

Trade Unions, Politics & Reform in India

Zaad Mahmood

This paper assesses the role of trade unions in economic reforms in India. The study looks at labor market reforms as the area of negotiation and conflict to determine the role of trade unions in reforms. The paper argues that the importance of trade union as an interest group impeding reform is overstated. In fact all available evidence points to the failure of trade unions to protect the interests of organized sector leading to emaciated labor. What is conceived as union strength is actually partisan political dynamics operating through the unions. It is not the independent strength of trade union but the location in wider politics that determines its relevance in reform process.

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Introduction

Trade unions have often been highlighted as the crucial socio-political agents impeding economic reforms (Horton, Kanbur & Mazumdar, 1994; Rueda, 2007). Trade unions use their collective status to scuttle or extract compensation for reforms that have implications for industrial production and employment relations (Horton, Kanbur & Mazumdar, 1994). Such assertions, however, have not been supported by conclusive empirical evidence. Instances have been recorded where firm level unions have supported wage gains at the cost of employment, while in the case of corporatist arrangements labor unions have had to accept austerity for broader macro-economic gains (Anderson, 2001). In many countries reforms have accompanied significant reorganization of labor market marked by rise in precarious employment, losses in real wages, rising levels of unemployment, and decreasing labor rights despite opposition of trade unions (Tardanico & Menjívar, 1997). The literature highlights the altered political-economic context, technological transformations and emaciation of traditional labor movement as responsible for such a transformation (Shyam Sundar, 2005).

All available evidences point to failure of trade unions to protect the interests of organized sector leading to emaciated labor.

This paper attempts to investigate the role of trade unions in India in the politics associated with economic reforms. The paper looks at labor market reforms as the particular area of negotiation and conflict to determine the role of trade union movement. The paper argues that the importance of trade unions as an interest group impeding reform is overstated. Union mobilization and collective action does not offer a credible explanation for variation in labor market reform. In fact, all available evidences point to failure of trade unions to protect the interests of organized sector leading to emaciated labor. What is conceived as union strength is actually partisan political dynamics operating through the unions. The relation between government and trade union and inter-union rivalry among party affiliated unions provide a consistent and credible explanation for labor market reform variation in India. It is not the independent strength of trade union but the location in wider politics that determines its relevance in reform process.

Economic Reforms & Labor

Contemporary economic reforms broadly signify shifts towards greater decision-making power to markets. According to globalization discourse, liberal trade and deregulation of the factor market is beneficial for economic growth and

welfare, as it ensures optimum resource allocation (Bhagwati, 2004). Davidson and Matusz (2000) argue that the structure of the factor market has significant bearing on the way resources are allocated and as such the cost and benefits of trade reform will vary according to labor market flexibility. Further as labor is both a factor of production and a consumer, a flexible market is beneficial for effective allocation, efficient wage rate and lower prices in a competitive market. However, critics point out that regulations are safeguards against the failures of an impersonal market (Chandrasekhar & Ghosh, 2000). Emphasizing the virtues of social control they argue that labor institutions are safeguards ensuring equity, providing impetus for qualitative improvement and industrial research (Wilkinson, 1992). Further considerably protected and well-paid labor force expands demand in the market and, thus, increases growth.

Empirical evidence on the impact of globalization on labor market has been at best mixed, if not detrimental (ILO, 2009). In most economies liberalization has corresponded with shifts in employment practices and work conditions as bulk of the employment opportunities are flexible (irregular and casual) as a means of achieving cost efficiency (Sato, Murayama, 2008). The competitive pressure for attracting investments and greater policy space to business further enhances the pressure for flexibility. In short the developments consequent upon globalization have largely been adverse for established privileges of labor. The exact outcome of globalization on spe-

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cific labor is, however, contingent upon structural-institutional-political context such as nature of domestic economy, regulations of state and bargaining capacity of labor.

Trade Unions, Labor Market & Flexibility

Trade unions (TU) pursue interests such as protecting and increasing wages, work conditions and social benefits for workers. Intuitively unions will oppose labor market liberalization that undermines established privileges and attempts to scuttle or extract compensation for reforms (Garrett, 1998; Horton, Kanbur & Mazumdar, 1994). Experience across the world suggests that trade unions, by and large, oppose efforts of liberalization of the labor market. The capacity of trade unions to influence the outcome of labor market and labor policy is significantly determined by the complex interplay of economic, institutional and political factors in which both labor and capital are embedded. The structural features of economy, prevalent political dynamics and institutional framework determine the extent and nature of labor market (Alvarez, Garrett & Lange, 1991). Socio-economic outcomes like wages, employment conditions are structured by regulations and institutions of government (Rodrik, 2007). Political factors such as

the strength of labor movement or the composition and preference of social groups have also featured as determining labor market outcomes (Garrett, 1998; Frieden & Rogowski, 1996).

