

Food for thought for feminists !

Workers, Unions and the Left: Responding to the Global Crisis

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I started working on what became this book more than ten years ago, because I felt there was so much confusion in the way that large sections of the trade union movement and the Left responded to globalisation. They took a straightforward anti-globalisation position which, by default, reinforced a nationalist reaction against globalisation. This went against all my Marxist internationalist instincts. Also, having been involved in trade union research for decades, it was obvious to me that many of the evils attributed to globalisation, such as subcontracting and the shifting of production, had been rampant for years or decades prior to it. Most disturbing of all, much of the anti-globalisation rhetoric was indistinguishable from the rhetoric of the extreme Right. (I have given examples of this in my book.)

Therefore one of the first tasks I set myself was to come up with a working definition of globalisation that sorted out some of these confusions.

Defining globalisation

1. Anti-globalisation activists often called themselves anti-capitalist, and used the terms interchangeably. But if globalisation is capitalism by another name, why not simply call it capitalism? Substituting 'globalisation' for 'capitalism' implies that the real enemy is international capital: and that is dangerous. Opposition to global capital has been a defining feature of fascism since Hitler wrote, in *Mein Kampf*, 'that the hardest battle would have to be fought not against hostile nations but against international capital'. At best, selective opposition to international capital propagates the illusion that capitalism can solve problems of poverty and unemployment so long as it remains national. At worst, it condones barbaric oppression and exploitation by indigenous capitalists, and encourages racism and xenophobia. Globalisation may be a phase of capitalism, but

anti-globalisation can never be anti-capitalist, because genuine opposition to capitalism doesn't distinguish between 'national' and 'international' capital, or support the former against the latter.

2. A large section of the Left identifies globalisation with imperialism, and opposes it from this point of view. I won't go into all the debates around imperialism that I have covered in my book, but just refer to one aspect: the relationship between imperialism, especially from the mid-19th century onwards, and the nation-state. Colonialism required the imperialist power to set up an administrative apparatus in the colony and to maintain a substantial military presence to deal with uprisings, but less traditional forms of imperialism have also relied heavily on extensions of state power outside the imperialist country: for example, the ubiquitous CIA, and US military bases around the world. Moreover, imperialist bourgeoisies demanded protectionism from the state, which benefited the working class in those countries too. As a result of nationalist ideology in the imperialist countries, 'there arose a sudden community of interest between capital and the proletariat, which finds expression in an identical inclination of both classes to imperialism,' as Max Adler put it. Lenin was even harsher, denouncing sections of the labour movement that supported their own bourgeoisie in World War I (which he saw as an inter-imperialist war) as a 'labour aristocracy' who had betrayed their own class.

Thus nationalism and the dependence of capitalists on the military power of their own nation-state are central to imperialism. What is called globalisation, on the contrary, is marked by the emergence of advanced sectors of capital that rely on porous rather than protected national borders, and do not need military backing from a nation-state. It is very different from imperialism.

3. Equally common on the Left is the use of the terms 'globalisation' and 'neoliberalism' as being more or less synonymous. Neoliberalism is identified as what came to be known as the Washington Consensus: the policies enforced by the IMF and World Bank. The short-term stabilisation measures include cut-backs in government expenditure, high interest rates and currency devaluation, while the longer-term adjustment measures include deregulating the economy, liberalising trade and investment, and privatising state enterprises. The primacy given to 'free markets' results in an implicit hostility to trade unions, which are seen as interfering with the freedom of the labour market.

It is true that liberalisation of international trade and capital movements is an important element of both globalisation and neoliberalism. However, while the other elements of the neoliberal agenda are compatible with globalisation, they are not necessarily part of it. Unlike the IMF and World Bank, the WTO is a one-country-one-vote institution in which the majority of members are developing countries, and if they were to get together, it would be entirely possible to pass progressive measures like the protection of core labour rights and the environment, especially if these were supported by some of the developed country governments. But this would require trade unions and other mass movements in these countries to put sufficient pressure on their governments to push through these measures, and to coordinate this effort across countries. There has been limited success in doing this in the field of healthcare, with a successful campaign by activists to make generic (and therefore much cheaper) life-saving drugs available to patients in a health emergency. But the effort to make core workers' rights mandatory failed.

