

**INTERNATIONAL LABOUR ORGANIZATION AND
INDIAN LABOUR: RESPONSE
TO GLOBALIZATION**

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CERTIFICATE

Certified that the dissertation “**International Labour Organization and Indian Labour: Response to Globalization**” submitted by **Veeramani. S.** in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY** is his original work. This dissertation has not previously ^{been} submitted for any other degree in this university or in any other university.

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*DEDICATED TO
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Chapter-1

CRITICAL ASSESSMENT OF GLOBALIZATION: WASHINGTON CONSENSUS

Introduction

It is a well-known fact that the World economy, its resources and World human resources, at higher stages of development is called Globalization. Globalization is a phenomenon that has remade the World economy of virtually every nation, reshaped almost every industry and touched billions of lives often in surprising and ambiguous ways (Rosenberg, Tina, 2002) ¹.

Globalization must be seen as politically rather than technologically induced phenomenon (Linda Weiss, 1997)². Globalization is really inevitable, says Frederic Jameson, It is a change, it is a kind of collective hope as Immanuel Wallerstein³ says in his One World system, Magical Combination and the Adjustment: What is there to adjust – 1) Location of production activities, 2) Level of remuneration (Wage, human capital), 3) Size of World Economy as a whole (Samir Amin, 1997).⁴ Globalization can be conceived as having two interrelated dimensions: Scope or “Stretching” and Intensity or “Deepening”.

On the one hand, the concept of Globalization defines a universal process or set of processes that generate a multiplicity of linkages and interconnections that transcend the states and societies that make up the modern World system :The concept therefore has a spatial connotation .

On the other hand, it also implies an intensification in the levels of interaction, interconnectedness or interdependence between the states and societies that constitute the

¹ Rosenberg, Tina: “New York Times” dated 18Aug 2002 .

² Weiss, Linda : “Creating Capitalism”, Blackwell, UK, 1998.

³ Wallerstein, Immanuel : “ Age of Transition” Zed, London, 1996. p.2

⁴ Amin, Samir : “ Capitalism in the age of Globalization”, Zed books ,London, 1997, pp.5-6

modern world community (Giddens, 1991,pp187)⁵ . Globalization involves a growing interpenetration of the “Global Human Condition” with the particularities of place and individuality (Robertson, 1991)⁶ .

There are various views on Globalization. First, theoretical accounts of Globalization stress a single causal logic (example: Giddens’s emphasis upon the industrial, military, Political and capital origins of globalizing tendencies). However, it is best conceived of as a multidimensional process (Wallerstein, 1979,1983,1991:Giddens, 1990,1991). Globalization is a term en vogue since the mid-80’s, when it began to replace the terms like “Internationalization”and “ Transnationalization” as a more suitable concept of describing the ever intensifying networks of cross-border human interaction .

In this work the 1st chapter deals with Washington consensus, elements, its founders and the institutions involved, its impact on the policy making process of developing countries, post Washington consensus. It also shows semantic dilemma with critics by many scholars (different interpretations), the experiences of institutional staff’s during invention and function. At the end this chapter deals with the critical criticism of globalization deriving the accounts of Robert Cox and Samir Amin.

The 2nd chapter focuses on how ILO approaches World Bank, IMF, and structural adjustment programs and tripartite consultation and it also reflects the ILO’s ability to face globalization, the effect of SAPs on labour. It also deals with division of labour among international institutions in the governance of globalization.

ILO’s response to globalization, globalization and its impact on labour standards, social dialogue and tripartism, ILO’s new measures to tackle globalization and ILO’s future approach in promoting social policies and protecting social justice are major concerns of the 3rd chapter.

⁵ Giddens ,Anthony ; “ Modernity and Self Identity, Cambridge Polity Press ,1991 .

⁶ Robertson R , “ Social Theory ,Cultural relativity and the problem of Globality : “Culture ,Globalization and the World system kings (ed.) ,London, McMillan ,1991 .

In this connection we propose to measure the impact of globalization on Indian working class so as to bring the response of ILO and Indian state on it.

Chapter IV focuses on the awakening of trade unions in India, and their response to imperialist globalization and the challenges of collective bargaining. It also traces structural adjustment and its impact of trade unions, the changes in legal framework in India and dilution of labour laws. Towards the end, this chapter derives the collective protest of Indian workers, trade unions and citizens challenging neo-liberal globalization.

What is Washington Consensus?

The phrase “Washington Consensus” has become a familiar term in development policy circles in the recent years. But, it is now used in several different senses, causing a great deal of confusion. Ten years ago, John Williamson, a senior-most economic advisor to the World Bank, invented the term “Washington Consensus” to refer to the lowest common denominator of policy advice being addressed to Washington based institutions to Latin American countries as of 1989.⁷

Williamson’s initial concern was that the phrase invited the interpretation that the liberalizing economic reforms of the past two decades were imposed by Washington based institutions (Stewart, 1997) rather than having resulted from the process of intellectual convergence that Williamson believes, underlies the reforms.

Richard Feinberg’s Universal convergence (Williamson, 1990) or Jean Wallbroeck’s “One World Consensus” would have been a better term for the intellectual convergence that Williamson had in mind. He had gradually developed a concern over its assimilation in World economies a term that he understood to be and the way it was used as a synonym for the often-called “Neo-liberalism”, in Latin American countries or what George Soros (1998) called “Market Fundamentalism”.

⁷ Williamson, John : “ What should World Bank think about Washington consensus”, 1990:: <http://www.Worldbank.org/>

When Williamson came across this usage, he asserted that there was mass violation of the term that he had naively imagined .A theory to which he owed some sort of intellectual property rights that entitled him to dictate its meaning. But the concept had become public property by then. (Williamson, 1999)⁸.

The battle of Economic ideas that McClosky (1998) has argued is fought to a significant extent with rhetoric . The use of the term with dual meanings and strong ideological overtones can therefore pose serious dangers, not only of misunderstanding but also of inadvertently prejudicing policy objectives. Specifically, there is the ever increasing threat posed by such objectives that many economic reforms favored by international development institutions, notably macroeconomic discipline, trade openness and market friendly microeconomic policies will be discredited in the eyes of many observers, simply because these institutions are inevitably implicating the views that command a consensus in Washington and that the term Washington Consensus has come to be used to describe an extreme and dogmatic commitment to the belief that Market can handle everything (Williamson, 1999).

The Elements of Washington Consensus

Writing in 1989, John Williamson identified a package of Ten-policy instrument viewed by US Government and the international financial institutions based in Washington as necessary element of first stage policy reform.

1. Fiscal Discipline

- Strict criteria for limiting budget deficits.
- The above was in the context of a region where almost all the countries had run large deficits that led to balance of payment crisis and high inflation that mainly hit the poor and the rich could park their money abroad.

⁸ *ibid.*, www.bretonwoodsproject.organization.

2. Reordering Public Expenditure Priorities

Moving away from subsidies and administration towards neglected fields with high economic returns and the potential to improve income distribution such as Primary health, Education and Infrastructure.

3 Tax Reform

Broadening the tax base and cutting marginal tax rates.

4. Financial Liberalization

Interest rates should ideally be Market-determined.

5. Exchange Rates

Exchange rates should be managed to induce rapid growth in non-traditional exports.

6. Trade Liberalization

Tariffs and not quotas, and declining tariffs to around 10% within ten years .

7 Foreign Direct Investment

No barriers and equality with domestic firms.

8. Privatization:

State enterprises should be privatized.

9. Deregulation:

Abolition of regulations that impede the entry of new firms or to restrict competition by establishing such criteria as safety, environmental protection, prudential supervision of financial institutions as a means to justify those which remains .

10. Property Rights

Secure rights without excessive costs and ensuring availability to the informal sector.

The term “Washington Consensus” was no sooner coined than challenged on the grounds that consensus suggested more agreement than actually existed about those measures. But it survived as short hand for the “Neo-Liberal policies” adopted by many cases as a result of the IMF-World Bank tutelage or instructions.

Integrating the Rest of the World

According to *The Economist*, the patient span of the globe from Vietnam to Venezuela, “The Doctors” face each other across the 19th street in Washington and dispense their medicine together. Their remedies, dubbed the “Washington Consensus” include tight fiscal and monetary policies, free trade, capital flows and privatization.

The *Financial Time* focuses more on the purpose than the mechanism, describing the “Washington Consensus” as a short hand label for the official orthodoxy of the IMF. Most of the members of the group of seven (G7) leading industrial countries above all US and commenting that ‘at its heart is an emphasis on the importance of macroeconomic stability and integration into the International economy.

Phase 1 : Colonialism by Other Means

When the American and British teams led by Harry D. White and John Maynard Keynes, met at the Brettonwoods conference in 1994, sullied and tempered by the destruction and suffering of the World War II, it was infact, an expression of hope, a noble attempt to ensure that the future generations have to bear with the pain and grave repercussions of economic disasters⁹.

As a result, the International Monetary fund (IMF) was established, largely funded by the U.S. The post-war period saw the rise of Non-Governmental Organization (NGO’s) and various lobby groups which often serve narrow interests has led such goals

⁹ Khoon Tee, Tan : “colonialism by other means” : <http://www.acc.co.in/>

alongside the primary objectives of poverty eradication, including environmental, cultural & human right concerns, civil society participation, education, health and debt relief (Khoo Tee, Tan) .

Pre-Washington Consensus

In the first wave of theorizing about economic development, from the 1940's and the 1960's, economists saw the accumulation of physical capital as the key to development (Harrod-Domer Model, Lewis Model and the Two-gap Model). The second phase recognized the human capital provided another and more inelastic constraint on development, a constraint that explained why Europe and Japan had recovered from World War II so rapidly (Williamson, 1991).

When the growth in developing countries had been lagging despite the adoption of development policies, the beginning of large scale aid, the phase which started in 1970 with the work of Little, Scitovsky, Scott (1970) and Balassa (1970), emphasised that the policy environment influenced the level and dominated the productivity of investment.

The Washington Consensus attempted to summarize the outcome of this debate on policies that were conducive to economic development .The major advance of the 1990's stemmed from recognition that the central task of the transition from the communist to market based economies involved in building the institutional infrastructure of a market economy(Williamson,1990).

The second Washington Consensus is unable to incorporate human welfare vision because of its macroeconomic forces. It could be argued that it is only fair those who contribute more funds should have more say, but then practically all World Bank's and IMF's programs these days carried out in developing countries and poor region of the world. Hence, there is a growing perception or at least best, a suspicion that these institutions serve to protect and promote western interests under the guise of financial aid(Tan, Tee Khoo).

The argument is, do the critics have a cause? . He who named the term kept aside the ideals of free trade, capital market liberalization, fiscal discipline and freedom of transformation amongst other things have come to be known as “ Washington Consensus”. A kind of economic medicine that is followed by the rest of the world would lead to a greater prosperity for all, what Jagdish Bagwati calls the “principal proponents of the Wall Street treasury- IMF – Complex”.

It is without doubt that the U.S Treasury department and Wall street are big fans of such capitalist ideals which also resonate in many other European governments and financial markets and hence is no coincidence that the World Bank and IMF constantly appears to uphold the Washington Consensus (Khoon, Tee Tan)

IMF Structural Adjustments and Developing Countries

In the aftermath of the second World War, the IMF was designed primarily to foster global macroeconomic conditions conducive to the growth of all: Help promote exchange stability, maintain orderly exchange arrangements, avoid competitive exchange depreciation, monitor world economic trends & international macroeconomic policies, facilitate the expansions and balanced growth of international Trade, and contribute thereby to the promotion and maintenance of high levels of employment, real income, development of productive resources of all countries ¹⁰.

Nonetheless, over the past two decades, the major industrialized countries have escaped from IMF policy monitoring instead of using their IMF drawing rights. They have chosen to utilize capital market resources, thus avoiding IMF policy prescriptions and adjustment conditions. In the 1980's the fund credits, advice and policy prescriptions were limited to developing countries. The major industrial powers chose to regulate their

¹⁰ Kirdar,Uner: “Issues and Questions-Change or Threat or opportunities(Market change)?” ,U.N Publications ,Tokyo, 1992 .pp 2 .

financial matters according to their own national policy decisions and whenever required, through consultations restricted to themselves (Kirdar, Uner, 1992, p.13).

The ongoing process of global integration that has now become a world phenomenon means basically, a general opening up of domestic financial markets to international competitors. It has brought about great changes, high expectations and risks to the international financial arena. The end result is not yet known but it is already clear that the process is of integration and not unification for there will always remain differences in the character and scope between various international financial markets. "Some markets are likely to emerge and grow in the process, while the others may simply be forced to fade away"¹¹.

Role for the Developing Countries

It goes without saying that developing countries have been at the losing end of the global market adjustment process. What role is there, if any, for these countries in the global financial market? (Faquih).

First, they lack the means and the appropriate degree of policy sophistication necessary to benefit from the global market mechanism. These weaknesses are clearly reflected in the direction of international capital flows, which during the past few years, has been almost a one-way street in their run-up to compete with international players. To slow the financial drain caused by capital flight, most developing countries are forced to accept policies such as high interest rates, which are in direct conflict with their investment and development objectives.

Secondly, developing countries, which have the majority of the World's population but little economic power, are unequal partners with the industrial world in the co-ordination dialogue associated with the new global market environment. In some cases,

¹¹ Faquih.J.Osama, Director-General and Chairman of the board Arab Monetary Fund, Abu Dhabi.: "Globalization of financial markets and the monetary system in Uner Kirdar, U.N Publications, 1992, Tokyo, pp 6&7.

they find themselves completely sidelined, as has become of the work of Cook and Basel Committees (familiar with regard to globalization of Commercial banking regulations).

In Developing countries, the banks are finding it necessary to accept the requirements of these committees in order to operate in the global financial market (Faquih). The implications can help draw the right lessons and policy recommendations and what are the changes happened in developing countries. The less developed countries (LCD's) of the World need funds now more than ever and it is certainly in the interest of the industrial community to aid these nations in their development. The World Bank's report concluded that in the past 15 years, many developing countries have relied too much on external borrowing and too little on domestic resources.

In Latin America, for example, domestic savings financed were barely two-thirds of the Gross Domestic Investment. In Africa, less than one-half! In low income and middle income countries, external long-term debt increased by over 20% annually in the 70's and close to 15% in the 80's. In a sample of 38 developing countries for which relevant data existed, external debt at the end of 1986 exceeded domestic debt by more than 50 %. In the case of Latin America, external debt was on an average, two and half times more than domestic bank liabilities. Despite globalization of the World's financial system, it seems clear that the developing world as a whole cannot rely on external capital inflows only. Moreover, the outlook for altering such funds is not encouraging.¹²

Challenges to the Developing Countries

Enormous changes are taking place in the global financial market. Various factors changing the World's financial market are presenting a challenge to financial market participants and regulatory authorities. Far-reaching programs of financial liberalization

¹² Kindar, Nemir : "Implications for developing World of the globalization of the financial market in Uner Kirdar, U.N Publications , Tokyo, 1992, pp 19,20,21.

has eliminated many of the institutional barriers to global finance and technology has lowered the physical barriers imposed by nature (Nyum,Jin).

It is valid, taking the context-oriented case of Latin America .The IMF symbolizes what in general could be considered in the Neo-Liberal interpretation of the crisis (Latin American Crisis).¹³ The controversy provoked also concerns the gravitational pull of interests represented by the IMF decisions and the actual results of the policies it recommends.

It is already obvious to a large section of the Latin American society that the IMF does not equitably represent all of the divergent interests of the international community. On the contrary, it favours the interests of the International financial capital and the exporting/banking community in underdeveloped countries. There is a growing belief that one is dealing with the financial analysis: with programmes bearing clearly a anti-national and anti-populist stamp thereby, national interests are subordinated to external ones , even in the case of foreign debt repayment where serious damage is wrecked on the standard of living of large segments of national populations (Pedrovuskovic, 1993, pp.13-14).

Latin America: Policies of Adjustment

The immediate background that motivated the introduction of adjustment policies is the untenable balance of payments situation, which resulted from a weakening foreign demand and the worsening of terms of trade. the rise in interest rates in international financial markets and the extreme contraction of new flows of financial resources coming from abroad, the assumptions of adjustment policies and the areas in which they express themselves would seem to identify them with stabilization programmes and Neo-liberal policies.

¹³ Kindar,Nemir : "Implications for developing World of the globalization of the financial market in Uner Kindar, U.N Publications ,1992 ,pp 19,20,21.

Neo-liberalism, as expressed in the economic programmes put into practice in various Latin American countries during the 1970's, represented a long-term option, a project to fund capitalist societies against the start of the international crisis. Adjustment programmes, on the other hand, have a short-term perspective thereby attempting to pave the way for a recovery that will make possible the discussions of further strategies.

It is true that the IMF's adjustment proposals incorporate a new element: a greater concern for the structural spread of the distortions, the IMF sees the necessity to correct. But it limits structural elements to what it considers to be the inefficiency of State guidance of the Economy ¹⁴(Vuskovic,Pedro).

In Latin America, "the crisis has altered relations of dependence: a series of State and Governments policies have been assumed directly by the IMF, by the World Bank, and by the other agencies of the empire with the agreement of local dominant classes", says Pablo Gonzalez Casanova. In the "Letters of intent" and other agreements, Latin American government has handed several areas of decision-making pertaining to State over the IMF and the U.S. says he.¹⁵

Real Reform at the IMF

The IMF Board is to go on a retreat in mid-July 2000, reported the articles (New York Times) where the new direction bashed out(Enhanced Structural Adjustment facility) renaming it ,poverty reduction and Growth facility was concocted reportedly against the will of African and other borrowing countries. There is also the retreat of IMF and World Bank officials to work out how effective division of their responsibilities : Joseph Stiglitz, after serving as a maverick chief economist for about two years at the

¹⁴ Vuskovic, Pedro: " Economy and crisis" in Pablo Gonzalez, Casa Nova, " Latin America today", U.N University, Tokyo, 1993, pp13, 14,15,16.

¹⁵ Casanova, Pablo Gonzalez (ed): "The State and Government policies in Latin American in Ed book "Latin America Today ,U.N University Press , 1993, pp54.

World Bank, criticizing the Washington Consensus ,from which Structural Adjustment programmes spring.

Stiglitz was forced to resign at the end of 1999 in what was rumored to be a deal to gain Treasury Secretary Larry Summer's approval of a second term for World Bank President James Wolfenshon. The reality was, Stiglitz opposed Washington Consensus and proceeded to question the priorities given to rapid privatization and the lack of attention to establish competition and to build Social Organization Capital.

The stiglitz episode served as a preparation for the resignation of Ravi Kanbur , a Cornell University economist who spent several years as Staff of World Bank. In protest of the Bank's existence that the year 2000 World development report(WDR, 2000)on poverty, which he was authoring, take more positive view of globalization than he was willing to countenance, the Bank's hard line on globalization and WDR reportedly came as a result of pressure from Larry Summers .¹⁶

Market is Central to Current Phase of Globalization

It is necessary to discuss about Michael Camdessus, former Managing Director, IMF, his speech before the Los Angeles World affairs Council on 17 June 1997, on the topic " Global Capital Flows: Rising returns and reducing risks". His intention was market is central to present phase of globalization, he said, When historians write the economic history of the late 20th century, no doubt they will have a lot to say about the surge of capital into "Emerging Markets" private flows to developing countries reached a record high of 23 billion dollars, last year. Five times the level in 1990 private flows been such a significant source of financing for developing countries (Vaknin,Sam).

Why the World is putting so much capital into emerging markets? And if so, what can be done to see that the trend continues? But equally important is what has been going on in developing and transition economies. Camdessus also observes that the potential

¹⁶ Vaknin,Sam: " Washington Consensus", www.imf.org.

returns on private flows to emerging market are high. But what of the risks involved? As the World saw in Mexico, the presence of large capital inflows require greater vigilance and foresight on the part of economic policy makers in recipient countries since policy mistakes can lead to sudden loss of market confidence and trigger capital outflows.

Camdessus said “ What was Washington Consensus? I never signed any. , he took charge as Managing Director of IMF in 1988 and served 12 years and now with frustrated tone, Camdessus speech was also splattered with a mixed bag of old and new IMF virtues¹⁷ . He was no better, no worse than any one in his position .The real issue is whether the world needs his position .The role of the IMF is to provide control Management of international system , the concept of structural adjustment misses the point .

To quote, “ The highest level is not where the international economic system is located”. Camdessus is not a stupid man, the people working at the IMF are not stupid, but are institutionally incapable of seeing the forces reshaping the international economy (Global Intelligence Update Weekly Analysis, dated 15 Nov 1999). Because their focuses is on the capital cities of the world and that is simple where history is being made. ¹⁸

IMF and Third World Countries

Horst Kohler, the new Managing Director, on 17 July 2000 in South Africa, met Anti-privatization protestors at Johannesburg. He was told that his visit was an example of the attempting to push an agenda that was not in the interest of the majority people of South Africa and the other developing countries. He was asked to make IMF policies mainstream in the third World. The IMF and the World Bank has long enough to reform and demanded new international institutions IMF has heard complaints and concerns the future where new directions growing up dictating more sweeping economic changes, restoring investors confidence, enhanced Structural Adjustment policies, client-oriented

¹⁷ <http://www.stratfor.com/>

¹⁸ <http://www.stratfor.com/>

approach and poverty alleviation programme .The condition can be best understood by looking at two generations of reform under Washington Consensus and its implications.

The important question occurs here is, have we reached a consensus? Who really benefits? Do the Washington Consensus policies promote poverty reduction? These are all the questions posed by the leaders striving to get every one involved to act often asked with a tone of frustration (Schuman). It observes another question, what do we mean by Consensus? It means many things. Among these, it means that every group member had an opportunity to influence the final decision that all legitimate concerns were addressed, and that everyone should live with substantial agreement of some degree or unanimity. Even then, wouldn't it be helpful if we reach a consensus? Well, these are the questions the Third-world countries must ask¹⁹.

Do the Washington Consensus Policies Promote Poverty Reduction in the Third world?

The answer quite obviously depends on which interpretation of Washington Consensus one is referring to. The popular interpretation meaning fundamentalism or neo-Liberalism refer to Laissez-faire Reagonomics that the market will resolve everything (Williamson)²⁰. We know that poverty reduction demands the effort to build the human capital of the poor. But the populist interpretation fails to address the issue (Williamson, 1990). Reagonomics had the effect of sucking bulk of the Worlds surplus savings into the U.S Economy, forcing other countries to deflate their interest rates to high levels to prevent greater capital outflows to the U.S. Part of the reason for this was structural: the integrated financial markets came to constitute a massive disciplinary force field. This was not only on firms but also on the policy autonomy of states (Stephen, Gill, U.N.U, 1994, pp176).

Crisis Proofing:

¹⁹ Sander. R. Schuman: " Reaching Consensus on consensus", <http://www.albany.net/>

²⁰ Williamson, John : "What should the World Bank think about Washington Consensus?"
[.http://www.WB.org](http://www.WB.org).

Crisis proofing of the economy of Latin America is at the head of the agenda because it is the repeated crisis of the recent years, that we have had such a devastating effect on growth as they did in East Asia. In the first half of the 1990's before the "Tequila Crisis" (Mexico forced abandonment of its exchange rate band at the end of 1994) The performance was not brilliant but neither was it desperately bad. Inflation was brought under control, Per Capita growth was an unspectacular but distinctly positive 2.4% per year from 1991-94. And poverty fell. Initially, it was in Mexico, then brought East Asia low, and then moved via Russia to Latin American countries like Argentina Brazil, Equador, Uruguay and finally to Venezuela. So much so that, per-capita growth turned negative again and poverty had increased once more (Williamson)²¹ .

Of course, Williamson and colleagues do not argue that Latin America should be content with growth that would result simply from crisis proofing the economics of the region. Countries are also in need of faster rate of growth that they achieved in the first half of the 1990's, except for Chile, which grew impressively. Although a lot was done in the last decade and a half to implement first generation reforms, the sort, which Williamson included in Washington Consensus.

Evidence suggests that these did serve the purpose of accelerating rather than decelerating the growth rate (Fernandez Arias and Motiel 1997, Lora and Panizza, 2002, Stallings and Peres 2000). Incidentally, the process is still incomplete in several dimensions (Williamson).

Critique of the Washington Consensus

They call it Washington Consensus and that's not because the IMF and World Bank have their headquarters in Washington D.C. For years, Washington D.C has lived under a

²¹ Williamson, John: " Washington Consensus and beyond, EPW, 12 April, 2003, pp1477-78.

fiscal regime that is identical to the racist, socially destructive and authoritarian solution, the IMF and World Bank imposed around the World and results are just bad (IMF, WB News brief, Vol. 3, No. 2. Aug 2000)²².

Current Usage of the Washington Consensus

1. "A die-hard liberalization advocate or a Washington Consensus believer" (Ito, 1999).
2. "The self-confident advise of the Washington Consensus, Free-up trade, practice sound money and go home early"(Vines, 1999).
3. "Washington Consensus had the following message: "Liberalize as much as you can: Privatize as fast as you can: and be in touch with monetary and matters"(Kolodko, 1998).
4. "The Washington Consensus: Policy prescriptions based on Free-market principles and monetary discipline"(Hamada, 1998).
5. "The bashing of the state that characterized the policy thrust of the Washington Consensus"(U.N, 1998).
6. "This new Imperialism, codified in the Washington Consensus"(Alam, 1999).
7. "The Brazilian crisis has reignited the debate over the so-called "Washington Consensus" on the creation of Laissez-faire global economy(Rajan, 1999).

In none of these examples does the connotation Williamson intended featured. Instead, it was on the contrary way back in 1989, when he had coined the term²³.

The market fundamentalism of Reagan's first term had already been superceded by the return of rational economic policy making and one could discern which of his ideas would survive and which wouldn't. Monetary discipline and not monetarism: Tax reform and not Tax slashing: Trade liberalization but may not be complete freedom of capital

²² IMF/ World Bank News Brief ,Vol.3, No.2, Aug 2000,[http:// www. subscribe50years@yahoo.com/](http://www.subscribe50years@yahoo.com/).

²³ "Williamson, John : "What should the World Bank think about Washington Consensus?"
<http://www.WB.organization/>

movements: deregulation of entry and exit barriers but not the suppression of regulations designed to protect the environment(Williamson, 1990).

Williamson's qualifications about Washington Consensus being made an agenda for a specific part of the world at a particular moment of history were quickly forgotten, as the search for a new ideology to endorse or hate was perceived to have succeeded. Ravikanbur argues that the staff of the Brettonwood institution perceived themselves of storming the citadels of statism, which led them to negotiate a ploy to demand more in a way of liberalizing reforms than they really expected to achieve a tactic that led citizens in the world Bank client countries to identify these institutions with something close to market fundamentalism than the institution really behaved it (Williamson, 1990)

Semantic Dilemma and Post- Washington Consensus

The intended connotation of the word "Washington Consensus", insisted that that Williamson's version of Washington Consensus is the only correct and legitimate interpretation, a corollary of which the term will with the qualification noted above be recognised as pro-poor. Williamson summarily rejected the suggested alternatives on the grounds that they were presumptuous and unrealistic. Once a term has found its way to the public domain, one cannot dictate the reestablishment of a common usage. The likely result would be a perpetuation of the public confusion that Washington Consensus attempted to address.

Abandon the Term

Refuse to debate in the terms that have been so compromising by the widespread adoption of the populist approach. Williamson cannot think such an approach as it would simply be a cop out.

Endorse a Post-Washington Consensus

A more promising strategy has been adopted atleast twice within the bank. In 1998, the Latin American regional office of the World Bank issued a policy that went beyond the scope of the Washington Consensus.(Burky and Perry,1998).

Stiglitz did almost the same, semantically atleast, in urging for a post- Washington Consensus in his lecture to the World Institute of Development Economics Research in January 1998.

