

## ORGANIZED LABOR, DEMOCRACY, AND DEVELOPMENT

A more nuanced distinction needs to be made between the basic political interests of workers to be articulated by trade unions on the one hand and trade union organizations being tied to political parties on the other. The former kind of trade unionism is consistent with, even demands, trade union unity. The latter . . . has only led to progressive fragmentation of the movement.<sup>1</sup>

Bagaram Tulpule

### Labor markets, unions, states, and political parties

Some argue that protection of workers impedes efficiency and growth. This study shows that the ability of unions to interfere in government economic reforms is not the price of a competitive political party system. It is an economic benefit. Intractable and resistant social organizations help to prevent governments from enacting policies in reckless or corrupt ways. Thus, the privatization program in India has not only been more gradual than that in Pakistan, it has also been more economically sound and accompanied by far less corruption, as we saw in chapter three.

The previous chapter established that in South Asia, workers are less protected and employers are less responsible for their employees than they were merely two decades ago. The long downward trends are clear even with the limitations of available data. Today, employers and managers are often disassociated from and ignorant of those who provide labor in their enterprises, including public sector employers.

This chapter reports on how unions and other workers' organizations in India and Pakistan have adapted to this era of scarce and increasingly insecure employment. We begin with a brief consideration of relations between labor unions, on the one hand, and states, political parties, and labor markets, on the other. The subsequent section identifies important, new forms of labor advocacy and organizing. These have responded to the changing nature of employment. The concluding section summarizes the

major findings of the book and discusses the importance of public institutions that promote solidarity.

### Unions and labor markets

Unionized workers are relatively few in India and Pakistan in large part because markets for labor are few. A market for labor, as for any other good or service, entails some relationship between supply and demand. People who have no choice but to accept whatever terms or wages, if any, are offered for their labor, are not in a labor market. Workers who cannot ask for better terms of service (e.g., the recognition of the right to assembly at work) because they fear losing their only source of livelihood are similarly not in a labor market. More than one-third of a billion workers in India and Pakistan do not have the capacity to secure sufficient caloric intake for themselves or their dependents. Lack of income sufficient for minimal food requirements forces hundreds of millions to sell their labor at subsistence wages. The market does not create the price of labor; dire need does. Most workers do not secure employment or wages through demand and supply forces. Even in the most advanced countries labor does not operate according to supply and demand movements.<sup>2</sup>

Economies wherein a significant portion of the population lives at mere subsistence do not give workers, by themselves, such economic power as to secure a living wage. While this proposition is straightforward enough, it has not been very deeply applied to understanding the political economy of development. The notion that labor regulation is an exogenous force and counter to efficiency obviously presumes the existence of a labor market. However, at subsistence levels, individuals cannot be market actors. Dire necessity cannot be the basis of one's estimation of exchange value. In the Indian economy, more than 300 million people live without minimum caloric requirements.<sup>3</sup> Forces more powerful than the estimation of the value of one's labor are obviously at work in employer-employee relations.

The field of labor economics is founded on an assumption that is untenable in much of South Asia. There can be no labor market – no relationship, much less equilibrium between supply and demand for labor – for the 314 million Indians and 28 million Pakistanis who live below the poverty line.<sup>4</sup> One cause of exploitative terms of service and conditions of work is poverty. Under such conditions, workers need unions. But are unions better allying with political parties or with the state?

### Unions and the state

In poor, labor-surplus economies – that is, throughout most of the “developing world” – under democratic, non-democratic, and transitional regimes alike, the state once assumed a major role in regulating conditions of work

and terms of employment. The state engaged trade unions as partners in this endeavor. Many governments encouraged trade union formation and enacted labor legislation to give workers a measure of protection unavailable to them through the market. The demand for labor can often promote only subsistence wages, not freely and fairly bargained wages. Therefore, governments, gaining state control after long periods of colonialism, conferred upon the state the responsibility for the protection of the common man. Rajni Kothari, in an early analysis of the impact of economic liberalization on India, aptly expressed the sentiment. "In such a poor country, how can you simply dismantle the state? The poor chap what little he has has been provided by the state."<sup>5</sup>

In the present international economic environment, many governments abdicate responsibility for social welfare. In keeping with this trend, governments in many lower-income countries have severed a once sturdy relationship with organized labor. The international economy has made greater demands for lower wages and labor flexibility. Conditions of labor and terms of employment have declined in many countries in many sectors.