Liberalization & Trade Unions in India

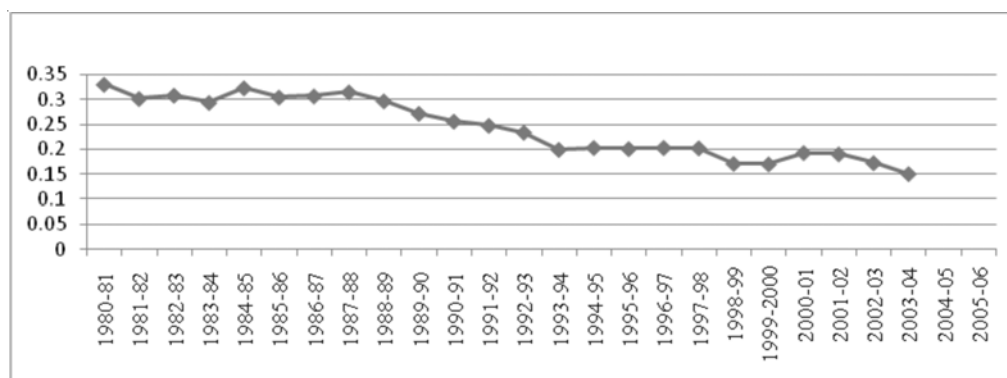
After liberalization, the rate of economic growth increased significantly but the labor market witnessed a steady slowdown in the rate of employment generation in India. Employment generation declined from around 2 % in 1961-1980 to around 1% in 1990-2000 (Sharma, 2006). Most employment growth recorded during the period was in the informal sector and organized sector employment witnessed an absolute decline. Mainstream economists and policy makers identified institutional constraints in encouraging formal sector job creation. Besley and Burgess (2004) pointed out that severe labor regulation was the cause behind the existence of dual labor market and unemployment. Although some regulatory changes were undertaken in the reform period such as Trade Union Act 1926 or Factories Act 1948 critics consider them piecemeal and highlight the role of trade unions in impeding regulatory reform. The role of trade unions have also been highlighted in preventing liberalization of the economy particularly disinvestment of the public sector (Papola, 1994). It is argued that the absolute number and entrenched presence of trade unions within formal sector has prevented successful implementation of industrial and labor reforms (Varshney, 1999). However the image of entrenched trade unionism preventing labor reforms does not corroborate the

macro developments in the labor market. The presence of trade unions and regulations applies to only a small fragment of the total working populations as less than 10 per cent of the labor force is organized or has regular employment (Tendulkar, 2004). Observers have pointed out that developments post liberalization clearly signal emaciation of the organized sector. One

indication of the declining fortunes of trade unions is the declining wage share and increasing currency of contractual labor.

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Fig. 1 Wage as a Percentage of Net Value Added in Industry in India



Source: Annual Survey of Industries, Government of India, various issues

Evident from fig.1 is the secular decline in wage share in organized manufacturing. In terms of employment the decline in formal jobs has been associated with proliferation of contractual jobs. The share of contractual worker has increased in the formal sector from around 15 percent in 1995 to 35 percent in 2011. These developments suggest that labor is unable to protect existing privileges and have seen their bargaining power weaken in the aftermath of economic liberalization. Thus, trade union movement in India presents us with contradictory pictures of strength and weakness where structural-institutional dynamics provide enormous power to organized labor, which however is inadequate to protect

and promote the basic economic interests of workers.

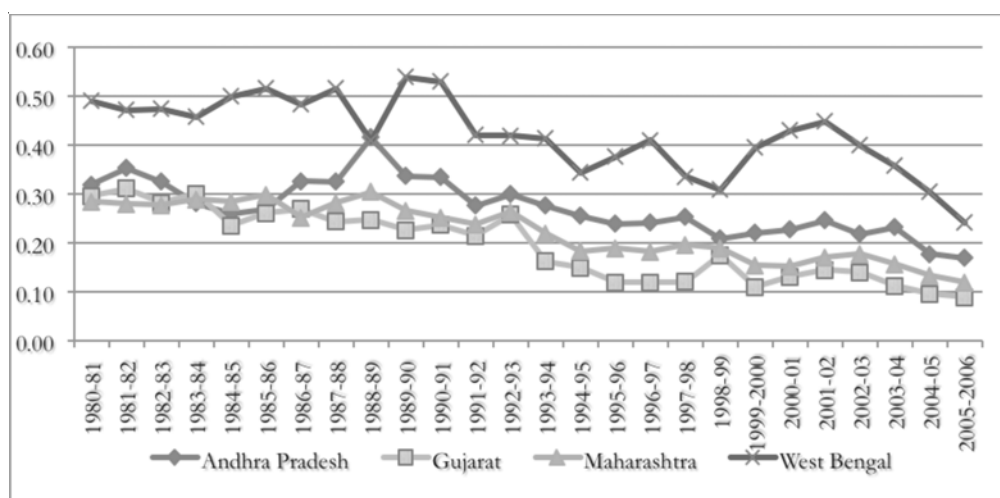
Sub-national Variations in Labor Reform

In the context of labor market the states of Andhra Pradesh, West Bengal, Gujarat and Maharashtra provide interesting comparative account. Existing studies on labor market reform categorize Gujarat and Andhra Pradesh among the reformist states while Maharashtra and West Bengal are considered reform laggards. In a comparative study of labor market flexibility based on labor judiciary, number of trade unions, workdays lost, number of scheduled employments

under minimum wages acts, average minimum wage, number of inspections, average labor cost per man day worked and state industrial relations laws, Shyam Sundar (2008) has categorized West Bengal as the most regulated while Gujarat as among the least regulated states in

India. Maharashtra is considered fairly regulated while Andhra Pradesh is on the lower side of regulation. Such a categorization is corroborated by labor market outcomes such as wage share of labor (declining wage share is an indicator of labor market flexibility).