Burky and Perry (1998) explicitly refer to Williamson's version of Washington Consensus and assert that the widespread implementation of the first generation reforms it prescribed was paying off in Latin American countries in resumed growth and an end to high inflation. They noted that the reforms had not been equally effective in reducing poverty and inequality. They demonstrated the need to focus on improving the quality of investment in human development, deregulating labour markets, improving regulations for private investment in infrastructure, social service and improving the quality of public sector. This is an agenda dominated by institutional reform, which is indeed what has come to be known in Latin America as second generation reform agenda (Naim, 1995).

It is not equally obvious why Stiglitz propagated a post- Washington Consensus that implied endorsing and extending the original version. First he argues that the implicit policy objective underlying Washington Consensus is inadequate. In addition to perceiving economic growth, the objective should include 'Sustainable development'. In other words, he believes that the policy objectives should include the state of environment, Income distribution and democracy as well as per-capita , gross national product(Williamson, 1990).

Williamson finds those objectives to be much more congenial than single-minded preoccupation with economic growth. In addition to expanding the objectives, Stiglitz argues that it is necessary to pursue sound financial regulation, competition policy and

policies to facilitate the transfer of technology and transparency to markets work in a way that will support development (Williamson, 1990).²⁴

Beyond Washington Consensus

The term “Washington consensus” proved controversial right from the beginning. One of the discussants of Williamson original paper, Richard Feinberg, argued that he should instead have called it “Universal convergence” on the grounds that the change in economic thought that Williamson was summarizing extended far beyond Washington. But, the extent of agreement fell far short of Consensus. Richard Feinberg was, of course right in both those points but it was by then too late to change the brand name.

Latin American reformers had two very different reactions to the term. In the early days, some of the reformers wore it as a badge of honour that it would associate them with the ideology of the side that had just won the Cold War. But, others resented it as, it suggested that reform was being imposed on them by Washington rather than adopted out of rational self-interest, a well-anticipated move, that also included small countries. Williamson thinks that it is a fantasy to imagine large countries like Brazil or India adopt reforms at the behest of IMF or World Bank. Opponents of reform were only too pleased to exploit such resentment attempting to discredit reforms, to which they reinterpreted to imply a distinctly more right wing agenda that includes a minimal state and rapid elimination of all capital controls- than ever commanded a consensus Washington or anywhere much else. Before long, the term Washington Consensus had in the minds of many, come to symbolize not a list of ten reforms that were widely thought of as needed by a particular geographical region at a particular date in history but on an ideological agenda that was to be imposed on all countries and at all times.

The ideological agenda was asserted to be that of “Neo-Liberalism” meaning set of ideas emanating from Mont Pelerin developed primarily by Milton Friedman, Friedrich Von Hayek and then to some extent implemented by Ronald Reagan and Margaret

²⁴ Williamson, John : “What should the World Bank think about Washington Consensus?” , 1990, <http://www.Brettenwoods.organization/>

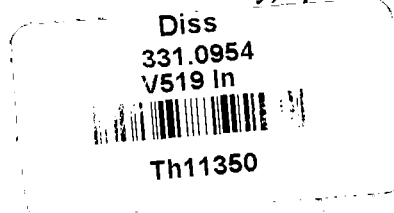
Thatcher when they were in power. There was of course, important areas of overlap between my original meaning and the Neo-liberal interpretation of the term says Williamson, for most Neo-liberals believe in macroeconomic discipline, privatization, a market economy and free trade.(So, do lots of non-neo-liberals, that is to say that there was a consensus that these ideas make sense indeed. Non-neo-liberals seem much better at implementing some of them, notably fiscal discipline, atleast to judge by what happens in Washington (Williamson, 2003)²⁵.

But there were also fundamental differences in that Williamson never claimed to detect a consensus in favor of free trade capital movements, monetarism, minimal tax rates (whether or not rationalized by supply side economics) or the minimal states that accepts no responsibility for collecting income distribution or internalizing externalities. Curiously, no one who used the term in the sense ever seems to have thought it necessary to ask whether such policies commanded in Washington before treating them as a part of the Washington Consensus. They simply used the term to mean the full conservative agenda of the Reagan and Thatcher administrations, rather than distinguishing between those two things that outlasted Reagan and Thatcher (like Globalization and Privatization)from those that were unceremoniously ditched when their rule ended(like Monetarism , Supply Side economics and belief in Minimalist government) as Williamson had intended.

To the extent that this is true, one has to worry that those policy attitudes were too homogenized, and may have failed to allow adequately for regional and national differences in the nature of economic challenges faced by the countries, says Williamson.

Most self-styled opponents of the Washington Consensus appear to have used the term in recent years to mean universal application of the Neo-liberal interpretation of the term. This is the sense in which for example Joseph Stiglitz (2002) uses it .This allows

²⁵ Williamson, Jhon, 'Beyond Washington Consensus', *Economic and Political Weekly*, April 12, 2003, p.1476



him to inveigh against the Washington Consensus without actually disagreeing with anything much, wrote Williamson in 1990.

So it is right to blame Washington Consensus for disappointing economic outcomes like repeated crisis, low growth, continuation of high poverty, if one uses the term in the Neo-liberal sense. Williamson can understand and even sympathize with the major charge that it was a major factor in plunging East Asia into deep economic crisis in 1997. But if one uses it in its original sense, consider the tragedy in Argentina, the country that was often called the poster-child of the Washington Consensus. Its collapse was not caused import liberalization or privatization or any other reforms that the country did in the early 1990's that gave it a faster growth rate since the 1980's (Williamson, 2003). The problem was that the benefit of those excellent reforms was undermined by two misguided decisions. One was the attempt to peg the Peso firmly to the Dollar, which proved disastrous especially after the Brazilian Real and the upward levitation of the U.S. Dollar made the Peso chronically, over-valued. The second was the decision to splurge when Argentina was the Darling of Wall Street instead of using the good times to work debt down to safe levels. As a competitive exchange rate and fiscal discipline were two of the Ten Commandments in Williamson's version of the Washington Consensus, he found it a bit rich to try and blame the latter for Argentinean crisis.

In his own words, Williamson comments in the following way that anyone looking for a new paradigm for economic development will undoubtedly be disappointed by our agenda. The view of the authors of the book is the past alternatives have failed and that the Anti-Globalization movement has not begun to give a coherent policy alternative. The need of the hour is to press forward prudently but boldly with the sort of agenda discussed above. One blue print will not be right for all countries, but neither should imagine that countries cannot learn from each other or that some of them are immune to the laws of Economics and can, for example go on running massive budget deficits indefinitely. India, like Latin America needs more reforms, not a reversal reform (Williamson, 2003).

As is it a well-known fact that India, one of the major players in the third world, is suffering from poor economic reforms and structural adjustments. It is anybody's guess if our country would profit from such reforms even if past experiences and the lessons learnt are not always put on paper.

Critical Criticism of Globalization

In the last two decades of the twentieth century, it has become more evident that the process of globalization has become part of our daily lives. The world economy has changed in fundamental ways, particularly in the past few years, such that its driving force, its cutting edge and its operating modes are being rapidly restructured and reshaped. A new international division of labour with an accent on global integrated production and the Trans-national corporations (TNC's) has dawned. The MNC's which rose rapidly during the 1970's has now become common in every corner of the world²⁶.

But the way the changes brought into this world is controversial in nature. Neo-liberal orthodoxy has targeted the strong state and big governments as the chief culprits responsible for social malice and economic mal-performance²⁷. The market here is used as a political weapon targeted for reasons that they may be deemed legitimate or illegitimate against particular categories of people for particular purposes. It is exactly the function and purpose of Neo-liberal orthodoxy to conceal this discretionary use of market forces that is employed by political authorities for strategic purpose not self-evidently-natural or legitimate (Offe, clause, p38).

The contemporary process of global restructuring is generating increasing hierarchies of power and deepening inequalities. Globalizing forces are serving to both integrate and disintegrate key aspects of social life on the planet²⁸. The growth in number

²⁶ Chenlo, Fu & Yeung Man, Yue (Ed) *Emerging World Cities in Pacific Asia*, U.N University, Tokyo, 1996, ppl.

²⁷ Offe, Clause: " Fifty years of the great transformation: Reflection on social order and political agencies" in Takashi Inoguchi, Edward Newman and John Kean ' Changing Democracy', UNU, Tokyo, 994.

²⁸ Sakamoto, Yashikazu: " Global Transformation" , 'Challenge to the state system, UNU, Tokyo, 1994 , pp169.

of the new forms of multi-lateral association reflects the rapid expansion of trans-national activities, the growing interpretation of foreign and domestic policy, and the corresponding desire by most states for some sort of international governance and regulation to deal with policy problems.²⁹ It would have been useful for a Marxist analyze to mention in this context that whatever controversy about globalization, Marxism has advanced new conceptions of the state in its global setting, world system theory associated neo-Marxist projects have attempted to engage with the globalization of capitalism (Samir Amin, 1972,1990, Robert Cox, 1987, Sunkel and Fuen Zeldid, 1979)

Globalization, Integration-disintegration and World order:

What is World order? Order is actually how things are, not as a normatively desirable or stable condition, it consists relatively persistent patterns of events and structures over time as existed, for example metropolitan core of global capitalist system in the 1950s and 1960s and it was countervailed by one hand soviet led ,on the other Chinese communism, the collapse of the USSR has thrown in to relief attempt by by globalising elites to reconstitute hegemony, under very different social conditions from those that prevailed following world war-II, here then collapse of the USSR is the most dramatic case of the “decent form production to entropy” what is meant by this phrase is a situation where a functioning economic system begins to self destruct ,partly because of its internal contradiction, and partly because of conscious choice that accelerate its road to collapse,recently I.M.F estimate that since 1989, the GNP of the soviet union has declined by over 50 percent, and further decline and social atomization are to be predicted, particularly since the existing political structures are incloate and the paupariastion of the population is accelerating .

Indeed, the process in the former Soviet Union is an extreme example of key aspects of global structural change :Robert Cox(1992) has coined the phrase “global

²⁹ Cox .W. Robert : “Multi-lateralism and World Order”, Review of Interantional studies, 18 no.2 , pp161-180.

prehistorica to describe this process.³⁰ The role of united states in the process of global structural change has become more contradictory and ambiguous thus Robert Cox view .

U.S is the apex of the of this system of World order and centre of convergence of the military –territorial and economic interdependence principles is in a precarious position ...decline rates of productivity, high military costs and an intractable budgetary deficit, this has been bridged by foreign borrowing . principally from Japan ..the gulf war underlined the nature of power ,a war decided upon by the U.S[which] required that its then be financed by Japan ,Germany, Saudi Arabia and Kuwait.....the war served to re-stimulate the US provided both an emulated model and material resource to Europe Japan, and to some extent the third world ,became transformed in to a tributary system in which others paid to sustain American power ,since the U.S has been living beyond its means through foreign subsidies and U.S military protection may no longer seem either necessary or desirable by europe and Japan it becomes problematic how long the foreigners principally concerned will find it their interest to sustain this system(Robert Cox 1991 quoted in Gill Stephen 1994).

This chapter deals now the critical criticism of globalization deriving the accounts of Robert Cox and Samir Amin .

Robert W.Cox:

The Critical Theory of Robert Cox: Historical Structure. Critical Theory is the theory of history in the sense of being concerned not just with the past but with a continuing process of historical change. It is critical in the sense that it stands apart from the prevailing order of the world and asks how that order came about .critical theory ,unlike problem solving theory, dose not take institutions and social and power relations

³⁰ Gill,stephen' 'structural change and global political economy :globalising elites and emerging world order in sakamoto "global transformation' UNU, Tokyo, 1994 p.179

for granted but calls them in to question by concerning itself with their origins and how and whether they might be in the process of changing(Robert Cox, 1981,p.208)³¹

Robert Cox's main contribution lies in the development of a methodology for the study of historical change in international political economy .He begins by critiquing conventional international relations theory , neo- realism and neo Marxism alike

1. for being altogether too obsessed with the relations between states
2. for failing to develop conceptual apparatus that may account for the many transocietal linkage that are growing up today, and
3. for not being critically aware of their own historical roots (hoogvelt, Ankie 1997,p.10)³²

He next grapples with two problems, one is that of world order :What is and how it can be described ?,the second is that of historical change in the organization of human affairs, put the two together and the problematic is, how do world order change?

What is interesting about Cox's theory is that he answers this question by a process of reversal: the question of change has to be understood from the vantage point of comprehending what makes for stability.

At this point Cox makes his most important contribution to the study of international political economy, he injects Gramsci's notion of hegemony as a fit between power, ideas and institutions to explain the stability of capitalist class relations and national social order, Cox now uses Gramsci's concept of hegemony to explain a stable world order, rather than as in conventional international relations theories single state dominance on bipolar state balance of power or some such (Hoogvelt , p.10- 11)

³¹ Cox,w.Robert"social forces and world orders: beyond international relations theory "" , millenium (10/2),1981,pp126.

³² Hoogvelt ,Ankie "globalisation and post colonial world ,'the new political economy of development, Jhon hopkinson university press,1997,p.10

Cox deploys the concept of 'historical structure' to examine how and why the fit comes about, and why and how it comes apart. He defines a historical structure as a particular configuration between ideas, institutions and a material forces'. It is no more than a framework of action which constitute the context of habits, pressure, expectations and constraints with in which actions takes place but which does not determine actions in any direct, mechanical way. Individuals may move with the pressure or resist and oppose them, but they cannot ignore them.

To the extent that they do successfully resist a prevailing historical structure, they buttress their actions with an alternative, emerging configuration of forces³³ a rival structure. Thus we notice that the concept of historical structure is far less deterministic than most Marxist accounts of history, and that it leaves open the possibility that history can develop in a variety of directions.

The task of the critical social scientist is to uncover plausible alternative features instead of remaining trapped in some trans historical essentialism in which either the present is forever (example, Fukuyama's 'end of history scenario) or the future is a forgone conclusion as in orthodox historical materialism (Hoogvelt, Ankie, 1997, p.11)

On the question of the source of historical change, Cox argues that historical materialism unlike structural or Neo-Marxism does infact have a lot to offer to a theory of historical change. He submits that it is the foremost source of critical theory for two reasons:

Firstly, it focuses on the principle of Dialectic as a source of transformational change between grand, epochal systems of human Socio-economic organization (modes of production)- the principle of dialectic refers to the search for contradictions as the mainspring of social change.

³³ Cox w.Robert"social forces, states and world order, beyond international theory, millenium, no.10/2, 1981,

Secondly, it identifies changes in social forces shaped by production relations or as a prime-over in these transformations, However, historical materialism has failed in three respects: First, lack of awareness of its historical boundaries. Second, in the pre-Gramscian conception of unidirectional connection between economic structure on the one hand and institutions and ideas on the other. Third, In the abstract and deterministic presentation of an unfolding history in which the progressive transformation of modes of production through the dialectic is a foregone teleological conclusion³⁴.

Instead, Cox recognizes that ideas that have become institutionalized may hang on long after the material forces that gave rise to them have been transformed well after the hegemonic power that institutionalized and universalized them has demised, while rivaling, social forces growing out of changed material conditions struggle for ideological and institutional ascendancy.

Thus, in line with most other contemporary post modernist, post-structuralist thinking, Cox wants to break with the determinism of historical theory. He sees history as open-ended and he wants us to realise that not only human structure and action but also theory itself is part of a historical structure. Therefore, constitutes the problematic that we are searching. This is the kernel of Cox's Meta-theoretical concept of critical theory. Critical theory is conscious of its relativity though this consciousness can achieve a broader time perspective and become less relative that it is less bound to its historical origin.

It knows that the task of theorizing can never be finished in an enclosed system but must have a new beginning not with abstract conceptions but with a description of the historical experience ferreting out the emerging contradictions between changing material conditions associated with social forces on the one hand and the vested interests that overhang from the past institutions and ideologies on the other.³⁵

³⁴ Hoogvelt, Ankie: " Globalization and Post colonial World", The NPE of Development, John Hopkins University Press, 1997,pp12.

³⁵ Hoogvelt, Ankie, pp12.

Globalization restructures the relations between state and capital .It has led to what Robert Cox refers to as the transnationalisation of the state in which the state becomes the vehicle for transmitting the global market discipline in domestic economy³⁶ . He argues that Globalization of the World economy gives rise to a global class and social structure that deeply affects the forms of the state. Elsewhere, he suggests that globalization is led by a transnational managerial class³⁷ that consists of distinct fractions which together constitute what Susan Strange calls International Business Civilization³⁸.

Samir Amin

The well-known Marxist theorist, Samir Amin has suggested that the internal contradictions of capitalism are becoming more and more evident that change is eminent. How this change will take place is uncertain.

He gives a clear framework for understanding capitalism in the age of globalization. The polarization induced by gigantic changes brought about by the growth decades of the 50's and the 60's, that shaped a world system very different from that of the past, He explains to us historical evidences that show unequal development of capital and about the polarization that has appeared in successive forms during the evolution of the capitalist mode of production .

He argues that Globalization of the production system means that the various countries need to be classified, from now on, on the basis of the relative weight of the "Active army" and " Reserve army" of labor within their society, these concepts defined in keeping with the logic of globalization by reference to the segment of the production system that are more or less competitive at the world level. ³⁹

³⁶ Cox .W. Robert: " Social Forces, states and World Orders beyond International Relations theory", Millenium Ed 10(2), 1981, PP 126-155, pp139.

³⁷ Cox .W. Robert: " Structural issues of Global governance: Implications for Europe" in S.Gill (ed.) Gramsci: " Historical materialism, Cambridge, Cambridge University Press, 1993, pp261.

³⁸ HOOGVELT, Ankie: "Globalization and Post colonial World: The New ploitical economy of development", John Hopkins University Press, 1997, pp134.

³⁹ Amin, Samir, " Capitalism in the age of Globalization", Zed Books, London, 1997, pp1.

He explains unequal development and historical forms of capitalism and the model of capitalist systems growth in the world. His main contribution here is the existence of monopolies, financial control of worldwide financial markets, Monopolistic access to the planet's natural resources, media and communication monopolies, Monopolies over weapons of Mass destruction. These five monopolies taken as a whole define the framework within which the law of globalized value operates.⁴⁰

In contrast to the dominant ideological discourse, he maintains that globalization via the market is a reactionary utopia and must be countered by developing an alternative humanistic project of globalization consistent with a socialist perspective. He also critiques the economic management of the crisis of contemporary World capitalism. He argues that globalization requires that crisis management should also operate at the world level. The Brettenwoods Institutions notably the IMF and the World Bank have been made to this purpose, so that the economies of the south and east are subordinated to these imperatives.

Samir Amin suggests reforming international Monetary management of the crisis and flexible exchange rates are no solutions as the principle on which he bases his proposition that follow are consonant with an alternative vision of world political organization , that of polycentric regionalization . He states that the rise of ethnicity as a political response to Economic globalization, his main argument here is that the relationship between the active workforce and labor reserves exploited by capital, which developed in the history of the centers, cannot reproduce in the periphery.

The critique on capitalism is meaningless unless it sharpens our awareness of these limitations of bourgeois thought. To do this must examine capitalism both as a qualitatively new stage of historical development and as an instance of unfolding contradictions between the liberating aspirations the new system encourages and its inability to satisfy those aspirations on the scale of its creation –the global society⁴¹.

⁴⁰ *ibid*, pp2.

⁴¹ *ibid*, pp135.

Samir Amin is one of the best known political economist in the world, especially in terms of development theory. He has been a consistent advocate of the conscious self-reliance of the countries of the global south, the recent interview at the Asian Social Forum held in Hyderabad, these are some of the questions answered by him...

He said that Neo-liberal Globalization is based on deregulation with competitive advantage, neither it has economic rationality nor social rationality except the one that benefits the MNC's dominant capital, it is not even useful to indigenous or traditional capitalists. Today, national bourgeoisie comprises with economic capital. The myth that market regulating is been shattered in recent period. The history of capitalism shows that market self-regulation only leads to Socio-economic inequality. In the new era of globalization the state which has been till now the backbone of the national bourgeoisie, is comprising with imperialist capital. It is nowhere to be seen to articulate effective alternatives either in 1977, NAM or any other third world corporations in this camp, neo-liberal economy is not a sustainable one, it is always crisis-ridden imperialist capital; wants to come out of this sluggishness by gaining military control of the planet.

Are the wars fought by U.S benefit super imperialist capital with U.S getting more benefit than the other. This is the contradiction in capitalist appropriation. Samir amin answered to a question on democracy in the era of globalization, he said Democracy is Antagonistic to Neo-liberal globalization. They are prorogating depoliticization of people and development. Now in so many Third world countries democracy is been defeated. The relevance of the legislature is in question today. Even though some states had free elections while making the policy, the legislation is becoming increasingly incompetent⁴².

Some people argue that globalization is a paradigm shift and some oppose it but the current phase of fear of globalization seems to take the globe in its hands. One important factor of production called labour threatened in a way that they no longer consider it in the form of property and means of production.

⁴² ASF, Interview of Samir Amin by Praja Sakir, Hyderabad

Billions of lives had already thrown in famish and poverty. In this connection, this work is an attempt to observe the conditions of labor in the era of globalization, it mainly focuses on Indian Labour and seeks the attention of ILO and how it looks at the current phase of globalization and its implications on Indian Labor especially in the line of globalization. The second chapter deals with ILO's Response to IMF/World Bank in the era of globalization.

Chapter-2
ILO'S RESPONSE TO WORLD BANK /IMF
IN THE ERA OF GLOBALISATION

Neo liberal Globalisation and International Institutions

The eighteenth century presented human kind with two visions, namely a vision of economic prosperity based on free market and a vision of liberty, equality and fraternity based on democratic political institutions.¹The first industrial revolution in England was the forerunner of material prosperity.² While the French revolution raised the banner of liberal polity and society. For nearly two centuries after the English and French revolutions, the struggle to construct a liberal political and economic system occurred within the boundaries of independent states. Despite the Internationalism, perhaps paradoxically, were closely bound up with nationalism. The implicit assumption was that it was possible to have liberalism in one country”.³

Today that assumption is being challenged by the forces of economic globalisation. State boundaries gradually are becoming less important as large and rapidly growing flows of trade, investment and technology. Finance capital, labour and ideas create an integrated world economy. Our political institutions however, have lagged behind. We have a global economy but not a global polity and hence our ability to “govern the market” and ourselves is weakened.⁴ Half of the people and two third of countries in the world lack full control over their own economic policy. Expatriates experts” managed by industrial country national and based in Washington, D.C. regulates these countries macroeconomics, investment projects, and social spending. The principal guiding these instructions from afar are even known as “ Washington Consensus”(after

¹ Griffin, Keith, “ Trade liberalization and Global Governance,” Political Economy Research Institute (PERI), Working Paper No.26, University Of Massachusetts, Amherst, December.2001.

² Mathias, Peter, “ The First Industrial Nation: An Economic History of Britain (1700-1914), London, Methnon, 1969.

³ Griffin, Keith stated, “ Stalin Illy believed in Socialism In One Country” in contrast to Trotsky, quoted in Peter Mathias.

⁴ Wade, Robert “ Governing the market: Economic theory Role of Government in East Asian' I industrialization, Princeton, University Press, 1990.

Williamson, 1989).⁵Not everyone is dissatisfied with the present states of affairs. Powerful countries such and United States and large international Corporations tend to favour the statuesque and oppose. Extending democratic global institution by advocating a return to economic nationalism.⁶ Other critique like Keith Griffin, wish to extent the benefit of economic globalisation and to create institutions of global governance which are far more democratic than the existing collection of international agencies.

If one is serious about democracy in the global order, at a maximum this implies respect for the views of majority, together with self restraint by the power for country, have has disregarded this most elementary requirement of a democratic global environment. Senator William Fulbright of Arkanas warned us of this a generation ago when he spoke of mankind. The United States has failed to heed his warning and concerns. Instead, in recent years, as in senator Fulbrights time the United States has resorted frequently to Unilateral action and has treated with contempt the opinion of other countries.⁷

The foreigners who fly in with policy packages for developing and post- socialist countries is staff of two international agencies –the World Bank and International Monetary Fund, arguably, many actions that the IMF and the World Bank recommended to governments are intellectually ill founded and counter productive in practice. However, their suggestions are heeded for several reasons. The two institutions are backed by the United States and other economic powers such as England and (less enthusiastically) Japan.⁸

Their emissaries arrive in local capitals with substantial hard currency credit lines in hand –a strong incentive for the authorities to take their proposals to heart, finally, the

⁵ Pieper, Uta and Taylor Lance in *Globalisation and progressive economic policies*, by Dean Baker, Gerald Epstei, Cambridge University Press, 1998.

⁶ Broad, Robin (Edt.) : *Global backlash: Citizenship for a just World Economy*, Lanham, Maryland, Rowman and little Field ,2002.

⁷ Griffin, Keith, “ Economic globalisation and institutions of Global Governance, “ University of California Riverside, Nov 2002, (Presented at the panel discussions on “Meeting challenges Globalzation at the conference (Rich and Poor) Lund university, Swedon, Jan 2003.

⁸ Pieper, Ute and Taylor, Lance,: *The Revival of the liberal creed the IMF, the World Bank and inequality in globalized Economy in Dean Barker, Gerald Epstein etc, Globalization and Progressive Economic Policies*, Cambridge University Press, 1998, p.37.

proposals are based on the “ Neo-liberal “or market friendly “ brand of policy analysis that has become predominant over the past dozen years.⁹

The great social scientist Karl Polanyi proved once in ‘The Great Transformation, Ironically published in 1944, the year in which the World Bank and IMF were funded’. Nowhere has liberal philosophy failed so conspicuously as in its understanding of the problem of change. Fired by an emotional faith in spontaneity, the common sense attitude towards change was discarded in fever of a mystical readiness to accept the social consequences of economic improvement, whatever they might be (Polanyi, 1944, p.33).

In the 1920s “ economic liberalization made a supreme bid to restore the self-regulation of system by eliminating all interventionist policies which interfered with freedom of markets.¹⁰

Polanyi’s theories speak to the present debate on globalization under which national capacities to reconcile market and social contradictions are increasingly impaired by external economic and financial constraints. From the disaster of World War II emerged an international consensus for ‘Economic collaboration of governments and the liberty to organise national life at Will. (p.254). The Will to establish global co-ordination led to the formation of the World Bank and IMF. Paradoxically, for developing countries these institutions today represent the intellectual backbone and political force behind the dismantling of truly utopian ideas of the 1940s.¹¹ (Pieper, Uta and Lance Jaylor, 1998)

Institutions and their response to globalization

The charters of the World Bank and the I.M.F were written at a Hampshire Ski resort, which is why they are dubbed the “ Bretton Woods institutions” or BWIs. Their

⁹ ibid

¹⁰ Stated by Pieper, Ute and Larice Taylor on ‘Karl Polanyis, “ The Great Transformation, New York, N.Y. Reinhart, 1944.(pp.231,254) in Dean Barker ,Gerald Epstein and Robert Pollin, Cambridge University Press, 1998.p.38.

¹¹ Ibid

histories after 1944 helps show how they attained economic security over the second and third Worlds, why they adopted the policies they support and why the policies often fail in practice. The goal of the Bretton Woods Conference was a well-ordered international economic system.

There was general agreement that government should play a central role in regulating both national and international economic system: the theoretical basis had been provided in the 1930s in the intellectual revolution led by Jhon Maynard Keynes. The attitude was to reverse over the next decades. One reasons was the apparent inability of social democratic/ Keynesian policies in the industrialised countries to deliver sustained output growth and high employment after the post –World War II.” Golden Age” that ended around 1970.

Thereafter, first transnational corporations (TNC) and then international financial markets extended their domains, leading to increase a pressure on poor economics to liberalise the current and capital accounts of their balance of payments, respectively.

