

Globalization(s) and Labour in China and India: Introductory Reflections

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I take it here that underlying the various conceptions of globalization there is a more or less common view that the term connotes the increased integration of markets – with the principal exception of labour markets – across the world. I also hold that contemporary globalization is intrinsically bound up with, and very largely follows from the shift that took place towards economic liberalism, through the pursuit of neo-liberal policies, starting towards the end of the 1970s (as David Harvey has argued, 2005). Thus it is not at all surprising to me that there should now be concerns about the possible ‘end of globalization’ in the context of the general retreat from neo-liberalism that has gathered pace since the onset of the financial crisis. The papers in this collection are necessarily as much concerned with the consequences for labour of the partial moves towards economic liberalism in both China and India, described in both cases as ‘economic reform’, as they are with the consequences of ‘globalization’ *tout court*. There are distinctive pressures, however, specifically associated with the integration of China and India into global markets, and these have been etched out by the financial crisis and global recession of 2008-09. It was reported early in 2009 that fifteen million migrant workers, and perhaps twenty million in total, had lost their jobs in China, and that thousands of factories had closed as a consequence of the downturn in Western demand and the collapse of foreign investment (*The Economist*, 31 January 2009). The figures put on job losses in India were less dramatic but still considerable – Rohini Hensman, in this collection, cites evidence that 500 000 workers had lost their jobs in selected industrial sectors during October-December 2008 alone – and the fact that even the most celebrated IT companies have not gone on recruiting in the way that they have been used to is another significant reflection of global recession. In China, more so far than in India, discontent appears to have increased, and it was argued by *The Economist* that ‘Whether or not unemployment brings unrest on the scale seen in 1989, the [Chinese Communist] party will be severely challenged over the next few months (January 31st 2009, 35). In this context, in common with several other contributors, I find it helpful to view the events of the past twenty years or so in a Polanyian frame, and specifically to enquire as to the working out of the ‘double movement’ as the attempt has been made, in both China and India, albeit partially, to shift towards the self-regulating market.

With regard to China, Marc Blecher argues in his contribution to the collection that rather than holding that the glass is half-full and celebrating the heroic resistance of labour to enhanced exploitation, or on the other hand lamenting that it is half-empty because resistance has been quite limited, we do better to analyze and understand the different

patterns in the responses of labour to the forces of liberalization and globalization. The point is well-taken, and yet Blecher also argues that the response of labour in China has been 'broadly quiescent', with some resistance in certain cases, of somewhat different nature as between the most highly globalized south-east and the decaying rustbelt of the north-east (Blecher 2010). Rather in contrast with this view, Chris King-Chi Chan, Pun Ngai and Jenny Chan present data on the increased incidence of different forms of protest action by workers and anticipate that worker radicalism will be intensified in future, as – they say in the conclusion to their paper – 'In concrete, lived space – the workers' dormitories and social communities – Chinese workers are developing higher levels of class awareness and identification...' (Chan, Ngai and Chan 2010: 146)

Xiao-yuan Dong, Paul Bowles and Hongqin Chang, however, more in line with Blecher, and writing specifically about rural workers, argue that 'While there have been many instances of peasant protest and backlash, it would be far too much to suggest that there has been an organized civil society counter movement' – and they refer rather to a counter-movement from above, as the Hu Jintao-Wen Jiabao regime has sought to head off rural protest through prioritizing rural development in their policy pronouncements and the rhetoric of the 'harmonious society' (Dong, Bowles and Chang 2010: 34).

