress (AITUC) was founded the following year. Leaders of the Indian National Congress and other nationalist parties played an important role in the development of AITUC. Jawaharlal Nehru, India's first and longest standing Prime Minister, served as AITUC president, as did nationalist leaders of a variety of political persuasions. The Indian National Congress, which dominated the independence movement, and the Communist Party of India, maintained a strong concern for labor. Mohandas Gandhi's strategy of moral resistance to colonial rule, leading to the formation of the Ahmedabad Textile Labour Association in 1920, gave impetus to a tradition of trade unionism that opposes strikes.

Just prior to Independence in 1947, the Congress created its own party-based trade union organization. After independence other political parties, as they gained national standing, sponsored their own trade union wings. When parties split, as did the Communist Party of India in 1964, new trade union organizations were established, as was the Centre for Indian Trade Unions (CITU) in 1970. One of the newer centers, the Bharatiya Mazdoor Sangh (BMS), tied to the ruling Hindu nationalist Bharatiya Janata Party (BJP) and the Rashtriya Swayamsevak Sangh (RSS), is now the fastest growing trade union center in India.

Each major political party maintains a trade union wing, or in Indian parlance, a 'centre'. Presently, there are ten major trade union centers in India, each affiliated in some manner to a political party (Table 3.1).

Between some trade union centers and political parties—particularly on the left, where the organization of working classes is an integral component of the party's program—there is a regular exchange of officials. Inderjit Gupta, for example, rose from General Secretary of the Communist Party of India's All

Table 3.1. India: The Ten Largest Trade Union Centers and Political Party Affiliations (Listed by Date Established) (1920–72)

Trade union centers	Political party affiliation	Date established
All India Trade Union Congress	Communist Party of India	1920
Indian National Trade Union Congress	Indian National Congress	1947
Hind Mazdoor Sabha	Janata Dal	1948
United Trade Union Congress	Communist Party of India (Marxist)	1949
Bharatiya Mazdoor Sangh	Bharatiya Janata Party	1955
United Trade Union Congress (Lenin Sarani)	Communist Party of India (Marxist)	1959
National Federation of Independent Trade Unions	Naren Sen (Former Indian National Congress politician)	1967
National Labor Coordination Committee (West Bengal center formerly affiliated to INTUC)	Indian National Congress	1969
Center for Indian Trade Unions	Communist Party of India (Marxist)	1970
National Labour Organization (Gujarat center formerly affiliated to INTUC)	Textile Labour Association	1972

India Trade Union Congress (AITUC) to become the General Secretary of the Communist Party of India and then India's Home Minister, responsible for internal law and order. Even officials of the centrist Indian National Trade Union Congress (INTUC) occupy seats in parliament and in state legislative assemblies. All trade unions claim to be autonomous from and no more than ideologically allied to their party affiliates, but each supports party candidates and uses trade union channels for electoral advancement. The weekly newspaper of INTUC, for example, the *Indian Worker*, publishes election material proclaiming that only the Indian National Congress can protect the working classes. The trade union centers serve as vehicles for successful organizers to become political leaders.¹⁸⁷ Fifty-two parliamentary seats, nearly 10% of the Lok Sabha, the lower house of the Indian Parliament, were once considered to be labor constituencies, where political parties vied for candidates

¹⁸⁷ For a study of political unionism in one Indian state, Orissa, see Prafulla Chandra Das, *Trade Union and Politics in India* (New Delhi: Discovery Publishing House, 1990). Candland, Christopher, and Sil, Rudra, eds. *The Politics of Labor in a Global Age: Continuity and Change in Late-Industrializing and Post-Socialist Economies*. Oxford: Oxford University Press, Incorporated, 2001. Accessed February 2, 2021. ProQuest Ebook Central.

among trade union leaders.¹⁸⁸ One such trade unionist, V. V. Giri, rose to become Minister of Labour and then President of India.

As labor occupied no significant part of the All India Muslim League's imagined community, Pakistan's post-independence economic development strategy gave virtually no attention to labor, except as a factor of production, an industrial input to be drawn from rural areas at subsistence wages. Labor was to assume the role specified by W. Arthur Lewis in his famous neoclassical model of economic growth.¹⁸⁹ This labor extraction approach to development fostered such labor laws as the Essential Services Maintenance Act, 1952. The law prohibits unions and makes absence from or stoppage of work penal offense in any industry or service designated by the government as 'essential to the life of the community'.¹⁹⁰ It applies today to employees in the banking and finance, broadcasting, post, and telecommunication services, and in the railways and defense industries. The act is in violation of International Labor Organization (ILO) conventions 89 and 96, which the government of Pakistan has ratified, and has repeatedly been cited as such by the ILO.

Repressed and politically disincorporated, the Pakistani trade union movement has nevertheless been influential as a social movement at key phases in Pakistan's political development. In March 1969, popular unrest, in which students, new professional classes, and factory workers played the dominant role, brought an end to General Ayub Khan's decade of martial rule and brought elections for a new constitutional assembly.¹⁹¹ In response to the political challenge of organized labor, the interim military government, having entrusted itself with the supervision of elections, quickly devised a labor policy to depoliticize labor before the elections.¹⁹² The policy, promulgated as the Industrial Relations Ordinance of 1969, was designed by Deputy Martial Law Administrator, Noor Khan. The Industrial Relations Ordinance (IRO) gave industrial workers the fundamental rights for which they had agitated: the right to form trade unions, the right to collective bargaining, and the right to strike. At the same time, the Ordinance effectively prohibited industry or

¹⁸⁸ Ajeet Mathur [Indian Institute of Technology industrial relations expert] interview (Calcutta, India, 29 Dec. 1991).

¹⁸⁹ Lewis' model postulates two sectors, a capitalist sector and a subsistence sector. 'The former is the *progressive* sector; the latter is *stagnant*' (italics in the original). Because workers are drawn from the subsistence sector, their optimum wages are subsistence wages, 'equal to the average product per man in the subsistence agriculture, plus a margin' just large enough to draw them away from their villages. W. Arthur Lewis, 'Economic Development with Unlimited Supplies of Labour', *The Manchester School of Economic and Social Studies*, 22: 2 (May 1954), 139–91.

¹⁹⁰ Government of Pakistan, *Pakistan Essential Services (Maintenance) Act, 1952*, Sec. 3, Para. (Karachi: Manager of Publications, 1952).

¹⁹¹ Muneer Ahmed, 'The November Mass Movement in Pakistan,' *Political Sociology* (Lahore: Punjab Adabi Markaz, 1978/1974), 1–56.

¹⁹² In the light of the scholarship that views institutions as historically rooted and thereby not replicable, or path-dependent, it is worth noting that a single set of deliberations and decisions, based on Noor Khan's tripartite meetings in Karachi in May 1969, shaped Pakistan's labor institutions and influenced the character of industrialization for decades to come.

nationwide unions. The Ordinance required that 75% of the members of any trade union have the same employer. But as large nationwide enterprises, such as the railways and postal services, are deemed by the government as essential industries and services, unions may not form in such enterprises. The IRO thereby effectively instituted enterprise unionism in Pakistan.