India and Pakistan have industrial relations that are similar to many former colonial economies. A development compromise was made possible by the initial affinity between the economic goals of the state and of the formal labor force. Public sector work, from banking to transport to industry, together with organized industrial workers from the private formal sector, grew rapidly under statist economic development. Public sector workers and some workers in private sector industries were able to secure from the state a commitment to decent conditions of work and terms of service, including a high degree of employment protection.

In both the industrialized and industrializing world, the fundamental issues of the formal sector workplace – determination of wages, provision of pensions, payment of bonuses, workers' participation in management, trade union recognition – have been influenced heavily if not decided unilaterally by the state. The Indian and Pakistani states have maintained such a central role in industrial relations since Independence, but not always with benign effects. The Nehruvian package of high tariffs to protect domestic industry, exclusive industrial and financial domains for the public sector, and rigorous obstacles to licensed production might have been socialist in motivation. But it was not very socialist in its effects. Winners in this regulated system – chiefly urban industrialists, urban consumers, and urban formal sector workers – were those with the best connections to state authority.

Beginning in the late 1970s, employment in the formal sectors stagnated, as we saw in chapter four. In many industries, employment has declined in absolute terms. Terms of employment have been made less formal and the subcontract labor system (*thekedar nizam*) has been promoted to avoid labor legislation. Since the 1970s, Indian industry with the support of government agents and policy has instituted managerial and production

practices that have circumvented labor legislation, worsened conditions of work, and helped to weaken the unions. These employment and production practices amount to what some organizers refer to as "controlled informalization." India's and Pakistan's emerging political economies, as we saw above in the case of the textile industry, are no longer willing to continue to support that development compromise.

The state's resources, however, remain alluring objects for unions. Many trade unionists and social activists in Pakistan and India regard capture and transformation of the state as key to their strategies. But the influence of the state is often corrupting. States can be repressive and exclusionary. At a minimum, the state's elaborate legislation prevents trade unionists from being more concerned with the affairs of the workers they represent than with organizational maintenance of their unions. In Pakistan, the registration of trade unions, the yearly referenda for collective bargaining agents, and the politics of federation and international affiliations drain the time and energies of trade unions.<sup>6</sup> In India, trade union centers are occupied with the politics of the party to which they are affiliated. Unions in both India and Pakistan are often involved in lengthy court proceedings. Engagement with the state requires tremendous commitment of financial and human resources.

#### Unions and political parties

Alignment with political parties, themselves aspirants to state power, often prevent unions from achieving their objectives. Political parties, like states, can be untrustworthy allies. Political parties aim to secure or gain some control of the state. Their success in that endeavor poses problems for Marxist or left unions that become associated with the ruling party. Ruling parties in most countries must make debt payments in hard currencies, meet foreign investors' requirements, and satisfy international financial organizations. These international financial obligations promoted a decline in regular employment and in union membership. The interests of ruling parties and left unions associated with them are likely to clash. Jyoti Basu, Chief Minister of West Bengal and energetic salesman of foreign investment in West Bengal, and Basu's colleagues in the Centre for Indian Trade Unions in West Bengal, know this conflict well.

Seeking seats in legislative bodies, or gaining control of some part of the administration of the state, does not always strengthen the capacity of trade unions and their members. The greater benefit of political party-dependent unionism often accrues to the leadership not the members. Further, if these leaders succeed, they often control, manipulate, and corrupt unions allied to them. Unions have little influence over parties once parties become ruling parties.

While political parties may not always be the most effective vehicles for conveying worker interests to government, political parties almost invariably

find unions to be effective vehicles for election into government. Indian unions have been able to successfully oppose privatization efforts. In many cases, they have done this through the leverage exercised by the political parties to which they are affiliated. Still, their dependence upon political parties is a source of weakness. The Hind Mazdoor Sabha trade unionist Bagaram Tulpule – in the passage that begins this chapter – points to a vital distinction in trade union politics. An independent labor movement is not one that maintains a cautious indifference to national political developments. Its independence is not a mark of its separation from politics. Rather its independence is marked by its ability to chart political strategies independent of the constraints of political parties.