Fig.2 State-wise Comparison of Wage as a Proportion of NVA



Source: Annual Survey of Industries (various issues), Government of India

All the states show a declining trend in wage share particularly after economic reforms, the rate of decline appears to be lower in the states of West Bengal and Maharashtra compared to Andhra Pradesh and Gujarat. In terms of relative position, the share of wage is the highest in West Bengal beginning at nearly 47 percent in 1980 and declining to nearly 30 percent in 2004-05. The wage share in Andhra Pradesh begins at about 30 percent and declines to 16 percent during the same period. Wage share in Maharashtra and Gujarat during the period declines from 28 percent to 14 percent and 29 percent to 9 percent respectively. The data clearly reveals that

Andhra Pradesh and Gujarat have more flexible labor markets compared to Maharashtra and West Bengal, which is somewhat unexpected from the structural-economic perspective. Gujarat and Maharashtra are high-income industrialized states while Andhra Pradesh and West Bengal are medium income moderately industrialized states.

As the data reveals during the period 1980-2005, contribution from industry for Andhra Pradesh and West Bengal was 16.07 percent and 18.78 percent respectively while per capita SDP was almost the same with Rs.7576.72 and Rs.7305.88. In the states of Maharashtra

Table 1 Comparative Evaluation of Broad Economic Indicators of Select States

Year	State	Industry share to NSDP%	Per Capita SDP (Rs.at 1993-94 price)
1980-2005	Andhra Pradesh	16.076	7576.72
1980-2005	Gujarat	29.424	10450.94
1980-2005	Maharashtra	26.886	11355.04
1980-2005	West Bengal	18.78	7305.88

Source: Based on Bhattacharya, & Sakhivel.(2007). .

Table on State wise Per Capita Net State Domestic Product at Factor Cost (Constant Prices) in India accessed from [www.Indiastat.com](http://www.indiastat.com) (<http://www.indiastat.com/percapitaavailability/24/income/131/stats.aspx>)

and Gujarat, industrial contribution constituted 26.9 percent and 29.4 percent of the state domestic product. Further the nature of industrialization in the four states is largely similar across the paired states. The National Industrial Code classifies industries into categories (2 digit

level) such as 20 and 21 refer to agro and allied industry, 35 and 36 refer to machine and tools industry. Analyzing the major industries in the states, according to contribution to NVA, it is clear that composition of industries in the states is largely similar.

Table 2 Major Industries in the Selected States According to NVA 1979- 1998

	Top Industries contributing to Value added ASI 2 digit level				
Andhra Pradesh	20 21	22	30	33	35 36
West Bengal	25	37	30	33	35 36
Gujarat	30	31	35 36	40	23
Maharashtra	30	31	35 36	37	20 21

Source: Annual Survey of Industries, Government of India, various issues. The table presents the major industry codes in the selected states at two-digit level. The top 5 industries in the states contribute more than 80 percent of the NVA in the industrial sector.

Given the similarity in economic structure and broader institutional framework (being sub-national units of India), observed variation in the labor markets of the paired states, can be reasonably attributed to the differences trade unionism and partisan government.

Trade Union Movement across States

Trade union as an organization of workers essentially functions to over-

come the weakness of unorganized individual labor through collective action. Trade unions gain power from their capacity to withdraw labor and prevent alternative allocation of labor by acting monopolistic. Hence membership represents strength of organized labor. The extent of fragmentation or centralization also conditions the strength and orientation of trade unions. Competition among trade unions for representation of the same group of workers weakens unions internally and intra union coordination

externally (Murillo, 2001). Apart from direct collective mobilization through membership, trade union strength is determined by institutional access to social resources, participation in decision making, autonomy from state and legal prerogatives and substantive legal rights increases the power of organized labor (Alesina & Spolaore, 1997; Paczynska, 2006).

Trade union power is also intrinsically connected to the process of production and by extension to prevalent economic condition (Kume, 1998). The impact of economic conditions can be narrowed down to differences in the nature of industry and ownership. The public sector is considered model employer with extensive legal and procedural rights for workforce. Heller (1984) has found that in developing economies the impact of trade unions operates through the public sector and government decisions on wages and salaries are likely to affect 15 - 40 percent of the workers in urban labor market.

Discussion on trade union and reforms must also entail ideological and instrumental imperatives. Trade unions are akin to political parties as they perform the function of articulation of demands, create consciousness and serve as a specific interest group. Differences in the orientation of trade unions particularly between left trade unions and non-left trade unions due to the ideological reasons have been documented in literature (Masilamani, 1994). Political competition and loyalties to government also impact trade union strength and re-

sponse. Murillo (2001) points out that political linkage between government and trade union facilitates cooperation where as political competition for trade union control provides incentives for militancy.