Noor Khan's inspiration was his experience in Pakistan International Airlines (PIA), the profitable, military owned and operated national airline.¹⁹³ When Khan assumed control of PIA in 1959, standard procedure was to imprison workers who attempted to form unions. Khan decided that PIA would run better if these workers were released from jail, brought back to PIA, and permitted to form a union, provided that that the union could be insulated from lawyers, social activists, politicians, and professional trade unionists, and other so-called 'outsiders'. Workers, with no knowledge of legal procedure, were required to represent themselves. The IRO extended PIA's politically insulated enterprise union model to the entire country through a Collective Bargaining Agent (CBA) system. Federations of unions were permitted, but the selection of trade union leaders and the conduct of collective bargaining was restricted to factory-level workers. The CBA system requires that trade unions win a secret ballot election in order to obtain the exclusive right to negotiate with management and to take industrial action. Federations have no legal standing in collective bargaining negotiations (Table 3.2).¹⁹⁴

Data on trade union and trade union membership growth in Pakistan suggest that the Industrial Relations Ordinance 1969 had a powerful influence on the structure of trade unionism in Pakistan. As a result of Air Marshal Noor Khan's 1969 labor policy, the number of trade unions almost doubled within a year (Figure 3.1). As trade union membership grew steadily, the rapid multiplication of trade unions led to a rapid decline in membership density. The Industrial Relations Ordinance 1969 (IRO) was amended by Prime Minister Zulfikar Ali Bhutto in 1976 with the intention of stopping further multiplication of trade unions. Like the IRO, the effects of the 1976 amendment is

¹⁹³ Noor Khan [Air Marshal (retired) and former Deputy Martial Law Administrator (1968–9)], interview (Karachi, Pakistan, 3 April 1995).

¹⁹⁴ Tariq Banuri and Edward Amadeo's definition of a polarized model of industrial relations well describes the Indian trade union movement. The polarized model involves a '[b]road-based labour movement with a long history of mobilization, organization, conflict, and success, but with internal divisions along regional, craft, skill, or industry lines. Thus, while organized labour is capable of imposing real costs on the economy in the defence of its interests, it is not strong enough to impose a co-operative solution at the national level'. Pakistani industrial relations are best described by Banuri and Amadeo's decentralized model: 'Strongly circumscribed and divided labour movement with diffuse influence in some areas of the country; does not play a major role in national politics, nor is able to confront employers in any significant sense. Wage bargaining is always at the enterprise level. Operation of labour laws and labour rights considerably circumscribed. Right to strike strongly limited in practice even when it exists legally'. See Tariq Banuri and Edward Amadeo, 'Words Within the Third World: Labour Market Institutions in Asia and Latin America', in Tariq Banuri (ed.), *Economic Liberalization* (Oxford: Clarendon Press, 1991), 171–220.

Table 3.2. Pakistan: Leading Trade Union Federations (1990)

Federation	No. of affiliated unions	No. of members
Pakistan Trade Union Confederation, Karachi	172	614,800
All Pakistan Federation of Trade Unions, Lahore	n.a.	520,000
All Pakistan Trade Union Confederation, Karachi	25	300,000
All Pakistan Federation of Labour, Islamabad	216	262,000
National Labour Federation of Pakistan, Karachi	230	240,747
All Pakistan Trade Union Federation, Lahore	185	195,600
Pakistan Banks Employees Federation, Karachi	11	158,000
Pakistan National Federation of Trade Unions, Karachi	215	152,300
Sindh Workers Trade Union Council, Karachi	25	19,060
Pakistan Central Federation of Trade Unions, Karachi	45	10,345
Pakistan Mazdoor Ittehad Federation, Karachi	60	9,478

Source: Government of Pakistan, Ministry of Labour, Manpower and Overseas Pakistanis, *Pakistan Labour Gazette* (January–June, 1990), 35.

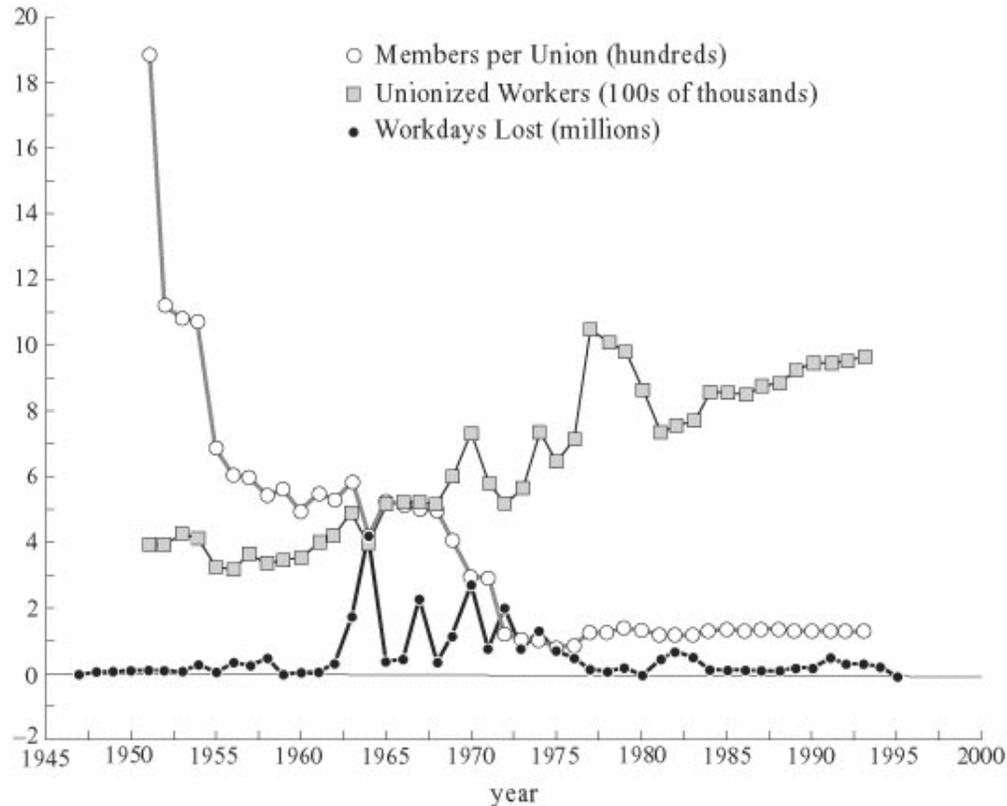
reflected in membership statistics. Moreover, statistics on Pakistani industrial disputes corroborate trade unionists' contention that the fragmentation of organized labor effected by the CBA system helped to weaken labor power.

Indian figures are inflated because they are reported by unions themselves and are used to determine the number of representatives that the unions will have in official consultative bodies, such as the Indian Labour Conference. Assuming a relatively constant level of exaggeration, neither the number of unions nor membership density underwent dramatic change in the late 1960s or early 1970s (Figure 3.2). Further, we do not find a dramatic decline in industrial disputes in the early 1970s, although Indian trade unionists report that trade unions began to suffer a sharp decline in their collective bargaining power in the mid 1970s. The number of workdays lost, and the number of workers involved in industrial disputes, rose gradually until the early 1980s. The decline in industrial disputes in the early 1980s reflects the success of new

Figure 3.1 Unions, Membership, and Industrial Disputes in Pakistan (1947–97)

Source: compiled from Government of Pakistan, Ministry of Labour, Manpower and Overseas Pakistanis, *Pakistan Labour Gazette* (Islamabad: Printing Corporation of Pakistan Press), various issues.

