

## *Notes*

# **Globalization, International Labour Migration and Poverty**

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### **The historical background of globalization**

The concept of globalization that has become the mantra of our times and is being widely discussed and analysed today in academic and non-academic circles refers basically to the economic exchanges across national borders that picked up pace since the mid 1970s and then got interpreted and incorporated into a neo-liberal paradigm of global economic development. Trade, financial transactions, and migrations across political borders are old phenomena but the basis for this new phase of globalization is perceived to be laid by the cumulative effect of far-reaching technological, demographic, social and economic changes set into motion by the Second World War and its aftermath.

The war devastated the European powers which were no longer able to hold on to their politically awakened colonies. The United States emerged as a new global power in control of 70 per cent of the world's foreign exchange and gold reserves, and 40 percent of the world's industrial output.<sup>1</sup> These assets placed the United States in a position to assert its power globally, and build its own brand of imperialism.

Soon after the allied victory in 1945, began the era of Cold War, essentially a political and ideological contest between the United States and the Soviet Union which was to dominate world affairs for decades to come. For the United States Cold war with the communist world became a self fulfilling narrative with far reaching consequences for its internal and external policies. The basic thinking embodied in the narrative is summed up quite succinctly in a memorandum written in 1947 by William Clayton, Assistant Secretary of State for Economic Affairs which reads: 'Communist movements are threatening established governments in every part of the globe. These movements, directed by

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<sup>1</sup> E. A. Brett, *The World Economy Since the War, 1991, The Politics of Uneven Development*, London, Macmillan, p.63.

Moscow feed on economic and political weakness. The countries under Communist pressure require assistance on a large scale if they are to maintain their territorial integrity and political independence. ....The United States is faced with a world wide challenge to human freedom. The only way to meet this challenge is by a vast new programme of assistance given directly by the United States itself.<sup>2</sup>

From this thinking ensued the United States' world-wide economic and military aid projects. The Marshall Plan was one of the examples of 'vast new programme of assistance' designed to remedy the economic weakness of war-torn Western Europe. In addition the United States launched a major military initiative to draw a number of European and Asian countries into a network of international defence alliances meant to contain the so-called communist threat from the Soviet Union. Initially, 12 North American and European states were enlisted to create the North Atlantic Treaty Organisation (NATO). This was followed by the global encirclement of Soviet Union through a series of militarily alliances forged among European and Asian states known by their acronyms such as ANZUS, CENTO (originally Baghdad pact) and SEATO. Among the South Asian countries Pakistan is well known to have been part of these military pacts.

At the same time the United States used its economic strength to play a dominant role in the establishment of a set of international financial institutions (IFIs), among them the World Bank, International Monetary Fund (IMF) and General Agreement on Trade and Tariffs (GATT), to regulate the post-war global capitalist economy, and intervene in the development of the so called underdeveloped countries.

And finally, there was a major expansion of U.S. based multinational corporations in the post-war period which were instrumental in promoting greater globalization of production, trade and financial flows across state borders.

### **The institutional framework without labour**

In short a remarkably resourceful and enduring institutional framework came into being to direct the post-war global political economy under the unambiguous leadership of the United States. But missing from this framework was any explicit vision of labour in the emerging global economy. Where did the component of labour, essential to the functioning of global capitalism, fit in this mix of institutions? Since the United States had played the leading role in the evolution of this

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<sup>2</sup> Cited in E.A. Brett, *op.cit.*, pp.106-07.

institutional mix in all likelihood it simply intended to extend its own domestic labour policy on to the post-war global economic order.

The essentials of that domestic policy were clearly laid out in the 1947 Taft-Hartley Act. And the most striking feature of that act was its heavy preoccupation with 'containment of communism', supposedly emanating from the Soviet Union. The thrust of the said act was to weaken the independent functioning of labour unions while purging them of any left influence. A bizarre clause of the Taft-Hartley Act required public renunciation of communism as a condition for anyone running for union office. In addition to the direct attempts to cleanse the labour unions of left influences a concerted crusade was launched in America against union activists, political leaders, academics, artists, journalists and other professionals holding or suspected of holding leftist views, or imagined to be working as Soviet spies. The crusade was organisationally led by the powerful House committee and personally by Senator, Joseph McCarthy, of the McCarthyism fame.

Within the United States there had also emerged in 1886 an elitist central trade union known as the American Federation of Labor (AFL) which consisted of craft unions only, excluding unskilled workers. It was patronized by the government and followed the official line of anti-communism, while at the same time becoming known for its racist and sexist practices in dealing with the black and women workers.

### **The International Labour Organisation**

With this background it is not surprising that when the International Labour Organization (ILO) was established in 1919 the United States chose not to join it. The Western European powers established the ILO, with its preamble stressing the need for a just and humane treatment of workers, because they were shaken by the success of the Russian Revolution and feared the appeal of communism spreading among the vastly internationalised labour. The United States' ruling elite also felt the threat of communism, but they had their own more aggressive approach to deal with that threat as illustrated by its domestic labour policy instituted in America.