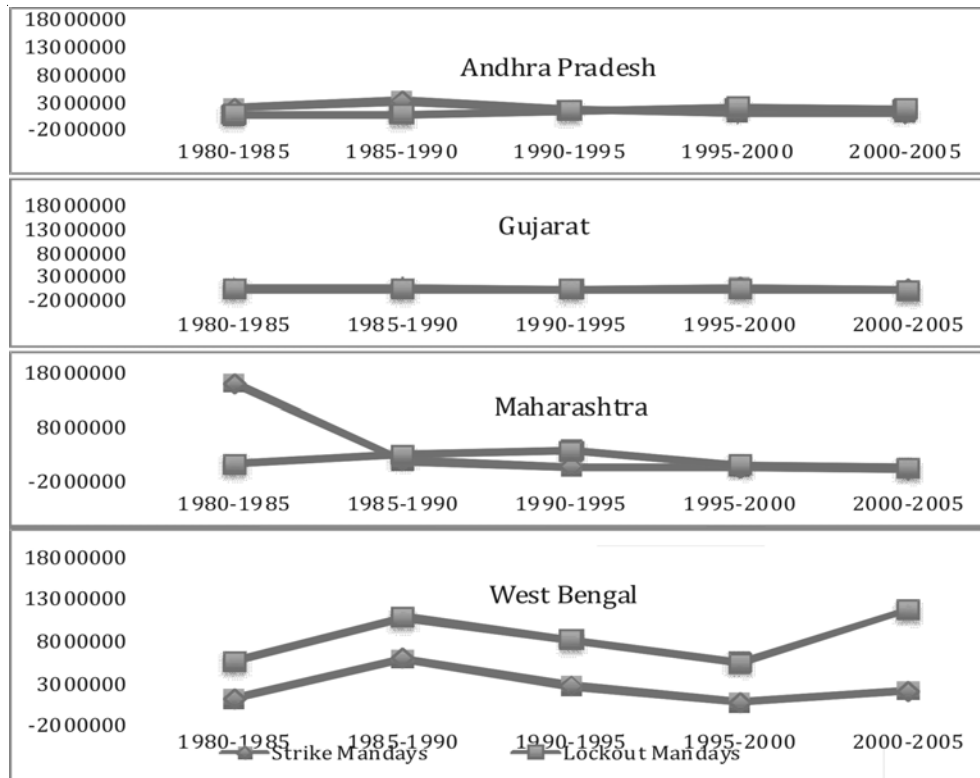
The last point is particularly relevant for India due to the historical-institutional legacy of state intervention. The industrial relations framework adopted after Independence was institutionalized through an elaborate system of control, creation of large public sector enterprises and decision-making prerogative with the state. In such a system the state sought to control industrial disputes through development of pluralist corporatist industrial relations and complex legal system (Bhattacharjee, 1999). Such developments ensured that a spatially restricted labor movement relied more on political negotiations and patronage than bargaining. According to Rudolph (1987) industrial relations was characterized by state domination and 'involutional pluralism' where the trade union movement proliferated massively along territorial, horizontal and vertical partisan lines but was marked by decline or loss of vigor.

Trade Union Organization & Mobilization

Analysis of union strength based on membership is difficult in India given the absence of reliable and comparable data. Most literature on unions uses data on industrial disputes, specifically strikes and lockouts data to derive conclusions about unionism. It is argued that the data on mandays lost due to strikes and lockouts

provide some measure of relative strength of business and labor as strike is initiated by labor while lockout by management (Datt, 2003).

Fig. 3 State wise Mandays Lost Due to Strikes & lockouts, 1984-2006



Source: Indian Labor Statistics (various issues)

Data on mandays lost reveal that strikes have been decreasing compared to lockouts across the states. Interestingly mandays loss due to industrial disputes has been the lowest in Gujarat with no significant difference between lockouts and strikes. In West Bengal contrary to the image, lockouts seem to outweigh strikes except for a brief period in the 1980s. In Maharashtra and Andhra Pradesh, industrial disputes appear to be on the decline largely due to declining strikes. Such a trend has led many to

deduce that employer militancy has been greater across the states over the years indicating declining powers of trade unions particularly in West Bengal (Datt, 2003). However, such an evaluation may be premature as strikes and lockout are not only the reflection of relative power of capital and labor but also the overall economic situation.

An alternative measure of trade unionism is density i.e. number of trade unions normalized by the number of in-

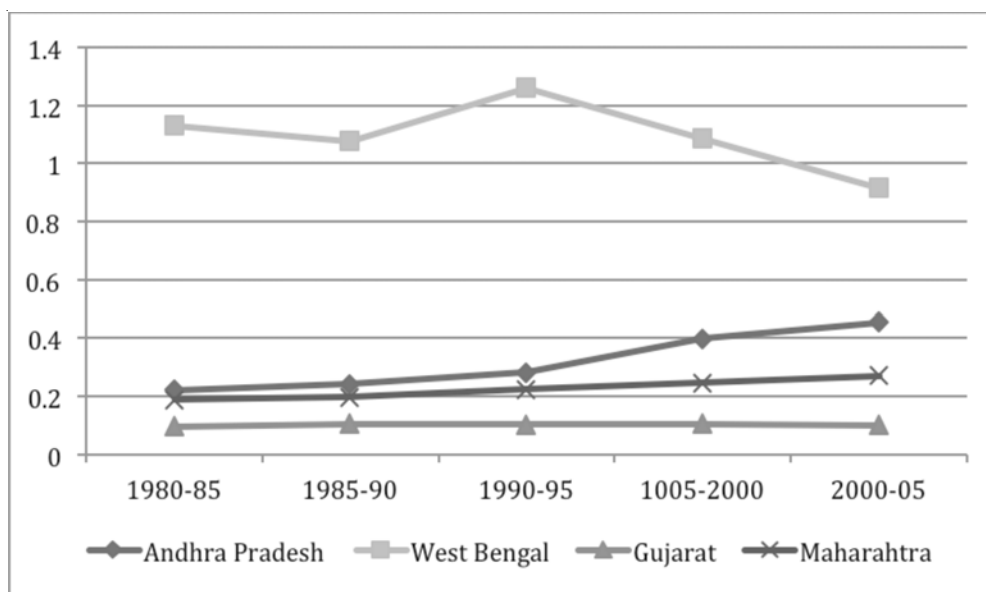
dustrial units. Trade union density, with limitations, indicates the presence of TU and it can be assumed that greater presence of trade unions create consciousness and facilitate mobilization among workers.