Note: As East Pakistan became Bangladesh in 1971, data before 1972 are for West Pakistan only. Union density over time cannot be reliably estimated as the definition of employment has changed periodically.



production and employment strategies.¹⁹⁵

Institutional Impediments and Social Opportunities

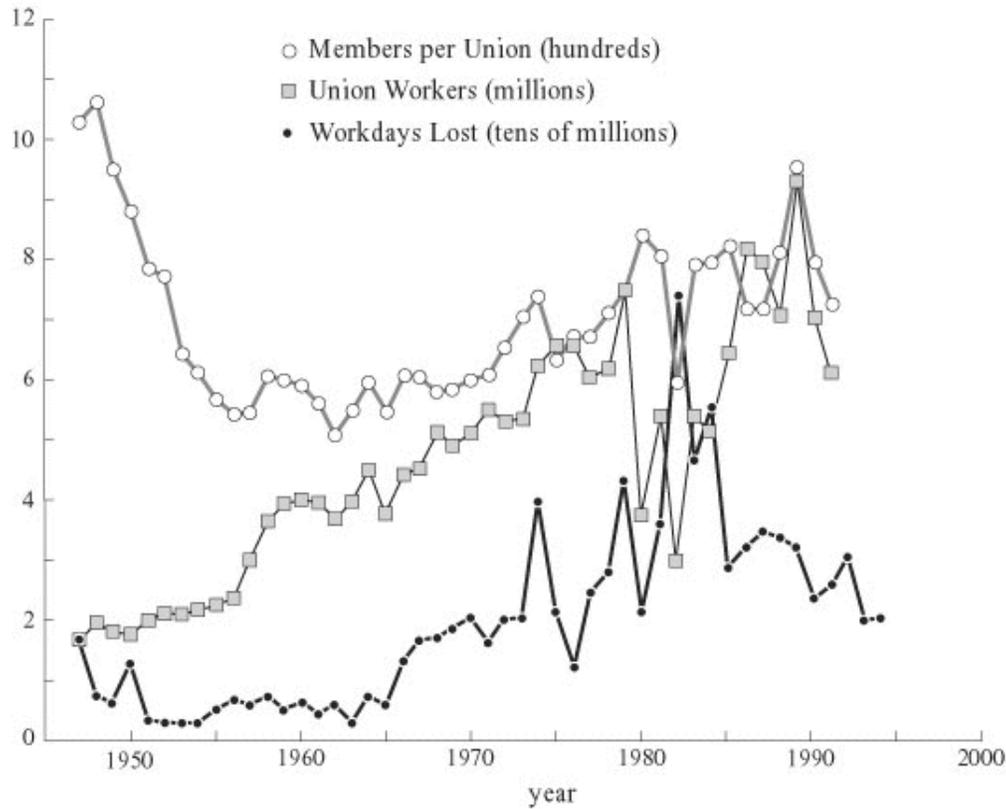
The study of economic reform and adjustment to international economic challenges and opportunities suffers from lack of attention to the social institutions that undergird any economy. Often these social institutions must be reformed if economic reform and adjustment is to be effective. Scholarship on the politics of economic reform has typically presumed that adjustment is a process that government effects upon society, focusing on elite political coalitions and on 'the packaging of programs or the manipulation of opposition

¹⁹⁵ Sujata Gothoskar, Priya Halal, Sharad Dudhat, Odile Flavia, and Girish Vaidya, 'Job Losses and Closures: Management Strategies and Union Counter-Strategies', mimeo, 1990.

Figure 3.2 Unions, Membership, and Industrial Disputes in India (1947–97)

Source: calculated from *The Indian Labour Yearbook*, various issues.

Note: Union density can not be reliably estimated as the definition of employment has changed periodically.



groups' required to implement unpopular economic programs.¹⁹⁶ The political element in economic reform runs deeper than much of the politics of economic adjustment literature has recognized. The formation, and transformation, of social institutions and their influence over the economic adjustment process demands further study. The comparative historical analysis reported here suggests that social movements and social institutions are central to economic change.

An institution is a custom or practice, established by law or habit. It may be public or private, formal or informal. The social organizations that preserve and enforce these practices are as significant as these customs and practices themselves because, as social organizations change, they help to transform the institutional landscape. Trade unions are a significant social

¹⁹⁶ Stepan Haggard and Robert Kaufman, 'Introduction: Institutions and Economic Adjustment', in Haggard and Kaufman (eds), *The Politics of Economic Adjustment* (Princeton: Princeton University Press, 1993), 25.

organisation in industrial and industrializing societies. There are two particularly significant dimensions to labor institutions, the relationship between political parties and trade unions and the selection of trade union leaders. Each of these can be specified and measured as variables that help to explain the differing patterns of privatization in India and Pakistan.

Privatization and Trade Union Response

Pakistan initiated an International Monetary Fund (IMF) structural adjustment program in December 1988; India initiated an IMF structural adjustment program in July 1991. One of the essential conditionalities of adjustment in each country is the privatization of the public sector. Despite widely different economic development strategies and official economic ideologies, both countries developed large, although not altogether similarly structured, public sectors.

Political conflicts over privatization often reveal patterns of influence between agencies of the state and social institutions. Like Peter Gourevitch's 'hard times' in the United States and Northern Europe, privatization in India and Pakistan 'expose(s) strengths and weaknesses to scrutiny, allowing observers to see relationships which are often blurred'.¹⁹⁷ Here we examine the experiences with privatization in India and Pakistan to better illustrate the relationship between labor and the state in late-industrializing countries.

The Government of India announced in June 1991 that unprofitable public sector enterprises would, within three years, be cut off from government subsidies. Unprofitable enterprises were to be privatized. Legal passage for the privatization of public sector units, long blocked by employment protection legislation, was cleared in December 1991 through an amendment to the Sick Industries and Companies Act. Despite the policy reforms to facilitate privatization, privatization is largely absent from India's adjustment program. More than nine years since its implementation, the central government has not completed the privatization of any of its 248 enterprises. The government has sold shares in public sector units, but most of these shares have gone to government financial institutions, effectively transferring public debt from public sector industry to public sector financial institutions. Fewer than three dozen public sector enterprises have been subject to disinvestment, and these at an average of less than 10% of equity.

In Pakistan, privatization has been anything but cautious. Rather than gradually disinvesting shares, the government arranged for the wholesale liquidation of the public sector. As soon as Nawaz Sharif became Prime Minister in October 1990, he announced that the public sector would be privatized and industry deregulated. Sharif declared that Pakistan's privatization program would be a model for the Muslim world and would

¹⁹⁷ Peter Gourevitch, *Politics in Hard Times* (Ithaca: Cornell University Press, 1986), 9.

rival Margaret Thatcher's achievements.¹⁹⁸ Sharif's Disinvestment and Deregulation Committee, later renamed the Privatisation Commission, recommended that the government 'retire from the production of industrial goods'¹⁹⁹ and approved nearly all central government enterprises for privatization. These included all public sector manufacturing enterprises, all the nationalized banks, and such public sector giants as the Pakistan Telecommunications Corporation. Since the Privatization Commission was established, much of the Pakistani public sector has been sold to domestic and foreign private investors.

Trade unions in both countries have organized national and local strikes, public demonstrations, court challenges, and various local agitations in opposition to privatization. Neither movement has been absent on the streets. But in India, protests have led to reversals of government privatization decisions and to a series of tripartite negotiations to manage industrial restructuring by sector. Tripartite negotiations were begun in December 1991 under the auspices of the prime minister's office.²⁰⁰ In Pakistan, these protests—sometimes quite militant and prolonged—have led to plant level union-government agreements on industrial restructuring. The Government of Pakistan has privatized dozens of public sector enterprises, from tractor factories to large commercial banks.

Pakistan's enterprise-based trade unions negotiated an agreement with the government that smoothed the way for privatization. Pakistani trade unionists in 115 public sector units scheduled for privatization formed the All Pakistan State Enterprises Workers' Action Committee (APSEWAC) in 1990. APSEWAC was able to negotiate an agreement with the federal government that gives workers of privatizing enterprises the options of retaining their jobs for at least one year after privatization, retiring with a pension amounting to four months' salary for every year worked, or collectively purchasing the enterprise using retirement funds and subsidized bank loans.²⁰¹ Workers' representatives formulated business plans for units manufacturing cement, chemicals, and transport equipment.²⁰² Nine of the sixty-three industrial and financial concerns that were initially privatized are now owned and, in some cases, managed by employee groups.²⁰³ When the privatization

¹⁹⁸ 'Privatization—Need for Checks and Balances', *Economic Review* (Feb. 1992).