A distinction can be drawn between the basic political interests of workers (e.g., freedom of association and the right to collective bargaining) and the political interests needed to forge alliances between trade unions and political parties. The evidence from India and Pakistan suggests that the degree to which organized labor can promote the fundamental political interests of its members depends in part upon the degree of democracy within trade unions and upon the independence of trade unions from political parties. The political interests that promote alliances between organized labor and political parties often lead to the fragmentation of the trade union movement. Even the most powerful trade union movements in the world find themselves in the midst of a historic challenge. To make further economic and political gains for workers, trade unions that are allied to the state or political parties must know how to maintain independence from state and political party control.

#### Unions and workers

Almost all of Pakistan's several hundred public sector enterprises have been privatized over workers' objections because workers were either not organized or not confederated nationally. At the same time, most leaders of Pakistan's trade union federations are well aware that gains made through deals struck with politicians are not necessarily lasting. They know that the gains achieved for the working classes through industrial actions in the late 1960s were quickly lost to political repression. They have seen deals struck between government and some federations on minimum wage increases and promises not to privatize easily give way to austerity and adjustment.

In India, most labor leaders know that unions are less responsive to the interests of their members when political party leadership selects union leaders. Often individuals who run unions do so because they aspire to be leaders in the political party affiliated to the union. If they are not so fortunate as to be recruited by the political party leadership, they often soon regard themselves as labor officials of the party rather than as labor organizers.

Indian and Pakistani trade unionists have been active in developing a new union strategy. For example, in March 1995, three Pakistani federations formed the Pakistan Workers' Confederation, in an effort to form a unified platform for combating economic adjustment and unemployment. The elements of the new union strategy include such inter-federation cooperation, trade union–social movement cooperation, support for workers' management schemes, and a renewed emphasis on workers' education.

#### New union strategies

Trade unionism in South Asia is responding to the restructuring of industry and the deregulation of conditions of work and terms of service. Indian and Pakistani trade unions have developed strategies to increase their effectiveness in protecting and promoting the rights of workers. In India, this has entailed a focus on the informal sector, where the vast majority of the work force is employed. It has also entailed a softening of the ideological barriers to coordinated action across political parties. Some unions have strayed far from the reach of the party to which they are affiliated. Many workers in many workplaces prefer, and have struggled to win, representation by independent unions. When polled, more than 75 percent of INTUC Working Committee Members wanted to break with the Congress, the party to which it owes its political strength.<sup>7</sup> The two largest trade union federations, the AITUC and the INTUC, took initiatives to "delink themselves from their parent political organizations."<sup>8</sup>

The institutions that enable or constrain labor organization's ability to effectively challenge structural adjustment also affect labor's ability to chart its own future structure. This observation helps to make sense of what many Indian trade unionists, even within the official Indian trade union centers, claim. Political party-based unionism assists the movement in opposing economic policies but can be a hindrance to the social relevance of trade unionism. Most of the official national trade unions that dominate Indian trade unionism usually follow the agenda of their political party yet claim that they are only ideologically allied to that party. A dependent relationship to political parties, not trade unionism itself, nor political party-based unionism, nor the multiplicity of unions, restricts trade unions from serving workers' interests.<sup>9</sup> Communist labor activists in the Communist Party of India (Marxist)-ruled state of West Bengal document that a communist government is no guarantee of better wages, working conditions, job security, or employment promotion.<sup>10</sup> Corporatist control of trade unions, combined with industrial decline in the state, has made unions weak and industrial labor vulnerable, and not only in West Bengal.

In Pakistan, labor federations have formed an alliance – the Pakistan Workers' Confederation (PWC) – in which, among other principles adopted for greater labor solidarity, unions will not compete against fellow PWC

unions in collective bargaining agent elections. At the same time, Pakistani unions are embracing the strategy of creating a labor party. The Pakistan Labour Party was established in 1997. The experience of labor federations in Brazil and South Korea is revealing. There too, military governments used the "Japanese" enterprise union system to focus labor's representation on the factory floor. By forming strong confederations and labor parties, unions were able to overcome the divisive logic of factory-based unions.