The United States did eventually join the ILO in 1934 and remained a member for several decades after the organization became a specialised agency of the United Nations in 1945. Then in 1975 the US secretary of state, Henry Kissinger, filed a 2 year advance notice with ILO to withdraw his government's membership, accusing the organization of having become increasingly politicised. The withdrawal

became effective in 1977 during the administration of President Jimmy Carter who accepted the ILO invitation to rejoin in 1980.<sup>3</sup>

### **The making of the global migrant labour**

The European imperialist regimes had by this time produced a sizable international proletariat from their Afro-Asian colonies and spread it around the world to meet the needs of western capital. Initially it took the form of slave trade. To the United States alone were brought some 6 million slaves by 1850 to labour on southern plantations. Their mode of transportation from Africa and conditions of living and working has been the subject of much writing, and termed 'one of the great tragedies of history'.<sup>4</sup>

As legislation to abolish slavery began to appear in the West around mid 19<sup>th</sup> century, the international flows of captive labour took yet another form and on equally massive scale. This was the mode of procuring indentured labour recruited mainly from the poverty stricken peasantry and tribal populations of the British colony of India. Throughout the 19<sup>th</sup> and early 20<sup>th</sup> centuries indentured labourers on temporary contracts were transported to European colonies in all corners of the world to work for pittance on plantations, railways and mines; only a small proportion being lucky enough to return to their homelands. Estimates vary, but according to one survey of literature by 1938 an estimated 7.5 million workers had been shipped out from the Indian subcontinent of South Asia alone.<sup>5</sup> Interestingly enough the cargo ships crisscrossing the oceans in which these workers were bundled out along with other goods, were also kept afloat by seafaring labour from colonial India called 'lascars', a corruption of the Urdu word *laskars* meaning troops. There are few estimates of the population of these lascars, but plenty of racist stereotypes can be found in colonial literature about their hardiness to survive in the infernally hot boiler rooms of the colonial steamships as the coal furnaces were kept burning.

Racism was indeed a pervasive component of all labour regimes employing African and Asian workers whether slave, indentured or free. It was not always economics alone that was decisive in the deployment of migrant labour. Interestingly, while spreading the Afro-Asian labour around the globe the British generally kept their own domains out of

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<sup>3</sup> Yves Beigbeder, 'The United States' Withdrawal from the International Labour Organization', *Industrial Relations*, Vol.3, No.4, 1979.

<sup>4</sup> Robin Blackburn, *The Making of New World Slavery* (New York, Verso, 1997).

<sup>5</sup> <http://www.migrationinformation.org>.

bounds on racial grounds. The Dominion of Canada finally allowed restricted import of Chinese labour to build its railways, but kept a tight lid on immigration from South Asia as very poignantly illustrated by the 1914 Komagata Maru episode.<sup>6</sup>

### **Proletarian internationalism or globalization**

What appears from the foregoing is that globalization has not been the driving force behind labour migration as it is often claimed to be. Labour had already become internationalised in a major way by early 20<sup>th</sup> century as a tool of imperial capitalism. What was producing anxiety among the European powers, that had unleashed this phenomenon to begin with, was the rising proletarian class consciousness in the ranks of this labour spurred initially by the 1917 Bolshevik Revolution. Between the two World Wars a host of left labour and political organisations had appeared on national and international levels promoting working class unity against imperialism and capitalist exploitation.

The post World War II international mobility of workers also began more or less fortuitously, without any association with what is sometimes conceived to be a planned process of globalization. Western Europe having lost a considerable proportion of its adult manpower in the war was short of labour to carry out its projects of reconstruction despite the well funded Marshall Plan, and found it necessary to encourage worker immigration. In 1955 West Germany initiated the 'Guest Workers' programme to meet its labour shortages. Other European countries had to turn to their newly emancipated colonies for the supply of labour. America and Canada too, unable to meet their immigration quotas from Europe, began to admit more and more workers from the so called third world, particularly those with higher education and skills.

While this was the beginning of a significant trend of post-war international migration, the world-wide mobility of labour received a big boost in 1970s when the oil exporting countries of the Middle East became organized under OPEC and acquired greater control over the vast revenues generated by their hydrocarbons. As these countries began to invest their new found oil wealth in ambitious infrastructure projects. They too found their sparsely populated nations short of labour, thus having to import foreign workers on a massive scale. South Asian labour, among workers from rest of the world, began to migrate in unprecedented numbers to the oil producing Gulf States of the Middle East.

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<sup>6</sup> <http://www.komagatamaru.ca/>.