The papers here on India lead to generally comparable conclusions. Ramachandran and Rawal provide a detailed account of the consequences of the rural development policies that have been implemented in the context of India's economic reforms, and shows how they account for the crisis in the agricultural economy of the country that has been widely remarked upon. They refer only in passing to the apparently increased incidence of suicide amongst Indian farmers in the context of the crisis – which is shown up so clearly in some of his data demonstrating the 'near impossibility' of earning sufficient income from farming for very many cultivators. They do not comment on the puzzle of why farmers should be responding in this way – by taking their own lives – rather than through political mobilization such as occurred in the 1980s, when the farmers' organizations in different parts of the country staged well-supported campaigns for higher prices and lower inputs costs (see Brass 1995). It seems that the intensification of commercial agriculture in the later 1970s and 1980s created circumstances that provided for cross-class mobilization amongst rural people, and the burying of caste and class differences, for the time-being, by conflict between the peasantry generally, and the local state and merchants. At the same time the profitability of agriculture made available resources – notably of time, for richer peasants – for engaging in mobilizational activity. The decline in the profitability of agriculture changed all of this, and while it might have been presumed that declining profitability would solidify the support base of the movements, and intensify their mobilizations, in practice it has contributed to their decline (Pattenden 2005: 1981). Non-agricultural activities and incomes have become much more important and those more influential people who were the local leaders of the farmers' movement have become interested rather in 'gatekeeping activities' – roles in which they mediate between other people and the state, and are able to use these roles to secure resources for themselves (for example, from the allocation of ration cards). In sum: 'The sense of togetherness that had accompanied the rise [of the farmers' movements]

has been replaced by a growing social fragmentation with people “looking after themselves” (Pattenden 2005: 1982) – or, apparently, taking their own lives. As in China, in India too ‘there have been many instances of peasant protest and backlash’ – perhaps especially actions such as those that attracted international attention at Nandigram and Singur in West Bengal, where there were major protests against attempts by the state government to take over agricultural land for industrial projects – but ‘it would be too much to suggest that there has been an organized counter movement’. This may seem a surprising judgment, in view of the extent of the mobilizations across large areas of the country by ‘Maoist’ groups, referred to at one point by the Prime Minister, Manmohan Singh, as ‘the single biggest internal security challenge ever faced by our country’. This is not specifically a counter-movement against neo-liberal economic policies, however, while some ethnographic research shows that the insurgency has roots that are more tangled than the claim of ‘class war’ might lead one to suppose. Writing of the Maoist Communist Centre in the state of Jharkhand, for instance, Alpa Shah argues that ‘the MCC’s initial grassroots support is a rural elite – including entrepreneurs who tried to maintain their dominance through their connection with the informal economy of the state’ (2006: 309).

In the Indian industrial economy, as Rohini Hensman points out, though the Indian trades unions have succeeded in staving off radical changes in labour laws that were sought by the National Democratic Alliance (NDA) government, they have not been successful in stemming the contraction of formal employment, and it continues to be the case that the numbers of working days lost due to lock-outs by management exceed those lost due to strikes (Hensman 2010). The organized labour movement in India is not as weak as it has often been portrayed as being (see Teitelbaum 2006), but neither has it been successful in preventing job losses in the extensive industrial restructuring that has been carried through in the interests of global competitiveness. As both Hensman and Barbara Harriss-White point out, the informalization of labour in India long predates the era of globalization – ‘the assault on labour rights began long before 1991’ (Hensman 2010: 118) – and has many causes, amongst them the deliberate aim of limiting the possible threats from labour organization. Some informal sector workers, however, have themselves latterly become more organized. Rohini Hensman mentions legislation in several states that has ‘enabled workers to organize successfully in extremely casualized and apparently unpromising occupations’ (see also Agarwala 2006) – though demands for the extension of these provisions nationally have so far gone nowhere (Hensman 2010: 120).

Rather than resistance from below what is more striking, in India as well as in China, has been what Xiao-yuan Dong and her co-authors describe as a ‘counter-movement from above’ (Dong, Bowles and Chang 2010). This has both a strong legal dimension – though the extent to which the governments of the two countries have legislated on labour issues in the period of their economic reforms has not been widely remarked upon – and one of social security. China under Hu Jintao aims to establish an ‘harmonious society’; in India it has been claimed, in the words of one Finance Minister (Yashwant Sinha, in 2000), that economic reforms are being carried through ‘guided by compassion and justice’. It seems important neither to take claims of this kind at face value nor to deride them as being all

smoke and mirrors – and the papers in this collection go some way in helping to form a considered assessment of them.