¹⁹⁹ World Bank, *Pakistan: Country Economic Memorandum FY93* (Washington, DC: World Bank, 23 March 1993), 49

²⁰⁰ International Labour Office, 'India: Tripartite Cooperation for Structural Adjustment', *Social and Labour Bulletin* (June 1992), 143–5 and Ajeet Mathur, 'The Experience of Consultation during Structural Adjustment in India (1990–92)', 132: 3, *International Labour Review* (1993), 331–45.

²⁰¹ All Pakistan State Enterprises Workers' Action Committee, 'Accord signed with the Govt', mimeograph (1991). The agreement is summarized in Government of Pakistan, *Economic Survey 1991–92* (Islamabad: Government Printing Office, 1992).

²⁰² Mohammad Yaqoob [Chairman All Pakistan State Employees Workers Action Committee], interview (New Delhi, India, 29 March 1992).

²⁰³ R. Khan [Chief Economist, Pakistan Planning Commission], interview (Islamabad, Pakistan, 29 Nov. 1995).

of Pakistan's entire power sector was threatened by the refusal of 800 workers to allow foreign investors to inspect the Kot Addu power plant, it was the application of the APSEWAC agreement that resolved the seven-month stand-off.²⁰⁴ The Government of India, in contrast, has not been able to complete the privatization of a single central public sector unit. The reversal of the government's decision to privatize the giant Indian Iron and Steel Company (IISCO) clearly demonstrates the strength of political unionism labor in India. The government, in a cabinet meeting in November 1993, decided that IISCO should be privatized. The Steel Authority of India Ltd (SAIL), under the financial constraints of a tighter government budget, was unable to finance the necessary modernization. The Communist Party of India–Marxist (CPI–M)-ruled government of West Bengal, where IISCO is located, supported the move. The central government invited bids and accepted that of an Indian industrialist.

The 30,000 workers at the Burnpur-based unit objected to the privatization plan. INTUC, the CPI–M's chief rival in West Bengal, together with other centers, organized a 'lightening strike to oppose the decision'.²⁰⁵ The unions managed not only to stage a strike throughout the entire public steel sector but also to gain the support of public sector officers' associations. A parliamentary committee, convened to review the privatization decision, recommended that the decision be withdrawn and that SAIL be given the necessary budgetary support to finance IISCO's modernization. The government, despite the Congress Party's majority in the chamber, withdrew from the Lok Sabha, the bill that would have effected the privatization of IISCO. The reversal of the government's decision to privatize the giant public sector enterprise demonstrates the ability of politically affiliated unions, when they are united across party lines and when they form strategic alliances with opposition political parties, to oppose government privatization efforts.

Labor opposition to privatization in India has not been restricted to the traditional mechanisms of strikes and negotiations. Labor agitation has also employed some unusual and ingenious strategies. The Bombay workers of Hindustan Lever, an Indian subsidiary of the giant Anglo-Dutch multinational Unilever, locked out of their factory, produced their own washing detergent powder under the brand name 'Lock-Out'. Selling 110 tons of the powder won the union considerable public attention. Continuing the innovative strategy, the Hindustan Lever Employees' Union runs parallel annual general shareholders' meetings so as to inform investors of various management

²⁰⁴ Khurshid Ahmed [General Secretary, Pakistan WAPDA Hydroelectric Central Labour Unions], interview, Lahore, 8 Dec. 1995. It must be admitted that the offer of APSEWAC concessions was not the only motivation to call off the strike. Ahmed reports that the government's threat of army intervention and the possibility that workers would be killed strongly influenced his decision to agree to the privatization plan.

²⁰⁵ 'Cabinet decides to privatize IISCO', *The Statesman*, (27 Nov. 1993).

and financial irregularities.²⁰⁶ In August 1992, cotton textile mill workers from central Bombay marched through the streets in underpants and undershirts denouncing India's commitment to the eradication of poverty as a sham.²⁰⁷

The ability of political unionism to resist privatization also may be seen in the trade union opposition to one of the early attempts by a state government to privatize a public sector enterprise. In May 1991, the Janata Dal Chief Minister of Uttar Pradesh, Mulayam Singh Yadav, took out advertisements offering to sell the three cement plants within the Uttar Pradesh (UP) State Cement Corporation. Nine workers' unions joined to win a UP High Court order to stay the sale. Ignoring the stay, the chief minister drew up an agreement with the Dalmia industrial group for transferring the plant for a seriously undervalued sum. The High Court accordingly began proceedings for a contempt of court case against the chief minister, but the assassination of Rajiv Gandhi, in the middle of India's tenth general election, forced the court to reschedule the case for after July 1991. Before handing over state offices in June, Mulayam Singh Yadav approved the sale of the Dalla plant and began arrangements for handing over the plant to the Dalmia group.

In June 1991, UP government officials and management personnel of the Dalmia group arrived at the factory in Dalla, UP under police escort to transfer possession of the premises. Workers feared that they would lose their jobs. They protested at the factory gate, preventing the new management from entering the premises.²⁰⁸ Police clubbed, tear-gassed, and shot workers, killing twelve and injuring over fifty, six of whom were to die later of their injuries.²⁰⁹ According to an investigative delegation by members of the Rajya Sabha, police fired without provocation, pursued workers over three days, and assaulted workers and their wives in their homes.²¹⁰ Despite the BJP's position in favor of denationalization, sustained popular pressure organized by the workers of the Dalla plant, joined by other state employee unions, forced the BJP government to cancel the sale of the plant.²¹¹

Efforts to privatize the Bailadila Mines in Raipur, Madhya Pradesh have also encountered significant labor resistance. Mining and quarrying have been the exclusive preserve of central and state governments. The Government of Madhya Pradesh has entertained proposals for opening the mineral rich Chattisgarh area to the private sector. The giant South African diamond mining company De Beers Consolidated Mines Ltd won the contract. Nippon Denro is also in negotiation with the government over opening

²⁰⁶ Teesta Setalvad, 'Workers Mean Business', *Business India* (6–19 July 1992), 99–100.

²⁰⁷ R. Bakshi, 'Bailadila Privatisation', *Trade Union Record* (20 Oct. and 5 Nov. 1995), 35–6.

²⁰⁸ '9 killed in U.P. Firing on Workers', *Times of India* (4 June 1991).

²⁰⁹ 'RS Call for Probe into U.P. Firing', *Times of India* (5 June 1991).

²¹⁰ N. Siddhanta, 'Brutal Killings at Dalla Cement Factory' (New Delhi: AITUC Publication, Aug. 1991).

²¹¹ Subashini Ali [Communist Party of India Member of Parliament from Kanpur district], interview (Kanpur, India, 22 Dec. 1991).

iron ore mining to the private sector. The Chhattisgarh Mukti Morcha (Chhattisgarh Liberation Front) organized protests against the privatization plan. The Chhattisgarh Mukti Morcha (CMM) is an independent trade union organized by tribal mine workers, formed in reaction to intimidation and periodic killing of laborers and labor leaders by local police and industrialists. Twenty-one workers were killed in 1978 when police fired on non-violent demonstrations against the mechanization of the mines. The leader of the CMM, Shankar Guha Niyogi, was murdered, allegedly by local industrialists in September 1991. Eleven workers were killed and forty injured in 1992 when police fired on a demonstration for a uniform labor law and the prosecution of Niyogi's killers. The CMM Vice-President Sheikh Ansar in March 1996 contemplated contesting a Lok Sabha seat in the April–May 1996 general elections.²¹² A mass demonstration was also threatened by the Janata Dal, Communist Party of India, and Communist Party of India–Marxist to prevent Nippon Denro from entering the iron ore mine site at Mine 11B.²¹³