The international economic environment also changed dramatically. As the residual intellectual claimant, neo-liberalism took the Centre of the policy stage. It was directed there by the rich shareholders of the BWI’s (Bretton Woods institutions) on the basis of their own new economic predilections along with the objective interests of both their TNCs as they integrated their operations Worldwide, of their financial centers, as they invested emerging markets. The staff of the World Bank and the IMF helped create the new policy line and have been adjusting it gradually.

Basically the United States chose not to foot the bills, the IMF as it emerged from Bretton Woods has always been to cash strapped to advance money for the long periods that many countries require for” soft landing” from big current account deficits. To make sure that borrowers could be constrained.” Conditionality attached to IMF lones becomes standard practise. In contrast to the IMF, the World Bank has changed us orientation several times in the 1980s, the vision was superseded by an emphasis on”

market friendly economic reform. Thinking among bank staff began to focus on stimulating economic growth precisely to enhance trickle-down, because more directed antipoverty policies did not be having much impact.¹²

The means towards the growth stimulation end took the form of neo-liberalism, in response to the ideological sea change represented by British Prime Minister Margaret Thatcher and U.S. President Ronald Reagan and George Bush. The World Bank moved alongside the IMF into the business of providing balance of payments support to countries afflicted by the debt crisis and falling export prices, adding newly invented “Structural Adjustment Lone” to its project credits.¹³

Afore said Washington consensus is a phenomenon of a particular time and place. It amalgamates long standing IMF macro economic stabilization policies, the World Banks adoption of the market de-regulation and supply side economics ideas in Vogue in Washington early in the Reagon period and London’s Zeal for privatising public enterprises, which crossed the Atlantic a few years latter.

As the east Asian Miracle episode illustrate the conscious has evolved overtime. often away from originally extreme positions. The essentials however have not changed. Synthesized in the 1980s to attack problems in poor countries that are longstanding and largely stem from their intersection in the international economic order, Washington’s remedies have not overcome these difficulties as they persist years later.

International Monetary fund (IMF) and world Bank (WB)

Stabilization has always been the domain of the IMF. Unchanged over 40 years, its central policy prescription aims at reducing the trade deficit (especially the volume of imports) by cutting aggregate demand. Inflation may also be a targeted, but it is often less amenable to policy control. The most important components of IMF programme are

¹² Ibid, Pieper, Vte, Lance Taylor, p.40.

¹³ Ibid.

fiscal and monetary austerity and exchange rate management. The nominal exchange rate is a key macro price because it affects the economy through many channels. In developing countries, three are especially important.

A trade deficit can be attacked by devaluing (weakening) the local currency, which is supposed to make production for export more profitable and imports more expensive.

The impact of exchange rate adjustments on the price structure is the second channels. One implication is that lowering internal prices of internationally traded products by strengthening the exchange rate can help control inflation. Using a fixed exchange as a “nominal anchor” for inflation has been a key component of IMF backed stabilization packages. (Especially in Latin America and Eastern Europe) since the 1970s.

A typical outcome in the case of Argentina is analysis by Chisari, Funelli, and Frenkel (1996). After stabilization in the early 1990s, the consumer price index (dominated by non traded goods) increased by more than nominal wage, which in turn increased by more than the whole sale price index (dominated by traded goods in an economy in which the current account of the balance of payments had been heavily liberalized). Hence the workers real purchasing power declined at the same time as real labour costs for producers of traded goods went up.

One the whole, IMF packages in small, poor countries tends to emphasize devaluation the aims to improve the trade balance through the mechanism discussed above. From Latin American's Southern cone in the late 1970s to Mexico in late 1994 and Argentina (in 1996), the IMF and the World Bank have repeatedly supported combinations of exchange rate appreciation and capital market liberalization that were doomed to fail.

World Bank

The World Bank 's speciality is "adjustment" aimed at raising GDP growth. Since around 1980, when it decided fight poverty with market friendliness, the Banks main thrust has been to improve the allocate efficiency of price system. The basic idea is that removing price " distortions" will produce visible output, e.g. cutting artificially high, real wages will induce companies to hire more workers who will turn make more goods. Such negative correlations between wages and output are often not observed. Much more common is a positive correlation with both variables going down, like devolution; wages cuts can reduce effective demand and lead to more workers, who will turn make more goods. Such a negative correlation between wages and output is often not observed. Much more common is a positive correlation with both variables going down like devaluation; wage cuts can reduce effective demands and lead to more income concentration the political reactions can easily sink an adjustment programme(Ute Pieper and Lance Taylor, 1998 p.43).

Structural Adjustment programme.(SAPs)

"Structural Adjustment" is the name given to set of "Free Market" economic policy reforms imposed on developing Countries by the Bretton Woods Institutions (World Bank and I.M.F) programme were developed in the early 1980s as a means of gaining stranger influence over the economies of debt strapped Governments in the South. To ensure a continued inflow of funds, countries already devastated by debt obligations have little choice but to adhere to conditions mandated by the IMF and World Bank¹⁴

Measures are imposed Under Structural Adjustment Programms?

Structural Adjustment programme measures differ some what from Country to Country, they typically include.

¹⁴ What are structural Adjustment programmes? [www.chebucto.ns.ca]

- ❖ A shift from growing diverse food crops for domestic consumption to specializing in the production of cash crops or other commodities (like rubber, cotton, coffee, copper, tin etc.)
- ❖ Abolishing food and Agricultural subsidies to reduce government expenditures.
- ❖ Deep cuts to social programmes usually in the areas of health, Education and housing and massive lay offs in the Civil Service.
- ❖ Currency devaluation measures, which increase import costs while reducing the Value of domestically, produced goods.
- ❖ Liberalization of trade and high interest rates to attract foreign investment.
- ❖ Privatisation of government held enterprises.

The World Bank and the IMF argue that SAPs are necessary to bring a developing Country from crisis to economic recovery and growth 'Economic growth driven by private sector foreign investment is seen as the key to development. These agencies argue that the resulting national Wealth eventually "trickle down" or spread throughout the economy and eventually to the poor". The achievement of social well-being is not a integral component of SAPs but a hoped, for result of applying free market principles to many World Bank and IMF officials to developing countries is one of "sacrifice" present pain for future hope.¹⁵

Many groups argue that SAPs impose harsh economic measures, which deepen poverty, undermine food security and self-reliance and lead to Unsustainable resource exploitation, environmental destruction, and population dislocation and displacement. These groups, which includes Non Governmental Organizations (NGOs) grass root organizations, economists, social scientists and United Nations agencies have rejected, the narrow conception of economic growth as the means to achieve social and environmental objectives.

¹⁵ What are all the structural adjustment programmes? [www.chebucto.ns.ca]

They believe SAP policies have increased the gap between rich and poor in both local and global terms. Towards Responding to these arguments, the IMF started enhanced structural adjustment facility (ESAF), ESAF is the main instrument through the fund provides concessional finance to the poorest countries, but on a occasional basis, there by implicitly refinancing its loans. However the burden of ESAF loans still too much for the poorest Countries.

To ease this pressure, the fund should grant substantial debt relief and for extend its loans on more favourable terms. Unfortunately the IMF has no plans to lengthen repayment period of its loans. Moreover, if the ESAF become self sustaining it would not be possible to do so without seriously reducing the volume of funds that the fund could lend on a regular basis because of the need to recycle ESAF resources.¹⁶

It appears, therefore, that the ESAF will continue to be an in appropriate source of funds for the poorest Countries. While it is clear that adjusting Countries require more in the way of concessional finance to support their adjustment efforts. The ESAF is not an appropriate mechanism through which to do so. Even IMF has used its approval role to justify the continuance of ESAF, arguing that without involvement in their economics through ESAF the Worlds poorest Countries would be less likely (or even unable) to attract the private capital necessary to sustain their economic development.(Angela wood)

1.3 billion people (over a fifth of the World's population) live below the international poverty line of \$ 1 per day and further 1.6 billion (another quarter of the World population) survive on between one and two dollars. In the later half of the 1990s, one third of the World's willing to work population was either unemployed, the worse situation since the 1930s.¹⁷

¹⁶ Wood, Angela " The IMFs Enhanced Structural Adjustment Facility. What role for development? Brettonwoods project, Sep, 1997.[www.brettonwoodsproject.org.] &[mirrors.zpok.hu]

¹⁷ Do the World Bank, IMF & WTO help the poor: the reality of poverty today, The Ecologist, Sep.2000.[www.the.ecologist.org]

In the 1960 the combined income to the richest fifth of the World's population were 30 times greater than the poorest fifth. By 1991 it was over 60 times and 1998, 78 times high. In 1997, the under 5-mortality rate in Industrialised Countries was 8/1000 live births. In developing countries was 169/1000 live births. In 1993 there were 13 doctors per 1,00,000 people, in the Third World population had no access to safe water.¹⁸

In 1997, fifty seven percent of the people living in the Third World had no access to sanitation. In 1997, forty percent of all third World Children under the age of five underweight and starving. In 1996 the average daily intake of calories in the third World was 2090 cal. unchanged since 1970. About 840 million people world wide are now malnourished. One in seven children of primary school age is out of School globally. In 1997, external debt payments made up 92.3 percent of the GDP of Countries of low development source(UNDP).

Were the Protestors Against World Bank and IMF Demonstrators anti-Poor?

To quote “ I for one support demonstrators, the policies of the international financial Institutions are having a debilitating effect on the countries of the South” chief Arthur C.Imbanefo, chairs the G77 in Newyork in 2000 and Nigeria,s permanent representative to United Nations.” We believe consciousness is rising including in the North, about the inequality and insecurity, globalisation has brought about the plight of the poor Countries. The protest against WTO , World Bank and IMF were a sign of changing atmosphere which a more coherent Third World Voice can take advantage of Thabo Mbeki., president of South Africa who are the Real Winners. (Ecologist, sep, 2000)

The United States has been at the forefront of every one of the eight trade rounds launched since 1948, says C Mike Moore WTO Director General.

¹⁸ ibid.

“The same businesses that are the most aggressive WTO supporters are also the biggest beneficiaries, claura 'D' Andre Tyson, former Clinton official.

“The Worlds 200 richest people more than doubled their net worth in the four years to 1998, to more than \$1 trillion. The assets of three billionaires are more than the combined GNP of all developed Countries and their 600 million people” UNDP, Human Development Report, 1999.

To quote” I’m being confronted with many people telling me that because of the World Bank children are dying. After working for this organization for 5 years, that’s very painful. I do not understand how you can protest against an organization that aims to combat poverty,” if we are doing something wrong. I’d like to know “ James Wolfensohn’ president of the World Bank.

We do not have any direct estimate of how many poor have been lifted out of poverty as a result of World Bank loans” Michel Walton, the World Bank’s Director of poverty reduction and economic management, At the entrance of the World Bank’s head quarters in Washington DC a large sign reads. Our dream is a “World Without poverty”.

Unfortunately neither the World Bank nor the regional development Bank are moving rapidly towards that objective or the lesser but more fully achievable goal of raising living standards and quality of life: particularly for the people in the poorest nations of the World.

“The IMF practices an economic totalitarianism which kills not with bullets but with famine” Carlos Andres Peret, former Venezuelan president.

There is much empirical evidence to protest against IMF. The IMF opens up the World to exploitation by large multinational firms. As a whole destroying job security, cutting restrictions on working hours making it easier to bosses to sack people, smashing Trade Union and ignoring safety regulations. The IMF policies have made economic crisis Worse. The IMF justifies as policies by saying that they will lead to economic

growth. But this is a con. A survey of 76 Countries implementing IMF's SAPs found that only four had consistently improved their economic performance. The Rich and powerful pull the strings. Today the five biggest multinations, run by around 40 people, have a bigger out put than the Middle East and Africa combined. These few individual make decision about what is produced, who has jobs, and who lives and dies in poverty¹⁹.

THE INTERNATIONAL LABOUR ORGANIZATION

The ILO was established in 1919 as part of the new 'World Order enunciated in treaty of Versailles²⁰. It is one of the Older International Organisations presently in operation and is commonly understood to be one to the more successful, as well. Social Welfare policy is a core element of the ILO's broad mandate, which also includes consideration of issues as diverse as working condition, the employment of child, freedom of association, and forced labour.

Wartime bargains between the state, big business, and organised labour led to the creation of ILO, whose mission was complex: to homogenise labour practices across competing economics, blunt social unrest, and promote social justice. These goals are reconciled within the ILO's advocacy to enlightened conceptions of labour relations, workplace protection, and social welfare Central concerns thus include freedom of association, rights of collective bargaining and the expansion of Welfare programmes.

Notions of social partnership are reflected in and reproduced by the ILO's tripartite Governance structure, representatives of the Government, organized labour, and the business community of each member state, attend the ILO's annual conferences in a ratio of 2:1:1 respectively. Worker and employer representatives form separate caucuses and tend to vote with their 'groups' rather than with Governments(Philippe C.Schmitter, 1974, quoted in Shotwell)

¹⁹ Globalization and Resistance, s 24 counter conference in Brighton plus demonstrations to labour conference discusses for collective protest in many part of the world, 24 sep, 2000 (www.Socialistworker.co.uk)

²⁰ Shotwell, T.James 'the Origin of International Labour Organization, Columbia University press, New York, 1934.

The ILO's tripartite structure gives a special cast to its politics. Western voices tend to dominate through their centrality within the worker and employer caucuses, as well as through their top positions in the international labour office (Robert Cox)²¹

The ILO is involved in several major activities. These includes the formulation of international standards collection of cross national statistics, the dissemination of information on working conditions: technical assistance programs, and promotional and educational activities. Annual sessions of the international labour conference formulate conventions that collectively form the ILO's International labour code. Conventions supported by at least two-thirds of the attending delegates are communicated to the central administrations of all ILO members.²²

The ILO plays an important role in providing Governments with the tools to meet their international obligations. The ILO review process treats practical obstacles to implementation and ILO technical experts help write national laws and design administrative structures. More generally, the ILO supports an international community of policy technocrats that support programme development in areas like social security.²³

ILO's RESPONSE TO WORLD BANK AND IMF

The International labour Organisation has taken steps to ensure greater co-ordination with the Bretton Woods institution-the World Bank and International monetary fund speaking at the Organization's annual conference, recently, elected Director General Juan Somavia said that the ILO must have voice in the debate on the future system " of Governance of Economic Stability and equitable development. Somavia said in a report delivered at the gathering that he was a proponent of the ILO collaborating more closely with the United Nations and Bretton Woods institutions. His aim was to ensure that the social repercussion of globalization were taken in to account when

²¹ *ibid*

²² Cox, W.Robert, 'Labour and Hegemony' *International Organization*, 31 (Summer), 1997, p.385-424.

²³ ILO, Governing Body Documents.

economic policies were formulated. During an informal ministerial tripartite meeting to discuss the Asian financial crisis, he said that from now on the ILO would be invited to IMF gatherings. During debate on Somavia's report the African labour department director general Siphon Pityana said, there was no doubt that globalization had led to unprecedented changes in the world of work, the ILO had to take 'its rightful place alongside the Bretton Woods Organization' Pityana said and ensure that policies of these institutions taken in to consideration the social dimension. "The challenge was to strengthening co-ordinating mechanisms between various parties" he said.²⁴

Governance of Globalization: ILO Contribution

The term "Globalization " is frequently used among economists, politician, academics and policy makers when describing the increasing interdependence of Countries. Some of the factors facilitating the economic trends include:

- ❖ Reduction in trade barriers through regional or multilateral trade agreements:
- ❖ Rapid expansion of foreign direct investment by MNCs.
- ❖ Reduced barriers to international capital transfers, resulting in massive equity funds and other financial flows across national borders: and
- ❖ Modern communication facilities resulting in a dramatic increase in speed of such transfers.

It appears to many workers that these trends have enabled capital markets to capture control of the political process and their demands now drive the decision making process. The ILO is generally optimistic about the net impact of free trade and increased foreign investment on Economic growth and the level of employment. However it acknowledges that as economic competition across national borders intensifies the incentives for employers and government to reduce labour cost is augmented. This may have made governments more reticent to ratify or implement International labour conventions. Also

²⁴ James. M.Malloy 'The Politics of Social Security in Brazil (Pittsburgh, Penn), University bitsburgh Press, 1979.

the risk of labour exploitation and inequalities is heightened in an increasingly interdependent World Economy.²⁵

The ILO views globalization as “policy driven”, the changes that have occurred result from deliberate and carefully considered government decisions to open their borders, to promote trade and facilitate international investment. The prevailing factors that must be ‘fatalistically accepted. The ILO therefore advocates that the process should be more carefully controlled, or governed, primarily by national governments to ensure that the economic benefits distributed that certain basic labour rights are universally recognised and applied and states are encouraged to progressively implement other labour standards globalization increases economic growth and provides opportunities for promoting social progress. In this governance process a supporting role is envisaged for co-ordinated action by relevant international Organizations in assisting national governments reach a balance between efficiency and social equity.

International Coordination of Economic and Social Policies.

Unfortunately, faster economic growth in industrialised countries will not be a panacea for the problems of globalization. It would reduce unemployment and related social problems in the OECD countries. Any subsequent increase in imports by industrialised countries may also help stimulate expansion in other regions, however this will not mitigate the mounting inequalities and disparities between region and countries (Robert Kyloh).

There is probably no simple or perfect solution, to the problems of regional economic inequalities and the uneven patterns of trade and investment. There is no doubt that many of the countries currently by-passed by the globalization process need to implement structural reforms in capital and product markets. Many of the same countries would benefit from greater transparency in government decision making and

²⁵ Grawitzky, Renee ‘ILO wins place in Economy Debate Social/Economic policy’ *South African Business Day*, June 15, 1999.

more robust resistance to corruption. Domestic economic and political reforms of this rather are normally part of the standard prescription advocated by the 'Bretton Woods Institutions and other organizations interested in promoting development. The I.L.O. has traditionally recognised the merits of these reforms and supported their implementation. In addition however the I.L.O. has argued that market enhancing reforms should be complemented by improvements in Infra-structure to support agriculture and Industry, plus the provision of effective and appropriate social protection and labour market programmes to assist those adversely affected by structural changes.

Unfortunately many of the developing Countries that have experimented with profound economic reforms have failed to strike a balance between promoting economic efficiency and protecting social values. As the pressures of increased competition intensify in the global Economy.

The probability that developing Countries can secure in Economic and social equilibrium diminishes further. In response to these developments the ILO has suggested that the international economy, just like national economics requires certain instruments and institutions to control and regulate market forces and steer them towards the goals set at the social summit.

The ILO argued in the lead-up to the social Summit and again more recently for greater coordination between financial organization like IMF, World Trade Organization (WTO) and the ILO itself-which is responsible for social and labour sphere. In 1995 the Director General of the ILO set the objective of establishing the ILO as an Institutional partner in International discussions on the improvement of World social and economic situation and he pledged to make it leading player in a new "co-ordinated employment strategy.

There are several observers who would suggest that both Bretton Woods organization and ILO are essentially ideologically driven institutions and the notion that they can really work together while remaining honest their respective mandates and

political masters is unrealistic. Accordingly to this view, increased emphasis on coordination will simply entail considerable bureaucratic effort, and a redirection of scarce resources within the ILO away from practical and independent activities that service resources being devoted to meetings between the staff of the respective international organizations and the preparation of comments on each other's activities. In short more bureaucracy and political infighting for little practical change in policies.

Since, the ILO and the Bretton Woods Institutions have been in progressively closer contact over recent years, these are not merely theoretical issues. There has been a great deal of rhetoric about the merits of working together and certainly the public statements of the IMF Managing Director and various Bank presidents have suggested increased concern for social issues and the employment impact of the policies advocated by their institutions (Robert Kylon), than what is the response to the scene happened parlay.

Structural Adjustment and Tripartite Consultation

Economic structural adjustment programmes call for changes that entail at least short-term sacrifices by the employers and Workers who are affected by them. Recently what greater receptivity to the involvement of employer's and workers organization in the Structural Adjustment process. These views dovetail neatly with the ILO's tripartite, where by representatives of workers and employers are encouraged to participate along with governments in economic and social policy information. Yet do governments and international lending agencies consult, on a timely basis, with representatives of people directly affected by structural adjustment programmes? Rarely it would seem, and if so. Unfortunately too late should they do so? Definitely, How can such consultation be encouraged?²⁶

²⁶ Kylon Robert 'Governance of Globalization ILO'S contribution, *Bureau of Workers Activities (ACTRAV)* Geneva, ILO, (www.ilo.org)

Effects of structural adjustment on labour

The term “structural adjustment” can be given various meanings, but it is usually taken to characterise” the kind of policies now recommended to developing Countries that are heavily indebted or for other reasons have balance of payments deficits with the aim of enabling them to pay their debts, become Credit Worthy again and lay the foundation for subsequent sustainable growth.

1. First generation structural Adjustment policies gave way to second and third generation progeny, and the end of the process is not in sight. Structural adjustment programmes (SAPs) have borne different names (eg. Economic Recovery programme, Economic Structural Adjustment Programme, etc.),but all reflect the basic dictates of major International lending agencies.

A typical third generation structural adjustment policy features these elements: trade and exchange rate liberalization, reduction of the budget deficit, removal of subsidies from petroleum products and other basic commodities, privatisation of states owned enterprises and reduction of staff in the public service. In recent years the IMF and World Bank gave increasingly stressed issues of poverty and income distribution in relations to structural adjustment programmes, with the inclusion of social safety nets to protect the most vulnerable parts of population a more refined analysis of adjustment experiences goes beyond the usual prescriptions for compensatory programmes to take into account distribute justice as well as economic efficiency, the more egalitarian a Country’s policies and institutions, the less need for compensatory programmes in the adjustment process.²⁷

Although in a given Country each element of the policy will have an indirect effect on all members of society large categories of workers and rational employers will directly bear the brunt of privatisation of publicly owned enterprises, shrinkage of the public service and removal of certain subsidies privatisation of publicly owned enterprises, another corner stone of SAPs, leads in most cases to a substantial reduction in

²⁷ *ibid*

the number of workers they employ, if indeed the enterprises survive at all layoffs in the public sector have other indirect repercussions for urban and rural population as well. Budgetary slashes may deprive industrial and service workers of resources to government safety and Trade Unions can no longer call upon governmental dispute resolution services.

Somehow the plight of the working poor, urban and rural, has become lost amidst reams of macroeconomics data, people who are already living on the edge are being asked to sacrifice and be patient. They had no input in making policies that have led to the failure of countries undergoing adjustment to protest the level of different social services. Timely meaningful consultation with representatives of the major social groups can make the difference between a policy that is resisted and sabotaged and one that has been shaped in part by the people affected by it.

Consultation as an Approach

The concept of consultation of representatives of consultation representatives of employers and workers by government is a cornerstone of the International Labour Organization (ILO), as reflected in its tripartite structure. The promotion of consultation extends well beyond traditional labour relations issues. The declaration concerning the aims and purposes of the ILO specifies that "the War against Want" calls for continuous and concerted international effort in which the representatives of workers and employers join on an equal footing with governments" in free discussion and democratic decision with a view to the promotion of the common welfare". Moreover, all national and international policies and measures "in particular those of an economic and financial character" should be judged in the light of ILO constitutional precept that lasting peace can be established only if it is based on social justice. Involvement of representatives and employers and Trade Unions in economic and social policy making is also one of the objects of the consultation (Industrial and National Level) recommendation, 1960.(No.113)

The relevance of this approach for structural adjustment policies has been appreciated in various ILO forums: the International labour conference, ILO regional conferences and the ILO Governing Body.²⁸

In a recent statement of ILO structural adjustment, the ILO Governing Body committee on Economic and Social Policy endorsed activity promoting tripartite dialogue and involvement of the social partners in the design and implementation of structural adjustment programmes and policies with the view to achieving social consensus, while working to strengthen the capacity of worker's and employers organizations to play an effective role in structural adjustment (November 1993). This approach contrasts with the World Bank's expressed concern with governance, which looks at this question essentially from the perspective of foreign investors, failing to consider the regulatory framework work for governing relations between capital and labour.

Necessary Conditions for the Success of Such Consultations

1. A climate of political stability and respect for rights that permit the exercise of freedom of association.
2. A genuine commitment on the part of each participant to engage in social dialogue towards consensus (which necessarily implies subsuming autonomy to some extent, making concessions and subordinating narrow interests of those of larger Community.
3. Provision of sufficient information to the social partners and their capacity to analyse it to reach rational conclusions.
4. A degree of strength of the participants in the Consultative arrangements that ensures that they are sufficiently representative and that they have enough influence over their members to make a commitment that can be kept.

²⁸ Declaration of Philadelphia: contribution of the ILO and standing orders of the international labour conference, ILO, Geneva, 1992, p.22.

ILO and Social Dimension of Globalization

The Governing Body of the International Labour Organization adopted recently the reports of its working party on social dimension on Globalisation, and agreed to move forward the ILO work in this area, through process involving raising the technical - capabilities of the working party, making it permanent forum (including adhoc high-level meetings) for exchange of view and dialogue, and for the ILO to contribute to developing an integrated policy frame work, through an ILO report on social dimension of Globalisation.

The ILO Director General Juan Somavia had tabled the proposals in a report issued earlier in June 2001, and this was discussed at the working party meeting. On 19th June 2001. At the end of a difficult debate, the working party discussions were summed up by the chair, Governing body president, Amb. Celso Amorin of Brazil, and his oral Report was before the Governing Body and approved.²⁹

In his proposal, Somavia had suggested the establishment of a World commission of eminent personalities, with knowledge and experience of the social dimension of Globalisation, and chaired by an Internationally respected figure of the highest political level, Somavia's paper suggested the World Commission as one of the options for preparing an ILO report. It said: "The report could be the product of a World commission of eminent personalities with out-standing knowledge and experience of the Social dimensions of Globalisation, chaired by an Internationally respected figure of the highest political level."³⁰

Membership of the Commission would be designed in such a way that it reflected the major views and policy perspectives in Globalisation debates, thereby offering prospects for the development of consensual solution with broad based support. Members

²⁹ Structural Adjustment and Tripartite consultation' Labour Law and Labour Relation Branch, ILO, Geneva. (www.Webinfo@ilo.org.)

³⁰ Chakravarthy, Raghavan, 'ILO agrees on process on social dimension of Globalization', *Third World Network*, Geneva, 2001, (www.suns@igc.org)

would all participate in their personal capacity the committee would have it is were launched under the aegis of UN Secretary General and serviced by a secretariat of interested organizations could detach staff'

The skillfull summing up by Amorim, in effect enabling the idea of a commission to be pursued further, came after a very difficult debate in the Working party, and some tension and doubts over the move, some fuelled by the Idea Floated that such a commission should be heart test by former US president Bill Clinton.

The Employers spokesperson Mr. Thugina from Germany while expressing for some aspects of proposals, took objection to some of the press reports and wondered" who was spinning them" (didn't mention Clinton). The workers representative Lord Brett, in supporting the proposals and arguing for moving the ILO consideration forward made a reference to Clinton's name figuring in the reports and described as 'fanciful' after Mr. Clinton's role in Seattle, he said" If I wanted to put a name forward to go and see that which would turn every developing country's stomach away from such a discussion, I would mention the name of president Clinton" adding Brett said "I do not believe that he is real in the sense of facilitator in this area. I wonder why some one either invented the name.

The workers wanted to have "real discussion" on the issues at the ILO, and not create forum for a "talking-shop". Also, the International confederation free Trade Unions (ICTU) expected pressing in Qatar. For the Establishment of link between trade and labour standards, but the workers group in the ILO did not want that debate at Doha to come into the ILO debates in a way that would take away whether the ILO had a responsibility in this area or not. While the idea of an ILO report was not a bad one, the employers were concerned that they would be 'informed' of the development of a report, but which would prepared by the ILO Director-General who might present into the UN Secretary-General as resulting from the tripartite ILO. That would not be acceptable to the employers.³¹

³¹ ibid

The employers also objected to the process and the work of the ILO “being opened up to NGO’s” whatever the constituents might do at the national level, the ILO work had to be confined to its tripartite character.

