

## **Impact of Globalization in the Formal & Informal Sector: Responses & Resistances**

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### **What is Globalization in the Real Sense**

Globalization in general humanitarian sense must be understood as creating a situation where people & nations all over the globe come closer and closer with lesser & lesser conflict and greater & greater prosperity. It is a process going on from centuries and further may go on for centuries. However, the Present-day Globalization is a fast flow of scattered ideologies, policies & activities forwarded & launched to restructure the globe in political, economic social, cultural & environmental paradigms in order to make the new capitalism & market philosophy inevitable, unchallengeable & acceptable with no option.

Thus globalization as pushed forward today is the modern capitalism in business suit with currency notes in a briefcase & conditionalities in the coat pocket instead of the military uniform with guns, grenades and tanks.

### **Four-wheels of Globalization**

- IMF – WB – WTO
- TNCs – JVs – BBHs
- NGOs – INGOs
- Modern Media – ICT

### **Impact on working class**

The impact of the capitalist globalization is widespread covering almost all segments of society and sectors of employment & work. Since majority members of the society fall under the broad category of working class, Vulnerable and immediate point of adverse effect is the workers both in the formal & informal sectors. As labour cost is easier to curtail in comparison to other costs on other inputs, cost minimization

and hence increment in or maintaining of profit margin is possible only through pressure on labour costs in the present context of severe competition, employers do not try to curtail other costs. It is also because of the fact that labour can be replaced by other factors of production through technological innovation. Thus entrepreneurs have easily established and are relying on the inverse relation between huge profits and labour costs. Therefore, the impact of globalization on working class should be viewed in a broad spectrum

### **Positive Impacts**

- Fast growth & decentralization of production
- Fast Distribution possibilities
- Development of science & technology
- Fast growth of service sector
- Rapid development of urban centres
- Popularity of pluralism
- Increased awareness in a right-based track
- Increased environmental awareness
- Increasing remittances of foreign exchange in developing countries & LDCs

### **Negative Impacts**

- Increasing attack on labour & human Rights
- Blows on sovereignty of the nations & the people, thus attacking the developing democracy
- Changes in pattern of employment and fast declining labour intensity of production & services
- Negative use of labour flexibility particularly for easy hire & fire
- Increasing inequality & Poverty
- Concentration of capital & Political control in few hands
- Informalisation of labour and profit race
- Increasing efforts to chase out unions from labour market
- Clientization & consumerization of working people instead of citizens
- Decline in real wages & incomes as compared to removal of subsidies & price-controls
- Privatising not only public enterprises & state owned enterprises, but also government responsibilities & services

- Increasing unemployment & underemployment
- Promoting workers to migrate for job towards extremely exploitative conditions
- Curtailed expenditure on social security & social welfare
- Increasing child labour in LDCs
- No diplomatic and human protection to migrant workers
- Intensifying problem of food security
- More offensive debt trap
- Fast expansion of consumerism and individualism and displacing collectivism
- Fast eroding joint family system
- Export of pollution from the developed countries
- Heavy intervention in cultural & indigenous life
- Establishing private ownership in natural resources
- Institutionalization and naturalization of corruption
- Detraction of young workers & new labour market entrants from trade union movement
- Heavy class transition of people creating bigger & bigger gap between rich and poor

### **Arguments of Pro-globalization employers**

- Necessary for high competitiveness & existence of native employers-entrepreneurs-Producers
- Changing pattern of employments requires labour flexibility to enhance productivity
- Nepali workers being less productive & more right-base-oriented
- Linking wages with productivity and practice of wage flexibility instead of minimum wages
- Legalization of Hire & fire policy
- Free exit policy
- No protection and facilities provided by the state to entrepreneurs
- For the revival of economy from a very difficult critical condition of present.

Employers and the business class is in dilemma and practicing a double standard. In case of those JV enterprises where they are involved with

MNCs, they talk about full-fledged liberalization and in case of their own enterprises they argue for protectionism

### **Arguments of pro-globalization policy-makers**

- Labour law reform & flexibility necessary to attract FDI
- Labour market rigidity to be put an end to promote more & more employment
- Export oriented industries should be given high priority

### **Public regulation of capital**

- Public regulation of capital is very weak owing to the heavy corruption
- Public sector health & education services have become much inefficient in spite of the quality human resource in the government machinery. The public sector is victimized by extreme negligence and commission-oriented intention of privatization.
- Exploitative & inefficient private sector has been handed over various public services
- Public sector transportation has become zero in Nepal
- Prices in public sector goods & services have gone up especially in electricity and water supply in the pressure of World Bank.
- Banking services previously available to remote rural areas are now declined.
- Transportation & communication have made rural & urban areas geographically closer, but income gaps have become much wider.

### **Responses & Resistance**

- Formal sector employers are fast informalising the use of labour and getting cheap & easy to handle labour from informal part of labour market.
- Service sector is flourishing, but formal labour market is becoming smaller & smaller.
- Wage employment is increasing and supply of new entrants in the informal part of labour market is higher & higher every year, but expansion of unemployment is very high.