The Bharatiya Janata Party (BJP) also opposed the privatization plan, joined by Congress dissidents in the All India Indira Congress (Tiwari) and by Communist Party of India (CPI) activists. They claim that the National Mining Development Corporation (NMDC) has had its proposals for mineral development ignored. The NMDC, with headquarters in Hyderabad, produces 9 million tonnes of iron ore annually in the Bailadilla Sector, one of its major projects, and raises R400 crore (US\$123m) in foreign exchange on diamond exports. The NMDC planned to double its iron ore output from the Bailadilla mining sector within five years.²¹⁴ Internationally, the NMDC has successfully competed with foreign firms in the supply of modernization equipment. At issue in the protests over the privatization proposals are foreign ownership and profit making in an industry where the Indian public sector industry has the capacity to profitably develop the sector. One CMM labor leader complains that ‘they [government officials] say De Beers will bring technology. But just ten percent of the royalty from the mine can buy the technology. Why give it to them?’²¹⁵

The conflict over the privatization of Chhattisgarh mining has raised questions about the need for foreign investment and the potential consequence of foreign management in a strategically sensitive sector of the economy. The Bailadilla controversy involves the additional element of a local labor force consisting predominantly of a poor tribal population which has been socially and politically marginalized by local industry, administration, and government. State and higher-caste oppression, now combined with the threat of privatization, forged the local labor force's trade union into a political movement. Labor resistance to the privatization of the Bailadilla Mines is one

²¹² Narayanan Madhavan, ‘India: Indian Mining Plans Draws Opposition Ire’, *Reuters News Service* (31 March 1996).

²¹³ ‘Landmarks’, *Business India* (14–27 Aug. 1995), 32.

²¹⁴ Bakshi, ‘Bailadilla Privatisation’.

²¹⁵ ‘Landmarks’.

instance in a series of opposition efforts by organized labor that dates to the initiation of economic reforms in July 1991.

A stand-off also developed between organized labor and the government over the privatization of the telecommunications industry, formerly in the exclusive purview of the public sector. In January 1994, in the most important component of India's privatization program to date, the central government decided to end the state monopoly in telecommunications. Department of Telecommunications (DoT) unions responded by holding a crippling national strike just before the opening of bids for basic telephone contracts. Labor unions, joined by private firms that were dissatisfied with the tendering procedures, won a Supreme Court ruling in December 1995 requiring the government to address their charges before issuing licenses for telecommunications services to the private sector. The Supreme Court regarded the lack of a regulatory authority to supervise the privatization process as the principal concern.²¹⁶ In anticipation of the court's verdict, in January 1996 the central government issued an ordinance establishing a regulatory body, the Telecom Regulatory Authority of India (TRAI), to formulate guidelines for the participation of private companies in the privatization of the central government's telecommunications monopoly. The court's decision constituted a victory for the telecommunications labor unions as it specified that an administered process, subject to the political influence that trade unions could apply, would be established for the privatization of the industry.

Indian trade union centers have also been able to obstruct reform of labor legislation envisioned in the IMF structural adjustment program. One of the most contentious issues in India's labor reform process is the fate of the Industrial Disputes Act, 1947 (IDA). Section 25 of the IDA, originally an ordinance under Indira Gandhi's emergency government in 1976, requires government permission before large-scale lay-offs. International financial institutions and foreign aid agencies have applied intense pressure on the central government for an amendment of the IDA so that employers may terminate employees at their discretion. The adoption of this so-called 'exit policy' has been effectively opposed by the trade union centers.

Although the ability of trade union centers to block a major component of the reform program is an important measure of Indian trade union power, some trade unionists privately admit that opposition to the exit policy may have been self-defeating. Employers have been able to dispense with excess labor through lock-outs, voluntary retirement schemes, subcontracting, and other means.²¹⁷ The absence of a legal mechanism for the closure of industry

²¹⁶ A scandal broke when Himachal Futuristics Communications, in a consortium with Israel's Bezeq and Thailand's Shinwarta, was awarded licenses for nine of the 21 basic service zones. The Minister of Communications, Sukh Ram, was accused of favoritism in selecting Himachal Futuristics, which is based in the Minister's home state of Himachal Pradesh and successfully bid US\$24b for the nine zones, despite having revenues of only US\$57m.

²¹⁷ Arvind Shrouti, 'New Economic Policy, Changing Management Strategies—Impact on Workers and Trade Unions' (New Delhi: Friedrich Ebert Stiftung, 1994).

has prevented workers from receiving compensation or retraining. Indian trade unions have been able to halt privatization in the public sector and to obstruct labor law reform, but face an altogether different challenge in the increasing informalization of employment and deregulation of the labor market.

Despite the obvious advantages of political unionism in obstructing economic policies, Indian trade unionism is roundly criticized for representing only formal sector workers, being largely concerned merely with wage gains, and seeking to have influence solely through political parties. The contention that political unionism fails to adequately respond to the deep changes that have been occurring in late-industrializing economies, societies, and cultures is now commonplace even among trade unionists.

Brief portraits of industrial relations regimes in three Indian states may help to illustrate the operation of political unionism in India. Karnataka, Maharashtra, and West Bengal have developed markedly different labor institutions. Karnataka and its capital city, Bangalore, is home to a number of large public sector enterprises, particularly in engineering. In the 1950s, the central government opted to locate several strategically significant industries in Bangalore, including Bharat Earth Movers, Bharat Electronics, Hindustan Aeronautics, Hindustan Machine Tools, and Indian Telephone Industries. Karnataka has a reputation for good industrial relations, based on a tradition of stable and strong internal trade union leadership, comparatively low trade union multiplicity, low trade union rivalry, and limited political affiliation.²¹⁸ As there are regular trade union elections in Bangalore- and Karnataka-based public sector units, 'it is quite common for workers to refuse to affiliate to a national federation [center] even as they seek outside leadership'.²¹⁹ Those trade unions that are affiliated are typically linked either to the Communist Party of India's All India Trade Union Congress (AITUC) or the more militant Communist Party of India–Marxist's (CPI–M) Centre for Indian Trade Unions (CITU). Another significant dimension of Karnataka's industrial relations regime is that successive governments have not typically favored specific labor leaders or specific political parties' labor wings.

West Bengal stands in contrast to Karnataka. CITU grew powerful and militant in West Bengal in the early 1970s. In keeping with Leninist ideology, however, CITU deferred to the Party after the CPI–M's electoral victory in the state in 1977. West Bengal's industrial relations regime is interventionist. 'Almost every industrial dispute in Calcutta goes through the labour department and ends up with the political executive of the state'.²²⁰ At the same time, management has been generally pleased by labor's deference to the stability of West Bengal's government and industry and consequent aversion to

²¹⁸ A. Ramaswamy, *Worker Consciousness and Trade Union Response* (Delhi: Oxford University Press, 1988), 129–74.

²¹⁹ *Ibid.* 130.

²²⁰ *Ibid.* 134.

disputes or strikes.²²¹ The CPI–M's recent overtures to business, and support to privatization and industrial closure plans has provoked criticism from the West Bengal left.²²²

Maharashtra, which is home to one quarter of the country's industry, is characterized by strong independent unions (i.e., unions unaffiliated to a trade union center). One estimate is that 69% of those laborers in the state who are organized are members of independent unions.²²³ Maharashtra is also characterized by a corporatist industrial relations regime. The Bombay Industrial Relations Act (BIR) of 1946, which regulates industrial relations throughout the state, requires that a single union in each industry be recognized by government as the sole collective bargaining agent for all workers in that industry. Such recognition is based on unverified membership lists supplied by the unions themselves (the check-off system). This has allowed some affiliated and external unions, such as INTUC's powerful Rashtriya Mills Mazdoor Sangh (RMMS), to dominate industrial relations in their industry, which itself causes considerable industrial unrest.