Brett, however, noted that even now over 500 NGO’s had participated in the International labour conference, and in any debate on Globalization, the ILO could not ignore Civil Society views and the views of those who had a contribution to make on specific issues.

However the background document had imbalances by giving “inordinate prominent” to pronouncements of organizations like IMF, World Bank and the WTO, as also of social partners, but had not fully reflected views of governments of developing Countries.

ILO’s Future And Bretton Woods Institutions in the age of structural Adjustment

The subjects identified for future study-trade liberalization, Employment and Investment and ILO’s strategic objectives were “random and not comprehensive”. The priority topics for study should be identified in advance and agreed among all partners, and should include improvements in the functioning and structure of international trading, economic, monetary and financial systems, particularly to bring about a more inclusive, accountable, transparent and participatory International decision making that would ensure effective participation of developing Countries.

One was the question of maintaining tripartite control over the process. It was felt that the consultations should continue on the subject, especially with a view to clarifying what the role of Governing body would be. A second aspect was transparency. There was

a lot of concern that in this process, all decisions should only be taken after full consultations.³²

Search for Future Direction

From the above discussed lines, it is quietly explorable with experience of the process of structural adjustment. There are complex nature in dealing with the structural adjustment in different Countries and continents have been approaching the process, and especially the International Organizations like the IMF, the World Bank, the ILO & the WTO are doing a vital role to make prosperity among the nations states, strongly say “Developing Countries” but the reality is different. There are some future direction identified in the tripartite consultation of International labour Organization (ILO). “ The first step would be to acknowledge that structural adjustment is an ongoing process rather than a one-off proposition. For consultation to have any real meaning, it must occur in relation to each step of the policy process. To date, the problem has been that if representatives of employers and workers become involved in SAPs, it is at a very late stage, and certainly after a definition of relevant information has been made and only in an attempt to find a palliative to social unrest that could have been avoided had they been involved from the beginning. This may in turn influence the content in the timing of economic reforms.

The second step would be ensuring that the legal Frame work is there to permit the development of strong institutions representing employers and workers, this means an absence of legal restraints that would prevent the exercise of freedom of association, only independent, Strong Organisations can take in a meaningful dialogue. For such organization to develop, the law needs to throw mantle of protection over workers and employer’s representatives, legislative provision for the participation of freely chosen representatives on a equal footing is a point of departure in fostering tripartite cooperation.³³

³² *ibid*

³³ ILO responds to Globalization, Child Labor, contract labor and Fundamental workers right, ILC, June, 1998, 16 October, 1998 (quano@mbox.unicc.org)

The third step would be to ensure that tripartite consultation takes place with the policy-makers who are taking the pertinent decisions. This applies at the International as well as the national level. Within National Governments, it is not only the workers and employers who feel marginalized: it is often the ministry responsible for labour and social affairs as well. Yet it is often fiscal policy that sets off adjustments in the labour market changes in approach are called for, therefore, at the highest policy making level.

The best way to achieve political consensus on the need for and nature of reforms is to involve in the policy-making process representatives of those who will be affected by it. This necessarily means, more direct involvement than is provided by parliamentary democracy. Arrangements for tripartite cooperation, as promoted by the ILO, provide the avenue for such involvement. The cooperation may take place through formal or informal channels the important consideration is that it in fact takes place. Since policy and legislation can foster or hinder the development of tripartite cooperation, international financial institutions and Governments should examine ways in which they could better set the stage for a fruitful dialogue to take place. A structural adjustment programme that from the outset reflects the concerns of those affected by it is more likely to win support, (or) at least blunt resistance, more importantly participation of the Workers and Employer's representatives in policy making related to structural adjustment would help shape such programmes to give them a more human face.

New ILO Vitality on Fundamental Worker Rights

Agreement on a "Declaration on fundamental principles and Rights at Work" and "follow-up to the Declaration" was a major achievement of the 86th International Labour Conference. Both are based on a historical commitment to fundamental workers rights and awareness of the costs and benefits of global economic integration.

In recent years, unsuccessful efforts to bring labour standards in to the World Trade Organization (WTO) (Social Clause) have strengthened the ILO role to address International trade and labour standard linkages. This it has done in its Governing Body

Working part on the social dimension of liberalization of trade. Out of these deliberations have come the recognised need for a major ILO commitments fundamental labour rights, in the form of declaration, and the means to monitor and strengthen these rights by effective mechanisms, especially where Governments have not ratified relevant conventions(ILC,1998, Geneva)³⁴.

In considering the issue of how labour and environmental standards should be dealt with in International Trade Agreements, let us remember the tremendous social progress represented by the collapse of the WTO talks in Seattle.

This collapse was the achievement of a World Wide revolt against the frame work of “corporate globalisation”. This revolt was manifested not only in the street protests and mass civil disobedience outside the convention hall, but also inside the WTO meeting as delegates from around the World facing greater popular pressure back home refused to cave into the claim that there had to be an agreement, no matter what. There is now a substantial body of opinion, in both the South and the North, that the creation of WTO was a mistake, like the International Monetary Fund and the World Bank, is incapable of meaningful reform and should be abolished at the first available opportunity and the efforts to reform the WTO should focus on blocking us expansion and stripping it of its power, whether internationally by agreement or nationally by increasing defiance of WTO rules and mandates.

Challenge to WTO Authority

Scepticism about giving the WTO the authority to adjudicate violations of labour rights is certainly warranted, given the WTO’s history as a secretive institution dominated by Northern corporate interests. The record of WTO dispute panels is a record of linkage. The WTO has over ruled and pre-empted laws and regulations in many Countries designed to protect workers rights, the environment or public health.

³⁴ Naiman, Robert, Rightizing, the IMF, the World Bank and the WTO, Centre for Economic Policy Research, June 2000, (globalpolicy @ globalpolicy.org)

If one agrees that the WTO is “not the place to deal with the environment and labour rights”. Then all decision of WTO panels with respect to environmental and labour regulations should be overturned and the WTO should be barred from interfering with such regulations in the future. The question is not whether there will be linkage, but what form of linkage we will have.

Certainly the International Labour Organization should be strengthened. A critical step to strengthening the ILO is to remove the power of the WTO to block enforcement of ILO conventions, currently, an attempt to actually enforce ILO conventions example by barring the imports of goods produced by child labour-could be ruled WTO illegal.

Linking trade concession to compliance with Internationally recognised labour standards is referred to as causing division between the (rich) global North and less industrialised global South. As social clause usually portrayed by those against it as a ploy used by the rich nations to protect jobs and dominate markets against the interest of lower income, less Industrialized countries and then workers in the global South.³⁵

We shall show that the regulation of minimum labour standards through a social clause is in the interests of workers in the developing Nations. We argue that unless the South, governments, Trade Unions and workers-admits this openly and works towards a self regulated labour standard, the consequence will be a race to the bottom that is, a competition that cheapens labour and deprive workers of the fruits of Economic growth.

The first show down about social clause issue took place at the first WTO ministerial conference in Singapore . The U.S.A. supported by most of the members of the European Union, was on one side with the Asian nations (including Japan) leading to resistance (Canberra Times 10-12, December 1996). Over no other issue had the association of South East Asian Nations (ASEAN) been as United (Eastern Economic Review, International Herald Tribune, 26, July, 1996)

³⁵ Chan, Anita and Ross JS, Robert ‘Racing to the bottom International trade without social clause’ *Third World Quarterly* , vol.24, no.6, 2003, pp. 1011-1028.

In the end of the ministerial declaration delegated the task of ensuring labour standards to the I.L.O and declared “we reject the use of labour standards for the protectionists purposes, and agree that the comparative advantage of Countries, particularly low-wage developing Countries, must in no way be but in to the question.”³⁶

The South own-the I.L.O is an International tripartite organization known for its lack of power to enforce labour standards(Coony,1996).³⁷

Given the responsibility, but not the power I.L.O. could do more than pass yet one more resolution, in 1998, urging all nations to honour their obligation to work towards the realization of the ILO declaration of fundamental principles and rights at work. But because the expression ‘Social Clause’ has become such a loaded pejorative term among so many governments in the global South a more neutral and abstract them ‘Social dimension’ which is not linked to trade sanctions, was introduced. We now hear call for attention to social issues with out linking them to trade.(Anita chen,Robert Ross.JS.2003).

End IMF-World Bank “structural and sectoral” adjustment policies, compel the I.M.F and the World Bank to cancel debts owed by postcolonial countries. Reduce the role of the I.M.F. to mere collection and dissemination of information. Reduce the resources available to the I.M.F. accordingly. Convert World Bank loans to grants limit the size of World Bank Projects. End government support for World Bank borrowing. Boycott World Bank bonds, the source of 80% of the Bank’s Capital. Establish an International bankruptcy procedure, with open proceedings and at least equal representation from the South. End destructive Economic aid.

³⁶ Coony.S ‘Testing time for ILO: Institutional reform for the new international political Economy, *Comparative Labour and Pclicy Journal*, 20 (3), 1999, pp.365-400.

³⁷ Internation labour Conference, ‘ILO responds to globalization, child labour, contract labour and fundamental workers rights at 86th ILC, June 1998, (www.ilo.org)

In recent years, the ILO tripartite members fiercely contested whether trade and labour standards are linked and how I.L.O. work should respond. Some members deny any linkage, real or alleged, claiming that other members would use the linkage as a pretence for protection against competitive advantage based on different levels of economic and social development other members, especially representatives of workers organizations, claim that downwards pressures do exist and lead to suppression of fundamental workers rights. These rights are enshrined in I.L.O conventions on child and forced labour, discrimination and rights to freedom of association and collective bargaining as well as United Nations covenants and conventions. They are known as “core labour standards” are deemed Universal and should upheld regardless of levels of development. Moreover, the application of these rights leads to improved productivity and there by support economic and social development.³⁸

The declaration of ILC 1998, stresses that labour standard should not be used for protectionist purposes many developed countries especially the Asia-pacific group, wanted to include the follow-up mechanism in this junction. Furthermore, they wanted to assume that ILO work is not linked to other multilateral institutions, particularly the World trade organization, by declaring that “was the exclusive organization to establish supervise and promote labour standards.

Arguing that many other International Institutions were promoting fundamental standards (eg. World Bank, European Union) and that Article 12 of the ILO constitution calls for co-operation with other International Institutions, in related activities, many developed and developing countries successfully insisted that the declaration encourage “other International Organization with which the ILO has established relations to support efforts” to attain the declaration’s objectives of strengthening and supporting fundamental workers rights. Such established relations include those with the International Monetary Fund, the World Bank group and World Trade Organization (WTO). The declaration also carefully balances obligations of member states “to respect, to promote and realise the principles concerning the fundamental right which are the subject of the core labour

³⁸ ibid

standards members to attain these rights by making full use of its constitutional, operational and budgetary resources.” Explicitly work is “promotional” to use these resources to assist positively all countries to apply fundamental worker rights in law and practice(ILC,Geneva)³⁹

The Division of Labour Among International Institutions

Keith Griffin argues that our Institutions of global economic governance should be expected to practice specialization and a division of labour. That is, each institution should be made of prevent overlapping jurisdiction and the resulting turf warfare, muddles and lack of accountability. The reason for this is not just that clarity of responsibility is conducive of efficiency, but also because confusion about responsibilities favours the rich and powerful countries that can play one organization against another in a process of divide and rule. Even in the case of ILO’s approach to World Bank and IMF known well. International financial institutions like World Bank, IMF, mostly directed by powerful countries.

This principle relevant to two specific areas of current debate, in Keith Griffin’s view that it is almost never sensible to use trade policy Instruments in an attempt to protect the Environment or raise labour standards. Indeed the imposition of trade sanctions to correct environmental externalities or to discourage undedined labour practices such as child labour is more likely to lower global well-being, and hurt the poor in the process than to raise it the correct principle to apply in the case of labour standards is that undesirable labour practices should be modified in all industries where the undesirable practices occurs, and not just in those industries which happen to exporting their product. To take an extreme example, slavery is intolerable whether the slaves are used for house work(a non-traded service) or to produce sugar for export, if one object to

³⁹ Griffin, Keith ‘Meeting Challenges of Globalization’ Current Development and its Condition in Sweden, Lund University, January, 2003.

slavery, as surely every one does, eliminating it is not the responsibility of the WTO: it is the responsibility of the International labour organization (ILO).

Our ultimate objective should be to apply at the global level the same principal of equity and efficiency that we advocate at the country level. We are very far indeed from that situation today. The Bretton Woods Institution i.e. the World Bank and the IMF, are more akin to a plutocracy, since votes on their boards of directors are weighed by financial contributions. Today our International affairs, including our global economic affairs, are largely governed or regulated either through the unilateral action of the United States, the dominant, self-declared” indispensable country or through coercion by a coalition of the rich countries.

Finally, we need to construct a rational “architecture” of International Economic Institutions. This would mean scrapping those institutions that no longer serve a useful purpose, strengthening those that are currently too weak to act independently of the most powerful countries, and creating new institutions where experience indicates that there is pressing need for them.(Griffin, Keith)

There is thus much to do and many challenges-ahead. This is really a testing time for International Labour Organization. It is in the position to face the challenges of Globalisation and come over the pressure posed by structural adjustment and labour problem. The I.L.C declaration in 1998 recognising the demands of developing countries that the ILO should not view its response to globalisation solely in terms of more supervision of fundamental worker rights. Its preamble proclaims that the ILO should draw on all its resources in its work on employment and vocational training as well as working conditions and should give special attention to the unemployed and migrant workers and the need for job creation.

Worker delegates feared that such language would water down its main intention ‘But its placement in preamble, rather than the operative part of the text, acknowledges the importance of developing countries attach to such ILO work, without diluting the

declarations emphasis on the need of the ILO to promote the “strong social policies. Justice and democratic institutions required to uphold fundamental principles and rights at work.

The mechanisms where by the objectives of the declaration are followed up in ILO activity represent an important advance in ILO capability to respond to social problems resulting from global Economic liberalization. Criticised for its lack of vigour in promoting core labour standards, the ILO now has new means to do so, both by holding member states accountable, and by highlighting and analysing the World Wide needs of Worker’s rights.

In the continuation the next chapter deals with ILO’s response to globalization.

Chapter-3

ILO'S RESPONSE TO GLOBALIZATION

Introduction

The International Labour Organization is one of the oldest agency of United Nations Organization (UNO) which was created as part of League of Nations in 1919 is an association of Nations financed by member Nations themselves, one of the Unique feature of ILO is its tripartite structure, it is composed of representatives of the governments, the workers and the employers. All the three groups have a share in controlling it in shaping its policies, objects, aims working out its programmes and supervising their execution. The constitution of ILO provides for three main organs 1. General conference (International Labour Conference) of representatives of members 2. A governing body, and 3. An international governing body controlled by international labour office.¹

Constitution of ILO: Socio Historical Context

The foundation of the ILO and the creation of international labour standards or quasi-norms have been a historical response to reproduction problems of Metropolitan capitalist countries.² The reproduction problems of the Metropolitan countries have been characterized by specific reproduction problems of the labour force. The enlarged reproduction of capital had led an even continuing process of division of labour that in the first instance deskilled the work of artisans and attracted the cheapest labour for wage work, notably women and children. The massive exploitation of this weakest part of the labour force resulted in serious problems of generative reproduction of the labour force, thus the resistance of such work conditions on the part of state bureaucracy and on the part of some entrepreneurs to ensure minimum subsistence level for the labour force.

¹ Joshi, Preetha *ILO and its Impact on India*, B.R. Publication, New Delhi, 1985, pp.23-25.

² Alock, Anthony, *History of the ILO*, Macmillan, London, 1971, p.2.

As a result of this interest constellation various kinds of national legislation concerning working hours-labour condition and social insurance were initial in the main metropolitan cities (countries). Yet there was a strong belief amongst all participants in this debate that an adequate consolidation of social legislation could only be reached by a pledge on the part of individuals nations to international co-operation in the field of labour standards. (Alock Antony)

The common aim for an international standardization of social legislation has thus been a reflection of competition within the world market. During the World War-I the domestic power constellation in the metropolitan countries made possible concrete concessions in favor of the working class demands in the international context. Thus the foundation of the ILO has been made part of the peace treaty of Versailles. It was meant to be a conscious attempt to solve the social problems of the highly industrialized countries by other than revolutionary means which had challenged the metropolitan powers since the October revolution the unique tripartite representation of member states (workers and employers with one vote each, governments with two votes) as well as the programme of ILO correspond to a functionalist concept of conflict solving which itself reflects the social structure of metropolitan countries (Eva Senghass-Knobloch, 1980, p.162)³

The material basis for national social legislation in the metropolitan countries is the same as for the principle of law as such. This basis was created historically by socio-economic integration on a national level i.e. by increasing division of labour and chains of commodity exchange. But this domestic market necessitated an increasing subordination labour under capital.⁴

The specific historical conditions, under which metropolitan countries developed made it necessary to unfold a nation wide network of social protection for the labour

³ Knobloch, Senghass Eva, 'The new International Discussion of Labour and International Labour Standard: Do Levels of technology on socio-economic structure matter in Dieter Ernst, Campus Vellore Pub., New York, 1980, p.162.

⁴ Caire, Guy, 'Freedom of Association and Economic Development, Genf (ILO), 1977; Theborm, Goran 'Capital & Suffrage' in *Newleft Review*, No 103, 1977, S.3-42.

force, public investment was a necessary requirement to ensure the introduction of the labour force. Yet norms in the social sphere are of a different type than those which basically regulate the realm of freedom, the individual citizen vis-à-vis the state. Under the concepts of labour standards both types are subsumed. There are basic rights concerning the freedom of association and the abolition of forced labour and there are standard referring to concrete condition of work or social security. In fact, it has been easier to reach agreement of some restricted material standards, which require state intervention than on the rights to unioniseverse independent of state interference. (Eva Senghass-Knobloch, 1980, p.162).

Peripheral states and international labour standards

The international standardization of norms concerning labour has been understood as an instrument of universal application. The boundaries of the universe have been defined by countries, which appeared as independent participants in the world market (James Shotwell)⁵.

When ILO was founded, only these non-metropolitan countries which were to install themselves as direct competitors of the metropolitan countries on the world market attracted attention with respect to the labour condition prevailing in their territory (the metropolitan countries nevertheless obliged by the constitution of ILO to consider the applicability of labour standards which had been adopted by the international labour conference in the territory of these respective colonies)

The staff of the international labour office (the executive organ of the ILO) at the same time gave Technical Aid to independent non-metropolitan members states, particularly in Latin America, in order to establish a national social legislation. The social structure of these countries made these attempts a rather formal operation. But after the World War II, people realized that in order to establish a social legislation the necessary material conditions corresponding to it have to be promoted.

⁵ Shot Well, James *The Origin of the ILO*, New York, (Columbia), 1943, 2.Volumes.

This insight was translated during the 1950s and part of the 1960s into 'ILO-productivity missions' in non-metropolitan countries (now called under developed countries) and during part of the 1960s and 1970s into 'ILO employment Missions'. Inside the ILO the new state of affairs was reflected in the adoption of basic Human Rights conventions concerning Union Activities and discrimination and in the adoption of basic human rights convention concerning Union activities and discrimination and in the adoption of a convention which outlaws any system of forced labour in colonies and elsewhere. The metropolitan countries with their similar social structure and problems concerning the reproduction of labour force are no longer the main core of members.

Since the integration of colonial peripheral countries into the World market had been imposed by external power a material basis for the prototype of the bourgeois state did not emerge. Correspondingly, the concepts of norm and law that have been developed as prerequisites for the free circulation of commodities in the history of metropolitan capitalist development are only superficially applied, lacking a material foundation.

This applies also to the more specific notion of social legislation. Thus, the state in peripheral capitalist countries can be identified as the machinery which administers the means of direct force in order to ensure dependent reproduction.⁶

The colonial division of labour' defined the needs of the recruited labour force on the basis of race and implemented this by direct force. At the same time as national legislation in metropolitan countries made the rising needs of the working class part of the process of capitalist reproduction, the colonial expansion of capital defined the colonial labour forces as cheap by nature and therefore by necessity. New products that became part of the means of reproduction of the working class increased the value on price of labour, new processes of production decreased the value on price of labour.

⁶ Freyhold, Michaela Von, 'the Post Colonial State' in *Review of African Political Economy*, NO.8, 1977, pp.75-89.

This inward-directed political-economic pattern of reproduction does not prevail in peripheral societies; there is less objective pressure for a national unification of life and work standards even at the minimum level which was the basis for social legislation in the metropolitan states and consequently even less 'objective' pressure for an international standardization.

In peripheral capitalist countries, basic problems of reproduction of labour force do not have the same impact on the reproduction of political-economic system as they had in the metropolitan countries when the ILO was founded.

The political meaning of international labour standards

Under the existing socio-economic conditions in peripheral countries the danger increases that capitalist wage work for the world market will be set up under basically undemocratic conditions. This danger is particularly prevalent in the new trends of replacement of part and subparts of industrial production from metropolitan areas to peripheral areas that hitherto have not been considered to be appropriate. It is this area of industrial production on the world market (particularly the free zones for production of export) where one finds new combinations of wage labour and metropolitan technology under the economic terms of 'permanent primitive accumulation'.

The price of labour does not cover the entire cost of its reproduction, which has to be compensated for and subsidized by other forms of production, a process that accentuates the existing discrepancies between the various levels of productivity. The resistance on the part of organized labour in peripheral states is quite multifaceted but, if successful, it does not have the structurally economic impact on the national economy as in metropolitan countries of integral capitalism⁷.

The limits for success are set by the conditions of the branches or sub-branches in which capital is operating on a world scale. There is no national legitimization whatever

⁷ 'Free Trade Zones and Industrialization of Asia in *AMPO, Special Issue*, Tokiyo, 1977.

for denying the internationally valid labour standards to the labour force and as long as metropolitan technology applied in peripheral counties in production for the world market, since not the process of homogeneous development but the process of capital accumulation alone profits from deteriorating working condition, on the other hand, extended industrial production of the world market under non-standard conditions weakens the already established position concerning labour standards⁸.

Democratic participation appears as the only means of making the needs of unorganized working people publicly articulate and thereby part of the reorientation process of development. A strengthening of the ILO approach towards development, as contradictory it may be in its concrete details, still has the potential of supporting the forces of democratic institutions, since the ILO approach of conflict-resolving by co-operation between classes and nations is translated into instruments which give collective interests a chance to be articulated (Eva Senghass-Knobloch, 1980).

The international labour standards as promoted by the ILO have validity beyond the interests behind their origin. This is particularly true for those labour standards that formulate basic human rights of collective interest articulation of democratic participation. Other important organizations e.g. The World Bank group, especially the international monetary fund, directly support, non-democratic forms and repressive regimes, which are presumably able to install the prescribed priority of profitability, be means of austerity programs. Since the austerity programmes can only be enforced against unions and other institutions of democratic articulation, the development concept of the World Bank Group is necessarily connected with undemocratic forms (Eva Sengaash, Knobloch, 1918, p.164)

This historical context of ILO and international labour standards been considered an great effort to protect the working class around the globe, however these international standards considered as a tool to strengthen the democratic participation of the working

⁸ International Labour Office: Meeting Basic Needs- Strategies for Eradicating Mass Poverty and Unemployment, Genf (ILO), 1977/

class, welfare measures.. they drastically underwent dangerous experiment by capital minded factors especially during the era of globalization (economic reform, structural adjustment, privatization, liberalization) the international labour standard lost its strength and diluted by many factors (afore said). In this connection the forth-coming pages concentrate on the complex issues brought by globalization and to measure the collective response of ILO.

The international labour organization (ILO) has the greatest authority in the area of international social policy, and constitution further pillar of the international system. Its task consists of establishing and supervising labour and social legislative standards at the international level.

As in so doing, this concerns the balancing of interest between those of employees and employers, the ILO is the sole international body organization a tripartite-way, above all, in the area of collective and individual labour law, it has developed as complex collection of rules.

It lacks, however, effective instruments for enforcing the norms it has set, and this has earned the ILO the reputation being a 'toothless tiger' of even greater significance is the fact that the ILO is no agenda setter and has been unable to impress a social stamp on the globalization debate. Against this background, Juan Somavia, the Director General of ILO called in to being in the spring of 2002, a high-ranking committee to investigate the social dimension of globalization (The Fridrich-Ebert Foundation).

The world labour standards is used in two ways descriptively and normatively, it tells us the actual terms of employment, quality of work and the well beings of workers at any specific time and place. Used normatively labour standards specific rights and

stipulate normative rules: basically they represent common understanding between labour and employers (L.K.Desphande)⁹.

International labour standards generally expressed as conventions and recommendations are adopted by the international labour conference. Following the elaborate procedure for standard setting and their translation into convention and recommendation provide guidance for national action.

The ILO has so far adopted 172 conventions and 179 recommendations. A member countries which ratifies a convention binds itself to its observance. All members ratify not all conventions. India for instance, has ratified only 35 of the 172 conventions adopted by ILO – by no means an available record. We shall soon see that ratification is not the end (Deshpande .L.K.)

Types of standards

Labour standards have been classified in many ways. The following typology is attributed to seneberger (1994)

1. **Standards of protection:** these include ILO conventions and recommendations relating to (i) Regulation of duration and scheduling work time (ii) Standards regulating occupational health (iii) Protection against loss of job, employment and income (iv) Protection of income through minimum wage regulation (v) Protection of equality of opportunity and treatment (vi) Protection of particular groups of workers and (vii) Protection from forced and bonded labour.
2. **Standard of participation:** Standard of participation provide the rights and the means required for joint setting and implementation of labour standards by employers workers and government, and for the active involvement of workers in the

⁹ Desphande,L.K. 'Labour Standards and Structural Adjustment', *The Indian journal of Labour Economics*, Vol. 42. no.1, 1999, p.59.

process of restructuring, participatory labour standards imply collective organization of the actors, employers, workers and the governments.

Collective organization to be effective needs to be legally guaranteed. ILO provisions available (convention. No.87) provide standard of participation may range from the level of the workplace to the national economy. It needed at both levels because the cost of decisions of the affect the managers and the managed unequally. It increases the chance of future distribution.

3. Standards of promotion: standards of promotion are defined as those which further the productivity of labour, promote creation of employment, combat unemployment and underemployment and finance functioning of labour market, standards of promotion that are internationally recognized include, improvement of qualifications of labour the active promotion of full, productive and freely chosen employment, provisions promoting employment, labour market information system, vocational rehabilitation, establishment of effective labour administration and so on. (Deshphande L.K.). Here it is necessary to observe that what happened to these printed protection shields.

The impact of globalization on labour standards

However in several important respects globalization has made it harder for governments to raise labour standards. The reason for this is that government interventions, say, to raise minimum wages or improve working conditions, almost always increase the cost of employing labour and shift the distribution of factor incomes against profits and in favor of wages.

Globalization, by increasing the mobility of firms, has made it easier for multinational enterprises to escape these consequences by moving to countries where the cost of employment is (relatively by low). The other side of the coin is that the

international mobility of capital has made it more difficult for governments to implement an interventionist labour policy of the conventional type.

Thus, labour legislation and its enforcement is a policy area in which the forces of globalization are likely to have adverse consequences, tending therefore to erode the quality of formal sector employment. This tendency largely arises from pressure to attract foreign direct investment (FDI), and has to set against the addition of jobs that are created as a result of such endeavors.