### **Therefore, responses & resistance are focused on**

- Voice & activities for job security
- Efforts for single unionism
- Continuous dialogue with government & employers on labour law implementation and other labour issues
- Continuous dialogue with Big Business Houses & Multi national Enterprises
- Concentration of union activities towards informal sector & agricultural workers with especial focus on unionization of women workers
- Development of cooperatives especially for health protection
- Movement against bonded kamaiya system and freedom & rehabilitation
- Activities against exploitative labour practices basically focused on child labour, women workers, bondage and dalit workers as the most vulnerable part of informal sector workforce
- Formation of Trade Union Committee for Gender Equality & Promotion as a collaboration of all trade union confederations in the country
- Beginning of unionization of street-based, home-based and self employed workers
- Moves in collaboration against haphazard privatization of public enterprises
- Multiplying activities on occupational safety & health
- International Trade Union Conference in 1995 with the theme - Strengthen pro worker unionism: Oppose Privatization
- South Asian Consultation on WTO & Social Clause in 1995
- South Asian Consultation on debt bondage in 2001

### **Against Adversities created by Globalization**

National Trade Unions can concentrate themselves on:

- Revitalising the relevance of Trade Unions
- Minimizing the increasing bureaucratic functioning of trade unions
- Replacing the old outdated leadership from executive role to advisory role with due respect
- Heading towards single unionism in the country

- Formation of trade union alliance and formal informal umbrellas
- Issue-based unity structures & enhancing cooperation in order to relaxing rivalry
- Taskforce of trade unions on contemporary issues
- Joint movements in Industry & federation level
- Mergers of unions of same nature
- Parliamentary go ahead and Joint lobbying
- Intervention & involvement in local bodies
- Highlighting labour issues in every possible forums and creating public opinion on labour & trade union issues
- Campaigning & Working in collaboration on issues of social concern with NGOs & consumer organizations

In addition, involvement of other actors is also necessary which may be mentioned as follows:

#### National & Local level

What To Do	Who Will Do
Development of resistance Movement	Trade Unions Mass Organizations of Women-peasants-Dalits-Youths-Students-Minorities Human Right organizations Pro-People NGOs
Extension of Social Security, Social Protection & Social Insurance System	State Trade Unions Employers Cooperatives Health providers Pro-People NGOs
Integrated organized intervention in the 4-Wheels of Globalization & International Forums	State Human Right organizations NGOs Trade Unions Mass Organizations
Practice of Collectivism & Cooperatives	Community Based Organizations Cooperatives Trade Unions Mass Organizations

What To Do	Who Will Do
Democratization of workplace & involvement of workers in every layer of decision making in order to ensure pro-worker flexibility instead of autocratic flexibility	Trade Unions State Employers' organizations
Organizing the workers through a massive unionization approach with heavy emphasis on informal sectors of employment including agricultural workers	Trade unions Mass organizations of peasants, women & youths Cooperatives & self-help groups Community-based organizations
Research & highlight on the disguised realities	Organizations of intellectuals Academics Research institutes
Worldwide campaign for Socialism based on Pluralism with a high degree of tolerance in between various possible models	Political parties Political Organizations Trade Unions Mass organizations

### Sub-Regional & Global level

Battle against Globalization cannot be fought in isolation within local & national periphery and hence the fight should be regionalized & globalized to be launched in collaboration

- Issue based – Action based unity to be promoted among TUs and alliance formation among South Asian TUs
- South Asian Moves against exploitative practices of those MNCs, JVs, BBHs which work in countries of South Asia
- Hand-in-hand go ahead with genuine NGOs & Labour Support as well as Labour Research Organizations
- Developing common voice of South Asia on labour issues
- Exchange of solidarity & Protest messages and moral support in one another's struggles
- Organizing seminars/workshops/interaction programmes and exchange of delegations
- Action for uniformity in minimum wages and minimum labour standards for South Asia both in the formal & informal sectors with emphasis to social protection

- Regulation and protection of subregional migrant workers within South Asia and joint efforts to protect South Asian Migrant worker outside South Asia
- Developing national resistance movement through a collaboration on common issues among TUs, POs, MOs, COs, HROs and NGOs
- Sectoral Conferences like Hotel Workers, Textile Workers, Food & Beverage Workers
- Research & Publication with emphasis on case studies

### **Challenging the so-called inevitability of Globalization**

The efforts under the strategy of globalization for a new world order, where everything will have to remain on the 'kindness' of market and gestures of TNCs, cannot lead human society to prosperity & equality. The efforts to immortalize the new capitalism & uninterrupted mobility of capital cannot continue a long go ahead. Whatever economic-financial-technical arguments are forwarded to prove innocence & inevitability of globalization & liberalization, no one can deny the widening big gap between rich & poor people and between rich & poor nations. The explanations, that in spite of some hardships in short-run period, there will be everything okay in the long run, have already become out-dated and false. Whatsoever is the publicity of rapid economic growth & prosperity as the outcome of competition and most efficient allocation of resources, the reality and achievements have been quite opposite. Therefore in the course of time, a new world order must replace the present one. The emphasis to the practice of putting everything on the 'kindness' of the market and converting state into a facilitator, assistant and loyal servant of the market has damaged the social justice to the sufficient extent.

The result is the series of resistance movement here and there frequently. But movement in countries separately in isolation does not make any sense. The resistance movement should be developed to take a sub-regional, regional and international shape and resistance should be globalized. Therefore, development of a system of ensuring Social control over the 'almighty' market and peoples' intervention & participation in each of the level of economic & political decision-making can gradually displace the present capitalist globalization. Whatever speedy may be the wind of present day globalization, it is not inevitable and will loss its wing to fall on the ground.

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