Indian and Pakistani unions have reconsidered the nature of the state, their relationship to the state, and their roles in economies increasingly unregulated by the state. As well as directly resisting economic adjustment measures, unions in each country are formulating new political strategies and establishing new forms of organizing working people. How are labor organizations responding to deregulation and informalization? What new strategies are they adopting? How can trade unions rise to engage global capital in countries that neglect human development as India and Pakistan do?

The major trade union centers and independent labor organizers have attempted, some successfully, to organize informal sector workers and to educate them about their legal rights. Rajendra Ravi convened the Jan Parivahan Panchayat in Delhi to educate rickshaw drivers on their legal rights.<sup>11</sup> Sanjay Singhvi has organized powerloom operators in Bhiwandi, Maharashtra.<sup>12</sup> Attempts to educate informal sector workers about their rights can be more effective than attempts to organize them as a formal association. These local efforts have not received the scholarly attention they deserve.

A number of significant labor advocacy and organizing initiatives in India and Pakistan – the National Centre for Labour (NCL), the Self Employed Women's Association (SEWA), which was an important member of NCL, the Kamani Employees Union, (each from India), Pakistan's Millat Tractors, the Pakistan Institute for Labour Research and Education, and the Pakistan Workers Confederation – provide illustration in answer to these questions.

#### National Centre for Labour

One of the most significant developments in the Indian trade union movement since the 1991 economic reforms is the formation, in May 1995, of a confederation of informal sector unions. The National Centre for Labour, made up of 22 labor unions and federations, is the only national trade union confederation that is organized to represent informal sector workers. The emphasis is on "education and information sharing" among informal sector workers and on joint "lobbying and interaction [with] . . . government and its regulatory agencies."<sup>13</sup> The founding convention of the NCL adopted resolutions related to the regulation of the subcontracted labor system;

the rights of women workers and forest workers; a national living wage; a comprehensive social security; and the establishment of local tripartite boards for wage setting.

The NCL represents more than 600,000 workers in activities ranging from garment stitching, embroidery, *beedi* (hand-rolled cigarette rolling), *agarbatti* (incense), and *papad* (chips) making, and food processing to fishing, collecting forest products, and performing domestic work and construction work. The unions with the largest membership in the NCL are the National Federation of Construction Labour and the SEWA. The National Fishworkers' Forum, which spear-headed agitations against commercial trawling and the depletion of fish in coastal waters, and the Forest Producers, Gatherers, and Forest Workers Union, which has protested commercial logging, are also vocal members.<sup>14</sup>

Since the earliest discussions to form the NCL in 1991, NCL activists have taken a position against affiliation with political parties. Centre organizers think of themselves as "transcend[ing political] party affiliations."<sup>15</sup> The NCL constitution aims to keep the organization independent from political parties. NCL organizers themselves are associated with different political parties, principally the Communist Party of India, the Communist Party of India (Marxist), and the Janata Party. While the NCL maintains its independence from political parties, it does not believe that it can achieve its goals without an interventionist state.

The NCL focuses on fundamental economic rights, such as a national minimum wage, universal education, and basic health care. A priority of the NCL has been the campaign for a national minimum wage. The campaign was launched in July 1995, shortly after the founding of the NCL, and argues that the government should establish a universal, need-based minimum wage. Minimum wage regulations in India are piece-meal and fragmentary. Workers are accorded different minimum wages according to the industries and states in which they work. Most statutory minimum wages do not afford workers the means for their subsistence. Furthermore, as most informal economic activities are not classified as industries, most workers are denied legal standing. The campaign helped to give considerable support to a national discussion on the need for a national minimum wage, especially under the United Front Government.<sup>16</sup> The NCL devotes its energies not to the negotiation of favorable contracts for their members; it campaigns nationally – through the media and direct legislative action (e.g., demonstrations) – for a uniform minimum wage and universal social security for all workers.

The NCL is also committed to addressing the needs of female workers, who make up more than half of the informal sector. A majority (62 percent) of the office holders of the NCL are women.<sup>17</sup> One of the core and most active members of NCL is the Self-Employed Women's Association.

