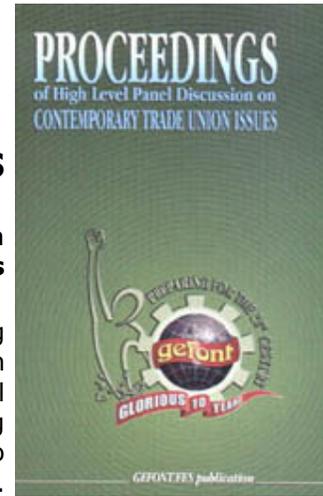


## PROCEEDINGS

### of High Level Panel Discussion on Contemporary Trade Union Issues

We could dedicate ourselves honestly to the working masses under our access in the moments of both pleasure and sorrows. Whatever we did, we do with full commitments and full dedication - from rural working population to urban organised wage-workers - in order to protect their rights and interests.



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## **Chairperson's Message**

A Speech delivered by Chairperson Com. Mukunda Neupane  
on the occasion of 10th Anniversary of GEFONT

## **Acknowledgement**

## **Introduction**

## **Executive Summary**



## Chairperson's Message

A Speech delivered by Chairperson Com. Mukunda Neupane  
on the occasion of 10th Anniversary of GEFONT

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A decade has elapsed.

The journey, started from a point of the completion of a Century, has crossed many ups and downs and has now reached the threshold of another Century.

"The great labour movement of 1st May 1886 came to an end after the cruel massacre on 2-3 May 1886 in Chicago City of America. In order to immortalise the memories of the martyrs of the movement; the 1 May was decided to be celebrated world-wide as the holy occasion of the global unity of workers. This decision had taken place on 20 July 1889 and today is the same day - the 20th of July. One Century is completed today from the day of the decision". It is the expression extracted from the press release issued on 20th of July 1989 on the occasion of the establishment of General Federation of Nepalese Trade Unions (GEFONT). The press release further added, 'We are dedicated to the goal of liberation of working community from all forms of injustice, inequalities and suppressions. We greet the great legend of the 20th of July with these words'.

Today is the 20th day of July; we have completed the glorious 10 years of our journey. We remember the rainy day 10 years ago. We, the activists with an objective to give a new dimension to the trade union movement of Nepal, gathered silently in a secret den of the capital city of Kathmandu beneath the nose of the dictatorial reactionary system. And we declared - 'Now the co-ordination mechanism for trade unions in Nepal is launched. We have established GEFONT to fulfil the long waited need.

Once peoples leader Madan Bhandari had opined - 'No one will provide rights and facilities to the working class with a feeling of kindness or love until the workers snatch it through their own unity, organisation and struggles. The workers, who do not care about class unity, independent organisation and organised efforts, are treated as musclemen and slaves. Today because of the low level of this consciousness, workers are facing the conditions synonymous to slavery.'

The GEFONT was established with an aim to uplift the consciousness and to activate them to achieve a new era of full liberation of working class.

Full ten years have elapsed. We feel as if it is yesterday. Just after a short period of establishment, GEFONT, in its third meeting of mid January 1990, decided to involve itself with full determination in the proposed popular movement designed for the attainment of democracy in order to strengthen the interests of workers.

While looking back to the footsteps of our history, we feel satisfied that our sacrifice has not gone in vain. The struggles produced achievements - pleasant and inspiring.

A number of events have taken place after the establishment of multiparty democracy. GEFONT was not a mute observer, but an active partner in each of the activities. With high expectations and ambitions as an outcome of the new political system, the whole year 1990 witnessed nation-wide strikes and unrest. The situation was really complicated - on the one hand relief to the workers heavily oppressed under feudal exploitation was necessary and on the other their flying expectations had to be landed safely on the ground of the reality. GEFONT accepted the challenge. Nation-wide labour unrest landed safely on the ground and a milestone was set properly for the movement under legal framework.