So if globalisation is not capitalism as such, nor imperialism, nor synonymous with neoliberalism, what is it? I would define globalisation as an emerging phase of capitalism, marked by:

- a) a capitalist world economy covering more or less the entire globe;
- b) large-scale decolonisation and the emergence of some Third World countries as powerful players in the world economy;

- c) a changing relation between capital and the state such that the most advanced capitals do not need protection and military support from a nation-state but instead need porous national borders and global regulation;
- d) the emergence of Information and Communication Technologies both as a new and increasingly dominant branch of production in itself and as a factor affecting other branches of production, services and finance;
- e) the emergence and increasing importance of new institutional investors, including pension funds, and new forms of finance capital; and
- f) new institutions of global governance based on the understanding that actions taken in one country can have serious consequences in another.

I feel that taken together, these changes signify an ongoing transition from the epoch of imperialism to a new phase of capitalism.

Understanding the economic crisis of 2008

Sorting out these confusions concerning globalisation is also useful in understanding the ongoing global crisis. It is obviously a capitalist crisis, but what sort of capitalist crisis, and what has led to it?

Marx's analysis of crisis was unfinished, but we can discern in his work three points at which capitalist accumulation can be disrupted, leading to crises. The process of accumulation can be broken down into three steps: the production of surplus value by workers, embodied in the commodities they produce; the sale of those commodities in order to realise the expanded value in the form of money which includes a profit; and the reinvestment of that money in production on an expanded scale, which will produce yet more surplus value.

The first step can be disrupted by the tendency of the rate of profit to fall, which is endemic to capitalism. Marx explained this by saying that the value of constant capital (machinery and raw materials) passes unchanged into products, whereas labour-power has the capacity to produce surplus value over and above its own value (embodied in wages), and he therefore called it variable capital. As the productivity of labour increases, the ratio of constant to variable capital rises, and consequently the rate of profit – the ratio of surplus value to constant + variable capital – falls. This is exacerbated by rising wages. Since the aim and end of capitalist production is to produce profits, once the rate of profit falls below a certain point, production ceases and there is a crisis. By devaluing and destroying existing capital, by creating massive unemployment and pushing down wages, such crises restore the conditions for capitalist accumulation, but at enormous social cost.

There are various ways of counteracting the tendency of the rate of profit to fall, the most obvious being to push down wages and/or prolong working hours. But there are limits to which this can be done without destroying the working class itself. The most powerful counteracting factor suggested by Marx is foreign trade (which reduces the cost of raw materials and wage goods) and foreign investments in less-developed countries where wages are low. This was seen as the driving force behind imperialism by Lenin, among others.

There are some Marxists who tried to argue that a fall in the rate of profit was responsible for the current economic crisis, but the UN report of 2009 found no evidence of such a fall. Indeed, the rapid pace of globalisation as well as the worldwide neoliberal assault on unions and wages from the

mid-1970s onwards would have been powerful counteracting forces to the tendency of the rate of profit to fall.

Disruption can take place in the 'second act in the process' too, if capitalists can't sell their products and thereby realise the original value plus surplus value embodied in them. This doesn't necessarily mean that there is no social need for the products; if people need them but have no money to buy them, there will be no effective demand for the products and they will remain unsold. The contradiction between capital's drive to expand production to the utmost while restricting the consumption of the vast majority of the population within narrow limits is a recurring theme in Marx's analysis, and is the basis for Luxemburg's theory of imperialism. And while she may be wrong in claiming that capitalism must collapse once there are no markets remaining outside the system, it is hard to deny that accumulation demands constantly and rapidly expanding markets, and that this poses a problem once capitalism covers more or less the entire world.