The average number of trade unions is the highest in West Bengal, although the period since late 1990s reveals a declining trend (fig. 4). Among the remaining states unionism is comparatively high in Andhra Pradesh hovering around 40 percent and indicates an increasing trend

since 1990s. Gujarat has the lowest level of unionism covering only about 10 percent of firms. Thus trade union presence is the highest in West Bengal followed at a distance by Andhra Pradesh, Maharashtra and lastly Gujarat, which confirm conventional understanding.

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Fig. 4 State wise Density of Trade Unions (Number of Trade Unions as a Proportion to Number of Factories, 1980-2006)



Source: Authors' calculations based on Indian Labor Yearbook (various issues)

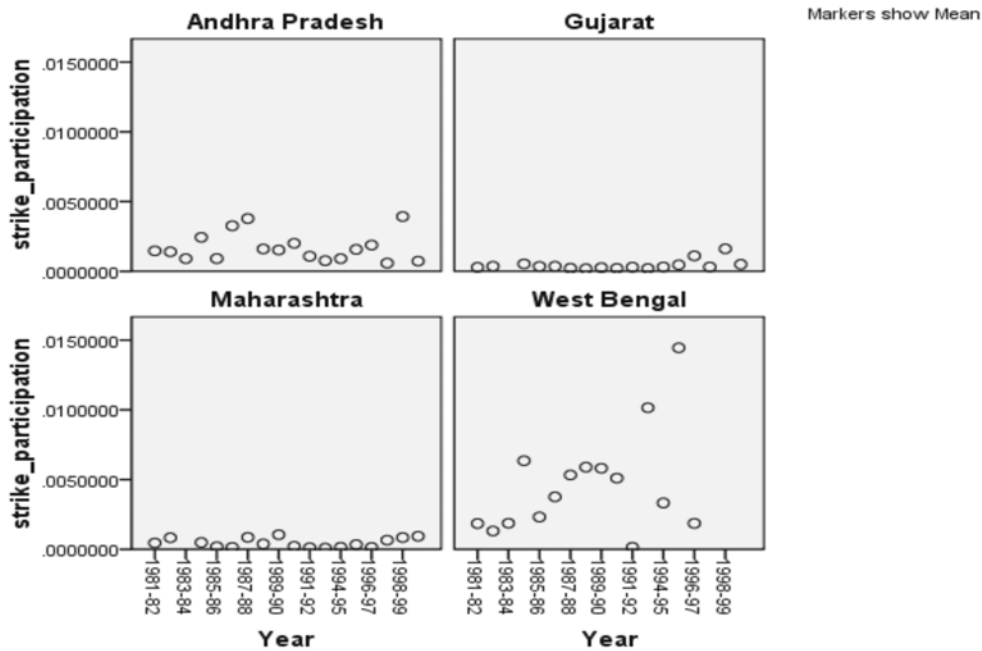
Average worker participation in strikes normalized by total number of workers in the economy indicates the extent of workforce involved in direct or indirect labor movement. Considered over a long period of time to accommodate state specific variables, average

strike participation is a coherent measure of strength of unions. The greater the number, the greater we can assume is the support for trade unions.

Strike participation measured by proportion of workers involved in strike

(fig.5) reveals that states of Maharashtra and Gujarat are marked by comparatively low strike participation, which further declined since mid-1980. Extent of worker mobilization is the highest in West Bengal while intermediate levels of mobilization with some degree of variation mark Andhra Pradesh.

Fig. 5 State wise Average Worker Participation in Strikes, 1980-2005



Source: Authors calculations based on Indian Labor Yearbook (various issues)

Comparatively trade unions are stronger in West Bengal and weak in Gujarat, a finding that corresponds to the situation in labor market flexibility in the respective states. However the situation in Maharashtra and Andhra Pradesh do not correspond to labor market outcomes as the capacity of unions to prevent flexibility appears lower in Andhra Pradesh compared to Maharashtra.

Union Bargaining & Fragmentation

A possible explanation for non-correspondence between union strength and

labor market outcome may lie in the trade union level of bargaining. There exists considerable literature that emphasizes on the importance of level of trade union bargaining and fragmentation in determining union power (Anderson, 2001). It is argued that small or centralized trade unionism generates weak pressure. Only when trade union is moderately strong at the sector or industry level they exert aggressive pressure for achievement of demands. Such differences in the level of union bargaining may lead to variations in union strength across the sub-national states.