### The Self-Employed Women's Association

The Self-Employed Women's Association (SEWA) not only provides insights about new unionism in South Asia, it has spearheaded much of it. This new unionism, of which SEWA is an example, has two dominant characteristics. The focus of a union is not to aid an allied political party to capture state power, but rather to serve its members. Although legislation is important to new unionism, the focus is not on obtaining state power. The second characteristic is a focus on women informal sector workers. SEWA's participation in the NCL ensured an NCL emphasis on female workers and gender equality. SEWA had a membership in late 2005 of more than 700,000 women, in garment stitching, embroidery, block printing, and silk screening.<sup>18</sup> More than 20,000 of these women work at home.<sup>19</sup>

The Self-Employed Women's Association participation in the NCL has also raised NCL's advocacy for tripartism. SEWA led a successful campaign for the adoption of a Convention on Home-based Workers in the International Labour Organisation.<sup>20</sup> Discussions in the ILO raised understanding among trade unions, business associations, and government officials about the limited protections to this large and growing segment of the labor force. The implementation of the ILO Home Work Convention will help to promote the equal treatment and legal protection of home-based informal sector workers. SEWA is not driven by ideology or even by strong convictions about the workings of the economy.<sup>21</sup> SEWA is focused on developing practical methods for increasing the ability of working women to negotiate and protect themselves.

### Independent unionism

Independent unionism has been almost inevitable in Pakistan, where the state and political parties have repeatedly turned against organized labor. Independent unionism has a strong tradition in much of India and Pakistan, especially in Bombay, as discussed in chapter two.<sup>22</sup>

Unionists who have exercised the most independent unionism in India are not apolitical. It is their decisions about the priorities and strategies of their unions that make them independent. Baba Mathew is a member of the Communist Party of India; the union that Comrade Mathew led – the Hindustan Aeronautics Union – is an affiliate to the Communist Party of India (CPI). The Union and Comrade Mathew exercised a strength quite independent of the CPI when they decided, against the party, to permit a large measure of foreign investment in Hindustan Aeronautics.

Indian and Pakistani workers have taken initiatives in cost savings and vigilance against corruption and mismanagement. The recognition that management often has less to lose from unproductive business than do the

workers, has convinced workers in many plants that they must actively police the management. Trade unions operate training programs for their workers in developing such skills as reading company balance sheets so as to know when management might be siphoning funds or preparing to declare an industry sick.

### Pakistan Institute for Labour Research and Education

The work of the Pakistan Institute for Labour Research and Education (PILER) reveals a great deal about the future of trade unionism in Pakistan and, specifically, Pakistani union responses to structural adjustment and to worsening terms of employment. In a national effort to develop workers' education programs in Pakistan, individuals from trade unions, academia, and other professions established PILER in May 1982. PILER's initial emphasis, given the devastating impact of martial law on labor unions, was on training of workplace level labor leaders. PILER began with a three month Leadership Development Program "aimed at enhancing the social and political awareness" of shop-floor-level trade union leaders.<sup>23</sup> Today, PILER runs 3-day, 2-week, 6-week, and 12-week trade union training programs.

PILER explicitly attempted to involve as many of Pakistan's federations as possible – and managed to achieve this. All Pakistani federations were invited to, and a large number participated in, a National Workshop on Labour Education in June 1988 to draft and approve of the curriculum of the trade unionists education program. Courses were organized in modules on social issues, law, environment, economics, financial analysis, trade unions, and labor law. Courses in the social issues module covered general sociology and political science as well as patriarchy and attitudes toward women. Courses in the law module covered such topics as public interest litigation and human rights. Courses in the module on economics covered the relationship between monetary and fiscal policies, inflation and unemployment, and wages and immigration. Courses in the trade union model examined the role of the ILO in promoting labor standards.<sup>24</sup> Since 1998, PILER has moved from such general education to more specialized trade union educator's programs. It has conducted more than 230 workshops involving more than 7,000 workers, including more than 1,500 working women. Trade union participants are selected from a variety of unions, with different federation affiliations.