We achieved a new constitution and first general election was held. With the formation of new government, the process of the formulation of new laws in accordance with the constitution started. We trade union activists were also expecting the progressive labour law compatible to the new situation in order to ensure professional as well as class rights of the workers.

Com. Lenin had addressed the All-Russian Trade Union Conference in 1917 - "...not to rely on the 'State' but to rely only on the strength of one's own class. The State is an organisation of the ruling class." This statement of Lenin proved to be true in our case, as well.

'Cross the river and forget the stick' is one of the Nepali proverbs. Ironically, within a short span of ascending to the power, our democracy-fighters started to forget the comrades of the difficult days, particularly the working class and the trade union movement. So the GEFONT had to choose the other option. GEFONT registered an alternate Labour Bill through its Chairperson who was in Parliament at that time.

During the days, all efforts from our side were moving forward with difficulty but not a wild-goose-chase. We are proud of the layers and layers of the glorious 10 years of our movement. Because of these efforts, Trade Union Movement became successful to dig out its track. The fluctuating struggles could get a positive pathway.

In course of time, Labour Act came into existence in spite of a number of weaknesses. Also the Trade Union Act came into existence. GEFONT, as an umbrella organisation of its 16 national federations with its 300,000 members, registered itself as the first confederation of the country.

'Nothing to loose but the chain, we have a world to win; workers of the world- Unite!' The workers always inspired by the call could be stimulated to build the

nation through the protection of their professional and class rights and interests. For the purpose, it was the right time. We remember, GEFONT had to work hard to initiate the feeling 'workers: a creative motive force, not a destructive mighty source'. As the outcome of the efforts, the previous sentiment 'Management and Workers - the tiger and the goat' could be successfully replaced by 'Workers, Management and Government - the three social partners'. Our movement accelerated. Our effort became successful to sketch the landscape for the national trade union movement.

The days afterwards emerged with more challenges. 'Workers know nothing'- we were neglected; 'Down with - Long live' we were the one-sided slogan holders. Now, from the extreme end, we reached the point to shoulder the challenging responsibility of nation - building. We were active. We were the representatives of world builders. Hence the concerned bodies finally realised the compulsion to recognise us.

Within the 10 year journey, the representation and involvement of GEFONT in Central Labour Advisory Committee, Minimum Wage Determination Committee, various committees and task force for formulation and revision of labour laws, International Labour Organisation, IPEC - National Steering Committee, National Productivity Council, National Pension Scheme, Steering Committee of Expansion of Employment Opportunities for Women, Mechanisms related to Federations and numerous trade union's internationals and trade union forums is indicative of this recognition.

Our presence in these forums was not only challenging but also full of risk. In the 'feudal-culture-dominated' society of ours, every decision taken also with our involvement would have come under severe criticism and debates. The decisions might have gone adverse to the hard working brothers and sisters of our working community. Fortunately, our movement and its leadership did not have to face such accidents. The confidence of our members united under the sound discipline always remained with us. Because of their trust, GEFONT could continue its journey with enthusiasm considering every challenge as complicated and risky, but not impossible.

The history of our movement is the history full of blood and sacrifice of the pro-liberation working masses. In every success of our movement, sweet and hard endeavour of the working people unified under our umbrella can be smelled. Based on this sacrifice, we can declare with our heads high up - 'Among the achievements of the glorious ten years, are the frequent review and increase of minimum wages, formulation of labour laws, revision and amendment, successful settlements of labour disputes and inspiring size of international solidarity.

We feel, our achievements are not sufficient nor that are frustrating ones.

During these glorious 10 years, not only GEFONT became nationally well recognised, but also ascended to the level of policy intervention. Today, on the occasion of the 10th Anniversary, we declare -'The First Historical Labour Conference, the presentation of the concept of Labour Policy, formulation of Transport Policy, Labour Rules, Trade Union Rules and Transport Regulation are the outcome of our policy intervention.'