There is evidence that foreign investment decisions are sensitive to the content and implementation of labour market legislation. The desire to attract investment therefore gives governments an incentive to dilute (or fail to enact) measures intended to protect the welfare of workers or to turn a blind eye to infringements of legislation with this in mind (ILO 1995)¹⁰

These fears concerning the dilution of labour standards in the face of trade liberalization and increased competition for foreign investment surfaced sharply in the controversy about labour conditions in export processing zones (EPZ). These zones are free of trade controls and often provide an institutional framework tailor-made for foreign investors.

In the worst cases, trade unions are banned, or strongly discouraged: wages are very low: working hours are exceptionally long: and various other safeguards, e.g. With respect to health, safety and holidays, either do not apply or are not enforced.¹¹ Sometimes, the laissez-faire environment leads to actual human rights abuses firms can infringe workers' rights without serious risk of legal consequences (ILO, 1995)

Within the framework of ILO's Tripartite declaration on multinational enterprises and social policy of 1972 a voluntary international code of conduct for MNE operations triennial surveys are undertaken of the effect given to this code in member states.

¹⁰ *World Employment Report: An ILO Report*, ILO office, Geneva, 1995, pp.72-73.

¹¹ ILO and UN center on TNCs: *Economic and Social effects of Multinational corporations in EPZs*, Geneva, ILO, 1988.

The fifth survey of 1992, refers to experience under the code during the years 1989 through 1991.¹² This indicated that the Declaration's principles were fairly widely observed. MNEs were generally found to comply with national legislation, and often applied standards relating to wage benefits, conditions of work, and occupational safety and health which both exceeded statutory requirements and those practiced by domestic firms.

However, worker's organizations in particular identified a number of concerns arising from the widespread restructuring and reorganization of production, some of which may be associated with the trend toward more integrated global strategies within MNEs. Thus, while MNEs were generally positively assessed in their avoidance of arbitrary dismissal.

Workers organization identified substantial concern with job insecurity, similarity, some respondents pointed to restrictions on freedom of association and the right to organize and bargain collectively.

The introduction of new patterns of labour-management relations emphasizing 'firm centric cooperation were associated by a few respondents with subtle union avoidance strategies or the more explicitly promotion of company unions in addition, a few respondents recorded difficulties arising from the properly multinational nature of MNEs. A few respondents cited access to relevant information for bargaining purposes or to 'real decision-makers'. A few workers organization also needed difficulties in obtaining information from MNE affiliates in other countries on in establishing cross-border consultations with such affiliates. The evolution toward more globally integrated strategies can be expected to keep such concerns alive (ILO, 1995)¹³.

¹² Report of the Working Group submitted by Government and Employers and Workers organization: committee on MNEs, ILO doc; 254, MNE/14, Geneva, Nov.1992

¹³ World employment Report: An ILO Report, ILO office, Geneva, 1995, p.74

International action is clearly required to safeguard against a competitive debasement of labour standards in the drive to improve shares in world trade and attract foreign investment this debasement is undesirable both on humanitarian grounds and because it provides protectionist interest within industrial countries with a weapon to reestablish discriminatory barriers against imports from developing countries.

The underlying problem is not a new one. Indeed 'it was an important part of the rationale for establishing the ILO in 1919. its constitution mentions that ... the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries'. But globalization threatened all and pushed countries to violate the same.

While the basic frame work for cooperative international action to safeguard and improve labour standards is in place, a fresh impetus is required in the face of the increased scale and intensity of the current process of globalization. Without this new impetus there is a real danger that much of the progress achieved over the past 75 years will be undone. Worse, growing inequality and social conflict within and between countries can undermine the process of globalization itself, which promises much in terms of material progress.

The specific form, which this new impetus should take, remains a matter of controversy, as evidenced by the current debate over the inclusion of 'social clause' in international trade agreement. But this debate over form should not obscure the fact that there is a substantive underlying problem to be solved and the inaction would be harmful for economic and social progress globally.

The issue should therefore be given highest priority in international efforts to develop a more effective institutional framework to regulate the new global economy. An exclusive focus on economic issues such as trade, investment and finance, ignoring and under emphasizing their social implication, is unlikely to yield satisfactory and sustainable outcomes (1995, ILO, Report. P.75)

Adjustment measures:

The adoption of trade liberalization export oriented industrialization and investment promotion policies will for many countries amount a far-reaching programme of economic reform, many developing countries still have to undertake serious adjustment effort before they are able to reap the potential gains from globalization are suffer from macro economic instability and burden of external debt (World Bank, 1995) which still have high levels of protection in their trade require and where other economic reforms remain to be implemented. The agenda for reform clearly needs to be pursued but the manner in which the transition to a more open and liberalized economy is managed is a critical determinant of success.

An important lesson from the initial round of stabilization and structural adjustment programmes in the wake of the debt crisis in the early 1980s, is that instantaneous adjustment in neither economically feasible nor socially sustainable.

Another powerful argument for avoiding a precipitative implementation of reforms is, that the capacity to adopt effective measures for labour deployment and to provide social safety nets is typically weak labour administration has virtually no experience in coping with mass redundancies through reStraining and other labour market programmes that are common in industrialized countries. Similarly, social safety nets are often non-existent or highly inadequate. For both these reasons it is desirable to avoid a large and sudden increase in redundancies and the abrupt adoption of measures such as removal of consumption subsidies will reduce the living standards of poor.

Again it is important to make adequate advance preparations within the reform programme for providing both redeployment assistance and social safety net, the essential point is that in the context of adjustment they should geared up to meet additional needs generated by the process of structural adjustment.

The second is of a practical nature is that such consultations are necessary for building essential support for the reform programme. Since economic reforms have far-reaching effects on the structure of production on the level of structure of wages, and on the organization of work within enterprises.

Their success depends to an important extent on the support that can be mobilized from the main protagonists is workers and employers without such support reform effects in areas such as wage policy, labour legislation, and enterprise restructuring can be thwarted by industrial unrest and the abstraction of change.

In order to make tripartite consultation substantive and real value. It will be necessary to strengthen the capacity of trade unions and employers organization to analyse and discuss economic policy issues. This involves training officials and ensuring that the organizations have access to relevant information.

A fundamental prior requirement, however is respect for basic rights such as freedom of association for without this, representatives and viable organization of workers and employers can not develop.

Such development is important not only for promoting socially sustainable adjustment programme but also for the more basic reason that they are essential for attainment of social justice and the development of democratic societies, the information of sound adjustment programme should also be guided by policies to promote the growth of productive employment and reduction of poverty.

Such policy will of course, needs to be pursued whether or not a formal structure adjustment programme is necessarily in the initial period. Even in countries that are not burdened by problems of macro economic imbalances and external debt, there is often much that remains to be done to raise the rate of employment creation (ILO, 1995, Geneva)

ILO's Response to Globalization

The ILO has usually been more of an interested observer and commentator on global economic developments, rather than a key influence upon the design of policy. After the creation of the Bretton Woods institutions, the ILO sought to exert some influence in the international economic domain but it was traditionally excluded from the 'cosy club' of finance ministers, central bankers and representatives of the international financial institutions with real power over macro economic policy and economic reforms. Consequently, a coordinated approach between the ILO and the international financial institutions, as foreseen by key policy makers in the wake of Second World War, has never operated effectively.

This should not come as a real surprise since the role and influence of the ILO at the international level is, at best, comparable to that of labour ministry in the national policy framework. Both the ILO and labour ministries are often excluded from the discussion and decisions on economic issues that have a profound impact on employment, poverty and social development yet are expected to help shape and implement labour and social policies to make them consistent with parameters created by monetary, fiscal and industrial policies¹⁴.

It often seems that the establishment of economic and social policy resembles the putting together of a 'jig-saw' puzzle. Finance and economic ministries, in partnership with the international financial institutions, take decisions that result in most places of the puzzle being firmly placed on the board leaving small spaces for those pieces that correspond to labour and social policies. However because these are the last components to complete the total picture their shape is already virtually determined and little scope exists for maneuver

¹⁴ Kyloh, Robert 'Governance of Globalization: ILO's contribution' ILO, Actrav, (Bureau of Workers Activities) www.ilo.org.

The ramification of this restricted policy formulation process critically depends on the prevailing economic trends. For example, during several decades following Second World War, consistent economic growth and near full employment in industrialized countries provided a favorable backdrop against which the ILO could develop and implement international labour standards that contributed to a more equitable distribution of economic growth.

Important aspects of the ILO supervisory mechanisms were also conceived during this time. During this prolonged period of relative economic prosperity in implicit social pact between capital and labour in most industrialized countries, kept the share of national income according to profits and wage in fairly constant proportions and prevented a destructive struggle over income shares from igniting inflationary pressure.

Given the institutional mechanisms were never created to enable the ILO to exercise a monitoring role over the social impact of economic and financial policies, as had been foreseen in the Philadelphia declaration, the importance for workers of national level control were intensified. Traditional income policies, which relied on consensus and compromise were rejected in favor of demand restrictions, labour market deregulation and the pruning back of trade union rights. Control of inflation had replaced full employment and harmonious industrial relations as primary objectives of government policy.

It was evident however that in order to change labour market norms and disrupt traditional collective bargaining practices, much more would be required than change to labour legislation and the fostering of anti-trade Union sentiment. Unless market forces were accentuated it would require a prolonged period of mass unemployment to discipline trade unions and make workers more fearful about maintaining their current jobs and thus more malleable says Robert Kyloh.

As we can see globalization is certainly not a spontaneous process, nor the result of only exogenous forces. Rather it results primarily from a series of deliberate decisions

by governments who were mindful of both the benefits of trade for economic growth and the trouble it would cause traditional trade unions.

Government has decided to open their economies with the dual objective of generating faster economic growth and greater discipline of labour market. By pursuing these dual objectives, governments are in danger of destroying the institutional mechanisms that they promoted at the national level to moderate the worst excesses of market forces in the wake of past experiences with globalization.

Given that international institutional mechanisms for governing globalization were never put in to operation, a continuation of these national level trends may mean there will be no control over the social consequences of increase competition for trade and foreign investment. In these circumstances questions arise about the sustainability of open economies fear about the impact of open economies is already spreading through the world. Here especially the impact of globalization on workers and trade union are taken into consideration in this work and this work is also trying to highlight the response of international labour organization governing globalization.

The shortage of adequate employment opportunities is the fault line in the world today ‘ according to the annual report of the international labour office (ILO) Director General Juan Somavia to the 89th session of the international labour conference 2001. in his report which is address to the ministers of labour employers and worker in the 175 member states¹⁵. The Director General expresses ‘ profound concern about a global decent work deficit of immense proportions, reflecting the diverse inequalities of our societies. The decent work deficit’ is expressed in the absence of sufficient employment opportunities, inadequate social protection, the denial of rights at work and short coming in social dialogue’. These failings provide ‘ a measure of the gap between the world that we work in and the hopes people have for a better life’ and fall into four categories.

¹⁵ International Labour conference, Report of Director General: to Explore Decent Work Deficit dated 01-6-2001(*ettk@ettk.eo*)

The extent of the 'employment gap' is revealed by ILO estimates, which find that 'there are 160 million people openly unemployed in the world. However, it underemployed people are taken into account, ' the number skyrockets to at least 1 billion'. The report says that 'of every 100 workers world wide, six are fully unemployed according to the ILO definition, another 16 unable to earn enough to get their families over poverty and hungry.

The 'rights gap' involves such abuses as 'the denial of freedom of association and the incidence of forced and child labour and discrimination'. According to the director General's report an estimated 250 million children world wide are working and the recent ILO report on forced labour found trafficking in human beings, especially women and children, to be on the increase¹⁶.

The report cites research by the ILO's international institute of labour studies (IILS) which suggests that close to two countries out of every five have serious or severe problems of freedom of association, the social protection gap is described as 'truly alarming' with an estimated 80 per cent of the of world workers lacking in adequate social protection to old age and invalidity, or for sickness and health care reaches only a tiny proportion of the population meanwhile 3,000 people a day die as a consequence of work related accidents or disease'. In higher income countries, income insecurity is a growing problem and ' workplace anxiety, depression and exhaustion are often reported.

The 'social dialogue gap' reflects shortfalls in organizations and institutions and often in attitudes that have resulted in a major 'representational gap in the world of work resulting from the fact that workers and employers have frequently and for diverse reasons, not organized to make their voices heard. Examples include the roughly 27 million workers world wide in export processing zones and millions more in the informal economy who are either excluded from or under-represented in tripartite dialogue. While acknowledging that average incomes are rising worldwide and that the global economy shows great potential and innovation and productivity.

¹⁶ International Labour conference, *Report of Director General, 89th session, Geneva, 2001.* (www.ilo.org)

The report notes that 'gains are accompanied by persistent inequality, growing exclusion, insecurities caused by economic fluctuation and a feeling that the ground rules are unfair'. The Director General's report highlights ' a growing awareness that something needs to be done to bridge this divide' and a need to respond to silent frustrations.

The Director General welcomes ' a wide spread receptiveness to the idea that achieving greater opportunities of decent work for all is an appropriate goal for the global economy'. He argues that its potential for bridging the divide on globalization should be explored. According to Somavia ' the goal of decent work is best expressed through the eyes of people' for workers faced with extreme poverty, decent work is moving from subsistence to existence and about solidarity with others. He added that 'everywhere, and for everybody, decent work is about securing human dignity'. The Director General argues that 'reducing that decent work deficit is the quality road to poverty reduction and to greater legitimacy of the global economy(98th ILC 2001)¹⁷. It also showed how far the decent work agenda has gained impetus and influence beyond the ILO. And all of this also increases our responsibilities to deliver.

And the greater inclusion in the benefits of globalization will be a powerful signal and a powerful instrument to undermine and combat those who take advantage of poverty and exclusion to form hate and violence. This is also a moment to remind themselves of ILO's founding values. Social justice is the foundation of peace, poverty anywhere is a threat to prosperity everywhere. And we know well how far we are from achieving their goals said Somavia'.

Social dialogue and Tripartism

Tayo Fashoyin (ILO Geneva) defines social dialogue as all types of negotiation, consultation or simply the exchange of information, between and among representatives

¹⁷ Statement 2001, 'presented by D.G. to the working party on social dimension of globalization, Geneva, 12 nov 2001, www.ILO.org.

of governments, employers and workers on issues of common interest relating to economic and social policy.

According to the definition, tripartism is the foundation and basis of social dialogue. In effect tripartism has for a longtime been seen in a narrowly defined labour market context, to include collective bargaining: conditions of employment: trade disputes and their resolution: international labour standards and issues social dialogue has an instrumental role in the prevention and resolution of labour disputes and social problems.¹⁸

When used effectively, social dialogue can identify new opportunities for consensus building and collaboration to achieve urgent economic and social development objectives. Its main aims to protect the common interest of all members of society. The goal of social dialogue is to promote consensus building among the key stake holders social dialogue is useful to resolving complex social and economic policy issues through consensus among the key stake holders strengthens social partners, fortifies democratic governance and builds vigorous and resilient labour market institutions that contribute to long terms social and economic stability. The ILO view is that the best solutions emerge from national tripartite consultation and cooperation to plant level collective bargaining.

For social dialogue to be effective be it in times of economic crisis or prosperity, certain conditions have to be met. First, there should be strong, independent and responsible social partners. The second crucial prerequisite is the existence of the political will to engage in social dialogue, particularly on the part of government.

The political commitment should come from all the political parties for social dialogue so that in the event of a change of government, the social dialogue can continue. Third, given that social dialogue cannot take place in vacuum, it requires concrete economic social and labour issues on the agenda, as observes Tayo Fashoyin.

¹⁸ Fashoyin, Tayo ' Promoting Social Dialogue: issues and trends in Sivananthiran and C.S Venkatarathnam (ed) *Promoting Harmonious Industrial Relation in India*, ILO, 2001, p.35.

Fourth social dialogue cannot be confined to one level rather it should take place at all levels, in an interwoven and interrelated process additionally national characteristics are important.

It is very important to analyze the sustainability of social dialogue, particularly when the economic crisis that induced social partnership is over is an interesting issue. As a mechanism for addressing economic and/or social crisis does social dialogue have relevance in periods of relative economic prosperity and stability? Specifically does it have a role in economic policies in the equitable distribution of wealth and social progress? Whatever the case, as an instrument for consensus building, social dialogue contributes in problem solving, and in reconciling differences on national issues, as well as in the promotion of social democracy and governance, irrespective of whether an economy is in a state of crisis or prosperity (Fashoyin, Tayo 2001, ILO).

Toyo Fashoyin argues that in one respect the parties in social partnership have the responsibility of managing the economic success and making it sustainable. In another, they have to find a way to address the higher expectations of competing stake holders, particularly to guard against a reversal of economic fortunes, and to ensure that the partnership remain cohesive.

In focus programme (IFP) on strengthening social dialogue was established to strengthen and promote the practice of social dialogue in ILO member states as a means of sharing information among- policy makers, trade unions and employer, organizations, and to develop consensus on policy approaches and practical measures to ensure equitable social and economic development.

Workers representation: Representative organization of workers at the national and of sectoral levels. At the national level, confederations of which the major confederations are members or a federation or national unions to which sectoral or enterprise level unions are affiliated.

Even the role for workers outside tripartism? is taken place when broad-based consultative process, particularly, because the economic and social issues dealt with through social dialogue can increasingly complex and varied and affects all segments of population. Therefore they are of concern to other stakeholders in society beyond the traditional tripartite partners.

There are a number of issues germane to the institutional framework of social dialogue for the dialogue to be sustainable. These include: regular meetings of the institutional machinery for national-level social dialogue representation should be at the top level for each social partner. A secretariat staffed by technically competent officials to disseminate information to members, service meetings and conduct research and follow up. There are different levels of social dialogue viz., 1. Enterprise level bargaining, regional level social dialogue (EU, ASEAN), multinational-level social dialogue, these are all has equal effectiveness due to the limitation it may function.

The In focus programme (IFP) works with certain operational parameters that is 1) Promotion of social dialogue as an instrument of democracy 2) Strengthening of institutions machinery and processes of social dialogue 3) Strengthening social partners in performing these functions, the IFP work focuses on the tripartite, national, sectoral, bipartite enterprises as well as regional and sub regional level of consultation and cooperation for achieving these objectives, the IFP has noted three key approaches

1. Advancement of knowledge
2. Advocacy
3. Advisory and technical services

Advancement of knowledge.

- ❖ Analyse the changing environment for social dialogue as well as the role of social dialogue in policy formulation at all levels of decisions making.

- ❖ Build a solid information base on the economic and social benefits of social dialogue
- ❖ Promoting democracy, human rights, social peace, security equality and development.
- ❖ Detail good practices and successful social dialogue
- ❖ Draw attention to factors influencing the success or the failure of social dialogue

The IFP/Dialogue has established two major policy oriented research projects 1) Analyse social dialogue institutions machinery and process, with a view to building an understanding of dynamic nature of social dialogue in selected countries and 2) analyse how collective bargaining and other forms of workplace dialogue influence social and economic performance at the enterprise level.

Advocacy: The IFP's advocacy is directed at all actors and tripartite partners at all levels of decision-making, including regional and international levels. The IFP advocates a critical level of social dialogue in advancing democracy, human rights, social and economic development. It promotes the ratification and implementation of convention No.144 as a means of institutionalizing social dialogue in the member states of the ILO. The IFP develops communication tools and material as well as media campaigns on the role of social dialogue as a key instrument in the process of social and economic policy making.

Advisory and Technical Service:

The IFP provides advisory services to tripartite and bipartite partners, to engage in effective social dialogue in three broad areas, namely, creating new or adopting the existing institutional framework and the legal frame work to facilitate social dialogue at the national sectoral, and enterprise level: training on social dialogue techniques an on the substantive issues, in partnership with training institutions (Toyo Fashoyin, 2001). There was sequence of effort taken by ILO to response to globalization, to say. The world

commission on the social dimension of Globalization was established by the international labour organization (ILO) in Feb 2002. The commission was initiated to respond to the needs of people as they cope with the unprecedented changes that globalization has brought to their lives, their families, and the societies in which they live. The commission looks at the various facts of globalization the diversity of public perceptions of the process and its implications for economic and social progress. It searches for innovative ways of combining economic, social and environmental objectives, based on worldwide expertise¹⁹.

As mentioned earlier the different decent work deficit, expressed in huge gaps (the employment gap, the rights gap, the social protection gap, and the social dialogue). The ILO's policy agenda is a response to these problems and directly relevant for LCD's. Here are some of its key elements:

- Macroeconomic policies should promote employment intensive growth, particularly in agriculture and the informal economy.
- Employment strategies should aim to support entrepreneurship, self-employment and small firms as a way out of poverty.
- Empowering people living in poverty and enhancing their skills is the best way to increase the productivity.
- Time bound programmes are needed to eliminate the worst forms of child labour and get children in to school. It is a more imperative.
- The fight against HIV/AIDS has to be taken to the work place.
- Equity and social justice are good for productivity and those values must be built into the global economy too.

Is all of this possible? I believe it is, said Juan somavia, It is what people right to development is all about. Can least developed countries do it on their own? Certainly not. That is the reason for this conference (UN conference on LCD's 2001). The international community must support the LCD's efforts with the economic means for

¹⁹ What is globalization, tssa: the Union for People in Transport and Travel, www.tuac.org.

development. It must deliver on its promises, repeated promises. Everything but arms, debt cancellation and other initiatives are good beginnings²⁰. But we need to go beyond with sustained, untiring and truly practical commitment. And the international labour organization (ILO) adopted a Declaration of Fundamental Rights and Principles at work, and an outline of follow-up, at the 86th session of the international labour conference in June 1998. It is a significant instrument for the ILO itself as well as containing innovative features in international human rights law.

The Declaration emerges from a long discussion in which two questions of basic importance to the ILO converged. The first is the implications of the globalizing economy for the ILO's mission of improving the situation of workers around the world. Changes in the global economic structure have compromised government control over conditions of work for workers in many countries, and the ILO has taken the position that there are certain principles so whatever the economic situation.

The discussion at the international level had a sensitive moment when the world summit for social Development (Copenhagen, 1995) called on all states to promote 'respect for basic worker's rights. Fully implementing the conventions and taking in to account the principles embodied in those conventions in the case of those countries that are not state parties'²¹.

A second factor that has been the premise to 'social clause' that is, to condition international trade privileges on respect for basic worker's rights. Discussion in the ILO had made it clear that, while there was a need to increase the ILO's ability to combat violations of fundamental workers rights, there was no consensus either in the ILO or elsewhere to create mechanisms at the international level to enforce a trade link. The discussion culminated at the ministerial meeting of the world trade organization

²⁰ Statement by DG, ILO to the United National conference on the least developed countries, Brussels, 14 May 2001, www.ilo.org dated 28 June 2001.

²¹ Lee, Swepstont, and International Labour conference: ILO Declaration of fundamental Principles and rights at work, June 18, 1998, the American society of International Law, 1998.

(Singapore, 1996) that the ILO was 'the competent body to set and deal with internationally recognized core labour standard'.

Following these decisions in other organizations confirming, that the ILO should be the principal action in this field, the ILO recognized that it had to act to take the lead, the governing body of ILO decided at its November 1997 session to include on the agenda of its next conference the adoption of a declaration and of a follow-up, as the initial response to this challenge.

The Declaration adopted by the conference proclaims that all member states of the ILO have a legal obligation arising from their membership in the ILO to apply certain basic principles of fundamental human rights.

Finally there is to be an annual Global report by the Director-General 'to provide a dynamic global picture relating to each category of fundamental principles and rights' not only to describe the situation, but to assess ILO's technical assistance and to reorient it if necessary. Developing countries in particular have attached great weight to the ILO's obligation to provide assistance, in exchange for their agreement to apply the principles and to report.

Adoption of the Declaration was difficult. The difficulty will have been work it if the ILO is able to capitalize on this adoption, to accomplish several purposes. Most important for the ILO is able to capitalize on this adoption, to accomplish several purposes. Most important for the ILO in the immediate sense was that if the Declaration had not been adopted, the organization would have been perceived as failing to react to a mandate given it by the international system.

Having done so, those should stimulate more countries to ratify the ILO's basic standards, by subjecting their motives to sustained scrutiny until they do, while allowing in-depth examination of situations arising when they have not ratified. Even more important for many, it is intended to allow a reorientation of technical assistance from the ILO and from other sources relevant to the achievement of basic rights, something for

which there is no comparable forum in international organizations. Now it is up to the governing body and the ILO as a whole to convert this political mandate into a creditable response²².

Above all, the ILO is built on shared values. We care deeply about social justice, about rights and equity, about democratic representation and debate, about inclusion and fairness. We believe that a just society is the essential foundation of a civilized world. We are willing to put out energies in to pursuing that goal. Workers employers, government and the office share the commitment to action. And what gives us strength is the personal commitment of each one of us to our fellow human beings²³, says Juan Somavia.

The ILO has taken steps to be a active partner in this effort, especially through its special programme on crisis response and construction. Under this programme ILO engaged in the challenging task of providing assistance in fostering dialogue, building social and labour market institutions and in generating decent work in post-conflict situations. This is an important aspect of sound political and economic governance and poverty reduction, more generally such efforts are also crucial for maintaining long-term external debt sustainability. The ILO attaches great importance to the increased use of both ex-ante and ex-post-social impact analysis in the formulation and implementation of policies both the international and national level²⁴. Parallely important is the governance of globalization and the trade union's response under the pillar of international labour organization (ILO)

The trade union movement clearly appreciates that the forces unleashed by globalization are mighty and likely to magnify over time. It has been described by the international confederation of free trade union as the 'greatest challenge' facing trade unions.

²² *Ibid*, www.asil.org.

²³ Somavia Juan, Reducing the Decent Work Deficit: A Global challenge, *In* international Labour conference, 11 June 2001, Geneva, www.ilo.org.

²⁴ Somavia, Juan, Statement to 63rd meeting of the development committee, 30th April 2001, Washington, www.ilo.org.

A challenge implies that there is a contest: an opportunity to prove one's ability to meet the test and to channel these trends in positive direction thereby building a more prosperous and equitable world. If trade unions and other groups concerned with promoting social and economic progress are to mitigate the serious problems and maximize the potential benefits provided by the new economic framework, it will require concerted action and support from international organizations with a mandate to promote socially sustainable economic growth. The essential point here is the contributions the ILO could make these endeavors.

Rebuilding strong trade unions and promoting collective bargaining: the first priority for trade unions occurs at the 'grass roots' level where concerted action is required to reverse their declining numerical and industrial relations strength, the ILO only has a responsibility to reiterate, in a clear and unambiguous manner, that free collective bargaining by representatives of freely chosen organization of workers and employers is normally the best and preferred way of determining terms and conditions of employment. The ILO must constantly remind governments that they have an obligation to provide a legal framework which encourages both the development of freely chosen representative organizations and the establishment and strengthening of collective bargaining.

Multinational agreements, codes of conduct and social labeling: The second level on which the labour movement is responding to the globalization challenge is concentrating on particular industries or sectors of the economy. The ILO can contribute to this endeavor. Since the early 1950s, the ILO has devoted considerable resources to industrial committee meetings, which bring together the tripartite constituents of a particular sector or industry from a spectrum of countries. The stated purpose of these meetings is to discuss common concerns that have a labour dimension in those particular sectors and devise consensual conclusions to these problems. The ILO is now already involved in research concerning the innovative approaches to tackle globalization. In addition it may be worth exploring whether the ILO could, or should, become directly involved in the monitoring of enterprise codes of conduct. The ILO's Director General

has recently raised the possibility that the countries might receive an 'over all social label' if all industries in the country comply with a set of fundamental labour principles and rights, and if the country agrees to have their practices supervised by an independent international inspection system²⁵. The Director General has suggested that it would be feasible to provide for an inspection system under an international labour convention which would set out the obligations and monitoring mechanism to be applied.