The UN report suggests very strongly that national and international policies that contributed to 'an insufficiency of global aggregate demand' were an underlying cause of the crisis. It would be logical to conclude that neoliberal policies aimed at deunionising and informalising workforces and dismantling social security and welfare measures from the mid-1970s onwards, resulting in what has been described as 'a secular decline in the labour share across the globe,' were clearly implicated in the crisis. These policies were aimed at raising the rate of profit and succeeded in that aim, but at the cost of drastically depressing the purchasing power of workers. Demand not only for consumer goods but also for production inputs fell, resulting in job losses. From a Marxist point of view, one might say that 'the solution to the profitability crisis created a crisis of realisation'.

This was the background to the financial crisis. On one side, households in North America and Europe became more and more deeply indebted as they tried to maintain living standards with stagnant or falling incomes; on the other, there was the problem of what to do with the surplus value that accrued to capital? Restriction of demand for both mass consumption and capital goods meant that investing in the expansion of production of these would exacerbate the realisation problem. So you had the proliferation of financial products like Asset-Backed Securities including Mortgage-Backed Securities, and derivatives like Collateralised Debt Obligations and Credit Default Swaps. The value of these products vastly exceeded the value of all the production in the real world – for example, contracts in the various derivatives markets amounted to \$600 trillion at a time when global GDP was only \$50 trillion – highlighting the fictitious character of most of this capital. The system was rife with moral hazard, with incentives to make money by creating and dealing in extremely toxic products, sub-prime mortgages being a striking example. The ratings agencies played a major role in the havoc by giving triple-A ratings to junk bonds.

Neoliberal deregulation aided and abetted in creating this criminogenic environment, but more stringent regulation of financial markets, though necessary, would not by itself solve the underlying problem of massive and growing inequality. Progressive taxation, employment creation and stronger workers' rights would be policies by means of which governments could reverse this trend and end the recession. The irony is that the EU, for example, is doing the very opposite by imposing austerity measures on working people, thus making the crisis worse. Meanwhile, ownership of toxic assets has been transferred from delinquent banks to taxpayers without any corresponding transfer of ownership of the banks themselves, and the very same ratings agencies that had certified junk bonds as triple-A proceeded to downgrade the sovereign debt of various countries, making the debt-servicing levels of these countries unsustainably high. So long as this neoliberal paradigm continues to reign supreme, there cannot be any recovery. India did not subscribe to this paradigm fully, which is why it was less affected by the crisis, but when the same prime minister who said that the high levels of child malnutrition in India are a national shame pushes for less-than-minimum wages for NREGA workers, we see the same mode of thinking at work.

The important point to note is that because this crisis is caused by under-consumption and not by a fall in the rate of profit, all the normal demands made by workers and unions would tend to solve the problem (at least for now) rather than exacerbate it. And in my opinion that would be a good thing, because if this crisis keeps escalating, I don't think we are going to have a revolution; on the contrary, the growth of right-wing parties in Europe and attacks on immigrants suggest that only fascist movements would gain. Of course, crises are endemic to capitalism and there will undoubtedly be others in the future, but unless workers worldwide are prepared with an alternative (which is manifestly not the case today), capitalism will re-establish the conditions for accumulation in its own destructive way.

Most of my book is about the ways in which workers and unions – mainly in India, but also in other countries – have been fighting for their rights, and suggestions of ways in which those struggles could be strengthened. But before I come to that, I just want to touch briefly on the third point in the cycle of accumulation where problems could occur and lead to a crisis, namely the reinvestment of money capital in expanded reproduction.

Marx defined labour under capitalism as either 'productive', in the sense that it produces a profit, or as 'unproductive', in the sense that it doesn't produce a profit. But this definition is relevant only from the standpoint of individual capitalists. A problem arises when we look at production from the standpoint of total social capital, as Marx realised when he considered the capitalist production of articles of luxury consumption that are not consumed by the working class. This produces profits for the individual capitalists engaged in their production, but the products, as Marx puts it, 'have no use-value for the process of reproduction': they cannot re-enter the production cycle either as machinery and raw materials, or as consumption goods for workers. So if there is a disproportionate diversion of labour into this kind of production, he said, 'the means of subsistence or production will not be reproduced in the necessary quantities,' and this could lead to a crisis. Military products are exactly the same: the individual capitalists producing them make huge profits, but the products are useless so far as the accumulation of total social capital is concerned, because they do not re-enter production either as capital goods or as mass consumption goods. In fact, as Seymour Melman argues, they are worse than useless, because investment in this sector is a drain on investment in civilian production; it is 'economically parasitic', he says, and as it grows, socially useful production shrinks. This suggests that the massive increase in military spending in the last few decades, above all by the US but also by other countries including India, contributed to the crisis in a big way.