In spite of these achievements in national level, we could develop some good traditions, too. The model examples of our activity are the beginning of trade union

education and the successful operation of Mobile Trade Union School'. We think, in view of the almost zero labour information system in our country, the contemporary GEFONT publications and Labour Resource Centre of GEFONT are the valuable assets of the entire labour field not merely of the movement under GEFONT umbrella.

The action research conducted on different topics, the issue of migrant workers and organisation of agriculture and urban informal sectors are some of our investment and gains of the ten years. The conclusion of the International Trade Union Conference with an active participation of 38 labour organisations of 15 countries is the capital of Nepalese trade union movement earned under the leadership of GEFONT.

We did not limit our decade-long activities to mere monotonous political practices and confronting labour disputes. Whether natural or caused by human being, we led ourselves to the villages and doors of the working masses during every difficulty. We did not lag behind to extend relief whatever possible even to the victims of flood and landslide.

Even within our own family, we initiated our effort to create social security network. The examples are GEFONT Emergency Fund Scheme, Accident Relief Programme of Transportation sector and OSH Campaign.

Some beautiful moments of our glorious ten years, we have spent for washing off the ugliness of the society. Under this category are the Appeal Movement for the liberation of bonded Kamaiya workers of five far western districts, Nation-wide campaign for child labour elimination, Programmes against gender discrimination and against unfair labour practices still existing within civil, police and arm services.

In this way, we could dedicate ourselves honestly to the working masses under our access in the moments of both pleasure and sorrows. Whatever we did, we do with full commitments and full dedication - from rural working population to urban organised wage-workers - in order to protect their rights and interests.

On the occasion of 10th Anniversary, without hesitation we declare we could do this much to the date.

Glorious ten years have elapsed.

A Century is going to have rest forever. But we are active and our journey is in continuation.

The new Century is greeting us with the new challenges.

Thank you!

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## **Acknowledgement**

### **Dignitaries**

- Dr. Narayan Manadhar- Executive Director (IRF)
- Dr. Peter Hering- Then resident representative- FES, Nepal
- Dr. Pravin Sinha- Representative- FES India
- Dr. Shiva Sharma- General Secretary (NLA)
- Dr. Yub Raj Khatiwada- President (MAN)
- Mr. Dev Raj Dahal- FES, Nepal
- Mr. DPA Naidu- Senior Specialist on Workers Activities (ILO-SAAT)
- Mr. Gauri Pradhan- President (CWIN)
- Mr. Horst Mund- Resident Representative, FES -India
- Mr. J.Lokollo- Senior ILO Adviser to Kathmandu
- Mr. Leif Bjellin- SAC-Sweden
- Mr. Nav Raj Dahal- FES, Nepal
- Mr. Stefan Chrobot- Economist / Consultant-FES,
- Mr. Sushil Pyakurel- President (INSEC)
- Mr. W R Varad Rajan- Secretary(CITU)
- Mdm. Xia Xiomei- Head of International Liaison Dept (ACFTU)

### **Organisations**

- All China Federation of Trade Unions (ACFTU), China
  - Central Organisation Of Sweden (SAC), Sweden
  - Deutscher Gewerkschaftsbund Bundesvorstand (DGB), Germany
  - Friedrich Ebert Stiftung (FES), Germany
  - Friedrich Ebert Stiftung (FES), India
  - Friedrich Ebert Stiftung (FES), Nepal
  - International Labour Organisation (ILO-ACTRAV), Geneva
  - International Labour Organisation (ILO-SAAT), India
  - International Labour Organisation (ILO), Nepal
  - Industrial Relation Forum (IRF), Nepal
  - Informal Sector Service Centre (INSEC), Nepal
  - Management Association of Nepal (MAN), Nepal
  - National Labour Academy (NLA), Nepal
  - Child workers in Nepal Concerned Centre(CWIN), Nepal
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## **Introduction**

Since information and knowledge play the major & highly significant role at this present era of fast technological changes and revolution in information and communication, updating & widening of the vision & horizon of the leadership is extremely important in every aspect of national life. Leadership should have a fair knowledge of current national as well as international realities. Without dynamic leadership, the challenges of the present days & fast approaching 21st Century cannot be faced. On the other hand, Trade Union Movement is such an area of human activity where a fair knowledge of latest information on economics, sociology, law & politics are inevitable. Leaders of trade union movement should at least become jack of all and try hard to have mastership on these subjects as best as possible along with the general union activities. Hence, we feel that the trade union movement of the entire world as well as the national trade union movement should make sincere efforts for preparing their whole range of rank & file of the leadership able to face the new challenges of the coming Century.