Influencing macroeconomic policy and promoting full employment: In the last few years' attention has again focused on institutional mechanisms at this level. Action and the implementation of core international labour standards naturally the trade union look to the ILO to play a central role in constructing this conducive international climate. However, as was noted previously, the influence of the ILO on international economic policy has never really matched the expectations of the founders.

Recently the fear generated by globalization and the failure of the international financial and trade institutions to calm these anxieties has created an opportunity for the ILO to reassert itself in the international economic debate and reclaim the mandate that was given to the ILO in 1919 and reaffirmed in 1944.

The ILO made a promising start towards meeting this challenge in the lead-up to the Copenhagen world summit for social development in 1995. However it might be argued that the organization has, so far failed to capitalize on this impressive new beginning and certain of the progressive economic policy prescriptions advocated by the ILO as response to globalization in the lead-up to the summit, are in danger of being diluted or forgotten altogether.

Both the ILO and conclusion of the social summit based their optimism on assumptions about the management or governance of globalization arguing, that the sustainability of trade liberalization and global economic integration would depend on

²⁵ Robert, Kyloh, Governance of Globalization: ILO's contribution, ACTRAV, Geneva, www.ilo.org

whether it could be managed in a socially just manner (Rober Kyloh)²⁶ and even the ILO is engaging with the integrating social economic policies towards ensuring social justice.

The international labour Organization (ILO) conclude its 90th annual conference in 2004 after adopting a series of measures designed to promote a more rigorous approach to tackling the challenges of globalization and creates an 'anchor' for personal security through poverty reduction, job creation and improved workplace health and safety.

The ILO's annual international labour conference which groups, governments, workers and employers representing the organizations 175 member states, was marked by what ILO Director General Juan Somavia called an 'exceptionally rich' discussion surrounding globalization, child labour and other issues and saw a 'broad and steadily deepening consensus over the goal of decent work for all'.

Until we see a globalization that prioritizes the creation of employment and the reduction of poverty, the whole concept is going to remain dogged by controversy', Mr.Somavia said. Decent work for all is the surest route out of poverty and an anchor for family security essential to peaceful communities. We need to do more and do it better.

In an effort to address the issue of making decent work a reality for the hundred of million of people struggling to earn a living in the informal economy, the conference held length and often intense discussions. The conference adopted a call for new ILO programme of work that would focus on the issues of employment generation social protection and poverty reduction for those in the informal economy. The new programme should provide a roadmap for future ILO activities aimed at extending rights to those who need them and access to the benefits of labour standards and the global economy (ILO, 2002)²⁷.

²⁶ ILO Annual conference adopts new measures to tackle the challenges of globalization, ILO press release 20 June, 2002, www.ilo.org.

²⁷ *ibid*

The international labour organization (ILO) should be more assertive of its role as the 'social conscience of developments' starting with making its voice heard in Asia's economic meltdown, says the Philippine Candidate for the ILO's top post, Nieves confesor.

Confesor says the ILO'S input into social policy of dealing with the impact of globalization²⁸. Such as in the Asian crisis should carry the same weight as economic policy pursued by governments and multilateral institutions. So far, the Asian crisis has been much more focused on money and policy prescriptions given out by the international monetary fund (IMF) and World Bank, she said in an interview, only as an after thought are 'safety nets' being discussed, she added, as social unrest begins to spread. But in fact, the macroeconomic and financial aspects and social consideration should go hand in hand. The ILO should actually part of the first team that goes in to a country, along with the IMF, she explained, after all, the ILO has within itself the 'wisdom of many countries it helped during their structural adjustment programmes and it can help minimize mistakes she added.

Stabilization polices have not been a very kind to the workers in any country that has been placed under such regimes' she gave ILO's experience in Eastern Europe for instance... She said she would like to see' a strong and competent ILO capable of asserting its role in the international sphere as the primary authority on social policy in global governance as called upon by the IMF, WB and similar institutions to provide the social dimension of trade and structural adjustment programmes.

During the 89th session of the international labour conference India made several interventions both in plenary session as well as in various committees and also in the meetings of labour ministers of the non-aligned and developing countries and those of Asia and pacific regions. It urged that skill globalization must be treated as an important contemporary issue on ILO's agenda. It should be given equal importance along with

²⁸ Son Johanna, 'ILO asked to speak up on Asia's ills, Inter Press third World News agency (IPS), Manila, 15 March 1998, www.ips.org.

economic globalization. India wants that ILO should take appropriate initiative for multilateral investment in skill upgradation and skill formation in developing countries. At the same time, the developing countries must create an appropriate institutional framework for building training and upgrading skills.

Economic liberalization and globalization has thrown up new challenges in the area of skill building and vocational training with a using demand for high skilled workers. Retraining has become equally important as they increasingly face threats to their jobs due to out dated or poor skills and low educational level. Employment generation and skill training has to be given prime importance to gainfully channelise the vast human resources in the developing countries.

India also called upon the member countries to promote an understanding among the nations for a free flow of skills along with the movement of capital²⁹. It said that the developing countries are endowed with a vast manpower resource and with up gradation of skills the movement of these resources across national frontiers should be allowed with out any hindrance. ILO's working party on social dimension of globalization agreed to look at certain issues in depth.

In addition to the wide-ranging debate on 'reducing Decent work deficit in India said that there should be a single measuring norm for a decent work agenda. India expressed the view that it may be used purely in a promotional spirit without affecting the sovereign rights of the member states in carrying out their policies and programmes in any way. India also reiterated its opposition to linking labour standards with trade and argued that ILO should be the forum to discuss issue.

The fourth chapter reflects the Trade Union's response to globalization in India.

²⁹ Dhar, M.L, ILO forges a new path for workers world wide features, Government of India, press and information bureau, www.ilo.org.

Chapter – 4
INDIA: TRADE UNION RESPONSE TO GLOBALIZATION

Introduction

The union problem is a complex of economic, legal, ethical, and social problem which can be understood only by knowing the viewpoint of organized labour in all its riches, diversity, contradictions and shifting character (HOXIE). Trade unions are association of workers who by means of collective bargaining endeavor to improve their working conditions and economic and social position (Hirsh Webber)¹. Union's role in advanced industrial society Mark Van de Val uses the following classification

Macro social function

- I. in behalf of society
- II. in behalf of industry
- III. in behalf of workers

Micro social Function

- I. in behalf of members

Historically, the ideals of labour movement have always extended the horizons of its membership. Unions have also broadened their activities and responsibilities with regard to society. there are some theories on trade unions.

1.Socialist Theory

Politically socialist theory views the simultaneous existence of political democracy as a some of social and individual strain (Van de Val, Mark, 1970, p.62) socialist theory does not favor political democracy in the industrial structure: its goal is to give the workers like stock holders, some formal means of control over government. Joint

¹ Webber-Hirsh ,quoted in Dharandorf' Class and Class conflict in Industrial Society ,Stanford University press, ,Stanford ,London ,1959, p.268.

consultation is viewed as a safeguard against authority over individuals who lack the means to control it (Mark Vande Vall)²

Economically: Socialist theory stresses the widening rifts between, labour, ownership and management, while the division between workers and employer is long standing. Socialists want to fill this hiatus by giving labour partial control over enterprises (A Christiman and O.Kunze)

The Union Theory: With the collective bargaining as their major function, here two point of view emerge, i.e., the cooperation theory and conflict theory of joint consultation.

The cooperation theory: Stresses the common goals of management and labour. It holds that in addition to opposing interests e.g., wages and fringe benefits, also the common interests e.g., productivity, safety, quality of production, workers morale and organization.

The conflict theory: Holds that even in the welfare state on in nationalized industry, labour and management have common goals although the issue between them may have changed partly in to inequalities of authority and power, a basic value-conflict still exists (Dharendorf. 1959, p.268)³

While the major parts of this conflict should be handled by bargaining, some aspects especially those extending over time or involving continuous control might be channeled into permanent body i.e. workers council the official functions of these groups

- i) To take care of human relations at work
- ii) to represent the Unions at the company meetings
- iii) to aid and advise individual union members
- iv) to keep union members informed on wages, piece work and the union contract.
- v) To watch over safety controls in the plant

² Christman A and Kunze O quoted in Vande Vall Mark, 1970,p.62.

³ Dharendorf.R, 'Class and Class conflicts in Industrial Society, Stanford University Press, 1959, p.268

In behalf of the society: Trade Union Wage Policy

The labour market government policy, union demands, and employer's resistance all influence wages⁴.

Stimulating Factors: A most favorable environment for trade union action is when there is a growing discrepancy between the volume of output per man hour at the compensation per hour of the worker. The factors limiting the unions influence over wages are essentially the same: the economic environment, the employers, the government, the workers and possibly the unions themselves, the economic environment factors are size of the firm skill ratio, labour supply and the community. And the employers are the union's oldest and strongest opponents. Management usually to be more powerful than organized labour (Vand de Val, Mark).

Changes in Collective Bargaining

From the conflict to accommodation no less confusing is the fact the collective bargaining is changing. From historical war between capital and labour it has developed in to a three fold process of accommodation: between group of workers (Unskilled Vs skilled, blue collar Vs White collar, young Vs old, Male Vs Female) between management and stockholders and between management and the union⁵ (Dunlop JT Ulman pp.162-3)

Bargaining in the public sector: Conflict between the new professional unions and older traditional unions over the representation of the public employees, some times resulting in strikes tend to increase this public criticism. In order to prevent strikes of public employees such punitive measure as fine against the union. Jailing union officer

⁴ Dahl. R.A and Charles Lindbom 'Politics, Economics and Welfare Planning and process', New York, Harper Torch Books, 1953, p.144.

⁵ Dunlop J.T, 'The Social Utility of Collective Bargaining' in Challenges to Collective Bargaining ed. by L.Ulman, pp.162-3.

on anti-Union legislation exists. For this purpose more positive measures for example compulsory arbitration would probably have a greater effect (Van de Val, Mark)

Macrosocial Functions: In behalf of the members

Every worker needs food, clothing and home, which means that he needs a job. To defend his job and in his wages is one reason for forming or joining a trade union. A worker needs help to meet the consequences of accidents at work. Financial assistance when sick or in case of death in the family, support when out of work, and money to live on when too old or ill to work any longer. To meet these needs is a main reason for the trade unions.

Union security is usually viewed as a defense against managements anti-union policies (G.W.Brooks)⁶. In the long history of the unions, workers who were convinced of the union's value have always been willing to maintain their membership, whether the boss was pro-union or Anti-Union (Vande- val Mark p.83)

Strike: Industrial conflict find expression in various form like industrial disputes. Work-stoppages through strike and lock outs, bandhs, gheraos, restrictions of out put sabotage, machine breaking, demonstration, pamphlet writing, etc. The strike is temporary suspension of functions (Sukanti Patnaik, page. 1, 1993)⁷.

Right to strike: The right to strike plays a significant role in the power struggle between labour and management. To match the great power of capital, unions evolved different tactics to pressurize both employers and government, the two chief participants in the power structure.

Strike is neither an act of war against industry nor against employer. It is basically a weapon of self-defense against the arbitrary and unjust policy of the

⁶ Brooks.G.W, ' The Security of Workers Institution, *Monthly Labour review*, LXXVI, No., 1963, P.65.

⁷ Patnaik Sukanti Priya, *Strike- a study of Conflict* Goyal offset, Delhi, 1993, pp.1-4.

management, strike is therefore, is a social necessity for promoting or defending a just economic interest of the working class (ibid, Patnaik, p.3, 1993)

AFL-CIO (American federation of labour and congress of industrial organization defines (States) ‘ the right to strike is inseparable from human freedom. Again, the strike is viewed as an essential ingredient of collective bargaining in the words of Alan Flanders, where negotiation i.e., diplomatic use of power fails, collective actions achieve or hope to achieve their demands.

What purpose do unions pursue through collective bargaining

According to flanders: The conventional answer is that they defend and if possible improve their members terms and condition of employment, collective bargaining is also a rule making process in the other words, one of the principal purposes of trade unions in the collective bargaining is regulation and control.

Why do they have this interest in regulating employment relationship and what social purpose does the regulation serve? It is certainly not a bureaucratic interest in rules for their own sake. Unions and their members are interested in the effect of the rules made by collective bargaining which is to limit the power and authority of employers and to lesson the dependence of employees on market fluctuations and the arbitrary will of the management.⁸

Marxist Theory: The major controversy in the Marxist theory of trade unionism concerns the relationship between economic and political purpose of unions. Union pursuit of economic objectives is not problematic. All union do this, it only for the sake of survival. But how is the political purpose to be achieved? Is there a relationship between the vigorous pursuit of economic goals and the staging of a successful socialist revolution?

⁸ Flanders (quoted in) *Management and Unions*, Faber and Faber, London, 1970, p.40.

If the workers much organize themselves into a political party to realize their revolutionary purpose of what becomes the union? Does the more mundane business of fighting the employer have no radical purpose at all? on this question Marxist divided into two schools of thought namely pessimist and optimist.⁹ While Marx himself expressed disappointment at the failure of unions to transcend their narrow economic purpose and realize their full potential. Lenin was far more forthright. In an article entitle 'What is to be done?' Lenin heavily discounted the radical potential of trade unions. He drew a clear distinction between trade union consciousness and socialist consciousness.

The history of all countries shows that the working class exclusively by its own effort is able to develop only trade union consciousness i.e., the conviction that it is necessary to combine in unions fight the employers and strike to compel the government to pass necessary labour legislation. (Lenin)¹⁰

Gramsci noted that the union's ability to enter into collective agreements with the employer and taken the responsibility for enforcing the terms of such agreements among its member obliged the employer to confer a certain legality on it. The emergence of industrial legality is a great victory for the working class but it is not the ultimate and definite history industrial legality has improved the working class's material living conditions, but it is no more then a compromise which had to be made and which must be supported until the balance of forces favor the working classes¹¹.

Changing International division of Labour

The enormity of present economic crisis which in the advanced industrial countries of the west had entrenched an apparently permanent high rate of unemployment

⁹ Ramasamy E.A and Ramasamy Uma, *Industry and Labour- an Introduction*, Oxford University Press, New Delhi, 1981, pp 78-79.

¹⁰ Lenin V.I., 'What is to be Done ?' T Clark and L.Clements (eds) *Trade Union and Capitalism*, Fontana, London, 1977, p.64.

¹¹ Quated in R.Hyman 'Marxism and Sociology of Trade Unionism' in T Clark and L.Clements (eds) *Trade Union and Capitalism*, Fontana, London, 1977, p. 341.

and through organized labour on to defensive, has greatly sharpened the focus upon how changing global conditions affects conditions of employment throughout the third world¹². Capitalist accumulation and capitalist development have always occurred unevenly-spatially, sectorally and temporally-producing differential degree of industrialization and varying modes and levels of integration in to the global capitalist economy. such movements towards a globalization of production and the creation of global market threaten the world labour, whose bargaining potential appears critically weakened by the existence of surplus population on a world scale¹³.

In a time of deep global recession, when governments in the major capitalist countries are launching direct attacks upon working-class living standards by cutting back on socially reproductive expenditure. and when the international financial institutions are compelling debt ridden third world regime to do the same, trade unionism and by implication the combined muscle of workers every where is widely judged to be inconvertibly on the decline, worse, in a contemporary world whose economic outsource are increasingly shaped by high technology, trade unions are often contemptuously written off as being hopelessly out of date but the trade unions are remains basic working class institutions to protect the workers around the globe what Peterman has opined¹⁴.

Unions remain the typical and universal organization of workers, the one they cannot do without through which they both discover and impose themselves on society. the effort made to capitalize on them, to influence, control and smash them are all witness to their significance for the working class¹⁵.

Trade Unionism, in otherwords, should never be written off, lost of all by the left, whatever dissatisfaction there may be with the condition of organized labour at any c ne

¹² Southall, Roger, 'Third World Unions and changing international division of labour (ed) *Trade Union and New Industrialization in third world*, Zed Books, London, 1988, pp.2-3.

¹³ *ibid*

¹⁴ *ibid*

¹⁵ Waterman, Peter 'Worker in the third World', *Monthly Review*, vol.29, no.4, 1977, p.58.

time. trade unions, asserts Perry Anderson, are an essential part of a capitalist society because incarnate the difference between capital and labour.¹⁶

The new international division of labour:

Theories of the internationalization of capital have in recent years posited the arrival of new international division of labour (NIDL) whereby a shift of capital to a world area where labour is cheap is resulting in the industrialization of the advanced capitalist core. As it has been developed by a number of theorists but most notable as it is associated with the work of Froebel and Kreye the thrust of such analysis may be summarized as follows:

The structure of the global capitalist economy in the post second world war period has been transformed by the growth and extending domination of global production and exchange by transnational corporation (TNCs) linked to a loss of control over national economies by government in favour of transnational financial conglomerates and international financial institutions (Southall, *ibid*)

Finally it can be argued that NIDL theorizing is so suffused with capital logic that – curiously for a Marxian approach, it denies the centrality of the struggle between capital and labour are the principal dynamo of contemporary capitalist development and also it is preferable to the current tendencies or comprising a changing International division of labour (CIDL) where in global continuities should be stressed as much as transformation and where in certain modifications are occurring in the global market place.

There are four major (overlapping) areas of concern upon which it is most useful in considering the challenges posed to trade unions in the third world by CIDL. These are i. the threat posed by the emergence of world wide reserve army of labour ii.

¹⁶ Anderson, Perry, 'The Limits and possibilities of trade union actions in Robin Blackburn and Alexander Cockburn *The incompatibles: Trade Union Militancy and the consensus*, Penguin, Middlesex, England, 1967, p.264.

the former of segmentation of the global work force implied by CIDL ii.) the fact that new industrialization tends to take place under repressive state forms and iv.) danger that although the internationalization of production posits an extending depth of global proletarianization, it simultaneously creates new obstacles to international labour solidarity (Southall, p.17).

Critically too although proletarianization of the third world is occurring under the impact of global capitalism ensure that the working-class formation and consciousness tends to be nationally nurtured and structured in a world of vigorously competing states. whilst TNCs are strenuously opposed to effective international worker action.

There are some questions that how should third world trade unions respond to the CIDL and the global disadvantage it brought to labour? and especially in the era of globalization, the challenges before the third world trade unions are brought by the dangerous of capitalism.

Third world trade unions has more responsible to bear the burden of capitalist globalization, it needs to have more strength to unite the workers from the various nation states to tackle hegemonic capitalistic domination, labour laws much not only pass the criteria for news worthiness quasi-universal in the bourgeois press, it is also subject to systematic anti-labour bias, to a hostile interpretative frame work, to handling with delegitimizing vocabulary and to stress on its activities primarily in terms of disruptions and negation. (Waterman, Peter, p.356 in Southall)¹⁷.

Now the entire scene drastically changed due to the globalization, privatization and liberalization, it brought grave challenges to the working class especially in the third world countries. Nation states are not in a position to oppose imperialist globalization. They to cope with dictating mechanisms of structural adjustment, economic reforms which gives many things to developed countries and nothing to the developing countries.

¹⁷ Waterman, Peter: A New Communication Model for a new Working-class internationalism in Southall (ed) *Trade Unions and New Internationalization of the Third World*, Zet Books, London, 1988, p.356.

Influenced by international financial institution, developing countries are taking a dangerous attempt viz., diluting labour laws, less concerned about working class, forget almost, a main factor of production called labour and sinks in to dark ocean crated by neo-liberal globalization.

Trade Union Response to Globalization

Globalization bringing about dramatic change it is reshaping the economic and social landscape of the world huge wealth being created: yet millions of people still exist in conditions of object poverty. The benefits of the new wealth are not being evenly spread, inequality within and between countries,¹⁸ for example average life expectancy is 35 in Bolivia, 70 per cent of the people malnourished. In India one third of the population lives in extreme poverty.¹⁹

The changes brought by globalization inevitably cause some unease. But we cannot stop globalization any more than we could stop industrialization. If we try to do so we will inevitably fail; what we have to do is meet the challenges of globalization. It is to ensure that the wealth and opportunity being generated is distributed equitably, and sustainable, and with respect for the right of all people (George Foulkes).

There are complex issues with regard to working class and how the representative unions fighting for protect them against all forces brought by globalization. trade unions can only meet the challenges posed by globalization, if they work together to secure the necessary political will and national and international economic and social policies.

Core labour Standard

Core labour standards aim to promote decent working conditions for people throughout the world²⁰ (ILO, 1996 some developing countries see Core labour standards

¹⁸ Foulkes,george,*Building alliances in the trade union response to globalization* ,paper presented by the department of international devolpment on march 9,2000.

¹⁹ Human development Index(HDI),World Bank,NewYork,1999

²⁰ ILO Report 1999,Geneva

as a form of protectionism, Decent labour standards mean worker in poor countries will gain real benefit from economic growth. Problems associated with extreme poverty like child labour can be systematically eliminated (Foulkes, George). To solve these problems it is essential to reduce poverty there is need of support to the poor people bargain collectively to improve this conditions.

Many of the international trade secretariats and trade unions are closely involved in this work (George Foulkes). the ILO is the key UN agency in improving rights at work. Uniquely it brings together governments, trade unions and employers and is responsible for promoting decent work and labour standards around the world. The reform agenda introduced by Director General in the year 1999 provides good opportunity to make it more effective (ILO, 1999).

Trade unions have key role in providing information and advise to their members and in shaping relations between their members and employers. they are therefore an important player in awareness rising. Moreover, it is necessary of the time that how trade unions approaches structural changes.

The structural change in terms of changes in the institutional arrangements at the national and global levels have come to occupy increasing prominence since they early eighties in the name of economic reforms with its component of stabilization and structural adjustment programme (SAP).²¹

The SAP, while entails withdrawal of the state from the economy is direct product of the 'counter revolution' in development thinking. The dirigiste the Keynesian interventionist state which has been accepted as the basis of natural development strategy flowing from the mainstream of development thinking has been challenged by the theory of counter revolution.

²¹ Reddy, Narasimha.D" Structural Change and Structural Adjustment and Challenge to union function ,*The indina Jouranal of Labour Economics*, vol 43 no.2 new delhi

Counter revolution theories that state intervention results in inefficiencies arising from the rent seeking or directly unproductive profit seeking activities. These views, which were dominant in 1950s through the 1970s came to the fore in 1980s today counter revolution has become ideological basis for SAP every where with respect to labour Market, it is shown that SAP requires a more flexible labour market (Bhaduri 1996, p.16)²², this implies a. flexibility of real wages especially in the organized industries b. freer in hiring and firing of labour and c. the adoption of a free 'exit policy' by firms including the public sector, which is under a pressure to downsize. The implications of SAP for negotiation of labour are far-reaching (Reddy 2000, p.210).

The Distortionist View on labour Institution to the Fore:

Over the years, there have emerged two broad theoretical or ideological views on labour institutions like trade unions or state intervention in the form of legislation for minimum wages. Job regulation and social security. One is the institutional view promoted by the ILO for about eight decades and the other is the distortionist view propagated by the world bank.

Since in the early 1980s, according to the institutionalist View, minimum wages play an important role in protecting low income groups. Unionization promotes sound industrial relations system and social security ensures justice to the working class for their role in production process (Freeman, 1992, p.121)²³. Even since the end of the first World War there has been a growing consensus among people in the industrialized world and developing countries on the institutional view of the ILO that strong labour movement and state intervention are essential for building industrial system around the principles of equity and justice, thus the ILO has been able put in place a series of conventions like convention 87, which emphasis freedom of association , convention 98, which provides for the right to organize and collective bargaining, convention 151,

²² Bhaduri.A, Employment ,Labour Market Flexibility and Economic in India , *Indian Journal of Labour Economics* ,vol 39,no1,New delhi 1996

²³Freeman R.B"on global 'round table Discussion on Employment and Development Proceedings of The World Bank ,Washing ton ,1992

which provides for minimum wage and convention 154 for a comprehensive collective bargaining. These ILO conventions are ratified and implemented by a large number of member countries it should also be recognized that these are the fruits of the pressure extended by working class struggle over the years.

In the contrast to the institutionalist view ' the Distortionist View' holds that minimum wages: Job and social security and the recognized role for trade unions would actually raise the cost of labour reduce the labour demand and distort the labour markets by raising wages artificially high level in the formal sector while in the informal sector this would lead to high unemployment and low wages.

These distortion, it is argued, will lead to inefficient use of human resources, with the onset of globalization in early 1980s, there has been widespread orchestration of the 'Distortionist View' by the world bank and IMF, that trade unions distort wages, misallocate labour, cause wastage of resources through unproductive profit seeking through graft and bribes impair adjustment to shock and deter investment and there by reduce growth (Freeman, 1992, p.120)

Though evidence towards these proportions is hard to come by the depiction of unions, minimum wage legislation and other labour interventions as obstacles to growth become part of the SAP strategy. the ideological hype thus created poses a serious challenge to trade union as a labour institution with a large social purpose. The ideological under pinning of the 'New Economic Policy (NEP) or SAP is clearly perceived in India (Narashima Reddy, 200, p.211: Tulpule 1999)²⁴ commenting on the impact of the NEP observed.

Under NEP (New Economic Policy) industrial labour is viewed as excessively protected, the labour market as excessively rigid and TUs as primarily responsible for these conditions. this in effect, questions the very raison d'etre of TUs (Trade Unions)

²⁴ Tulpule.B''Trade Union on the Threshold of 21st century -paper Presented at The Seminar on Trade Union movement on the threshold of 21st century ,Sramika prathistan ,Mumbai, aug 1-2,1999.

there is pressure for making the labour market flexible, which is a euphemism for making it easier for employers to freely 'hire and fire' workers as and when they feel it profitable.

There also proposals are made for revoking some of the statutory benefits available especially to workers in small industries in the name of making them more competitive clearly, the earlier view that workers are the weaker and vulnerable side in the employer-worker interaction, and therefore needs state protection has gone over board in NEP (New Economic Policy) (Reddy Narshima, 2000)

The Trade Union Movement and SAP (Structural Adjustment Programme) (Structural Adjustment Programme)

The structural adjustment programme (SAP) that has been extended since the early 1980s to almost all the third world countries, seems to have worsened the situation in regard to the trade union movement. An over view of trade union movement in the light of SAP reveals highly unfavourable trends in Asia, Africa and Latin America (Thomas 1994)²⁵, In East Asia, rapid industrialization went along with the oppression of labour organizations.

In Africa, labour movement faces series problems because of scuttling feasible industrialization under globalization and in Latin America trade union are forced into performing completely new roles because of adjustment that are thrust on these economies. The world labour Report (ILO Report)²⁶ 1997-98 observed, it is generally agreed that the trade union movement has fallen on hard times. The extent of its difficulties may some time of course, be exaggerated by over emphasizing and verse national situations, some times ideological reasons or for the sake of convenience. Non the less, workers organizations are losing member, some even doubts about their future (Reddy, N. 2000, p.211).

²⁵ Thomas ,Henk(ed)"Globalisation and Third World Trade Unoin :The Challenge of Rapid Economic Change ,Zed Books ,London ,1994.

²⁶ World labour Report ' Industrial Relations : Democracy and Social Stability 1997-1998,I.L.O.,Geneva

The implications of SAP on labour market being understood by deriving the drastic changes in the industrial organization and management, besides fiscal contraction. Privatization of public sector and removal of cross border economic barriers, SAP with its compulsions of fierce competition has brought about drastic changes in the industrial organization and management which severe consequences on the employment and livelihood of the working class. In the industrialised countries globalization seems to be an important cause of job losses as corporations 'downsize' their employment in the face of cut throat competition. To a limited extent rising imports from low wage countries and shift of production to low cost countries also leads to unemployment in the advanced countries. The rising wage and income inequalities that occurred in number of these countries are associated with globalization (ILO, 1996).²⁷

Referring to the cross country experiences of SAP the Human Development Report, 1996.²⁸ Summarise the market driven growth of jobless, ruthless, voiceless, rootless and futureless (N.Reddy) . It drives home the fact that SAP as a part of globalization does not bring about either equity or redistribution either between or within countries.