Workers' rights in a globalised world

Getting back to the issue of workers' rights, one of the tendencies of those who opposed 'liberalisation, privatisation and globalisation' or 'LPG', as they called it, was to attribute all the assaults on unions and workers' rights to globalisation, implying that the period prior to 1991 was a kind of golden age for labour. Nothing could be further from the truth. There was a fundamental continuity between colonial and post-colonial labour relations in at least two significant ways. One was the discouragement of collective bargaining. For example, the Trade Unions Act allowed for the registration of unions, but did not require employers to recognise them or engage in negotiations with them, nor did it protect union members from victimisation. Attempts to pass a new act remedying these defects in the early 1950s were unsuccessful.

The other continuity was in terms of a sharply segmented labour market. Independent India retained the colonial state's assumption that most workers would not be covered by labour legislation. Thus the Factories Act, Employees' State Insurance Act, Employees' Provident Fund Act, and Payment of Gratuity Act did not cover establishments with less than ten workers. This gave even large

businesses plenty of strategies for evading labour legislation: splitting their establishments into several fictitious businesses, subcontracting production to smaller establishments, or employing casual, temporary or contract workers who didn't appear on the company's rolls. Such strategies resulted in a large and growing proportion of informal workers, who are not protected by most labour legislation. Even where laws like the Trade Union Act and Minimum Wages Act do apply to them, these laws are difficult or impossible to enforce because informal workers are not legally registered as workers, and their employment is not recorded. Thus if informal workers are dismissed for trying to form or join a union, which happens all the time, it is practically impossible to get legal redress in the absence of proof that they were employed in the first place. The Contract Labour Act, which is supposed to provide protection to contract workers, is full of gaping loopholes that can be exploited by unscrupulous employers, one of the worst of whom is the government itself.

From the mid-1970s onwards, there was a more concerted assault on unions and workers, coinciding with similar assaults in most countries of the world. During the Emergency, workers' rights were severely restricted, especially the right to strike. When it was lifted in 1977, there was a strike wave as workers fought for long-repressed demands. But the Janata Party found a different way of attacking workers' rights: reserving more than 500 items for the small-scale sector in which workers were not protected by labour laws. When Indira Gandhi came back to power in 1980, the Janata industrial policy was scrapped and a new Five-Year Plan was launched, but the emphasis on small-scale production was continued and expanded. In addition, companies were given incentives to set up new units in industrially backward areas.

The effect of these policies on the highly unionised and militant labour force in Bombay was devastating. In the pharmaceutical industry, for example, around ten big factories (mostly belonging to multinationals) were shut down after production had been subcontracted out, transferred to new units in backward areas, or both. The government justification for this policy was that it created employment, but its actual effect was to replace relatively well-paid secure jobs with poorly-paid insecure ones. The informalisation of labour is extreme in India, with only around 7 percent of the labour force having formal employment, but during the period from the mid-1970s onwards, it spread to other countries throughout the world.

Destroying the jobs of unionised workers was one way of attacking unions, but other methods were also used in the 1980s. For example, a palpable index of increased employer aggressiveness was the fact that in 1985-86, the workdays lost due to lockouts outstripped workdays lost due to strikes; by 1989-90, workdays lost due to lockouts were double the workdays lost due to strikes at over 20,000, and the aim of most of these lockouts was to smash unions. Another strategy was to present the union with a 'management charter' involving the loss of rights or benefits when the union presented its charter of demands, and to refuse to negotiate the union's charter unless management demands were met. Negotiations could be deadlocked for ten years or more in this manner.