Data on level of trade union bargaining is not readily available. Therefore, we take recourse to secondary literature that reflects on the level of bargaining. Analyzing the divergences in wage across industries and the fragmentation of trade unions Bhattacharjee (1999) argued that highly skilled industries were marked by independent trade unions, which opted for increased wage in the wage-employment trade off. In contrast political unions choose employment over wage gains and dominated the traditional and declining industries. There is evidence that suggests that industrially dynamic regions provide strong incentives for unions to seek company-based 'rents' rather than political rents that are more attractive in less industrially dynamic regions. Industrially dynamic states like Gujarat and Maharashtra have greater likelihood of company-based unions. Similarly an industrially growing state like Andhra Pradesh has greater likelihood of company-based unions compared to West Bengal. A look at trade unionism in the states corroborates such a claim with greater prevalence of company-based trade unions in Gujarat, Maharashtra and Andhra Pradesh (Davala & Friedrich-Ebert-Stiftung, 1992). However, in the case of Maharashtra and Andhra Pradesh explanation based on the level of bargaining does not corroborate the state level variation. Moreover such an explanation denies trade unions any agency outside economic structures.

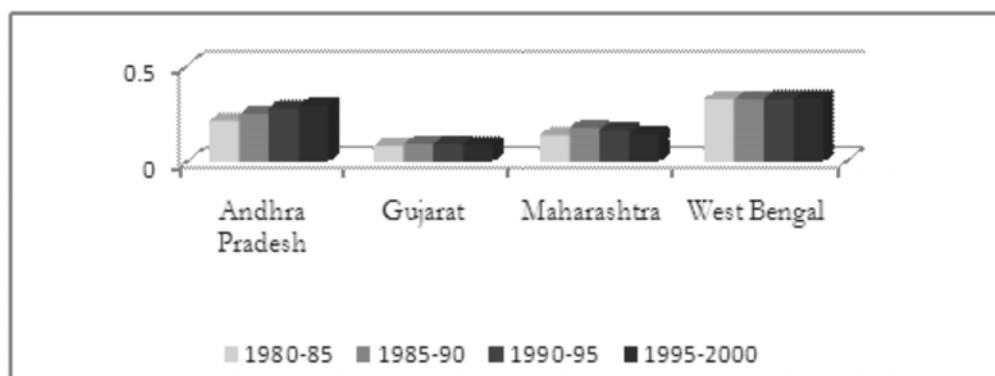
Industrial Sector Ownership

Divergences in union strength may emanate from the ownership structure.

Based on a cross-country analysis Forteza et al (2001) have argued that size of public sector has significant relation to the strength of labor due to electoral considerations of the government. Varshney (1999) has argued that trade unions in India have been able to stall reforms despite their limited penetration due to control over key economic resources in the public sector. Greater proportion of employment in the public sector not only implies greater capacity of governments to influence economic outcomes but also increases the power of labor to influence outcomes through government.

Unions in India have been able to stall reforms despite their limited penetration due to control over key economic resources in the public sector.

Public sector contribution to employment is greater in West Bengal followed by Andhra Pradesh, Maharashtra and eventually Gujarat (fig.6). West Bengal and Andhra Pradesh had significant public sector led industrialization. In contrast industrialization in Gujarat relied more on private investment due to historical and economic reasons (Sinha, 2005). Therefore, workers can be argued to be strongest in West Bengal and weakest in Gujarat. However, again the case of Andhra Pradesh and Maharashtra contradicts the conventional assumption. Intuitively political dynamics emerge as the source of variation in trade union strength measured by labor market conditions.

Fig 6. State wise Share of Public Sector Employment in Factories, 1980-2006

Source: Indian Labor Statistics, Ministry of Labor Various Issues

Institutional & Regulatory Framework

Institutional protection to collective mobilization, participation in decision making, and substantive legal rights increase the power of labor (Paczynska, 2006).

In India one can identify general similarities across the states as the major central acts determine work conditions, industrial relations, social security and wage related provisions¹. However, states have the power to bring amendments to legislations to suit regional specificities. To analyze relative position of

states in terms of legislative stand on labor flexibility we look into all the labor law amendments brought at the sub-national level.

Table 3 reveals that pro-labor amendments dominate in West Bengal while the situation is reverse in Gujarat. In contrast, Andhra Pradesh and Maharashtra signify both pro worker and pro employer amendments since the 1980's. Although during the 1980s pro-labor amendments dominate, since liberalization increasingly pro employer legislations were brought forward to increase flexibility of labor market. Thus, labor movement can be argued to be stronger in West Bengal and weakest in Gujarat. Maharashtra and Andhra Pradesh are marked by greater pro-labor reform but in recent years pro-employer amendments seem to dominate. Clearly organizational, structural and institutional explanation of trade unionism does not correspond to labor market conditions and brings into question the conventional explanation of reform variation due to trade union strength.

¹ Given that labour is a concurrent subject there is a plethora of labor laws but the major regulations continue to be determined by central acts such as Factories Act 1884, Trade Union Act 1926, Employees State Insurance Act 1948 and Employees Provident Fund Miscellaneous and Provisions Act 1952, Minimum Wages Act 1948, Payment of Wages Act 1936, Industrial Disputes Act 1947 and Contract Labour (Regulation and Abolition) Act 1970, Industrial Employment (Standing Orders) Act, 1946

Table 3 State wise Labor Law Amendments (9 Major Central Acts)

Amendment	Andhra Pradesh	Gujarat	Maharashtra	West Bengal
Pro Labor	8	1	9	22
Pro Employer	4	3	6	0

Source: Authors classification based on Malik (2009). The classification follows model of Besley and Burgess (2004) where legislative change that favors workers is considered pro-labor and vice versa as pro employer

Acts considered for analysis are Factories Act 1884, Trade Union Act 1926, Employees State Insurance Act 1948, Employees Provident Fund Miscellaneous and Provisions Act 1952, Minimum Wages Act 1948, Payment of Wages Act 1936, Industrial Disputes Act 1947 and Contract Labour (Regulation and Abolition) Act 1970, Industrial Employment (Standing Orders) Act, 1946.