In this connection, it is felt necessary to redynamise the leaders of the NEC & selected members of National Council. For the purpose, it is proposed to organize a high level panel discussion on burning & contemporary trade union issues.

### **Agenda for the discussion**

Main agenda for the high level panel discussion was categorized into national and international issues, i.e.

1. Overviewing the national situation
2. Changing global scenario of trade union movement
3. Contemporary politics & the trade unions

While overviewing the national situation, our concentration was on two aspects :

1. Globalisation and role of Big Business Houses in Nepal
2. Vulnerable & unprotected groups in the Nepalese labour force

The first has covered the theoretical aspects of Globalisation, existing position of the Nepalese economy, the role of IMF, WB & WTO in Nepal and impact of the policies of Globalisation in Nepal. Consideration was also given to analyze social clause, social labeling, Code of conduct as well as social welfare & social security aspects.

A comparative analysis of the role & contribution of the big houses before and after 1985, i.e. before and after liberalization practices in Nepal has been emphasised, which unfortunately could not be completed before the programme.

The second topic was related to have a clear & thorough picture of the unfair labour practices and the bitter realities of the informal sector with major emphasis on child labour, bonded Kamaiyas, agricultural labourers and women workers of the informal sectors.

Similarly in international issues, the panel discussion was focused on:

1. Changing global scenario of the world trade union movement: The existing situation with historical perspective, challenges and the emerging adversities, burning issues, sub-regional–regional–international solidarity-cooperation-collaboration in action and present trend of the world trade union movement & possibilities for the days to come.
2. Contemporary politics and the trade unions: Review of the role of trade unions (as one of the social partner) in socio-economic development & human development as well as in the process of social transformation, Relationship of trade unions with politics & with political parties, Positive & negative experiences and Sharing of views on what trade unions can do to make a better, fair, equitable world.

For the international part, resource persons were invited from the different parts of the globe. The proposal was to invite resource persons especially from DGB–Germany and also from ILO-ACTRAV. ACFTU & CITU- from our giant neighbourhood with a number of similarities, China & India respectively were also invited to contribute by sending resource persons. COSATU from the far corner of the Africa as well was invited in this regard. However, COSATU could not participate due unavoidable circutances (as informed by COSATU). Two full days were devoted to the international part. An active interaction cum panel discussion has been encouraged as the methodological approach for making the program most fruitful.

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## **Executive Summary**

GEFONT has completed its glorious ten years of activities on 20th July 1999. This is the time to evaluate the past and go ahead. There are only few months remained to enter the next millennium. Almost in the eve of the new Century, GEFONT has organised a High Level Panel discussion on "Contemporary Trade Union Issues" as a programme designed for the Preparation of the 21st Century in order to initiate leadership to be capable to face the challenges of the new Millennium. On July 15, the program was inaugurated by GEFONT Chairperson Com. Mukunda Neupane. The Inaugural Session was also addressed by senior ILO Advisor Mr. J. Lokollo and FES Representative Mr. Horst Mund.

The three-day program was designed for the active participation of the central leadership of GEFONT and international delegates from various trade unions.

### **Session - I**

After inaugural session, 'Globalisation & Nepal' was the topic of the first session for the panel discussion. The session was chaired by Dr. Shiva Sharma and the theme paper was presented by Dr. Yub Raj Khatiwada, Dr. Narayan Manandhar and Mr. Umesh Upadhyaya.

