

Labour and Perspectives on the Indian State

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Most policy discourse on labour in India centres on the issue of the alleged 'rigidity' of the labour market¹. In an earlier article (Chakraborty, 2015), I advanced the 'futility thesis' to establish that, given the realities of the Indian labour market, it would be wrong to claim that the labour market reforms would help achieve substantial economic gains. If the expectations of gains are not well-founded, one might ask, *why* does the state² do what it does (i.e., dilute labour laws in order to 'flexibilize' the labour market)? The commonplace answer to this political economy question is that, in an increasingly globalised world, nation states are competing to take away the hard-earned gains of the organised working classes and making various attempts to level the organised labour down to the predicament of unorganised workers. There is often a ring of inevitability around this argument favouring levelling down, as if it is driven by forces outside the state's control. With relative immobility of labour, and capital becoming internationally mobile, the bargaining power of labour vis-à-vis capital tends to decline, and the state finds it easier to control it in order to send out the signal of 'investment-friendliness' to capital (Chakraborty, et.al. 2019). And yet, somewhat paradoxically, accompanying this drive to 'flexibilize' organized labour is a stream of enactments to improve the welfare of 'citizens' whether workers or not.

In the present article, setting aside the rigidity issue, I pursue the political economy question a bit more in the broader context of the connection between the political strength of the working classes and welfare orientation of the state. The aim is to sketch out a perspective on the Indian state in the context of two historical policy processes: a) the shifting role of the Indian state from

promoting 'responsible trade unionism' to curtailing workers' rights and privileges, on the one hand; and b) extending welfarist entitlements to its citizens, on the other. Few attempts have so far been made to draw a 'big picture' by combining the declining bargaining power of labour vis-à-vis capital and the welfarist interventions by the Indian state.

Strong Unions and Social Welfare: The Normative Model

A connection could be shown to exist between the strength of the industrial working classes and the rise of the social democratic welfare state regimes in the advanced industrial capitalist countries in the inter-war and post-World War-II period. Typically, centrally coordinated industrial unions would work through a working-class-based political party to exert influence on the democratic political process. The party would come to power through electoral politics and would use the instruments at the government's disposal to implement welfare-oriented policies. Apparently, the Swedish model of social democracy that emerged in the 1930s and which was characterised by high levels of public spending to promote social welfare and full employment, is believed to fit into this narrative (Esping-Anderson, 1990). If the argument is taken to work in the other direction as well, the 'retreat of the state' in those countries in a later period, especially since the 1980s, could also be linked to the weakening of the working classes.

Can a similar connection be made while explaining the changing orientation of the Indian state towards enacting certain welfare rights, especially the ones (such as the Right to Education) introduced in the first decade of this millennium? Sections of the working class in India are indeed formally organized in centrally coordinated unions affiliated to the

major political parties. Also, the organized workers have apparently enjoyed a set of democratic rights through a series of legislations enacted in the immediate post-colonial era, which was not so common in many other countries. However, it is unclear to what extent the working class interests have been represented in the electoral political process in India. Besides, the signs of weakness of organised labour are starkly visible in India for quite some time now. What appears rather striking is that the Indian case points to the possibility in which the welfarist orientation of the state (although in a limited way) can coexist with an emaciated organised working class.

Interestingly, an argument somewhat similar to the one that connected social democracy to the strength of the working classes was heard when a coalition of leftist parties came to power in West Bengal in 1977, even though the leading party in the coalition, i.e. CPI(M), never officially declared itself as a social democratic party. In the beginning of the long rule that ended in 2011, the State government did take a pro-worker stance in its various policy interventions. However, the contradiction between its choice of the Marxist rhetoric and the actual practice of catering to the middle class interests – perhaps due to the dominance of this class in the leadership – eventually led to erosion of support from the growing number of unorganised working poor who felt deprived of the privileges that a section of the workers and the salaried classes enjoyed. The fallout of the contradictions between the transcendental goal of socialism and the immediate goal of holding on to power in a provincial state within a federal republic, which required a kind of class compromise, is a gradual drifting away from a welfare-state orientation in its programmes and policies.

By contrast, in the state of Kerala, a wide spectrum of workers, including those who belong to the informal sector of the labour market, enjoyed better working conditions and social security benefits. Successful implementation of a well-designed social security system presupposes favourable political institutions which are expected to shape mutually reinforcing relations between governments and groups of citizens. These relations can take a variety of forms depending on what sociologists call 'embeddedness' (Heller, 1996). In Kerala, because of the existence of such systems and relations, social security is widely understood as a political right and citizenship claim.

Tradition and politics are less likely to go against an increased demand for social protection. However, in other States it might have degenerated into an instrument for patronage. In the absence of favourable political institutions one can anticipate a setback in implementation of whatever act is passed in this regard.