Ironically, the principal source of the political strength of the Indian trade union movement—its relationship to the major political parties—is also its principal source of shopfloor weakness. The close ties between Indian trade union centers and the major political parties have made the unions dependent upon political party priorities and rivalries. Scholarship on trade unions in India has argued that the Indian unions are politically weaker than their European counterparts because there are too many of them. Lloyd Rudolph and Susanne Hoeber Rudolph refer to this as 'involved pluralism', adapting Clifford Geertz's concept of 'agricultural involution' to emphasize the effect of excessive multiplicity. Indian trade union multiplicity certainly complicates labor-management negotiations and is often exploited by management'.²²⁴ The weakness of Indian trade unions, however, is a consequence of trade union dependency upon political parties, of which multiplicity is only a symptom. In Pakistan too, more than a dozen unions might be active in a single enterprise. But Pakistan's collective bargaining agent (CBA) system requires management to negotiate with only one, thus regulating shopfloor political rivalry.²²⁵

While the Indian trade union centers have been powerful in obstructing official national-level privatization, they are socially weak. Privately, trade union officials admit that union membership in trade union centers has

²²¹ Ibid. 175–202.

²²² Nagarik Mancha, *Against the Wall: West Bengal Labour Scenario* (Calcutta: Spokesman, 1991).

²²³ Arvind Shrouti [Researcher, Maniben Kara Institute], interview (Bombay, India, 25 June 1996).

²²⁴ Lloyd Rudolph and Suzanne Hoeber Rudolph, *In Pursuit of Lakshmi* (Chicago: University of Chicago Press, 1987), 259–89; Clifford Geertz *Agricultural Involution* (Berkeley: University of California Press, 1963).

²²⁵ In some enterprises, such as Pakistan Steel Mills and Karachi Port Trust, political rivalry between plant unions is high at CBA election time.

dropped. Publicly, social activists and representatives of non-governmental organizations complain that trade union center officials are conservative, uncooperative, and bureaucratic. This is a reflection of the cost of labor's incorporation by political parties.

One of the strongest indications of workers' frustration with political unionism was the Bombay textile strike, the world's largest industrial action, as measured either by the number of workers involved or by the number of workdays lost. One of the chief demands of the striking workers was the de-recognition of the INTUC-affiliated Rashtriya Mill Mazdoor Sangh (National Mill Workers' Union). Under the corporatist Bombay Industrial Relations Act of 1946, a single trade union is recognized for the cotton, woolen, and silk textile industries in the states of Maharashtra and Gujarat. Since 1946, the Congress-affiliated Rashtriya Mill Mazdoor Sangh (RMMS) has been the sole recognized union for sixty mills in Bombay.²²⁶ Textile workers regard the RMMS as an instrument of management not as a union that represents textile workers.²²⁷ Workers were so determined to strike against the RMMS that they enlisted the independent Datta Samant to lead to the strike.²²⁸ Samant, who has since been murdered, was politically independent and militant. The millowners intransigence resulted in the retrenchment of at least 100,000 workers.²²⁹ The strike has yet to be called off. Most of the textile workers moved to poorly paid and unregulated informal work in power-loom sheds. The struggle for independent unionism in the Bombay textile industry suggests that the power of political unionism may be purchased at a rather high price.

Political unionism is increasingly viewed by labor organizers, even within the Indian trade union centers, as a hindrance to their social relevance. In West Bengal, the Communist Party of India–Marxist (CPI–M) government has privatized industry and retrenched labor and the otherwise firebrand Centre for Indian Trade Unions (CITU) has largely conceded.²³⁰ Even trade union officials in the political unions acknowledge that Indian trade unionism is hobbled by a dependent relationship to political parties. One retired INTUC official suggested that the best thing that the Indian trade union centers could do for the Indian labor movement would be to disband.²³¹

The costs of incorporation may also be gauged by the importance that Indian trade union centers assign to workers' management schemes as a mechanism for preserving employment in an era of industrial restructuring.

²²⁶ Hariiben Naik, [President, Rashtriya Mills Mazdoor Sangh], interview (Bombay, India, 20 April 1992).

²²⁷ Hubert van Wersch, *The Bombay Textile Strike 1982–83* (Bombay: Oxford University Press, 1992).

²²⁸ Datta Samant [President, Kamgar Aghadi (Workers' Party)], interview (Bombay, India, 3 March 1993).

²²⁹ Bakshi, 'Bailadila Privatisation'.

²³⁰ Nagarik Mancha, *Against the Wall*.

²³¹ Kamal Muzumdar [former INTUC official], interview (New Delhi, India, 28 November 1991).

The official trade unions greet workers' management schemes with no more than rhetorical support, although workers, anxious to retain their jobs, are eager to pursue worker buy-out and worker management schemes. The interest with which Pakistani workers have pursued workers' management stands in stark contrast to the indifference of Indian trade union officialdom. Pakistan trade unionists, who act more often as the leaders of a factory based community than as the officials of a quasi-governmental agency, are often quite aggressive in pursuing workers' shopfloor concerns.²³²

Developing New Trade Union Strategies

Recently, Indian and Pakistani have laid emphasis on advancing trade union independence and internal democracy, organizing informal sector workers, and promoting workers' ownership and management plans and labor education programs. Only the broad contours of these emergent strategies can be suggested here.

At the national level, India's trade union centers have made significant moves in self-transformation. Two of the largest trade union centers, the All Indian Trade Union Congress (AITUC) and the Congress Indian National Trade Union Congress (INTUC), have taken initiatives to 'delink themselves from their parent political organisations'.²³³ An even more significant development is the planned merger of the Hind Mazdoor Sabha (HMS) and AITUC. Perhaps the most significant development for trade union independence and democratization as well as for organization of the informal sector is the formation of the National Centre for Labour in May 1995. Made up of nearly two dozen labor unions, it is the only national trade union federation that aims to organize and represent informal sector workers. The National Centre for Labour (NCL) maintains its independence from political parties. The NCL represents nearly 600,000 workers in industries ranging from embroidery, to fishing, forestry, and construction work. Years of careful planning for the organization of the NCL forged a shared perception that 'different sections of the working class[es]' should engage in 'education and information sharing' and joint 'lobbying and interaction [with] . . . government and its regulatory agencies'.²³⁴ The formation of the NCL gives evidence of the resilience and responsiveness of labor to the economic and political challenges facing organized labor.

Indian trade unionists now acknowledge having once ignored the vast informal sector. As AITUC President E. Balanandan put it, the informal sector was viewed as residing 'on the fringes of its parent, the robust organised

²³² Zafar Shaheed, 'The Organisation and Leadership of Industrial Labour in Pakistan (Karachi)' Unpublished PhD dissertation (Department of Politics, University of Leeds, 1977).

²³³ Mohan Mani, 'New Attempt at Workers' Resistance', *Economic and Political Weekly* (7 October 1995).

²³⁴ Ibid. 2486.

sector'. Balanandan reflects common sentiments among South Asian trade union leaders: the informal sector, based on 'low working capital, cheap labour and scuttling of all labour laws . . . now threaten[s] the very existence . . . of the organized sector'. Trade unions 'must work more systematically to organise the workers in the unorganised sector and bring them into the common struggle, which will give a new turn to the trade union movement in the country'.²³⁵

The Self-Employed Women's Association (SEWA), one of the members of the National Centre for Labour (NCL), led a successful campaign for the adoption of an International Labour Organization (ILO) Convention on Home-based Workers. The SEWA has a membership of 220,000 women, in block printing, silk screening, garment stitching, and embroidery, 23,000 of whom work at home.²³⁶ Discussions in the ILO raised understanding about the limited protections to this large and growing segment of the informal sector. The implementation of the ILO Home Work Convention will promote the equal treatment and legal protection of home-based informal sector workers.