The issues raised during the discussion were as follows:

- Whether Globalisation is new phenomena or a continuation of the old process
- What type of policy do we have to undertake- Oppose, fully support or maintain neutrality?
- Is there any Option to Globalisation?
- Is it possible in practice to adopt positive aspects of Globalisation and reject the negative ones?
- Whether trade union movement of the world can have a single concept to react on Globalisation

After an intensive discussion, a consensus has been developed on following points:

- Globalisation is a process continuing from centuries, but our present concern is with the economic globalisation guided by international financial institutions including IMF and World Bank.
- Globalisation has speeded up because of the rapid development of technology and communication.
- The effort to restructure the entire system of the world is being carried on through Globalisation
- Globalisation has created both opportunities and adversities.
- Along with the acceptance and adoption of the positive possibilities of globalisation, a national resistance movement is to be developed against its adversities.
- Globalisation cannot be faced in isolation; the mechanism of resistance movement should be developed on the concrete ground of sub-regional, regional & international co-operation and solidarity.
- Class Issue has been neglected with the speedy globalisation.

- Globalisation has changed the pattern of employment in favour of more and more casualisation and as an outcome union membership is declining all over the world.
- Globalisation has started to informalise the formal sector and the informal sector is in rapid expansion. It is now desirable to extend union movement towards informal sector.
- Globalisation has weakened the autonomy in policy-decisions of small countries and has imposed a new type of economic colonialism
- Globalisation has created the following challenges for the trade union movement:
  - How to resist the globalisation guided by IMF and World Bank?
  - How to unite globally the trade union movement and the working class?
  - Is it possible to adopt a single strategy against economic liberalisation?
  - How to extend the intervention of Trade Union Movement in national policies, international forums and institutions and in the policies & practices of MNCs?
  - How to strengthen the union movement and union structure to fight against globalisation?
  - What process is to be accelerated in order to maintain, in developed countries, and to extend, in developing ones, the position of social security, which is being weakened by Globalisation?
  - The negative and positive aspects of globalisation are heavily mixed up in a single vessel. How can we utilise its positive aspects and resist negative aspects at the same time?
  - How to organise the large masses of workers working under informal sectors of work?
  - How to begin and speed up union work with strategic plans for the elimination of unfair labour practices?

## **Session - II**

The session was focussed on the topic 'Organising unorganised sectors'. The chairperson was Dr. Pravin Sinha of FES India and the resource person was Dr. Shiva Sharma.

Issues raised during discussion:

- Whether the nature of the labour relationship in agricultural sector can be named 'labour-contract' or just 'type of employment'.
- What is the definition of permanent labour?
- Whether the long working hours in agriculture can be termed as bondage or the unfair labour practices.
- What are the limitations of bondedness?
- To organise informal sector workers is essential, but whether it is for the purpose of guaranteeing the labour rights to the workers or just for the research and information.

## **Points of consensus:**

- The vast majority of workers in Nepal are engaged in informal sectors of work and agriculture is the major sector in it.
- Agricultural wage earners must be the focal point of the trade union movement.

- The campaign of organising should be linked with the campaign of social transformation.
- The current issues for the organisation of agricultural workers may be minimum wages, fixation of working hours, improvement in working conditions and social security.
- The existing individual bargaining position in agriculture is to be given organisational base (it is already started by GEFONT).
- Special efforts are urgently needed to organise women workers, as they constitute almost half of the workforce in informal sectors of work.

### **Session - III**

The session was chaired by Mr. J. Lokollo, the Senior ILO Advisor to Nepal. A paper on 'Unfair Labour Practices In Nepal' was presented by Mr. Gauri Pradhan, the Director of CWIN.

Issues raised during discussion:

- There exist diversities in the form of unfair labour practices.
- Is it a class issue or merely a humane issue?
- What role should the actors - state, trade unions, other social movements and NGOs - play to eliminate the problem of unfair labour practices ?