A common method of combating or eliminating trade unionism was to deny sections of workers the right to engage in it. Here managements were assisted by ambiguities in the Industrial Disputes Act, which protects the collective bargaining rights of only those who are designated as 'workmen'. Courts interpreted this to mean that there is a 'non-bargainable' category of employees who do not have the right to belong to a union or bargain collectively: a clear violation of ILO Conventions 87 and 98 on Freedom of Association and the Right to Organise and Bargain Collectively, not to mention the Indian Constitution! An important section of employees to be targeted in this way from the mid-1970s onwards was the Medical Representatives in pharmaceutical companies. Other technical and clerical staff were also deprived of their union rights in this way.

As these examples show, workers' rights were always weak in India, and were further assaulted from the mid-1970s onward. A major obstacle to forging a strategy of resistance was the existence of

multiple faultlines within the labour force: along lines of gender, caste, religion, ethnicity, employment status, and so on. Globalisation cannot be blamed for any of these problems, nor would de-globalisation solve them. Confronting them would require unions to fight for freedom of association and collective bargaining rights for every worker, and for all labour legislation to cover all workers regardless of their place of work or the number of workers in it. Such a struggle would require a conscious strategy of building solidarity and combating divisions within the labour force.

Both anti-globalisation protesters and Indian employers have claimed that high labour standards are a disadvantage in a globalised economy. This claim rests on the assumptions that (a) where protectionist barriers to imports have been removed, high labour costs become a problem in competing with imports from countries where labour costs are lower, and (b) where capital can move freely, it will gravitate to countries where wages are lower and workers' rights weaker.

These assumptions should be treated with caution. Cheaper or more flexible labour is only one of the considerations that affect the choice of location for capitalist production. Proximity to markets, productivity, infrastructure and the availability of a suitably qualified labour force could be equally or more important. But it seems reasonable to hypothesise that if productivity, infrastructure and workforce quality are satisfactory, and transport costs are negligible or are more than offset by the lower costs of production, capitalists will choose a labour market with lower costs and greater flexibility. In fact, this is confirmed by experience, which has given rise to the metaphor of a 'race to the bottom' to describe the consequences for workers' rights.

The element of truth in this whole argument is that in a globalised world economy, it becomes difficult or impossible for a government to maintain high labour standards in isolation. It can only be done if there is an effort to lift labour standards globally, and of course this will not happen unless there is coordinated pressure from trade unions across the world. There have been attempts to work out such strategies, which I describe in the book, but these attempts have run into trouble due to tensions and misunderstandings between trade unions in different countries. The main problem is that trade union movements continue to emphasise a national perspective, sometimes even to the detriment of workers in other countries. Giving international solidarity a central place in trade union politics would be essential if unions are to defend workers from the negative fallout of neoliberal policies and the global economic crisis, and critically important if they wish to work for a more far-reaching transformation of society.

Union democracy and the development of the working class as a learning process

Coming back to India, the picture is not uniformly one of gloom and doom. Workers and unions have been learning from both their successes and their failures. One thing we discovered when our Union Research Group started working in Bombay in 1980 was that workers in many of the modern industrial units set up from the 1940s onwards chose to remain independent of all outside leaders and form their own employees' unions, workers' unions, staff unions or staff and workers' unions. These unions might retain an outsider as legal advisor or president, or even, in rare instances, be affiliated to an external union, but in all cases decisions would be made by the internal leadership and members. Some employees' unions were undoubtedly dominated or manipulated by management, but most were fiercely independent and run by extremely conscious and technically competent leaderships.

There were several reasons why workers said they preferred this form of union. In many cases, it was an attempt to overcome the extremely fragmented nature of the union movement in India:

except in those cases where a rival union was established, an employees' union would typically have 100 percent membership in a workplace or company. A second reason cited was that political parties had their own agendas, which would inevitably clash with the interests of the workers, at which point an affiliated union would find its interests sacrificed in favour of the party agenda. A related but distinct reason was the desire to manage their own affairs without being dictated to by an outsider, whether a party or non-party union leader.