Another front within Indian trade unionism has pressed for 'the creation of worker cooperatives [as] an alternative form of ownership and control over production'.²³⁷ The movement of plant based trade unionists pursuing workers' management has grown in response to the widespread problem of mismanagement in the private sector. Outstanding credit tied up in sick industries in the private sector was estimated at over US\$3bn in 1989 and was expanding at a rate of over 18% per annum.²³⁸ A government commission found that the majority of these industries are unprofitable due to mismanagement.²³⁹

Kamani Tubes Ltd in Bombay, manufacturer of metal tubes, is the most celebrated workers' management experiment in India. Company performance at privately owned and operated Kamani Tubes began to decline in 1975. 'Internecine feuds and litigation among Kamani family members' and 'imprudent and undesirable management practices' made the enterprise unprofitable.²⁴⁰ The Industrial Development Bank of India and a national bank devised refinancing and rehabilitation schemes, giving the company fresh capital. Still, Kamani Tubes suffered losses. In 1987, the Kamani

²³⁵ Balanandan, 'Presidential Address to the Working Committee Meeting (annual) of the All India Trade Union Congress', 2 November 1995 (Bhilai), in *The Working Class*, 25: 4 (New Delhi: AITUC, December 1995), 5–6.

²³⁶ Ela Bhatt, 'SEWA is Heading Towards Full Employment at the Household Level', interview with Sindhu Menon, in *Labour File*, 2: 4 (April 1996), 19–22.

²³⁷ Damodar Thankappan [Director, Centre for Workers' Management], letter to P. Chidambaram [Minister of Finance], 15 June 1996.

²³⁸ Omkar Goswami *et al.*, 'Report of the Committee on Industrial Sickness and Corporate Restructuring', submitted to the Union Minister of Finance, Government of India, July 1993, 3.

²³⁹ Tiwari *et al.* (1984).

²⁴⁰ Government of India, Ministry of Finance, Board for Industrial and Financial Reconstruction, *Industrial Sickness—Case Studies: Metallurgical*, 1: 4, mimeo (July 1991).

Employees Union won a Supreme Court judgment referring the company to the Board for Industrial and Financial Reconstruction. The union devised a plan, approved by the Board, to cut the labor force and finance operations through reductions in salaries and the use of provident funds. The worker-managed company became profitable within two years of operation.²⁴¹

The success of the workers' management experiment at Kamani Tubes led to the formation of the Centre for Workers' Management and to five other successful workers' management operations. Each of these worker-managed manufacturing industries is the result of the workers' struggle to keep a mismanaged private sector enterprise viable. It is curious, given the prevalence of cooperatives in Indian agriculture, that workers' cooperatives in India are rare and given little but rhetorical support by the government and by official trade union centers. The Centre for Workers' Management (CWM) aims to reverse this tendency by giving management education to labor organizers, developing techniques to monitor the financial performance of enterprises, and facilitating the development and adoption of rehabilitation schemes for sick companies.

Advocates for workers' management solutions to sickness in Indian industry continue a long tradition of exposing private and public sector mismanagement. Together with other labor organizers, they argue that as privatization is a method for improving efficiency, not an end in itself, then increased managerial autonomy and new forms of ownership are required. Major business groups are managed privately, without day to day interference by government agencies, despite the fact the government often owns the majority of the assets in their industries. In the public sector, however, the government often fails to appoint directors for long periods and important production and marketing decisions are not made with due consideration to long-term viability. Workers have demonstrated unique perspectives on management and incentives for industrial competitiveness. By force of the new economic policies and accompanying industrial restructuring, Indian trade unions have stepped up their surveillance of company corruption and mismanagement, in both the private and public sector. Trade unions have raised concern in national economic policy debates that the public sector is being treated by some as the private domain of select civil servants, politicians, and businesspeople. The workers' management movement is to a large degree an expression of workers' commitment to responsible industrial development.

The experience of one trade unionist, the president of one of two 'representative' unions at a large Indian public sector unit, suggests the journey that unionists have had to undertake. Bharat Electronics Ltd was disinvested of more than 20% in 1991 in India's first round of public sector

²⁴¹ The firm is presently in financial difficulty which the workers blame on the non-cooperation of financial institutions, banks, and the state government.

disinvestments and another 5% in 1995. Matthew, the President of AITUC, was elected over the official candidate of the Communist Party of India (CPI), to which AITUC is affiliated. Workers in Karnataka and especially in the Bangalore public sector, where Bharat Electronics is located, have a reputation for preferring the representation of politically unaffiliated leaders over affiliated leaders. Under Matthew's leadership, the union won a Karnataka High Court case against further privatization on the grounds that the management had not formulated a business plan that demonstrated the need for or the advantage of further disinvestment. The Court held that until the central government could show such a plan, it could not initiate further disinvestment.

Employees have also proposed a shareholding plan, under consideration by the High Court. This gives evidence of the commitment of the workers to industrial restructuring and market competitiveness. Matthew argues that the enterprise needs to try 'new forms of ownership and management' and to be 'receptive to collaboration between public sector units and multinational corporations'.²⁴² The willingness of the labor leader and of the workers whom he represents to accommodate to the demands of the market reflects the commitment of Indian industrial workers generally to do what is necessary to ensure that their companies and their jobs survive.

One of the challenges these unions face is to demonstrate to government that they have not only the organizational strength and determination to organize strikes and political protests but that they also have the ability to discuss and negotiate credible industrial rehabilitation programs. Indian trade union centers are discussing industrial and labor force restructuring in a series of Special Tripartite industrial rehabilitation commissions. Indian trade union centers are negotiating with government the rehabilitation of the cotton textile, jute, chemical, engineering, electricity generation and distribution, and road transport industries.

Pakistani trade unionists have also been active in developing new union strategies. New varieties of union strategies are emerging in Pakistan, involving inter-federation cooperation, trade union-community alliances, support for workers' ownership and management schemes, and a renewed emphasis on workers' education. At the national level, the most significant recent development in Pakistan trade unionism was the March 1995 formation of the Pakistan Workers' Confederation (PWC). The PWC has coordinated protests across the country against wage compression, rising prices, unemployment, the contract labor system, industrial closures, and underutilization of capacity. The merger is explained by the six participating federations as necessitated by the deep economic, political, and social crisis in which feudalism, corruption, nepotism, and lawlessness have reached

²⁴² Babu Matthew [President, Bharat Electronics Employees Union], interview (Bangalore, India, 24 June 1996).

historic heights. The PWC represents more than two hundred thousand workers. One of the PWC's objectives is to gain greater influence over economic policy decisions.

The central concern of one of the federations participating in the PWC, the All Pakistan Federation of Trade Unions, is the privatization of the power generation and distribution system (WAPDA). Union leaders claim that the nation will be 'plunged into darkness' if WAPDA is privatized as thousands of villages are not profit-making sites of operation.²⁴³ The Hydro Electric Central Labour Union has met with ministers of the National and Provincial Assemblies to give publicity to the estimate made by a former finance minister that privatization of the power sector would add US\$330m to the burden of power consumers annually. The electricity workers union has also fought the privatization of Pakistan's power sector in the courts and protested the privatization plan in the streets.²⁴⁴

One of the most significant decisions of the PWC is an agreement not to compete between each other in CBA elections. Pakistani federations calculate that to strengthen themselves they must overcome the divisive logic of factory-level competition. Inter-union solidarity drawn from the plant level promises to have considerable national influence.