### **Points of consensus:**

- Unfair labour practice in Nepal exists not only in formal and informal sectors but also in civil service, judiciary and police and arm forces.
- The problems associated to unfair labour practices should be well publicised to build public opinion.
- Emphasis is to be paid on massive unionisation and workers education campaign.
- Against unfair labour practices, trade union movement should play the leading role and all other actors of the society should assist the trade union movement, as their social responsibility demands it.
- The root cause of the unfair labour practices is the exploitative socio-economic system. Hence, it is a class issue and trade unions should take it as their own issue.

### **Session - IV**

On the second day i.e. 16th of July, the panel discussion continued for the whole day on Trade Union Movement in Changed Situation: Existing and Possible challenges. Chairperson of the entire session was Dr. Yub Raj Khatiwada. The Note for Discussion was presented on behalf of the GEFONT by Bishnu Rimal, the Secretary General of the GEFONT. Following the opening of the topic, Stefan Chrobot of DGB- Germany, D.P.A. Naidu of ILO-SAAT, W.R. Varada Rajan of CITU-India and Leif Bjellin of SAC-Sweden presented their papers respectively. While summing up the presentations and discussions thereafter, we can put forth the following points:

### **The changed situation:**

- Because of the rapid changes in technology, the class structure of the society and labour is heavily influenced.
- Job opportunities are declining and the rate of unemployment is increasing.
- A trend of fast marginalisation of workers in developing countries is going on.
- Political unionism is deteriorating.
- Because of unipolar situation, ICFTU is in surprising growth, whereas the size of the WFTU has considerably declined. Other small centres are almost stagnant.
- Non-aligned national centres are in transition
- Trade union centres are not unified against the exploitation of regional alliances and the World Bank-IMF-WTO.
- International and regional alliances of trade unions have not been capable to resist the exploitation strongly.
- The protection of the workers of informal sector and of their organisation has become a very significant challenge.
- The level of awareness of rural workers about the movement is extremely low.
- In countries like Nepal, the roots of feudalism are still strong and hence there is a challenge to organise the large number of women workers and to activate them in union activities.
- Unfair labour practice is still existent.
- Unemployment is increasing due mainly to the economic depression.

### **The issues of special concern for the trade unions:**

- The resistance to the negative effects of globalisation
- The protection of basic labour rights
- Security of job and employment
- Elimination of unfair labour practices
- Occupational safety and health

### **Session - V**

On the third day - the 17th of July, Mr. Sushil Pyakurel, the Director of INSEC chaired the session. The subject of the panel discussion was 'Trade Union & Politics'. Mr. Mukunda Neupane, the chairperson of GEFONT, presented the Note Of Discussion and then Leif Bjellin of SAC- Sweden, W.R.Varada Rajan of CITU-India and Stefan Chrobot of DGB-Germany presented their papers on the subject. Mr. Horst Mund of FES briefly described the Co-determination Act of Germany during the program. The thought provoking discussion of the day was highly significant.

### **Points of Consensus:**

- Trade Union Movement is a politics in itself. Its concern is with 'change' and class-consciousness guides it in the entire process.
- Trade union is mass organisation of a particular class and it should be different from the other mass organisations.
- The relationship of trade unions with political parties, as observed in different corners of the globe, is found as:
  - Wing of the party - Close relationship
  - No relation - Neutrality

- Members of different parties involved in
- A single union
- Partnership
- The diversity of political parties has been a hurdle in trade union unity
- A Patron- Client relation between trade union and political party generally produces negative effect on trade union movement.
- Whenever the interest of the party and the union contradict, union leaders/workers should take stand in favour of the union.
- The major ground of the trade union unity and activities should be the democratic functioning of unions and resistance to capitalism
- Till there is inner democracy in trade union, it will not make any difference what numbers from how many parties are involved in the union. The union can protect the interests of workers still being independent from government and employers
- The inner environment of the union should create confidence among all the members irrespective of their party affiliation.
- A major concern of the trade unions is- which will be desirable - party-guided trade union or party under union -influence