By reviewing the experience over 15 years, report shows that globalization has polarized²⁹ economic development of developed and developing countries by increasing the difference between the \$4700 in 1970 to that of \$ 15600 in 1993 only in about 15 countries growth has improved incomes of the people, whereas in about 100 countries it has been negative in 1993 in 70 countries the average income was lower than in 1980 and in 43 countries, it was lower than even the level of 1970 (WDR, 1996).

Less developed countries, the SAP has let loose a process of causalization and informalization, which is causing dislocation of communities by minimizing employment

²⁷ I.L.O' World Employment 1996/97 'National Policies at Global Context ,ILO.,Geneva, 1996

²⁸ UNDP: OXFORD University Press,New Delhi ,1996

opportunities in general, reducing employment in the organized sector and increasing the mass of working poor.

The formal sector exploits the existing sharp differentials in job security, wage levels as safety standards by sub-counteracting jobs to smaller and informal firms and there by avoiding costs of social security and high wages. with the consequent emergence of dual production structures the major proportion risks hardship and uncertainties of small enterprises are in turn transferred to helpless workers in these sweat shops (Thomas, Henk, 1994). southeast Asian experience of flexibilization are especially feminsation and its adverse consequences on unionization is reviewed by Vanamala (2000)³⁰. In India, the prospects of employment growth in the organized sector are black and its in formalization may render the labor organization weak (Popala, 1994)³¹ also because already there is no union for protecting themselves.

There is a tendency towards informalizing labour employed even in the formal sector by recruiting women workers in the name of trainees and by paying them wages below minimum wages in the name of stipend (Vanamala 1999). Women workers are not that much conscious about the existing provisions to fight for their rights, also are not aware about minimum wage level and so on.

Internal Problems

There are several internal weakness, a major weakness of trade union movement in most of the countries including India appear to be over centralization within the consequent of bureaucratization, political alliance towards power seeking and concomitant practices of rent seeking. Centralization may be strength in bargaining strategy but it tends to distance the organization from the workers, resulting in the loss contract with workers leading to their alienation from the unions, which they by become unresponsive to the

³⁰ Vanamala, 'SAP, Flexible Labour Market and female employment 'A Study of India and South east Asia , Mimeo, 2000

³¹ Popala, TS "Structural Adjustment , Labour Market Flexibility and Employment –presidential address to the annual conference of the ISLE , Gandhi Labour Institute , Ahamdabad

needs and aspirations of the workers (Reddy, Narashima, 2000,p.215) second, there is a decline in the young worker coming forward to take trade union work. Third, trade unions failed to take any initiatives towards fulfilling larger social obligations.

The major internal problem is the failure of the mainstream unionism to reach out the informal and unorganized workers, in most of the countries, union's action is confined to a very small function of labour force, which had hardly shown any inventiveness or initiatives in organizing a large mass or unorganized and informal sector workers for instance in India, union organization is confined to a mere five percent of the working population. globalization, through a process of informazation and causalization, is actually lending to the shrinking of the already meager formal sector and contributing to the further expansion of the unorganized and informal sector (Reddy, Narashima, 1998).³²

Towards Union Transformation

The waning of the image and functions of the trade union movement in the face of changing internal and international pressure has often raised the question of its survival that the function of trade unions would only be confined to the traditional roles of organizing the formal sector workers, and to bargaining on issues relevant to organized sector involving themselves in the national issues and exerting their pressures through legislative action are pare. Though there functions can not be entirely replaced, they need to be complemented and transformed a great deal. If the union are to survive the serious disruption of the working communities all over by the forces of global restructuring, which seems to deepen the retrograde workforce structured, necessitates the emergence of unionism with much wider social concerns and capabilities. There are winds of such change through at a rudimentary, stage from different parts of the wor'd. the emerging strategies involve providing new types of services to union members,

³² Reddy,Narashima""Union Interavention in Rural Labour Markets:A studyof Andhra Pradesh in Radha Krishnan.R and Alak N.Sharma (eds),1998

unionizing new categories of worker, opening up new areas of negotiation and forging new alliances (ILO, 1997, p.31).³³

To face the challenges posed by the 'retarded' structural change in employment, pressure of the SAP and the tide of globalization as well as threatened obsolescence of the transformation of trade union movement, first the out reach of the union must be extended much beyond the convention bounds of organized sector workers to the informal and the unorganized sector (Dutta,Ramash,1997)³⁴

The people involved in these changes (movements) are not all wage earners and therefore, not conventional constituency of trade unions. The movements themselves are structurally and methodologically different from trade unionism. However, their basic interest of working people: are no different from those of trade unions (Tupule, 1999)

The second dimension of transformation, which is much more important, involves transcending the labours transactional environment based on activities anchored in the factory, mine and shop floor. New struggle over housing, land community welfare, consumer and human rights are linking union of strategically well placed worker to movements of the urban and rural poor- a development that has been labeled by some analysis as social movement unionism (Carr 1999, p.50).³⁵

In highly socially segregated society like that of India, the process of social exclusion makes it imperative to give exclusive focus on organizing workers with an emphasis on cultural and social rights. Also the question occurs here that what is the role of trade unions in structural adjustment process, opposing in the beginning protesting after the happenings is always said to be role of trade unions by many working individuals. If they really have say in the structural adjustment programme (SAP), why

³³ I.L.O , World Labour Report 1997-1998.

³⁴ Datta,Ramesh"public Action ,Social Security and Unorganised Sector Seminar on Social Security in India organized by Institute of Human Development ,New Delhi,april 5-7,1997.

³⁵ Carr.B.Globalisation From Below ;Labour internationalism NAFTA, *International Social Science Journal*,vol 59 march,1999.

should protest against the implications and what is the role of the state and all, the following section dealt with.

Role of trade unions in structural adjustment

Trade union movements is not opposed to structural adjustment. It has only been strongly critical of the way adjustment programmes have been carried out, 'it is not enough for trade unions or any interest group to direct or deflect their against the world Bank and the IMF. Trade unions much accept the reality that when national government borrow money from international sources, they lose their sovereignty. They must take the initiative in having a national dialogue to examine aspects relating to national economic policies and consider whether structural adjustment borrowing is really necessary. They should work out ways and means to balance to budget at the national level.³⁶

The trade union movement should therefore, call for design and implementation of policies and programmes concerning adjustment and transition from centrally planned market economies in full consultation with the social partners and with full consideration of their social consequences. The overall result has to be beneficial to the working population and to the society as a whole (labour Education, 91-1993/3, ILO).

Trade unions must create a forum for debate with governments and international agencies on the direction of national development strategy and the need for stronger social policies. unions should articulate widespread popular concern about the effects of national and international policies and the need for new policies to address the social consequences for change very interesting example here is Zimbabwe Trade Union Congress, ZTUC took the initiative in liasing with other social partners, the government and the employers and carried intensive interactions with ILO, IMF, World Bank, UNDP, several prominent multi, bilateral lenders as well as other interests groups such as NGOs (Non-Governmental Organizations), its report was widely circulated and

³⁶ Venkatarataratnam.C.S,Sebastian,Michael and Naidu. DPA''Trade Union and Structural Adjustment ,Bureau of workers Activities (ACTRAV)ILO,SAAT,1999,P.72

discussed at a well attended conference before an alternative agenda was finned up and presented to the nation. The experience of ZTUC is a unique one among developing countries where the national federation of a trade union seized the initiative, engaged other social partners into dialogue and provided an alternative agenda for action (Venkata Ratanam, 1999, p.72). Indian trade Unions are learning to take initiative but forces of globalization stop their moves.

Tripartite Consultations

Adjustment is a continuous process, if it is gradual, incremental and continuous the stakes are low and the consequences marginal. If it is sudden, radical and discontinuous the stakes are higher and the consequences profound. Trade Unions should have a say in the design of structural adjustment programmes in the context of structural adjustment, governments are usually taking decision for first and consulting trade union latter in the matter of implementation.

Trade unions have several options: they can oppose the programme, be neutral, or support with or without bargaining for changes in the programme. Often the need for adjustment can be regardless of an externally triggered structural adjustment programme. Therefore, it is appropriate for trade unions to participate in the design and implementation of SAP and ensure that the interests of all constituents and stakeholders, particularly the workers and the community, are safeguarded (Venkatratnam, Sebastain, and DPA.Naidu, 1999, p.73)

Economic adjustment take place in a given political and social context. Economic adjustment cannot take place in isolation and the political processes and social linkages must also adjust to the new circumstances. There is a need for a revaluation of the entire institutional structure-political and social as well as economic-imposed, inherited an acquired from the colonial masters and subsequent regimes (Martens, 1994, p.321).³⁷

³⁷ Martenes .G''French Speaking Africa in Trebilcock .A''Towards Social Dialogue ;tripartite Cooperation in National Economic and policy Making ,ILO, Geneva,1999.

The components of SAP- trade liberalization, tax reform public sector reform, elimination of price controls, wage restraints and employment flexibility, reduction in governments spending etc have a direct impact on social partners. To contain popular unrest that can potentially block SAP, governments in a several developing countries began to take fresh initiatives to cope trade unions in to a dialogue over SAP. The inadequacies of tripartite structures in Asia (Appot, 1995, Venkataratnam, 1996) Franchophone Africa (Martens, 1994), Latin America (Alvare Z) and in different developed and developing countries (Trebilcock 1994) is well documented.

The role of trade unions in SAP is advisory, and not usually management oriented. It is the obligation of the government to create conditions for meaningful trade union participation. Similarly, it is the responsibility of the trade unions to make effective use of such opportunities and challenges. To effectively participate in the design and implementation of SAP, trade unions need to have relevant information and skills. Trade unions can use the network of local and international organization, including international trade secretariats, together analyse and interpret the date and information as also to get the data and information available from other sources, including government, employers and their organization and academic research institutions and media.

Trade unions need training to develop broad understanding of the new knowledge and developments due to interaction of various force and institutions such training should also provide broad perspectives on new advances in technologies, computer literacy and presentation skills, trade unions have to increase their appeal to workers by offering a new range of services, such as legal and financial advise, specially to those who are affected by the restructuring.

Apart from the human dimension which should receive due consideration, trade unions should also pay attention to issues concerning democracy and accountability, fresh thinking reorientation and a change-over from custodial behaviour on the part of the government to a more participatory approach are needed in the process of transition and

transformation. This calls for open policies, universal education, respect for freedom of association and trade union rights, free press and an independent judiciary. Trade union activities should cover all these spheres too.

The market and the state

Deep distrust of market forces has been the hall mark of public policy as well as trade union policies in several developing countries. Trade unions should realize the pros and cons of integrating with the world economy and understand the power and influence of not just the management, but also the competitors, substitute goods and service, suppliers and customers before they formulate their own thought processes, plans and options.

The advantage of a free market are well known how free the market can be in an iniquitous world remain doubtful. The WTO raises aspirations and apprehensions. There are of course, dangers of uncritical acceptance of market forces. There is a need for flexible system that will adopt to changes in society and polity, a system where both the market and the state must play their roles. The need for such pragmatism was stressed by Amadeo and Bunuri (1991) and Bhaduri and Nayyar (1996).³⁸

In a market driven –global competitive economy the demand for labor does not depend on its supply. In several developing countries, the supply of labour exceeds the demand for it. The situation is exacerbated by shrinking jobs due to the advent of modern technologies on the one hand and growing incidence of sickness and industrial decline on the other, trade unions should develop a strategy of averting/minimizing job losses in sectors affected by adjustment and chalk out creative approaches to job creation in areas where such potential can be realized by harnessing the hitherto untapped local resources. For this they need to develop data and skills of labour market analysis and assessment of the effects of fiscal, monetary and other policies at both macro and micro

³⁸ Bhaduri.A, Nayyar.D, An Intelligent Persons Guide to Economic Liberalisation ,New Delhi ,PenguinPaper backs ,1996

levels. They should acquire the necessary knowledge and analytical ability for macro and micro economic analysis to defend their members interests.

In many countries trade unions have been weakened by decentralized, enterprise level bargaining, which has made it more difficult for them to sustain solidarity at the sectoral and national levels. They have also been affected by the expansion of the informal and service economy where unionization is difficult. In transition economies trade unions are struggling to carve out a new role: previously they served largely as agents of government, and they have coded there functions without readily finding new ones (ILO, 1999)³⁹

In many developing countries trade unions have begun to distrust political parties because the language of ruling party is, in effect, the same as that of the opposition even though, as the opposition they are supportive and sympathetic to the plight of the labour which is fast becoming a redundant resource in a global economy. In several countries, that state has reduced the extent of employment guarantees and securities provided to workers and imposed additional legislative restrictions on unionization (as in export processing zones, for instance) and unions.

The general attitude of trade unions in the public sector has been that the public sector should transcend to narrow sectional interests of the public sector employees as such otherwise the entire movement to save the public sector may be dubbed by those opposed to public sector as a self-seeking pursuit of organized workers and their unions.

In several developing countries the public sector has a poor image and low degree of sympathy towards employees in public utilities and public service. In many developing countries the state is no longer able to protect labour in the labour market and capital in the protected market. Today both capital and labour feel less protected or un

³⁹ I.L.O''Decent Work ,Report of the Director General International Labour Conference 87th session ,1999,I.L.O Geneva.

protected. In several countries trade union organizations have begun to apply their mind and explore ways and means of making the consumer an ally.

They are realizing that customer who pays their salaries, not the employers. In public utilities like telecom, electricity and road transport there were several instances of trade unions thinking of establishing consumer grievance cells in the trade union branches (Venkataratnam S. Naidu DPA 1999, pp.77).⁴⁰ India is not an exception from all these discussed point relevance to India where we find the relations between trade unions and states, and the changes between their relations during the on going scene of globalization.

Privatization and role of trade unions

The triple policies, programmes and polices of liberalization, privatization and globalization have resulted in reviewing and rethinking about the role of the public sector with a view to

- a. improving performance of public enterprises with out change in ownership/control.
- b. privatization and disinvestments.

Public sector reforms aimed at performance improvement:

- a. balance autonomy with accountability.
- b. distance the government from day to day operations.
- c. financial restructuring not only in case of sickness but in all cases where the capital structure is skewed in favour of either debt or equity.
- d. business and technological forecasting.
- e. valuation of assets.
- f. compensation for discharging social obligation without commercial motive if such obligations were discharged mainly by public enterprises, but not their

⁴⁰ Venkataratnam.CS,Michael Sebastain,Naidu DPA "Trade unions and Structural Adjustment ,I.L.O SAAT ,new Delhi ,1999.

counter parts in the private sector. The Major objective of public sector reform should be to increase economic efficiency. But this has often been overshadowed in an effort to reduce the financial burden on the state part of fiscal stabilization and fiscal prudence (Venkataratnam, Naidu 2002, p.100).

From the trade union's point of view, the following socio-economic aspects of public sector reform must reach due attention in adjustment programmes, particularly in the context of privatization (Rondinelli and Lacono, 1996)⁴¹

- a. employment levels in the short and long term.
- b. the working conditions of those employed in privatized organizations and those who remain in state enterprises especially the economically vulnerable groups in society.
- c. productivity levels in countries undergoing widespread privatization.
- d. the maintenance and improvement of national industrial relations systems as economies are transformed and as more economic activities are carried out by privatized enterprises.
- e. the maintenance and application of international labour standards in industries and sectors affected by privatization and
- f. the ways in which the positive effects of privatization are reflected in the development of small enterprises and greater private sector participation in decisions concerning improvements to the business environment.

Issues in privatization

Trade unions should pay attention to the following in the context of privatization

1. Assess the privatization decision, privatization refers not merely to the transfer of ownership of public assets into private hands, but also the private provision of goods and service which were hitherto provided by the state/public sector. would public interest be better served with private provision of public goods and

⁴¹ Venkataratnam .CSV, and Naidu .DPA "privatization and Labour ,(SAAT) I.I.O, New Delhi, 2002, P.100.

services? What are the checks and balances that should be retained or created to ensure that public goods and services are provided adequately and without interruption at a cost that is reasonable and quality that is desirable?

2. what changes occur in work organization? Are there any adjustments and changes in work organization that may require retaining and redeployment? How have these been organized?
3. How will the rights of employees be protected with regard to, particularly, job and income security and continuation of benefits and guarantees?
4. If retrenchment is inevitable to improve competitiveness and viability of privatized enterprises, what steps are being taken to mitigate or avert them? Whether and how can compensation for retrenchment or voluntary separation be improved?
5. Changes in ownership may bring changes not only in work organization and employment but also in the trade union organization and trade union dynamics. How will the changes affect them and what options do trade unions have to deal with them?
6. Privatization may worsen existing pensions provisions and other retirement benefits. What safeguards need to be worked out to avert or minimize such negative consequences?

Trade unions need to realize that so long as their opposition to privatization is based on sufferings, real and alleged/apprehended of their members and themselves, they will not have anyone outside their union to sympathize with their cause. If trade unions articulate how consumers and the public will be adversely affected by privatization the latter will ally with trade unions in their fight against privatization. The ills of the public sector can be cured more easily and readily by bringing about changes in ownership in the work processes and mind sets rather than ownership of capital.

Workers and trade unions should do some introspection on whether and to what extent their approach and attitude to PSEs are responsible for the current disenchantment and disaffection with their performance. More important trade unions should examine this role in the work place institutions for cooperation and

collective bargaining. they need to focus on common interests and work for making PSEs not only viable, but also competitive. After struggling to expand the pie, at the collective bargaining table they should carry their struggle to get the workers their due share.⁴²

Collective Bargaining in the era of Globalization

Collective bargaining is strictly relationship between organization, collective bargaining is a power relationship between organizations, collective bargaining is essentially a treaty making and treaty enforcing process between companies and union. The end objective of collective bargaining is to arrive at mutually satisfactory contract setting forth, for a period of time, agreements on such as wages, hours and other conditions of employment (Frederick H.Harbison).⁴³ The final purpose of trade unions and of the whole labour relations apparatus in a democratic society is to bring about the successful functioning of the unique form of bipartite decision making known as collective bargaining, it is on usual decision making process in that it requires agreement between two organization, a union and a firm, that have many reason to disagree (Va Dusen Kennedy, 1966, pp.101-102).⁴⁴ Equally important is what happened to the collective bargaining process in the era of globalization.

Driving forces in collective bargaining

The objectives of union leadership in the process of collective bargaining fall in to five categories, which drives an organization for strong collective bargaining.

⁴² Ibid p. 106

⁴³ Harbison H, Frederick "Collective bargaining and American Capitalism in Arthur Korn Hauser, Robert Dubin, Arthur M. Ross(eds)" Industrial Conflict " McGraw Hill, New York, 1954.

⁴⁴ Kennedy Van Dusen " Union, Employee and government essay on Indian Labour Question, Mnaka: tala, Bombay, 1916, pp.101-102

The first set of objectives concerned with the preservation and the strengthening of the union as an organization, the second group of objectives centers upon getting more for membership (the familiar demands unions have here is higher wages, shorter hours, holidays, vocations, sickness allowances, pensions and a host of other material benefits which workers want. When the economic conditions make the attainment of additional concessions impossible, then the job of the union is to preserve the benefits which have already been won. A union which can not deliver in this area will not survive for very long (Fredric Harbison), Third, the union is constantly striving to acquire a greater measure of control over jobs, it must act as a watch dog of management. In order to build the prestige of the organization and to protect the members interest, union leaders naturally that they have to protest company actions, police them as actively participate with management/government in making important decisions which will affect individual jobs and employment opportunities and whole. Inevitably, therefore, unions encroach upon the domain of managerial authoring, fourth, union leaders are usually concerned with broad economic and social goals. They look upon collective bargaining as an instrument for placing human welfare before profit and human rights before property rights. (F.H.Harbison). Now the unions struggle are taking new platform where they actually unable to follow all the existing provisions which believed help them but practically nil.

In fact collective bargaining is the most successful democratic process in establishing labour partnership in the industry. Indian constitution has conferred upon the Indian labour an equality of status. Our economic policies have been so designed that labour remains co-partner with capital. The bargaining table gives the labour an opportunity to establish or revise compensation structure as to provide recognition of growth and potential.⁴⁵

The standing labour committee (SLC) which really is the steering committee on labour at the highest level is also a tripartite body. it recommends

⁴⁵ Ghosh .P,Nath Santhosh "Labour Relations in India ,Sudha Puplicatiobn ,New Delhi ,1973 pp.197 -198

from time to time the actions which should be taken on labour matters at different levels. The government of India also set up tripartite industrial committees from time to time to deal with the specific labour problems in different industries. In this connection we can see some of the machinery for peaceful settlement of industrial Disputes available in India that the most important piece of legislation for peaceful settlement of industrial disputes is the industrial dispute Act 1947, which now gives theoretical drops to feed labour's stomach but practically no signal.

Conciliation proceedings: The Act authorizes the appropriate governments to appoint conciliation officers as well as to constitute board of conciliation or courts of enquiry for any specified area or industry for settling industrial Disputes. The Industrial Disputes Act provides for a three-tier system of adjudication. The government of India as well as the state government can appoint industrial tribunals and labour courts.

There are many items of the collective bargaining under the broad banner of recognition of unions, safety and security, wages and allowance, Grievance procedure, working condition, social and labour welfare, and so on.

Method of Bargaining:

1. it is important, specially in the opening session, to establish a friendly atmosphere and bargaining climate.
2. to listen patiently to the union representative by management and government committees.
3. union demands should be analysed and classified under three categories
 - a. those items should be selected where there is a possibility of settlement
 - b. those items which must be rejected and
 - c. the item which require hared bargaining

The real tragedy can be best understood if someone compares current trends with these existing provisions.

Right of Association:

In the free world both the employees and the employers have the rights of freedom of association; they have the rights to promote and guard common interest by forming associations. In India the relationship of the employees is principally governed by the provisions of The Indian Contract Act. The courts normally do not interfere with the management decision unless there are good and sufficient reasons. Flexibility, one of the fundamental rights of the management to pressure its right for the enterprise to ensure flexibility. No organization is static; the organizations which are successful are mostly dynamic, fast changing and must adopt themselves to the changing needs (Ghosh) especially in the era of globalization the entire world is changing very fast while government in many countries as big employer, where workers in these countries have to fight against both government as well as private sectors. Trade Unions are not in a position to carefully use their techniques for collective bargaining and of course management are flexible not to hear trade union or workers, but to accumulate profit in all possible ways.

Union techniques to enforce collective bargaining, strike and work stoppages have now been recognized as legitimate tools of the trade unions to enforce collective bargaining. In India strikes and work stoppages have been restored to by the rival unions for union recognition by the management/ government.

The International Labour Organization (ILO) has defined 'collective bargaining' as negotiations about working conditions and terms of employment between an employer and group of employees organizations, on the other with a view to reaching agreement where the terms of an agreement serve as a code defining the rights and obligations of each part in their employment relations with one another.

The International confederation of free trade unions (ICFTU) consider collective bargaining as worker's Bill of rights. The objective of collective bargaining as workers Bill of rights. The objective of collective bargaining from the standpoint of the trade unions, are mostly to raise the standard of living of the workers and to share in the prosperity with their employers, to join in the decision making on matters affecting their terms and conditions to service to ensure higher wages and earnings shorter working hours old-age and social security, unemployment insurance and full employment (Ghosh, *ibid*, p.231). Which gives good frameworks but here to fast change it become impossible to proceed, even these organizations seeking still seeking for explanation to their inability.

The legal framework of collective bargaining in India:

Article 19 C of the India constitution guarantee freedom of association as a fundamental right. This was recognized in the Trade Union Act, 1926, Industrial Disputed Act, 1947, and the industrial employment (Standing Orders) Act, 1948. Also India ratified ILO Convention concerning the right of Association for Agricultural Workers during British rule in 1923. It, has however, not ratified ILO convention Nos 87 and 98 due to technical difficulties 'involving trade union rights for civil servants.

The real intention could be as Surrendra Nath (1997), former chief labour commissioner of India observers, 'to restrict freedom of association to only manual workers (by defining them as work man) and exclude supervisory and managerial worker. The other interest of the government is not allow the right of collective bargaining even to industrial workers in government departmental undertakings like the railways, post and Telecommunication and central public workers department. Their pay etc is decided by the government on the basis. they pay commissions recommendations, and not through collective bargaining, some state (for instance, Andra Pradesh, Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharastra, Orissa, and West Bengal) have

provisions concerning recognition of trade unions.⁴⁶ Several conferences organized and co-sponsored by the union ministry of labour, government of India, including the one held at Mussoorie in 1998, discussed the ratification of ILO convention No.87 and 98 but deferred the decision. The employers and the government are one in this regard.

From 1931 to date, the identification of collective bargaining agent has remained a hotly debated issue. The Royal commission on labour (1931:323) did not favour the idea that recognition should depend on the strength of the union. It felt that it should be based on reason and not on force, and fact that a union consists of only a minority of employees is not adequate reason for withholding recognition. The national commission on labour (1969) left the matter to be decided on the basis of local circumstances. The 1947 amendment to the trade union Act, 1926 and the Trade union Bill, 1950 provided for recognition of more than one union by an employer, 1947 amendment was never enforced and the 1950 bill was not passed. 1956 the second five year plan document highlighted the importance of one union one industry. In 1958 Indian labour conference evolved a code of discipline in industry which did not and still does not have statutory force which contained critics for recognition of unions. It favoured workmen belonging to non-recognized unions to operate through the representative union of the industry or seek redressal of grievances directly.

There is no law at the national level for recognition of trade unions-there are legal provisions for it. Thus in India there is considerable divergence in the determination of the representative union for the purpose of collective bargaining. These includes a) code of discipline, which is common in most public sector undertakings b) secret ballot, which is mandatory in three states Andhra Pradesh (since 1975), Orissa (since 1994) and West Bengal (since 1998) c) check-off system which is favoured by some unions and d. membership verification

⁴⁶ Venkataratnam CSV, Naidu DPA 'Industrial Relation and Collective Bargaining in South Asia' ACTRAV (Geanve, New Delhi) ILO, 1999, P.51

Under section 2(p) of the industrial disputes Act, 1947 collective agreements to settle disputes can be reached with or without the involvement of the conciliation machinery established by legislation. A settlement (written agreement between the employer and the workmen) arrived under section 18 (3) of the Act, not only on the actual parties to the industrial dispute but also on the heirs successors or assignees of the employer on the one hand and all the work men in the establishment, present or future, on the other section 36 (1) of the Industrial Disputes Act deals with representation of work men.

Collective bargaining is rare in the unorganized sector.

Unfair labour practices:

In 1982 the industrial Disputes Act was amended to include the following as unfair labour practices a) refusal by the employer to bargain collectively in good faith with recognized trade unions b) refusal by a recognized union to bargain collectively in good faith with the employer and c) workmen and trade unions indulging in coercive activities against certification of bargaining representative. Section 2 (p) of the industrial Disputes Act, 1947 defines settlement and section 29 of the act makes the breach of any term of the settlement punishable with imprisonment for a term of six months or with fine or with both. Refusal to bargain collectively, in good faith with recognized trade unions is an unfair labour practice. Under section 2 (a) schedule V with imprisonment for a term which may extend to six months or with fine which may extend to six months or with fine which may extend to Rs 1000 or with both.

In actual practice, several practices, which qualify to be called unfair labour practices, go unquestioned or unprocessed.

Levels of Bargaining

1. Sectoral Bargaining at the National Level

Prior to 1970s wage boards appointed by the government were given awards on wage and working conditions.

The number of wage boards declined from nineteen in the late 1960s to one (for journalists) in the late 1990s. Since the early 1970s sectoral bargaining at the national level is occurring mainly in industries in which the government is a dominant player.