There are ‘formidable obstacles’ to labour protest, as Blecher says, in China, and they are considerable, too, in India, in spite of the fact that Indian workers do have greater freedom to organize themselves in the space of civil society. Blecher’s argument is that the Chinese state has actually taken a measured approach to protests, ‘with a carefully modulated combination of harshness towards protest leaders and tolerance and even reward toward the majority of protesters’ (Blecher 2010: 107). The leadership appears to have calculated that it is better off allowing protest that it can manage rather than trying to stop it altogether. These conclusions are borne out in accounts given by Chan et al., of industrial protest in the Chinese south-east (and see Pun and Lu, forthcoming). On occasions the Indian state may respond to protest in much less measured ways, as was the case in the police repression of labour rights that took place in July 2005 against workers at the Honda plant in Gurgaon. Blecher, and Chan et al also refer to the effort that is being made in China to embed labour relations in a framework of legislation, starting with the comprehensive labour law brought into effect in 1995, and to the attempts that are being made to control the labour situation through reinvigoration of state-run labour unions (the government has woken up its trade union federation – the All-China Federation of Trade Unions).

The rise of legalism in labour relations in China, Blecher thinks, represents a genuine attempt to tackle the most oppressive practices in industrial organization, but also the aim of channeling protest toward arbitration and mediation – even though this approach also has its dangers for the state. Workers may be emboldened by knowledge of their legal rights and the fact that the laws are often not enforced may enhance the sense of grievance amongst them. Chan et al argue, more forcefully, that ‘The huge discrepancy between legal entitlement and actual delivery of protection ... was so telling that the legitimacy of the Chinese state is undermined’ (Chan, Ngai and Chan 2010: 143), and they point out that workers’ rights of strike, association and collective bargaining are all still absent, in spite of more recent additions to labour legislation. They are perhaps less convinced than is Blecher about the effectiveness in the longer run of law as a mechanism of control of the working class and a means of strengthening the position of the state in regard to labour. These methods may now be put to the test, when even the manufacturing hub of the south-east ‘can’t immunize itself against the wave of protest sweeping across China as the global financial crisis batters the country’s economy’ (Kurlantzick 2009: 9). So far, the same author argues, ‘Beijing has stuck to its battle-tested strategy for controlling unrest, a mixture of co-option and crackdowns’, but he also raises doubts about the effectiveness of the economic policies that are being implemented in China, and questions whether police measures will be ‘as effective at controlling protest as they once were’ in a context in which text-messaging and the internet have provided demonstrators with much more sophisticated tools, and means of avoiding surveillance (Kurlantzick 2009: 13).

India, of course, still has extensive protective labour laws that provide for workers’ rights, including those of strike, association, and collective bargaining. Much to the chagrin of the most ardent economic reformers, these have still not been pushed back very much at

all – though it is a moot point as to whether ‘inflexible’ labour laws are really as much of a constraint as the reformers maintain. Certainly the World Bank’s *Investment Climate Survey* for India (2004) does not entirely bear out the supposition that labour market inflexibility is a major problem – for only 17 percent of the firms interviewed reported that labour regulation is a bottleneck to business growth, compared with around 20 percent in China and 57 percent in Brazil. In any event the existence of the legislation has never prevented egregious violations of labour rights, as at Gurgaon in July 2005, or the kinds of everyday violations that are associated with the informalization of labour in India, described in these pages by Hensman and Harriss-White. There have also been several negative verdicts of the Supreme Court on labour rights (Venkatesan 2003).