Finally, the closing session under chairmanship of Mr. Sushil Pyakurel was launched. In this session, Resource person Dr. N. Manandhar and Mr. Varada Rajan of CITU-India expressed their feelings that this type of programmes will be highly fruitful for the trade union movement and the program has been highly significant. GEFONT Chairperson Mukunda Neupane expressed the vote of thanks on behalf of GEFONT to all guests, resource persons, participants and all others who assisted the program in one way or another. The chairperson of the concluding session put an end to the program with his expression that this type of programmes is highly significant not only for trade unions but also for all actors of the society.

## **Day-One: National Issues**

### **Globalisation: Nepalese Economy, Labour & Private Sector**

Dr. Yuv Raj Khatriwada,  
Dr. Narayan Manandhar &  
Mr. Umesh Upadhyaya

### **Informal Sector Labour In Nepal**

Dr. Shiva Sharma

### **Unfair Labour Practices In Nepal**

Mr. Gauri Pradhan

### **Day One: Chairpersons Remarks**

## **Day-One: National Issues**

# **Globalisation: Economy, Labour and Private Sector**

Dr.Yuv Raj Khatiwada, Dr. Narayan Manandhar and Mr. Umesh Upadhyaya

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## **1. Perceptions on Globalisation**

Globalisation is the most talked and debated issue in the contemporary world. But globalisation does not mean the same thing for all. Some understand globalisation as a process of opening economies so that trade between countries could take place more freely. For them increasing globalisation has helped expansion of opportunities for nations and benefited workers in rich and poor countries alike; and stopping it would mean stalling economic and technological progress, which is tantamount to stopping the pace of time.

However, this is not readily acceptable for all. Many think globalisation marked by concerted strategy of the industrial world, and particularly the transnational corporations, to safeguard their interest and spur a new form of colonisation. For them, globalisation means increasing poverty and deteriorating living standard of the workers, widening gap between the rich and the poor within the country and also among the countries, and internationalisation of capital to the detriment of labour market. Even for the moderates, globalisation is a process of restructuring the world economy to find ways for business to maximise profits. The process of restructuring is said to be led by the transnational corporations, the governments of the industrial countries, and the international financial institutions for their own benefit.

Without falling into definitional debate, by globalisation we mean a process of increasing economic and non-economic linkages across the world. This process is taking place at a faster pace despite some hitches coming from the formulation of regional trading blocks and the recent financial crisis in the Asian and Latin American countries. In fact, deregulation, liberalisation, and privatisation, which connote globalisation, have become some of the catchwords in the development philosophy of the contemporary world.

## **2. Dimensions of Globalisation**

Globalisation in a wider perspective covers, at least, four kinds of activities: (i) cultural globalisation; (ii) political globalisation; (iii) ecological globalisation; and (iv) economic globalisation. Although, they are not necessarily mutually exclusive affairs, all four elements are closely interwoven. All of these globalisation activities have challenged the effectiveness of domestic policy actions and called for co-ordinated efforts of the countries for solving the economic, political, cultural and environmental issues.

### **Track of the fast train**

Capital is offensive in the age of present globalisation and this capital-led globalisation is in its endeavour to restructure the entire economic, political and socio-cultural system of the world. The fast train of globalisation is moving on the track of fast changing technology and modern system of communication & information.

We find that cultural globalisation is taking place with world-wide assimilation of cultural values through communication technologies, media, tourism, and consumption patterns, and international exchange of ideas. There are, however, strong counter-movement trends to reinforce and preserve individual cultural identities. The consequence of cultural globalisation for development policy consists of demand for a dialogue for mutual learning processes.

Evolution of multiparty democracy, replacing both the rightist and leftist authoritarian rule has been a feature of political globalisation. Many struggles for democracy are in fact influenced by the political developments taking place in other parts of the world. Revolution in communication technology has prompted such movements. Establishment of rule of law, good governance, protection of women's rights to property, establishment of human right organisations, and promotion of decentralised approaches for empowering local government for better delivery of public goods are some of the attributes that globalisation has created.