A peculiar feature of national-level sectoral bargaining is the presence of a single employer body and the involvement of the concerned administrative ministry from the employer's side. In many sectors, two to five major national centers of trade unions, which have a major presence through their respective industry federations of workers, organizations, negotiate.

Industry-cum-region wide agreements are common in cotton and Jute textiles, engineering and tea which are dominated by the private sector.

Decentralized firm/Plant-level agreements: in the rest of the private sector while employers generally press for decentralized bargaining at the plant level, unions insist on bargaining at least at the company level where employees are formed into federation (combining several plants/locations).

Duration: Till the 1970s collection agreements were for a period of two to three years. During the 1970s and 1980s the duration of agreements increased to three to four years in the 1990s, over four fifths of central public sector agreements free signed for a duration of five year each.

Most of the collective agreements in the private sector continue to be valid for a period of three or in some rare cases, four years. some agreements, which have dealt exclusively with one aspect such as incentives, have been for a period of six years.

Distinctive features of Public sector Bargaining

In the wake of the economic reforms of the 1990s the collective bargaining scene in the public sector has also undergone a significant change. In 1994 the Department of public enterprises, which exercises control over the 240 odd control public sector undertakings in the country, issued guidelines providing for limited autonomy for decentralized bargaining and moving away from parity among the different public sector undertakings.

Despite the avowed intentions of the government to give autonomy to public enterprise managements over the determination of pay and allowances of their unionized staff, such regulations actually take away the autonomy. In fact, a new set of guidelines for negotiating collective agreements in the central public sector were apparently approved by the cabinet and are to be issued by the Department of public enterprises. The trade unions usually regard such guidelines with contempt, as baselines, not benchmarks or upper limits.

Emerging trends

Till the 1970, collective bargaining showed two trends. First, as far as possible, considering the adversarial relationship in most situations, the attitude of both the managements and the trade unions was to bar the gain to the other party. Second, worker's unions served a charter of demands on managements. Managements used to bargain that it was not possible to give so much. After some negotiations, agreements were reached, with managements reluctantly giving in and workers collecting some additional benefits. In the 1980s managements began to serve counter-proposals before on after receiving the charter of demands from the unions. The idea was to give and take in the name of productivity bargaining. Trade unions used to agree to give up restrictive and wasteful practices in return for higher wages and benefits.

In some cases there were general on specific actionable clauses. By the late 1990s the scope widened to cover assertion of managerial rights to concession bargaining in crisis. Overall in public sector, however, the trend is something (to workers) for nothing (to management) while in the private sector the usual pattern has been something (to workers) in return for anything (for management)

Changes in work practices/norms

Trade unions in India no longer out rightly resist in work practices relating to modernization computerisation, multis killing, flexible deployment, working time/norms etc. The major dispute in this regard is over contract labour. Above all now the new trend has become to workers struggle for daily survival.

Concession Bargaining in crisis:

Trade unions typically face a dilemma in decentralized bargaining where the plant/firm is facing a crisis due to market failure and/or financial sickness, whether or not such problems are a product of recession. In their anxiety to protect all or most jobs in several; cases they have agreed to workforce reduction and cutback or freezing of pay and benefits and even to suspension of trade union rights. The following types of drastic measure were mutually agreed upon as essential for survival in most such situations:

- ❖ Reduction in wages and allowances.
- ❖ Freez in dearness allowance.
- ❖ changes in working patterns.
- ❖ stoppage and modification of incentive schemes.
- ❖ early retirement.
- ❖ lay off/retrenchment.
- ❖ retraining.
- ❖ Redeployment.

About 2 percent of the total work force or over thirty per cent of the workers, in the organized sector participates in collective bargaining. The legal frame work has a bias

towards adjudication, with the government as a big brother. With political Unions, administering of laws is not bias free. Not infrequently, in the collective bargaining process trade unions tend to co-opted by either government or the management. This leads to union facing a crisis of confidence, particularly when they find they going tough and are unable to meet the expectations or their members (Venkataratnam, Naidu) Especially in the era of globalization trade unions face grave challenges and struggle to protect its working classes now it even engaged in collective protest against globalization.

Protest against neo-liberalism in India:

Counter actions by workers and trade unions

As mentioned in the 1st chapter 'The Washington Consensus' of the Brtton Woods twins, under neo-liberal economic globalization have provided the basis for the new economic policy (NEP) of the government of India led by highest part under the dictations and conditionalities of the IMF – WB- WTO trio. The government made it loud and clear that ' running the business is not government business the business of business is business: we will have 'our own' business with business ' selling of central public sector enterprises share to the tune of Rs. 120 billion during last financial year and 80 billions during the current plan period is the governments declaration and separate ministry is working for disinvesting public sector.

A three pronged attack on public sector by government, planning commission, judiciary is launched, corporatisation, competition and corruption become order of the day. Three committees constituted by the government of India have recommended downsizing the strength by 20 per cent in Railways and government employees to the extend 500,000 and withdrawal of food subsidies to the tune Rs.150 billions corporatisation and privatization of railways in parts and to amend the labour laws to ensure easy 'hire and fire' policy to make contract labour the major work force in future. Thus Indian working class are being pushed back by 50 years.⁴⁷

⁴⁷ Neo-liberalism Kills Indian Economy "New Age "vol 14 ,New delhi,17april 6-12 ,2003

There is an attack on the existing social security while the vast millions of workers in the unorganized (informal) sector do not have any social security at all, and downsizing have created a right royal way for exit policy and a large number of organized sectors are becoming unorganized.

On account of the so-called 'free market' which is neither free nor a fair market, jobless, voiceless, fruitless, futureless and ruthless growth have been taking place. Against the path of economic enslavement and thoughtless privatization change of labour laws in favour of employers policies leading to job-losses and unemployment (New Age).

In the global struggle against the new-liberal globalization trade unions are in a position to be collective in resisting the policies and undemocratic structure of the international financial institutions trade unions holds a position to defend democracy, secular values and the working class security.

The 91st conference of the international labour organization (ILO) held in June 3-19, 2003 at Geneva revealed growing reflections of the rising discontent against the ongoing process of neo-liberal imperialist globalization. No doubt the increasing term of anti-globalization protest actions across the world from very onset of the new millennium against an economic order which generated filthy inequality and poverty (Tapan, sen).⁴⁸

Even since the so-called reform process was initiated in India, the employers have intensified their pressure on the government to liberalise the labour laws and give them a free hand to 'hire and fire' willing thought the government was to oblige them, it could not fulfill all their wish lists because of the stiff resistance from the working class of India (Hem Lata)⁴⁹

⁴⁸ Sen ,Tapan "On 91st International Labour Conference "People Democracy "vol xxvii no.26 , 23-24 2003 .New Delhi .

⁴⁹ Hemlata " Oppose Surreptitious Moves to change Labour Laws" *peoples democracy* 'vol xxvii no 25 ,june 16 -22,2003,, New Delhi

Industrialists in India are clamouring a drastic amendment to labour laws, thousand of workers are already on the streets because of the liberalization process initiated in the 1990s, the notion of a debate on whether labour laws ought to be amended may appear to be cruel joke. Thousands of workers in the public and private sectors, have lost their jobs, the deregulation of industrial practices has led to greater casualisation and contractualisation, euphemisms for under paid work with insecure tenures. Under the threat of impending job losses thousands more have been virtually forced to opt for the voluntary retirement scheme (VRS). Those who remain, hanging on to ill-paid and insecure jobs, find their workload increasing significantly.

If the existing labour laws have failed to prevent all this and more from happening, why are workers and their unions fighting to preserve them at all? Conversely, why do employers want to change the laws when things hence gone in their favour any way (Sridhar.V).⁵⁰

The ire of employers is focused on two pieces of legislation relation to labour 1) the first is the Industrial Disputes Act, 1947 2)the other piece of the legislation is the contract labour are a kin to slave labour. It was felt that this form of labour should be abolished or at the very least, regulated. It is obvious that industrial houses will benefit greatly if these two pillars of legislation are dismantled.

To legalise exploitation

The fact that the I.D Act was enacted in 1947 is itself of greater significance. The gigantic waves of strikes by labour in the closing years of colonial India played a major part in the way the social compact emerged in the early years of independence. Seen from a historical perspective, the birth of the I D Act was an explicit acknowledgement that labour, the weaker partner in the industrial workplace, needed protection.

⁵⁰ Sridhar. V, Labour and Liberalization' Frontline, sep12, 2003, p.6.

The I D Act was thus seen as a weapon albeit small, in the hands of trade unions and workers to prevent capital from riding roughshod over labour. However this weapon was not sharp when it was wrought, it was tested in the courts and on the streets before it acquired a sharper edge. While labour laws have not prevented the tide of liberal policies from flooding the work place, they remain the only hope for India's working class. Meanwhile workers and their unions are engaged in a bitter struggle to save a set of laws., which they may have reason to believe betrayed them. It is in this context that the adage that the rule of law is the only hope for the poor, the weak reclaim lost ground.

Trade unions and Anti-labour legislations

The 39th session of the Indian labour conference held in New Delhi on oct 16-18, 2003, rebuffed the attempts of the union labour ministry to get approval of the trade unions to the anti-working class legislation being introduced in parliament as per the Recommendation of the second National Commission of labour (SNCL). The trade unions united opposed all the retrograde proposals of the labour ministry and demanded drastic change in the proposed bills so that they can not meet the requirements of the working class.

The agenda of the conference was to consider the recommendations of the SNCL on rationalization of labour laws, the proposed bill on the unorganized sector workers and employment generation and social security for unorganized sector workers. Most of the trade union opposed the recommendation of the second National commission on labour and the proposed amendment to the labour laws.

They criticized the reduction in the rate of interest on PF (provident Fund) at deterioration in the functioning of the EPF organization ESI (Employee state insurance) corporation. The Representatives of the employers however welcomed the policies of the government and demand acceleration of the pace of economic reforms.

Second National Commission on Labour

The Report of the second National Commission labour, headed by Ravindra Varma, was presented to the prime minister on 29 June 2002, with much fanfare. Along side this the trade union Act has been amended, making it difficult for workers to register a union. These steps represent an attack on worker's right and are anti democratic in essence . The Act claim to make provisions which would reduce the multiplicity of union on state minister from being a member of the union executive.

In its report, the commission rejected the democratic demand for recognition of trade unions through secret ballot. the commission prescribes, further, an unscientific criterion of worker strength below 20th to define unorganized sector or small establishments and separate employment relation law to govern them: complete freedom to lay off or retrench workers in establishments with any size of employment, closures made easy: no letter on employers in the matter of imposing adverse changes in service conditions of workers, a vague distinction between core and non-core job, facilitating out sourcing or contracting out of jobs: no industry level wage determination mechanism: punitive prescriptions for striking unions and functionaries: stripping represent achieved rights of unions.

Which can not win the favour or recognition from employers go slow and work to rule to be punishable misconduct tampering with the concept of eight-hour work day: curtailment of holidays: green signal for women to be engaged in hight shift : a disruptive proposal to allow membership based organization of women workers, creating a gender divide in the trade union movement : a farcical 'umbrella' legislation for unorganized workers, which contains practically nothing: pious declaration of intents in the realm of social security but a drain towards undermining even the existing schemes : no elucidation on wage policy but a definite not to reduce income differentials: and many more such measures. In essence it is a perfect blue print for a wholesale, attack on worker's right to organize, bargain and agitate(Varadarajan.W.R.) It further noted: this

endorsement by the second National Commission on labour, albeit qualified, removes a major hurdle in the path of reform:

The consequences of the reforms implemented in India over a decade have been:

- ❖ Massive job losses, resulting from ever increasing lay-off, retrenchment and closure of industries
- ❖ Restructuring of companies to face competition often resulting in mergers, acquisitions and amalgamations benefiting MNCs (competition here mainly competitive under-bidding of wages and service conditions of labour).
- ❖ slow down of industrial growth, with growth predominantly in the service sector.
- ❖ Growing and acute industrial sickness.
- ❖ De unionization at work-place.
- ❖ Intensified exploitation.
- ❖ Total collapse of implementation machinery of labor legislation.

Trade Unions response to Anti-labour policies:

Three lakh workers toiling in the fields factories and offices all over the country, converged in new Delhi on Feb. 26th stage a mammoth ' March to parliament it was an unequivocal declaration by the toiling masses of the country of their unreleting struggled against the government's disastrous Anti-people , anti-worker, anti- national policies. there policies have led to the surrender of the country's economic sovereignty to the international financial institutions and the multinational corporations, resulting in utter pauprsisation of the masses.

This march wars the culmination of the present phase of working class resistance against the reckless pursuit of the new economic policies of liberalization, globalization and privatization, the march highlight the following demands formulated jointly by all the central trade unions and dependent unions and federations in the country.

- Halt to privatization of profit making and potentially viable public sector undertakings.
- no change in the labour laws in favour of the employers against the interests of the workers.
- immediate enactment of comprehensive legislation for agricultural workers.
- not to polices lending to severe aggravation of joblessness and unemployment.
- wider comprehensive social security schemes including workers in unorganized sector.
- Restoration of quantitative restriction on imports.
- Amendment of payment of bonus Act by removing all ceiling.
- Restoration of 12 per cent interest rate on P.F deposits.

May 21, 2003 will go in to history as a glorious day in the resistance movement against the Government anti-people, anti-worker policies. The day witnessed one of the biggest all India strikes in the history of independent India. With the workers determined to ensure that the government gets their warning, there was tremendous response to the strike call across the country. A total bandh enforced in eight states West Bengal, Kerala, Andhra Pradesh, Bihar, Jarkand, Goa, Tamil Nadu and Pondicherry).

Supporting the workers on strike, lakhs of workers (Kishan agri workers) students, youth and women staged actions like '*rasta rako rail rako*' in several parts of the country.

At press conference at the press club in New Delhi, the lenders CITU, AITUC, HMS, AICCTU, TUCC, UTUC and UTUC –LS expressed confidence that they will be able to rebuff the government anti-people policies (People Democracy Vol.XXVII.. No.21 May 19-25, 2003)

Trade Union's Nation wide Movement on Right to Strike

A national convention of trade unions held in New Delhi on sep 26, 2000 which was attended by representatives of over 30 million unorganized work force in the country, has served an ultimatum on the government: if the centre does not take necessary action to negate the pernicious impact of the supreme court judgment on the strike there would be forced to launch a nation wide movement, leading to a general strike held in close proximity to the seat of central power, the convention pointed out that the 'right to strike' had not been gifted to the working class by any government or by any constitution. But it has conventionally become an integral part of the trade union movement over decades and or even considered to be inseparable from the process of collective bargaining. Moreover workers and employees subjected to terror and exploitation, take resource to strike action only as the last resort the resolution said.

By all standards, it was a unique convention of India's working class, organized by all central trade union organizations – INTUC, AITUC, CITU, HMS, TUCC, UTUC-LS, it was attended by federation of central and state government employees, unions association of Bank employees, insurance employees, defense employees, telecom employees and last but not least the representatives of railway men, namely AIRF/NFIR.

Meanwhile, two development further highlighted the importance of the sep 26 convention. First is the supreme court rejection on sep 24 of permission to a Kerala NGO to file even a petition seeking reviews of the Supreme Court's earlier judgment of August 6 in case of dismissal of 1.7 Lakh Tamil Nadu Government employees. The order had held that employees have no fundamental, statutory or equitable right to strike, it is reported that one of the two judges bench, rejected the review petition this closed on the options before the trade unions to seek redress.

The second event of consequence was the national convention held on sep 25, by the all India state government employees federation to chalk out its future course of

action in view of the Supreme Court's negative ruling on the right to strike: a declaration adopted at the convention called upon the government to ratify the relevant ILO convention, according to democratic and political rights including right to strike to the government employees and trade unions.

The whole controversy over the right to strike started with the massive strike of the Tamil Nadu state government employees, which led to dismissal of lakhs of employees and teachers there, for the convention the silence of the government on the negative judicial ruling was ominous.

The conventionists seemed to be also concerned that they have to take special care of the vast mass of organized work force in whose name the government policies were playing havoc with the nation's economy.

Asian Social Forum: Globalizing Resistance

The Asian social forum held in Hyderabad conceived as part of the international consultation going on for in past two years under the umbrella of the world social forum provided a unified platform for diverse groups trying to mobilize people's power to turn back the tide of imperialist globalization. Trade union, organizations representing peasants, Dalits and tribal peoples, social advocacy groups and NGOs all engaged in mobilizing people on a range of cause, spoke in one voice at the forum, urging the dismantling of an unequal social and economic system.

840 organizations in the first ever Asia social forum. It was organized at regional level prior to the world social forum held annually at Porto Allegre in Brazil. This regional initiative brought together 14,426 delegates including 780 foreigners 160 seminars, 164 workshops. The were world known intellectual attended.

Samir-Amin, Director, Third World Forum, Jean Dreze, K.R. Narayanan, and Awng San Suki and many. With The gathered mass power, Asian Social Forum has

given call to mobilize all progressive, democratic and social movements to proceed ahead towards achieving 'another world is possible'.

In the continuation The World Social Forum (WSF) 2004 began in Mumbai with a historically large attendance, delegates from various countries including India on June 16. The massive attendance indicated a growing movement against corporate globalization and imperialism. (Arjun, Peoples Democracy) WSF was a counter point to the world economic forum –a congregation of economic ministers, heads of state and corporate executives held in Davos, Switzerland to discuss free trade and other economic issues. In contrast the WSF provides agendas and conditions for all organizations opposed to neo-liberalism and to domination of the world by capital and any form of imperialism and are committed to building a planetary society centered on the human person to come together, to debate and propose. The participation of the working people and their organization in the World Social Forum has been a great success.

The process of WSF 2004 witnessed fierce engagement between traditional movements like trade unions or massive organization and the new social movement like Women's movements or exclusive informal sector workers: traditional movements and social organizations, NGOs and social movements: NGOs and traditional movements: informal workers and formal workers organization, dalit and traditional movements etc, the exposure of WSF significant in the struggle against neo liberalism and imperialist globalization. (John, Labour File)

ILO and Indian Trade Unions

The 91st conference of the international labour organization (ILO) held on June 3-19, 2003 at Geneva reviewed led glaring reflections of the rising discontent against the ongoing process of neo-liberal imperialist globalization⁵¹

⁵¹ Muralidharan, Sukumar and Sridhar 'Globalizing resistance (ASF), Frontline, Jan 31, 2003, p.4; Asian social Forum expose 'Neo-Liberalism' New Age, vol.51, no.3, New Delhi, Jan, pp14-25, 2003.

Tapan Sen (CITU) represented the workers delegates from India in the committee on the scope of employment relationship along with Ashok Singh (NTUC), the HRD committee represented by Ravi Raman (BMS), occupational safety and Health committee E.I. Mahadevan (AITUC) and Hiralal Sharma (INTUC) application standard committee by K.J.Thakkar (BMS) and Shankar Shaha (UTUC-LS) and the committee on seafarers by Abdul Gani Sarang of HMS.

The committee on Employment Relationship discussed the situation arising out of the gradual in formalization of various economies following globalization. This phenomena was leading to proliferation of various type of employment relationship, e.g of employees under the garb of false self employment, independent and individual and commercial contracts all aimed at depriving the concerned workers for their rights and other protection measures including social securities.

The deliberation at the conference was aimed at devising an ILO instrument on the subject matter to identify various facts of disguised, ambiguous and triangular employment, relationship emerging increasingly in the various sectors and devise suitable measures for extending protection to all such employment relationship, both through proper legislations and also through strengthening enforcement machineries and related institutions. The employers group opposed the imitative and tried to block the effort up to the last minute. But ultimate following intense debate in the committee and subsequent voting on some of the issues, they had to come round to agree for devising an appropriate ILO instrument in the form of a recommendation to address the issue of disguised employment relationship, promote collective bargaining and social dialogue to find solution to the problems.

The committee on HRD and Training worked on the need for revising and improving upon the existing ILO standards vide convention no 142 and recommendation on 150, this was necessitated by the change in business and economic scenario following globalization on the one hand and the swift changes in the technologies on the other. The discussion was aimed at going deep in to all the aspects of issues with an integrated

approach in preparation of devising new standards in 2004 ILO conference. The committee often prolonged deliberation has drawn unanimous conclusion various aspects of human resource development and training for further deliberation in the ILO conference of 2004 to finalize the revised standard in the form of recommendation or convention or both. This progressive growth of protective measures keenly expected by developing countries to protect working class against the wave of globalization also direct workers to fight for their rights.

CONCLUSION

Washington consensus made series of impact on policy making process especially in the third world countries. The policy packages of Washington consensus were reinforced by World Bank and IMF in the guise of structural Adjustment Programmes, Economic reforms and ~~Aids~~ ^{Aids}. As mentioned in the first Chapter, Latin America as the testing ground turned out to be a blatant failure, that brought along with it dangerous Economic and Social conditions as understood from Latin American crisis proof.

Interestingly the Washington consensus started spreading to every corners of the world carrying the badge of neo-liberal globalization and these policy packages innocently followed by many third World countries they took an attempt of economic reforms, adopt SAPs, and reinforcing neo-liberal agent in the their state economies e.g., East Asia, India too is not exception, as we have seen in the Wake of 1990s, economic reform policy made by India resembled neo-liberal agenda. It is well understood that third World countries are forced to adopt neo-liberal agenda by international financial intuitions and other private capital flows in the name of aid an help.

The agenda led to the destruction of social and labour welfare. It can be understood through the critics made by many scholars, they expressed their views on the semantic dilemma and dictated functions Washington consensus policy packages (as given in the first chapter)

The criticism of globalization accounted by Robert Cox and Samir Amin holds valid here, for one hand Robert Cox's critical theory explains the continuous process of structural change, World Order, here Cox very use fully takes Gramscie's notion of 'hegemony' which help us understand the fit between power, ideas and institutions, the changing relationship between state and capital, as we seen in the neo-liberal agenda and its dictation in the third World countries forced the state itself to go for a change.

On the other hand Samir Amin's view on the face of capitalism in the age of globalization helps us understand the uneven development and it also explains the opportunistic measures taken by capitalistic hegemonic forces in controlling production system. Samir Amin's criticism on monopolistic behaviour of capitalist forces helps us understand this neo-liberal globalization and new institutions. Holds the capitalist agenda, to serve for their interests.

Bretton Wood twins has become the agent of the developed nations, which dictates the developing countries to adopt the neo-liberal agenda coined by capitalistic forces that too serve only Western interests. As found in the second chapter the staff who worked in these institutions were dissatisfied with the functions and services of such institutions often tabled with frustrated tone and resigned of opposing their neo-liberal agenda. The neo-liberal policies increased poverty and threatened working class in the third world countries, the clash between socio-economic and warfare policies were not clear to the responsible institutions.

ILO's effort to orient itself with Bretton Woods institutions in the policy making process worked out to be less effective. ILO's ability to keep its promise to member states being challenged by IMF/World Bank and WTO. Towards continuing these challenges affect working class, ILO has introduced new measures to strengthen tripartite consultation, approaching social clause (WTO) and propose division of labour among international institutions, as can be referred from the third chapter.

The international labour standards promoted by the ILO is beyond their control. The implementation of the same among the member states is disturbed by forces of globalization which brought SAP and economic reforms against labour and social welfare.

ILO introduced new measures to tackle the problems created by new-liberal globalization like reducing decent work deficit which proposes four gap models to be fulfilled, viz., Employment gap, rights gap, social protection gap and social dialogue gap.

These are discussed through tripartism and interestingly social dialogue is an innovative idea through which there is a possibility to achieve collective bargaining, promoting conditions of employment, clear trade disputes and improve international labour standards.

Such social dialogue play an instrumental role in the prevention and resolution of labour disputes and social problems, it needs in 'focus programme' like advancement of knowledge on labour related matters, advocacy, advisory and technical assistance for strengthening social dialogue. ILO's approach to social clause really a challenge against WTO's authority of benefiting through link between labour and trade or as a disparate move to break the bond.

The ILO is already involved in research concerning the innovative approaches to keep its promises that help ensure socio-economic justice for working class through rebuilding strong Trade Unions and promoting collective bargaining, multilateral agreement, code of conduct, social labeling and influencing macro economic policy and promoting full employment, as referred the International Labour Conferences (ILC) recent years.

India wants ILO should take appropriate action for multilateral investment in skill up gradation and skill formation in developing countries. India also called upon its member states to promote an understanding among nations for a free flow of skills along with movement of capital.

Trade unions response to globalization in India found newer challenges to meet, there are drastic changes in industrial organization and management. Joblessness increased, under employment has jeopardized was hampered the security interests of the Indian working class.

Being a big employer, the Indian Government depends on outside sources for economic growth and makes anti-social and anti-workers policies towards orient with international institutions and other private capital flows. There is crises in fundamental workers right like right to strike, right to association, right to collective bargaining, it is even found that there is reduction wages and allowances, freezing dearness allowance, changing working patterns, modification of incentive schemes and early retirement.

Trade Unions, citizens, workers showed tremendous reaction against government's anti-worker and anti-social policies. They attacked the government's reckless pursuit of liberalization, globalization and privatization which kills the interest of the workers in India. They also raised important demands of like, halt to privatization, making no changes in labour laws, thereby paving the way for immediate provision for enacting laws to protect agricultural workers. Restrict to accept such policies leads to joblessness and unemployment. Trade unions also started nation wide movement on the right to strike after spate of recent incidents that happened in some states in India.

As a collective response to globalization international labour organization and Indian Trade Unions joined hands to put an end to the dangerous consequences that might raise its head amongst the Indian working class.

On the 91st international labour conference held at Geneva in 2003 reviews clearly growing discontentment against the ongoing process of neo-liberal imperialist globalization. All Indian Trade Unions representatives represented various committees and discussed promoting employment relations, effective collective bargaining and social dialogue to find solution for overall problems faced by Indian workers. And other necessary measures are expected in the ILC yet to held in 2004.

As can be referred from the spate of events as discussed in the chapters that precede, it is noteworthy to say, that the extent of damages suffered by Indian workers and trade unions in the light of globalization is irreparable.

It seems to effectively incorporate such trade unions under the protective shield of economic and labour welfare. But in reality it has only helped further the vested interests of the West in rendering them ineffective.

In the name of structural adjustment, economic reforms and other policy packages marketed by internationally acclaimed business institutions like the IMF and World Bank which find themselves in the lap of capitalists, have only helped foster their collective interests their keynesian strategies of widening their market horizons, can be comfortably called new international economic hegemony: camouflaged in the name of globalization.

India's response to this so-called neo-liberal globalization is multilayered. So far as trade union and workers are concerned they regard it as detrimental to the over all success of the country's labour economy. The relationship between market and state and state and workers is jeopardized by this very phenomenon as machine are considered to be far more productive than man's collective efforts, thereby the need for labour unions and laws stand annuled.

In this backdrop of deplorable situation, the steps taken by the ILO in safeguarding the interests of its India through its myriad of international labour norms and standards given by ILO on such trade union and the Indian working class interest there seems to be no or very less impact that risks even being called 'palpable' as far as their material interests are concern. These laws were rendered ineffective and inappropriate.

It must not be forgotten though that India was one of the founding members of the ILO way back in 1919 a time when it was still under colonial rule, therefore India in their bid to achieve economic independence started to fish in troubled waters only to be accused time and again being of penny wise and pound foolish.

The present situation is more of an impasse considering India's inability to respond to the vows of ILO and to keep up the promises of the Indian working class played by retrenchment bacteria. It seems impossible for a definitive consensus to be reached by way of negotiations. As a matter of fact India risks losing her mainstay of Manpower for its incessant need of capital.

This point is similar to what India experiences in other areas of its foreign economic (WTO), ecological (Earth Summit) and strategic (NPT) regional (South Asia) policies.

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