New Pakistan trade union strategies have also involved greater emphasis on workers' education. The Pakistan Institute of Labour Education and Research (PILER) has organized workers' education programs since the early 1980s. Trade unionists from all major Pakistani federations participate in the programs, which are 'aimed at enhancing the social and political awareness' of shopfloor-level trade union leaders.²⁴⁵ Plant-level trade union leaders learn about human rights, labor law, public interest litigation, the environment, economics, and patriarchy.²⁴⁶

Another strength of Pakistani unionism, derived in part from its independence from political parties, is cooperation with non-governmental organizations involved in environmental protection. When the private company Dansk Sojakagefabrik (DS) sold an outlawed chlor-alkali plant to the Pakistani company Ravi Alkalis for installation in Karachi, Pakistani nongovernmental organizations (NGOs), including the PWC, successfully blocked the deal. Together with Greenpeace International, Pakistani NGOs and trade unions in the Confederation threatened to prevent the unloading at the Karachi port. The plant which uses mercury cell technology, the most

²⁴³ 'Confederation of six workers' groups flay WAPDA privatisation', *Dawn*, Karachi (16 April 1995).

²⁴⁴ Khurshid Ahmed [General Secretary, Pakistan WAPDA Hydroelectric Central Labour Unions], interview (Lahore, Pakistan, 8 Dec. 1995).

²⁴⁵ Muttahida Labour Federation, 'An Introduction to the Muttahida Labour Federation', pamphlet (May 1992).

²⁴⁶ Pakistan Institute for Labour Education and Research, 'Trade Union Leadership Development Course', mimeo (Feb. 1989).

polluting of all chlor-alkali production technologies, had been banned from operating in Denmark on account of workers' health problems.²⁴⁷

Conclusion: Trade Union Democracy

The response of trade unionists and labor activists to international economic integration and to more informal labor practices is tempered differently by the political regimes under which labor institutions form. But Indian and Pakistani labor institutions are not replicas of the political regimes that structured them. The Pakistani military imposed regular factory-level, secret-ballot elections upon labor's organizations while Indian democracy promoted top-down, political party control of labor's organizations. It may appear somewhat ironic that an authoritarian regime would institute workplace elections, whereas a democratic regime would promote statism and bureaucracy. The speed of the privatization measures in Pakistan, however, suggests that regular elections are an important mechanism for the depoliticization of the trade union movement. The absence of a system by which workers may select their trade union representatives provides Indian political parties with opportunities to mobilize laborers and politicize industrial restructuring. This is not always in the interest of workers.

Pakistan's industrial restructuring and privatization program has been more extensive yet has involved less labor unrest and better compensation packages. In Pakistan, employers are able to negotiate with legally recognized, workplace-elected trade unions officials in Pakistan. In India, historical disagreements among trade unions, and between them and the government have prevented the adoption of a standard mechanism for trade union recognition. Just as there is no system for the recognition of national trade unions in India, other than through affiliation to a large-enough political party, there is no legal mechanism for trade union recognition at the factory level. As early as 1968, the National Commission of Labour recommended that minimum national membership levels be achieved to acquire consultative status. The recommendation was largely ignored until the early 1980s.²⁴⁸ Trade union recognition in all but three states is based upon a checkoff system. Trade unions claim members and labor officials seldom verify these claims. The absence of elections or other explicit criteria for trade union recognition invites political party manipulation into Indian unionism. A system for the recognition of trade unions by employers was devised by Parliament in 1946. It is widely claimed that this system is not used because it

²⁴⁷ Beena Sarwar, 'Pakistan: Greens to Blockade Import of Danish Ship', *Interpress Services* (15 Nov. 1994).

²⁴⁸ N. Datar, 'Trade Union Recognition' (Bombay: Lala Lajpat Rai College of Commerce and Economics, 1983) 11.1983: 6–7

would expose the unrepresentative character of India's national trade union centers, as when a government verification showed grossly inflated membership claims in 1980²⁴⁹ and again in 1995. In the 1980 verification, the ten largest trade unions could demonstrate, on average, only 56% of their claimed membership. Recently, the major trade union centers, with the significant exception of INTUC, have expressed support for secret ballot elections, even though such a mechanism for trade union recognition is likely to reduce their membership and their standing in state and central government consultations.

Political unionism has not outlived its usefulness. In South Asia, the social demand for labor to act politically is at a historical high. Trade union response to the limitations of conventional political unionism is not to become apolitical. Given the ability of informal means of production to disorganize workers, the political challenges to organized labor are higher than ever. Methods for effective collective action in India and Pakistan involve more democratic means of decision-making, increased efforts trade union and federation cooperation and mergers, and programs to develop the technical economic and accounting skills with which to better negotiate rehabilitation packages with management, government agencies, and financial institutions. As organized labor in both countries seeks to transform itself, it is developing a new social element to the political work as well as a new political orientation.

The comparative analysis of Indian and Pakistan trade union development and response to new economic realities suggests that the structure of labor institutions in late-industrializing economies is a critical determinant of the pattern of industrial restructuring. A society thick with social institutions is likely to effect economic adjustment only gradually.²⁵⁰ Some of the new models in economics involve the division of labor, human resource investment, education and training, and learning by doing.²⁵¹ Still, much economic theory, notably neoclassical macroeconomic theory, assumes the existence of institution-less labor markets, a condition nowhere in evidence. Late-industrializing economies are at the dawn of a new industrial revolution and a new phase of the commodification of labor. But labor, as Karl Polanyi recognized, will resist complete commodification.²⁵² How labor resists will differ according to the institutional legacy of past political regimes, but trade unionists in both

²⁴⁹ Ibid. 11.

²⁵⁰ In the major South Asian economies, the more gradual and the more social contested the process of economic adjustment, the more likely that adjustment will involve increased government expenditure and public commitment to social development.

²⁵¹ Robert Boyer, 'Do labour institutions matter for economic development? A "régulation" approach for the OECD and Latin American with an extension to Asia', in Gerry Rodgers (ed.), *Workers, Institutions and Economic Growth in Asia* (Geneva: International Institute for Labour Studies, 1995).

²⁵² Karl Polanyi, *The Great Transformation* (New York: Farrar & Rinehart, 1944).

India and Pakistan are making efforts toward greater democratization and decentralization as other labor activists are working to achieve greater organizational capacity and more effective political influence.

The Politics of Labor in a Global Age: Continuity and Change in Late-Industrializing and Post-socialist Economies

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Contents

<i>List of Contributors</i>	vii
<i>List of Figures</i>	x
<i>List of Tables</i>	xi
<i>List of Abbreviations</i>	xii
Introduction	
1. The Politics of Labor in Late-industrializing and Post-socialist Economies: New Challenges in a Global Age <i>Christopher Candland and Rudra Sil</i>	1
Part I Labor in Late-Industrializing Economies	
2. Partisan Loyalty and Union Competition: Macroeconomic Adjustment and Industrial Restructuring in Mexico <i>M. Victoria Murillo</i>	31
3. The Cost of Incorporation: Labor Institutions, Industrial Restructuring, and New Trade Union Strategies in India and Pakistan <i>Christopher Candland</i>	69
4. Network Ties and Labor Flexibility in Brazil and Mexico: A Tale of Two Automobile Factories <i>Scott B. Martin</i>	95
5. Globalization, Social Partnership, and Industrial Relations in Ireland <i>Eileen M. Doherty</i>	132
6. Globalization and the Paradigm Shift in Japanese Industrial Relations <i>Charles Weathers</i>	156
Part II Labor in Post-socialist Economies	
7. Transition, Globalization, and Changing Industrial Relations in China <i>Xiaobo Lu</i>	181

8. Privatization, Labor Politics, and the Firm in Post-Soviet Russia: Non-market Norms, Market Institutions, and the Soviet Legacy <i>Rudra Sil</i>	205
9. Globalization in One Country: East Germany between Moral Economy and Political Economy <i>Jeffrey Kopstein</i>	233
10. Corporatist Renaissance in Post-communist Central Europe? <i>Mitchell A. Orenstein and Lisa E. Hale</i>	258
Conclusion	
11. Institutional Legacies and the Transformation of Labor: Late-industrializing and Post-socialist Economies in Comparative-Historical Perspective <i>Rudra Sil and Christopher Candland</i>	285
Bibliography	309
Index	339

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