It has been in regard to informal or ‘unorganized’ labour that the Indian state has been remarkably active, in terms of legislation and new programs, in the period since the launch of economic reforms in 1991. Mahendra Dev notes four apparently ambitious social security programs for unorganized workers that have been legislated for by central government in this time: the National Social Assistance Programme (1995); the Janashree Bima Yojana (2000), a social insurance scheme; the National Social Security Scheme for Unorganized Sector Workers (2004); and the Universal Health Insurance Scheme (2004), though he also comments on the lack of awareness about these schemes and the severe limitations to their coverage (in spite of claims to ‘universality’: see Dev 2008: 328-33). Most significant has been the passage into law of the National Rural Employment Guarantee Act in 2006, referred to by Ramachandran and Rawal and by Hensman, which provides rural households with a legal right to 100 days of employment in public works in one year, and holds out the promise of providing some guarantees of basic social security for rural workers (and is realizing them to some extent, in some states at least, according to independent evaluative studies: see *Frontline* 2009).

An especially interesting development in India has been the establishment in September 2004 of the National Commission for Enterprises in the Unorganized Sector (NCEUS), which includes amongst its members several well-known and left-leaning academic economists. The focus on ‘enterprises’ in the title of the Commission was a reflection of the government’s view, in line with recent development policy arguments, that the key to poverty elimination lies in the entrepreneurial enterprise of the poor. But in practice the members of the Commission have engaged much more substantially, and critically, with the problems of unorganized workers than the title might lead one to suppose. The Commission prepared two draft bills: (a) the Unorganized Sector Workers Social Security Bill, 2006; and (b) the Unorganized Sector Workers (Conditions of Work and Livelihood Promotion) Bill, 2006. These drafts included proposals for legal protection of the labour rights of unorganized workers, as well as for protection of their livelihoods. They were, however, set aside by the United Progressive Alliance (UPA) government in May 2007, and substituted by a single bill (passed into law in December 2008), much watered down by comparison with the NCEUS proposals, as Barbara Harriss-White notes (Harriss-White 2010). Welfare schemes for unorganized sector workers have now been introduced, though without making any financial commitment or setting out any time frame. Rohini

Hensman points out that the Unorganized Sector Workers Bill made it clear that it would not be compulsory for employers to register, and that this will 'make regulation of employment impossible' (Hensman 2010: 120). These criticisms are shared by the members of the NCEUS, who also point to the systematic under-funding of all the programs introduced by the UPA government in fulfillment of its obligations agreed with other parties in the Common Minimum Programme of 2004. Still, the sheer fact of so much official policy interest in the unorganized sector is remarkable, and seems to show how far the Indian state has been pushed away from the neo-liberal model.

India, therefore, presents a rather complex, nuanced picture, with successive governments having apparently felt compelled – sometimes under the pressure of verdicts of the Supreme Court, passed as a result of public interest litigation – to intervene to provide for some legal protection for the mass of unorganized sector workers, and to provide some minimum social security for them, even though they have trimmed and cut away at more radical proposals. An important example of this trimming and cutting has been the way in which the Public Distribution System has been undermined by the introduction of targeting, as Ramachandran and Rawal have explained (though the promises made by the Congress Party in its manifesto for the 2009 General Election suggest the possibility that the PDS will be universalized once more). In so far as India's economic reforms have been 'guided by compassion and justice' this has been granted only grudgingly and as a result of pressure from within civil society and from the organized left (a point that Ramachandran and Rawal have emphasized). The programs that have been introduced can well be seen as representing the management of poverty – limited and non-emancipatory accommodation – and certainly not as making for a social democratic transformation of society. The political task for labour and the left is to increase the pressure for structural reforms.