All major Pakistani federations participate in PILER training programs. PILER's strongest associate among labor federations is the Karachi-based Muttahida (United) Labour Federation (MLF). The MLF was formed in 1988 by a merger of five "progressive nationalist and anti imperialist"<sup>25</sup> labor federations.<sup>26</sup> The MLF "leadership consists of some of the most experienced and militant trade unionist(s) from all part(s) of the country."<sup>27</sup>

PILER has grown from a facilitator of national labor organization in Pakistan through its trade union education programs to Pakistan's premier labor research center and is as strong as Pakistan's other economic research centers, including the Social Policy and Development Center, also in Karachi, and the Pakistan Institute for Development Education and the Sustainable Development Policy Institute in Islamabad. PILER conducts and publishes research on agricultural and industrial labor, debt bondage, working children, working women, and labor and trade. The Centre for Working Women and the more recently established Centre for Working Children demonstrate a commitment beyond a famously patriarchal trade union movement. PILER has also taken a leading role in Pakistani peace and anti-nuclear advocacy.

PILER has worked across federation lines and political preferences. Pakistani labor federations are not typically as involved with political party politics as their Indian counterparts. But it is notable that PILER has not sought to concentrate its energies behind a political party. Another notable dimension to PILER's work is its focus on education and training. Only after building a generation of plant-level trade union leaders did PILER begin to undertake substantial research. Early research was program-oriented or action-oriented (e.g., to collect information for better training programs).<sup>28</sup> For example, when brick kiln workers protested their servitude and debt bondage, PILER had already done extensive research and was able to present the government with a detailed plan for abolishing debt bondage and rehabilitating its victims.<sup>29</sup>

#### Pakistan Workers Confederation

Five Pakistani labor federations with differing ideologies and representing workers in diverse industries, concentrated in separate parts of the country, joined in 1995 to form the Pakistan Workers Confederation (PWC). The PWC leadership meets regularly, makes representations to government, and coordinates demonstrations and protests. Federations in the PWC, and the unions that are affiliated to them, overcome the divisive logic of plant-level CBA elections, by refraining from competition in elections against PWC affiliated unions. The PWC is not an alliance of unions representing informal sector unions. But the alliance does, like the NCL, seek to make an impact nationally.

The PWC has worked with non-union organizations to protect rights beyond the workplace. When the private company Dansk Sojakefabrik (DS) sold a chlor-alkali plant to the Pakistani company Ravi Alkalis for installation in Karachi, Pakistani NGOs, including the Sustainable Development Policy Institute, and Pakistani trade unions, including the PWC, successfully blocked the deal. Together with Greenpeace International, the Pakistani NGOs and trade unions in the Confederation threatened to prevent the unloading at the Karachi Port. The plant, which uses

mercury cell technology, the most polluting of the three available chlor-alkali production technologies, had been banned from operating in Denmark on account of workers' health problems.<sup>30</sup>

#### Not by unions alone

##### Legal reform

The proliferation of fragmentary laws for classes of workers has made labor legislation inaccessible for most workers. There are 45 ways to recognize (or not recognize) a worker under Indian labor law. As labor is a concurrent subject under the Indian Constitution – a subject of central and state-level law – there are a great number of “scheduled employments” – 1,232 in all – under state law.<sup>31</sup> Labor law effectively prohibits all but a small percentage (fewer than 2 percent) of the labor force in India and Pakistan from bargaining collectively. In Pakistan, union members represent about 0.7 percent of the labor force. (See tables 4.1 and 4.3 for figures and sources.) As the Pakistan Institute of Legislative Development and Transparency puts it, “union activity on the whole is remote from the realities facing the overwhelming majority of the labour force.”<sup>32</sup> As a result, unions in each country are advocating universal application of law with greater intensity.

Indeed, unions and labor associations in India and in Pakistan have prioritized universal application of labor law and have obtained significant benefits. Labor associations are focusing increasingly on the fundamental rights of workers, not as workers, who must thereby establish their *locus standi* as workers, but as citizens. The rights of workers should accrue to them as rights, as positive freedoms rather than as consequences of positive, and thereby possibly exclusivist, regulation. Social action, in conjunction with legal protections, wins workers their economic and political rights. Unions persuaded the Indian government, at the 2002 National Commission of Labour, to propose the Unorganized Sector Workers' Social Security Bill, 2005 to establish an authority to oversee collection of contributions from workers and employers. As unorganized sector work often entails having no recognizable employer, the government claims the right to tax or collect from “an industry as a whole.”<sup>33</sup>

The law in India and Pakistan is colonial in origin. Moreover, the institutions for its enforcement are not only weak but distort positive plans into actual hardship. South Asian law in general is divisive. One's standing in some cases and before some courts is uncertain. National trade union centers have been criticized for being too legalistic. It would be more accurate to say that they work within a legal apparatus that is designed to apply to only small fragments of the workforce, by no means all workers. Mill workers may file a case here, and miners there, but most workers are excluded from the purview of labor law, and increasingly so.