### Promotion of globalization as neo-liberal economics

The demographic and economic facts associated with the great wave of post-war labour mobility, and the dramatic socio-political changes that have accompanied it over the last few decades are not hard to identify. What is important is the manner in which these transformations have been theorised and incorporated in construction of the dominant paradigm of neo-liberal globalization. The paradigm entails a set of core policies that stress the importance of free trade and capital markets, financial liberalization, reduced role of the state to administer social programmes and to tax corporate wealth, along with privatization, deregulation, competitiveness, labour flexibility, and protection of corporate property rights.<sup>7</sup> Packaged under the label of structural adjustment reforms and given the stamp of 'Washington Consensus', these core policies became the job of World Bank and IMF to promote around the world. Among the South Asian countries Pakistan, with its long history of dutiful compliance to every model of development coming with the US-AID and Washington based IFIs, took up the implementation of the said reforms in 1980s. However, before any discernable results could emerge, the country got hopelessly embroiled in the American initiated war on terror throwing its economy 'in shambles,' to quote the state president.<sup>8</sup>

India, the largest South Asian country, although a late comer to the neo-liberal economic regime, has built up a record of more consistently administered regime of structural adjustment reforms particularly since the March 2000 visit of President Bill Clinton to that country which is credited with the initiation of India-US 'strategic partnership'. It started in 1991 under the then finance minister, Manmohan Singh who has stayed the course since assuming the office of prime minister. One need not dispute the good news the mainstream media attributes to the economic achievements of India under Manmohan Singh's stewardship. As the standard texts in praise of free market globalization are prone to repeat, the prime minister's neo-liberal economic policies have raised productivity and employment, increased efficiency, boosted economic growth, fostered competition, enhanced international trade and flow of Foreign Direct Investment (FDI) into India, and above all produced a 'middle class' larger than ever with

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<sup>7</sup> Garry Rodan and Kevin Hewison, 'Closing the Circle: Globalization, Conflict and Political Regimes', *Critical Asian Studies*, 36:3, 2004.

<sup>8</sup> Asif Ali Zardari, 'Pakistan Economy in Shambles', *Khaleej Times*, 7 October 2010.

enhanced ability to consume. India in short is being depicted as the engine of economic growth for the future of the 'free world economy'.

So what is the problem with neo-liberal globalization? Angel Gurria, Secretary General of the Organisation of European Cooperation and Development (OECD), while a firm believer in the good things that globalization in general represents, also points to a few problems. In a recent speech in which he recounted the merits of globalization, he also acknowledged that, '(M)ore than 5 billion people live in developing countries, out of which nearly 2.8 billion live on 2 dollars a day. ... Poverty is the ultimate systemic risk. Globalization has facilitated the concentration of enormous wealth, whilst inequality has at the same time increased. Today 1 % of world's adults own 40 percent of global wealth while 50 % own less than one percent. ... In the US average top manager's pay increased 40 times the average wage in 1985 to 110 times in 2005 while the median family incomes have decelerated'.<sup>9</sup>

## Conclusion

There is a growing consensus that poverty and inequality are the two interrelated outcomes of globalization. Historically they are the stuff for revolutions, if I may say so. And the relationship of these two problematic outcomes to globalization is not accidental; it is systematic. Let us take the case of the global poor of whom one third are estimated to be living in India today. It can safely be said that the majority of them are rural and urban workers, employed, unemployed, underemployed, including their dependents and women whose work largely remains unrecognized and un-remunerated. It therefore stands to logic that a paradigm of economic development which treats labour simply as a commodity to be accessed as cheaply as possible in the process of production and circulation in bound to promote poverty. The core policies of structural adjustment reforms associated with neo-liberal globalization, such as labour flexibility, competitiveness, deregulation, free markets, and diminished role of the state in providing basic social services are all measures that have contributed directly or indirectly to the poverty and inequality noted above. The maxim of compete or be left behind has intimidated the workers and decimated their unions, the only instrumentalities through which they have traditionally protected their basic economic and human rights.

In the United States that gave the world the 'Washington Consensus', union membership declined to a mere 11.9 % of all the

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<sup>9</sup> Angel Gurria, *Reaping the Benefits of Globalization: The Importance of Public Policies*, 2007 (<http://www.oecd.org/data.oecd/2/29/38144>).

waged and salaried workers in 2010 from 20.1 percent in 1983, the last previous year for which comparable data was recorded by the U.S. Bureau of Statistics. The United States has the unenviable position of having ratified only 2 of the ILO's 8 core conventions considered fundamental to the protection of basic organisational and human rights of labour.

An increasing proportion of workers today falls in the category of migrant labour; between 185 million to 192 million according to 2005 estimates. Most of them come from poor countries of the so-called third world. Given their bottom line position in terms of economic, civic, and physical conditions, the United Nations itself was moved in 2003 to adopt an International Convention on Protection of the Rights of All Migrant Workers and Members of their Families. It is perhaps not surprising that most labour exporting and receiving countries including India, Pakistan and Saudi Arabia, have not signed or ratified the convention; neither have the most developed capitalist countries taken those steps, including the United States, Germany and Japan.

This sounds like a dismal prospect of alleviating poverty and inequality in the world we live in, but there is still hope. The statistics are finally coming out of the academic domains too the streets. Three cheers for the '99 per cent, Occupy' movement.