Employees' unions are generally characterised by participatory democracy. Decisions are made at a workplace level, and leaders are employees who can be – and are – replaced in elections. Some unions have a 'general council' consisting of elected shop or departmental representatives; all have a managing committee, including office-bearers, who are elected by the entire membership. Many have magazines or news bulletins that publish information relevant to the union. There have certainly been problems and conflicts within employees' unions, some of which I describe in my book. But their great asset is the potential for truly democratic participation of the workforce in running their own organisation.

An important corollary of this is that union democracy allows workers to learn from their mistakes and correct them. When those who make decisions are not the people who are affected by those decisions, there is a break in the learning process, incorrect policies are not easily corrected, and the same mistakes can be made again and again. Conversely, those who suffer the consequences of a wrong decision have a powerful motive to change course in the future, and it helps if they have the power to do so. We came across many cases of such learning processes, and some are described in my book.

The main weakness of employees' unions is their lack of any outside support. They attempted to overcome this problem by forming various alliances across workplaces and companies. One of the most successful of these was the Trade Union Solidarity Committee (TUSC), formed in 1989 in Bombay, which continues to be active today even though many of the original unions that formed it no longer exist.

The example of the TUSC inspired the formation of a national federation of independent unions, the New Trade Union Initiative or NTUI. The suggestion was mooted in 1999, and the decision to try and launch it was taken in 2000. The idea was greeted with considerable enthusiasm at a series of regional meetings, and a document, 'For a New Initiative,' was circulated, discussed, revised to incorporate gender and other equality issues, and finally adopted at a meeting in New Delhi in December 2001. Describing the NTUI as a 'national platform of non-partisan left-democratic trade unions created with the objective of forming a trade union federation,' it summed up the main difference between itself and existing left-wing trade union federations by arguing that a 'weakness of the trade union movement has been a lack of democracy in its functioning... Democracy has to become a major instrument for building the new federation, for building solidarity, for determining political and bargaining objectives and for deciding policies and strategies... In the policy-making bodies, adequate representation should be allowed to reflect the diversity of opinions and views. Moreover, the federation's key strength should be plant-level union organizations... The workplace-level union organization should have the residuary powers in the federation, and only such powers will be delegated to the higher..structures as are decided by unions through a democratic and transparent process.'

At a meeting in August 2004 a managing committee was formed, and on 5-6 March 2006, after a process of broadly-based, prolonged and intensive discussion, which to my knowledge is unprecedented in Indian labour history, the NTUI was launched at a founding conference in Delhi. It continues to expand and flourish, and is in my opinion one of the finest examples of trade union organisation anywhere in the world. It retains the strengths of the employees' unions, while going

beyond them in its reach and vision. This will become clear if I quote some of its aims and objectives, as laid out in its constitution:

‘To struggle against all forms of economic exploitation, caste, gender, ethnic and other social discrimination and oppression; to recognize women’s work, both paid and unpaid, in the economy and family; to promote fraternity, solidarity, and unity among diverse sections of international working people on the basis of equality and the self-respect of nations and peoples; to oppose aggression, promote peaceful coexistence between countries, and eliminate nuclear weapons and other weapons of mass destruction; to build a democratic trade union movement through the education of members: one that contributes to effective participation in and control of unions by members and to develop fraternal relationships between unions and federations; to encourage and enable the participation of labour in the local, state, national and international community and the exercising of their rights and responsibilities as citizens to deepen and broaden the democratization of state and society; to ensure the autonomy of each affiliated union and its right to a political viewpoint; to secure legislation, policies and practices to actualize internationally accepted human and labour rights, eliminate authoritarian and feudal institutions, practices and values and promote labour rights, democratic values, the dignity of labour and equality in the workplace and in society; to promote the organization of unorganized labour on the basis of the unity of interest at the industrial or sectoral level; to build solidarity among working people based on the commonality of interest and tolerance for all beliefs and faiths and strive for ideals of secularism.’

That gives you some idea of the vision that animates this type of unionism, which covers a vast diversity of constituencies ranging from industrial workers in the formal sector to rural and forest workers in the informal sector. Of course, putting all this down in a constitution is not the same as implementing it, and a great deal remains to be done on this front. But I think their existence and expansion gives us hope for the future.

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P.S.

* Source: siawi.org - 4.02.2012