Union –Government Relations

The limitation of the conventional explanations of reform variation due to trade unionism points to the operation of specific political dynamics that shape union strength. Political-ideological context of trade unionism offers crucial insight into union role in labor reforms. Crucially its linkage to the government, specifically the political party in government, significantly conditions the power of trade union. Although such government-interest group linkage is a structural feature of democracy, in the Indian context it is significantly enhanced by the relative weakness of associational groups and historical presence of the state in economy (Chhibber, 2001). Therefore, a crucial determinant of trade union influence is the nature of trade union interaction with the government. Two specific dynamics explain the capacity of trade unions to affect labor market outcomes in the states, namely political and ideological competition and government-trade union relation. The capacity of trade unions to mobilize together with conditions outlined offer the most credible explanation for varying trade union ability across the sub-national states.

Political Ideological Context

Role of political ideological dynamics in determining trade union influence can be disaggregated into ideological position of trade unions and trade union-political party linkage within broader political matrix. In India unionized workers in all sectors are divided between major trade union federations and several independent trade unions. Most of the major federations are closely affiliated with different political parties. Even though trade unions are generally opposed to labor market reform, surveys and interviews reveal differences in trade union response according to their ideological dispensation.

The left trade unions are not only ideologically opposed to neoliberal policies but also feature at the forefront of such a movement.

For example, the Indian National Trade Union Congress closely affiliated to the centrist Congress Party and Bharatiya Mazdoor Sangh associated with Bharatiya Janata Party express their opposition to labor flexibility. However

the opposition is not generic but specific to some aspects of the reform process. Their demand is not complete elimination but a calibrated approach to liberalization (Masilamani, 1994). In contrast the left trade unions are not only ideologically opposed to neoliberal policies but also feature at the forefront of such a movement (Uba, 2008). The two biggest left trade unions AITUC and CITU are completely opposed to economic liberalization and consider such a policy as an attack on the working class and capitulation of India to imperialist domination. In addition to the broad ideological distinction among trade unions, there are important differences in their behavior across the states due to union competition. Interviews of trade unions conducted across the states and political spectrum reveal this difference. On the question of autonomy of trade union from state and political prerogative of strengthening labor power the 'Right' trade unions broadly agreed but 'Left' trade unions disagreed. Interestingly state specific variation can be noted in the response of centrist trade union (INTUC), which disagreed in Gujarat and Andhra Pradesh (sites of relatively new industrialization) and agreed in Maharashtra and West Bengal. A similar state specific response pattern is reflected when asked if support base for parties determines the orientation of labor policy.

The response, particularly the differences, reflects not only operation of ideological dispensation but also historical experiences of trade unionism across India. At the ideological level the trade union movement in Gujarat, marked by

dominance of non-governmental SEWA, rightist BMS and centrist INTUC is characterized by non-radical trade unionism. In contrast West Bengal, marked by legacy of left movement exhibits clear ideological polarity between left and right unions. In Maharashtra, the decline of left trade unions and the emergence of newer and independent unions have led to lesser degree of labor militancy than in previous decades while in Andhra Pradesh the continued presence of left trade unions, especially in the public sector, has meant relatively greater radicalism.

The trade unions, despite political-ideological differences, agree that privatization and deregulation increase pressure for labor market flexibility. Competition for MNE's and trade competition were the key drivers for labor market exibility. However beyond such broad agreement the response of trade unions varied significantly. On the question of impact of liberalization on labor (MNE has positive impact on work and wage) sectoral, ideological differences could be noted. Centrist and Rightist trade unions in sectors of new industrialization (IT sector, new industry) agreed while left trade unions disagreed completely.

Impact of TU-Party Relations

The differences in ideological and political responses of TU to liberalization can be closely traced to party-union relation. In India the relationship between trade unions and political parties has broadly followed general social-democratic pattern of 'interdependence and

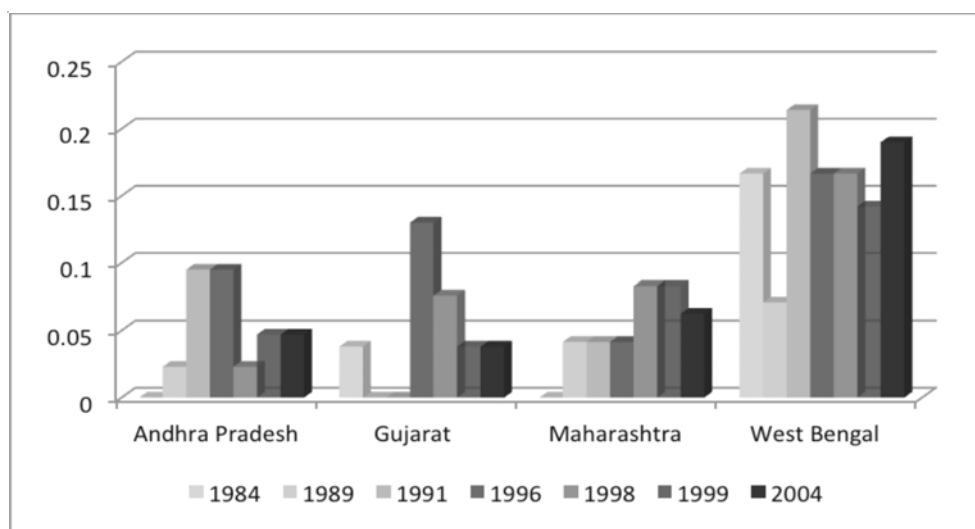
symbiosis'. To interrogate the relation between government and trade union we looked at the extent of presence of trade unionists within political parties. Theoretically, one can expect that greater representation of trade unionists within parties would not only increase the access of labor to political decision makers but also provide greater support for trade union movement. However the relationship is not uni-linear as the political party also exerts significant counter influence.