China now presents a somewhat similar recent history. On the one hand, as Xiao-yuan Dong and her co-authors mention, the Maoist era social welfare system – the 'iron rice bowl' – was destroyed under Deng and 'ordinary Chinese were left to fend for themselves in a society in which hospitals turn away patients who do not show up with cash, and parents with no money can't enroll their children in a school' (Kurlantzick 2009: 12). On the other, apparently in response to increasingly violent rural protest – partly documented in *Survey of Chinese Peasants*, by Chen Guidi and Wu Chuntao, suppressed by the Chinese authorities (reviewed in *New Left Review* 32, March/April 2005) – the current regime has felt compelled to emphasize the needs of rural development and to offer the vision of the 'harmonious society', as Xiao-yuan Dong et al have explained (2010: 3). More recently the government has announced ambitious plans for the reform of health care. It is proposed to spend \$123 billion to establish universal health care, and to provide some form of health insurance for 90 percent of the population by 2011 (*New York Times*, 21 January 2009). It was widely remarked, however, that this scheme is also a way to stimulate domestic demand. Relieved of their anxiety about insuring themselves against ill-health, Chinese consumers will be ready to save less and to spend more. A similar argument might be made about the linkage effects of state expenditure on the National Rural Employment Guarantee Act in India, the demand side effects of which may prove significant.

A recent article by Partha Chatterjee goes some way towards explaining these somewhat contradictory trends, as both the Chinese and the Indian regimes seem to have twisted and turned, but to have been unable to avoid some movement away from the neo-liberal model. Chatterjee, following the economist Kalyan Sanyal, argues that much of the existing theory of social change and the development of capitalism rests on a narrative of transition, associated with primitive accumulation (the dissociation of the labourer from the means of labour). The theory of the differentiation of the peasantry exemplifies such a narrative. But, Chatterjee argues, ‘...under present conditions of postcolonial development within a globalized economy, the narrative of transition is no longer valid’. Not least ‘the technological conditions of early industrialization which created the demand for a substantial mass of industrial labour have long passed’. Large numbers of people are never going to find employment in the growth sectors of the economy. So although capitalist growth is inevitably still accompanied by the primitive accumulation of capital, ‘the social changes that are brought about cannot be understood as transition’. The explanation for this has to do with changes in understanding:

...about the minimum functions as well as the available technologies of government. There is a growing sense now that certain basic conditions of life must be provided to people everywhere ... while there is a dominant discourse about the importance of growth ... it is, at the same time, considered unacceptable that those who are dispossessed of their means of labour ... should have no means of subsistence. This produces ... a curious process in which, on the one side, primary producers such as peasants, craftspeople and petty manufacturers lose their land and other means of production, but, on the other, are also provided by governmental agencies with the conditions for meeting their basic needs of livelihood (Chatterjee 2008: 55).

The sorts of interventions that have been undertaken by the Indian state – interventions such as the National Rural Employment Guarantee Scheme – may be regarded, Chatterjee argues, as ‘direct interventions to reverse the effects of primitive accumulation’. The politics of the blocked transition that he observes in India (and describes in some depth in the article) strikingly lack the perspective of transition, or of social transformation, that was associated with earlier movements of democratic mobilization (in which organized labour played a prominent role), being essentially concerned with negotiations over demands for transfers of resources in support of the livelihood needs of the poor. The argument is of course India-centric, but it seems not at all far-fetched to consider that the Chinese state – in spite of the fact that Chinese industrial development, unlike India’s growth process, has generated a huge demand for peasant labour – is responding to the same sorts of compulsions as the Indian one.

In short, there is evidence in the articles in this collection of the existence of the Polanyian ‘double movement’ in contemporary China and India. And though its form and dynamics are different from those described by Polanyi – being more a counter-movement from above – they are not at all inconsistent with the arguments he advances on ‘Class

Interest and Social Change' (2001, Chapter 13). Here he puts forward the view that though 'the essential role played by class interests in social change is in the nature of things', still, 'class interests offer only a limited explanation of long-run movements in society' (2001: 159). Put rather simply, politics isn't only about economic interests, and 'precisely because not the economic but the social interests of different cross sections of the population were threatened [in the nineteenth century] by the market, persons belonging to various economic strata unconsciously joined forces to meet the danger' (2001: 162). It is an argument that seems apposite in regard to China and India now. The current crisis may well be enhancing the political dynamics to which Polanyi referred, when as we seem to see most clearly in regard to health care reform in China, there are economic as well as social and political interests involved.

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BIOGRAPHICAL NOTE

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