Social Welfare v/s Trade Unions in India Today

Notwithstanding such variations across the Indian States observed in different periods, developments toward welfare rights and social security in general, and workers' rights in particular, have taken a different trajectory in India from the normative one we have sketched in the context of the Western social democratic regimes. India's major political parties early on did favour the development of politically powerful trade unions to serve as electoral vehicles for them. Elections initially strengthened the national trade union federations that were aligned with the Indian National Congress (INC). The philosophy of the pro-INC trade unions however was ironically 'responsible trade unionism', meaning 'subordination of immediate wage gains and similar considerations to the development of the country' (Mehta, 1957). In other words, the working-class interests were expected to remain subdued under the post-colonial developmental and nation-building aspirations. The structural conditions of a developing country like India are never favorable to its working class. The persistent organized-unorganized duality in which the organized sector manages to accommodate only a small size of the workforce, the existence of a massive reserve army of the unemployed and underemployed, the migratory character of urban-industrial labour – all these contribute to labour's weakness relative to capital. However, the underlying structural conditions for this crippling state of affairs can be mitigated by institutions which govern the labour-capital relation (Chibber, 2005). In the climate of pro-business reform however, such institutions have been repeatedly undermined, the result of which can be seen in the large-scale violence at the Manesar plant of Maruti Suzuki and at Honda Motorcycle and Scooter India several years ago, and similar incidents reported elsewhere. They are indicative of the failure of labour institutions in India in resolving conflicts between the workers and the management and facilitating collective bargaining to reach an amicable settlement.

While the organised workers are losing out on their hard-earned rights and privileges, there has been, rather paradoxically, an ascendance of social welfare rights and expansion of social programmes in the first decade of this millennium. Several acts were passed during this time, ostensibly to allow citizens to make justiciable claims on the behaviour of the state and individuals, as well as on social arrangements in general. The language of rights enshrined in these enactments gives all citizens – not just the workers – the right to make claims on the behaviour of the state and individuals. This appears as a clear shift from the earlier official discourse around 'targets' and 'beneficiaries', a shift from a paternalistic, top-down approach to an apparently more devolved and demand-driven one. Although the normative force of the right-based approach cannot be denied, mere invocation of a moral argument is not enough to guarantee its realisation. The trajectory of events that culminated in such important legislations as the Right to Information Act (RTI), 2005, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005, Right of Children to Free and Compulsory Education Act (RTE), 2009, and the National Food Security Act, 2013, provides an important backdrop against which attempts can be made to understand the complex interplay of the normative and the political (Chakraborty, 2019).

The importance of politics can be seen in the frequent changes in the government's approach to MGNREGA since the change of regime in 2014. After the initial two years of neglect in terms of financial allocation and delayed disbursement of funds to states, MGNREGA was again given its pride of place on its tenth anniversary when the union government declared it as a programme of 'national pride and celebration' and the allocation for 2016–17 was significantly raised. It would be too simplistic, and even incorrect, to say that the UPA government was more serious about implementation of MGNREGA than the NDA-II government, even though one might observe some difference of significance between the two regimes' respective approaches to the programme. In the last two years of UPA-II regime, enthusiasm about direct cash benefit transfer somewhat displaced MGNREGA from its pride of place as the allocation and number of person-days created – both dropped in 2011–12. In 2012–13, they moved up a little bit but remained below the 2010–11 levels. It seems that faced with the dwindling popularity due to alleged inaction and corruption, UPA-II

leaders became unsure about the ability of MGNREGA to generate further political dividend and found the necessary ingredients in the idea of direct cash transfer to tide over the crisis. What the ups and downs in the fate of MGNREGA suggest is that competitive politics of populism on the one hand and the normative approaches built upon ethical concerns on the other may or may not coincide all the time. When they do, programmes and policies are likely to survive change of regimes.

The ascendance of welfare rights in the development discourse in India can be viewed as a 'double movement' à la Karl Polanyi. Polanyi used this concept to analyse the late 19th and early 20th century England where complete proletarianisation of the working class was followed by workers' struggle and unionisation, which in turn led to institutionalisation of social security by an accommodating state (as described with respect to Sweden above). This could also be seen as an attempt by the state to reverse the effects of primitive accumulation to legitimise postcolonial capitalism (Sanyal, 2007). The nature of post-colonial capitalist development is such that primitive accumulation produces a surplus population that cannot be absorbed within the circuit of capital. In the 18th or 19th century capital was not burdened with the responsibility of looking after the redundant population of surplus labour. Many of them would die in wars or famines, some would migrate. But what has profoundly transformed in the intervening period is the political context in which capitalist production takes place in post-colonial countries. The spread of normative notions of democracy and rights of citizens has made it difficult for the postcolonial state to ignore this redundant surplus population who populate the informal sector either as workers or self-employed. The welfarist interventions and other supports like microcredit can all be seen as attempts to create a subsistence economy outside the circuit of capital (Sanyal, 2007).

To conclude, the postcolonial capitalist development process is structurally incapable of absorbing all the labour into what Sanyal calls the 'accumulation economy'. To what extent the surplus labour will be taken care of depends on the nature of politics. The state in India confronts the crucial task of political management of the surplus labour which populates the 'need economy'. The compulsion of political management is what explains the apparent paradox of the process of emaciation of organised labour going side by side with increasing recognition of the

citizenship entitlements invoking the language of rights.

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Endnotes

1. Labour market rigidity refers to the lack of flexibility the management has in restructuring the workforce by laying off workers. The rigidity is sought to be removed by labour market reform through amending labour laws.

2. State with a small 's' here refers to the general concept of the state, which is to be distinguished from 'State', meaning the provincial/sub-national political unit.

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