As fig.7 suggests, there is broad correspondence between representation of trade unionists and general trend of flexibility across the states. The least flexible West Bengal is marked by significant presence of trade unionists and most flexible Gujarat has marginal presence of unionists. Maharashtra represents increasing representation of trade unionists whereas Andhra Pradesh trade union representa-

tion has declined since liberalization. It may be argued that strength of trade unions in impeding flexibility is directly correlated to political presence of trade unions.

Available evidence suggests growing distance between unions and government under conditions of globalization. As governments across the states, since the 1980's have increasingly adopted neo-liberal policies the linkage between the parties and affiliated trade unions has come under strain. Uba (2008) points out that all parties long identified with a labor-friendly, left-of-centre, predominantly statist political position, initiated market reforms at their respective levels which points towards a certain convergence over the issue of the need for labor rationalization regardless of their ideological orientation. This changing orientation of political parties, especially when in government has been an important vari-

Fig. 7 State wise Number of Trade Unionists Elected as MPs, 1980-2004



Source: Who's Who of Lok Sabha, Lok Sabha Secretariat, New Delhi (various issues)

able in determining the relative importance of trade unionism and labor policy.

The widening shift between trade unions and government is often reflected through public sector disputes.

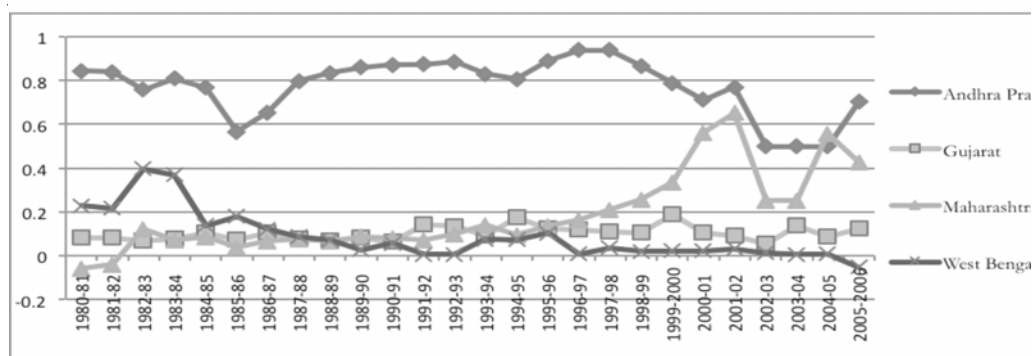
The widening shift between trade unions and government is often reflected through public sector disputes. Venkataratnam and Verma (1997) have pointed out that before liberalization industrial conflicts occurred mainly in the private sector but since 1990's industrial disputes in public sector have increased significantly particularly due to the reform orientation of governments. In the case study high level of dispute in public sector can be noted in Andhra Pradesh since 1980s. This is indicative of the schism between trade unions and government and potentially explains high flexibility in the state despite significant levels of unionization. The variation in disputes also indicates the role of political alternation in government.

As fig. 8 reveals conflict appears to be least in West Bengal which can be attributed to the ideological and political congruence between left government and trade unions. Interestingly the disputes in public sector also appear to be low in the case of Gujarat, which in the light of high levels of flexibility can be explained through the low levels of public sector in the economy and weakness of trade unions. In Gujarat and Maharashtra the extent of Mandays lost appears somewhat similar and exhibit upward trend since liberalization corroborating the growing tension between trade unions and government.

Trade Unionism across States & Reform

The discussion on trade unionism in selected states reveals that in terms of organization strength and mobilization labor is strongest in West Bengal and weakest in Gujarat. Unionism is higher in Andhra Pradesh compared to Maharashtra and Gujarat. However, a stronger trade union movement in Andhra Pradesh has to confront a more reformist government. In con-

Fig. 8 State wise Proportion of Mandays Lost in Public Sector Due to Disputes, 1984-2006



Source: Indian Labor Statistics (various issues)

trast the trade unions have greater presence in wider politics of Maharashtra leading to more effective intervention, in comparison to Andhra Pradesh, in labor market policies and outcome.

The findings suggest that overall trade unionism has witnessed a decline in the states.

Broadly, the findings suggest that overall trade unionism has witnessed a decline in the states. There exists remarkable unanimity among scholars regarding the weakness of trade unions in India and even the most vocal critics claim that trade unions are organizations of small labor aristocracy. Thus, any analysis that emphasizes on the importance of labor in the determination of public policy is either largely exaggerated or contextual. The power of trade union is contextual upon political and ideological competition and government- trade union relation. The inferences derived suggest that trade union influence has a political dimension as policy distance between government and union, nature of union competition, political representation of trade union.

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