Indian and Pakistani workers and union leaders have used similar strategies to cope with the loss of regular jobs, the strengthening of management power, and the increased speed of changed employer requirements. The emphases and activities of the National Centre for Labour, the Self-Employed Women's Association, and the Pakistan Workers Confederation use these new strategies.

Foremost, the NCL and SEWA focus on the vast informal sector. Indeed, the NCL recognizes that far from being marginal, or insufficiently integrated into industry, the ordinary Indian worker is an informal sector worker. It is not merely a shift in the image of the Indian worker; it is a recognition that she or he probably works in a section of an industry that makes its workers completely vulnerable.

In both countries, workers are demanding and unions are promoting more internal union democracy. Indian labor federations are increasingly independent from political parties and increasingly allied with social movements representing the large and growing informal sector. Pakistani unions are solidifying their national political power through inter-federation solidarity. Since economic adjustment, national federations in Pakistan have united. Some have formed a labor party, the Labor Party of Pakistan. Left political parties are still very much the party of choice for many left labor unionists, but their view of politics extends greatly beyond party politics. Indian unionists increasingly believe that labor power must be mass-based and movement-oriented.

Legal aid organizations in India and Pakistan fight for legal protection of workers as well as of other citizens. For example, the Indian Centre for Human Rights Law, a public interest law firm, litigates on behalf of subcontracted workers who are doing work in perennial employment positions. The Human Rights Commission of Pakistan has litigated on behalf of exploited brick-kiln workers.

### Conclusion

That economies are increasingly exposed to global economic forces is clear enough. How economies and social institutions integrate is not obvious. Similar economic policies have widely differing effects in differing institutional environments.<sup>34</sup> What accounts for the variance?

Social institutions affect the implementation of public policies. The Introduction discussed the limitations of a focus on economic policy choices or political regime types. Social institutions have a profound effect on the direction of economic change, the strength of democratic governments, and the conversion of wealth into wellbeing. Chapter one introduced the book's argument. Social institutions influence economic outcomes, more so than economic policies or even political regime types. Chapter one also discussed the merits of the comparative method and ways to avoid its pitfalls.

Few labor studies show how labor organizations and labor institutions help to produce and reinforce political regimes. Chapter one showed how trade unionism in India and Pakistan had a powerful impact on political developments and on political regime formation in the Subcontinent. In India and Pakistan, workers and unions asserted and fought for fundamental political rights, including universal franchise and the freedom to associate. The involvement of the working classes in the Independence movement helped to consolidate democratic institutions. A habit of selecting candidates for public office from trade union leaders stabilized democracy. Pakistan's weaker unions could not promote a stable democratic political regime, but Pakistani labor movements made significant democratic gains possible in the late 1960s, late 1980s, and 1990s. Chapter one compared Indian and Pakistani political regimes since Independence and presented a comparative political history of the evolution of Indian and Pakistani trade unionism since 1905. That comparative history of Indian and Pakistani trade unionism demonstrated that the contribution of workers to development goes well beyond the workplace.

Workers and unions can shape economic ideologies and economic development strategies. Chapter two focused on the impact of organized labor on Indian and Pakistan economic thought and policies from the 1930s to the late 1980s. Indian workers and unions helped to secure a commitment, albeit not fulfilled, to social and economic justice. In Pakistan, as in other authoritarian regimes without hegemonic political parties, workers and unions could rarely influence national economic goals.

Chapter three provided profiles of the Indian and Pakistani economies, described government efforts to promote IMF structural adjustment, especially privatization, and discussed the relative effects of union responses to privatization. Identical IMF programs, adopted by Pakistan in December 1988 and by India in July 1991, were implemented in both countries. In India, workers and their political party allied unions successfully opposed the privatization program. In Pakistan, workers and their enterprise-based unions permitted a rapid, reckless, and corrupt privatization process. India's political party-based unionism not only made privatization less corrupt but also slowed adjustment in general and softened austerity. The interference of unions in industrial restructuring is not the price of democracy. It is one of its rewards.

Chapter four included a presentation of labor and employment data that indicated a decline in secure terms of employment and a rise in subcontracted work in both India and in Pakistan. Using a comparative overview of employment changes in the textile industry, each country's largest industry and employer, analysis demonstrated that labor strategies – government and union – devised for a presumed future of formal production have become outdated. Changed labor processes and employment practices have made terms of employment, for most workers, increasingly insecure and informal.

This chapter has discussed the changed relationship between unions, political parties, and states in "developing" economies. These might, more accurately, be referred to as economies facing chronic fiscal crises. The chapter paid close attention to the NCL in India and the PWC in Pakistan as illustrations of new forms of political unionism. It demonstrated that durable alliances between organized labor and political parties are no longer possible. Labor law is increasingly used to deny, rather than ensure, that workers' rights are respected. Organized labor's strategic opportunities have changed. Workers in India and in Pakistan are promoting new forms of political unionism to promote social justice and economic democracy. Indian labor federations have gained greater independence from political parties, forged alliances with social movements that represent the large and growing informal sector, and included subcontracted workers in collective bargaining agreements. In addition, Pakistani unions have gained greater political power through inter-federation solidarity. Since economic adjustment, national federations in Pakistan have united. Some have formed a labor party. In both countries, unions are becoming internally more democratic and are using public advocacy campaigns to secure workers' rights.

This comparative political economy study showed that democratic labor institutions and strong labor organizations play a role not only important to broadening the benefits of economic development but also vital to consolidating democracy. Specific kinds of labor institutions affected economic and political, outcomes in predictable and desirable ways.

## NOTES

### Introduction

- 1 W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labour," *The Manchester School of Economic and Social Studies*, 22: 2, (May 1954), 155. Lewis was awarded the Nobel Prize in Economics in 1979.
- 2 Joseph Stiglitz makes this point and a case for government policies aimed at "providing full employment and better working conditions" (p. 10) in "Employment, Social Justice, and Societal Well-Being," *International Labour Review*, 141: 1-2, (2002), 9-29.
- 3 Here, I use the term "unions" in a broad sense, to refer to membership-based, employer-recognized organizations of workers as well as other kinds of workers' associations.
- 4 Rob Jenkins, *Democratic Politics and Economic Reform in India*, (Cambridge: Cambridge University Press, 2000).
- 5 See further Christopher Candland, "Workers' Organizations in Pakistan: Why No Role in Formal Politics?" *Critical Asian Studies*, 39: 1, (March 2007), 35-57.
- 6 For more on the roots of Pakistan's unequal economic development patterns, see chapter two.
- 7 Whether the countries that are conventionally referred to as "developing" are developing, even in narrowly economic terms, is debatable. Thus, I avoid the phrase "developing countries." For further discussion on this see Oswaldo de Rivero, *The Myth of Development: the Non-viable Economies of the 21st Century*, (London: Zed, 2001).
- 8 In Pakistan, unions that have collective bargaining rights represent fewer than 2 percent of the non-agricultural labor force. Calculated from Government of Pakistan, Federal Bureau of Statistics, *Labour Force Survey and Government of Pakistan, Ministry of Labour, Manpower, and Overseas Pakistanis, Pakistan Labour Gazette: A Journal of Labour Affairs*. These are the most recent data in 2007. It is usual for South Asian labor publications to be published a few years after the year covered.
- 9 Chapter three discusses structural adjustment in detail.
- 10 Chapter two discusses economic policies before the IMF adjustment. Chapter four discusses labor trends, specifically the increasing vulnerability of workers that began before IMF adjustment.
- 11 See Alice Amsden, *The Rise of "The Rest": Challenges to the West from Late-Industrializing Economies*, (New York: Oxford University Press, 2003).
- 12 The military cut short both of Benazir Bhutto's terms and the first of Nawaz Sharif's terms in office - through the authority vested in the President, under the Eighth Constitutional Amendment. Among the reasons given for the dismissals was corruption at the highest levels of government. During Sharif's second term, his government removed the Amendment from the Constitution. Sharif's second term ended with General Pervez Musharraf's martial law declaration on October 12, 1999.