We live in an ecologically risky society irrespective of whether we have actually contributed to any environmental degradation or not. Ecological globalisation is most obvious in the form of global warming and loss of bio-diversity. This is one area where global efforts are needed to promote specific laws, policies and programs for joint actions on environmental protection.

Economic globalisation implies increasing global inter-linkages of the markets in goods, services, capital and financing. Such a process has speeded up in the recent decade. The contributory factors for rapid economic globalisation are liberalisation, deregulation, privatisation, and declining costs of transport and communication. De-licensing, removal of quantitative restrictions, reduction in tariffs, and deregulation of foreign exchange are some of the measures which have expedited the process of economic globalisation. In contrast, globalisation of the labour markets has so far been negligible.

### **3. Implication of Globalisation for the National Economies**

As the world economy is becoming ever more integrated-more globalise, isolating oneself from this trend seems very impracticable. During the last two decades and a half, international trade went up from 24 per cent of the world GDP to 42 per cent. A third of such international trade is taking place between multinationals and their affiliates. Of the 100 biggest economic entities, 51 are multinational corporations trading all over the world. Improvement in communication and transportation has made geographical distance more or less irrelevant. The openness to trade has created opportunities to tap foreign knowledge and technology embodied in goods and services, which results in high economic growth rate of the country.

Globalisation offers a host of opportunities not only for optimum utilisation of resources, availability of capital and financing, and maximisation of consumer welfare but also for acquiring knowledge and technology for economic development. Developing countries can neither afford to develop knowledge and technology on their own nor it is rational to develop on its own. Adopting the technology would be more economic and time saving. But seizing those opportunities require openness to outside world in terms of trade, investment and transfer of technology.

But globalisation has also brought in a host of challenges to countries. First, globalisation has reduced sovereign policy domain of the countries; development policies are highly affected by the global economic environment. In fact, economic policies of many countries are now made in Washington and imported for implementation.

Second, globalisation and the world-wide struggle for competitive advantage have been detrimental to environmental protection. There are fears that laboriously achieved national environmental protection standards could be undermined by imports from other countries with weaker or no environmental standards.

### **Advocates And Opponents**

- Advocates of globalisation: Emphasis on economic growth
- All can enjoy the achievements of science & technology.
- Economic & political freedom together with competitiveness bring efficient allocation of resources
- Poverty alleviation
- IMF and World Bank as prime supporters.

#### *Opponents of globalisation: Emphasis on Equity*

- Rich getting richer and poor becoming poorer
- Globalisation favours well-to-dos
- A form of colonisation that minimises the decisive role of the state
- Fuels economic inequality
- UNDP and ILO as the practical opponents

Third, globalisation creates not only opportunities but also risk and uncertainty. Recent contagion of the financial crisis in Thailand to many of the Asian countries and even some European and Latin American countries is a clear manifestation of this. It has been proved very difficult to contain the economic swings brought about by such a contagion effect with individual country policy measures.

Besides, there is possible risk in the social sector as well. If minimum social standards in manufacturing in any country are not adhered to, there can be distortions in international competition through cheap imports, a case of social dumping.

The Uruguay Round's combination of liberalisation and protectionism is also noteworthy. It is a mistaken notion that the Uruguay Round was set up to promote overall liberalisation. The main asymmetry in the Round's results was the liberalisation of those areas which are of benefit to the developed countries, while protectionism was given a major boost in the area of technology and intellectual

property rights. Ironically, liberalisation of labour services (proposed by some developing countries) has become unacceptable to the developed countries.

Consequently, the Uruguay Round has been more beneficial for the transnational corporations. Free trade has come to mean, in reality, the vastly expanded freedom and powers for transnational corporations to undertake trade and invest in most countries of the world. Whilst correspondingly, governments now have significantly reduced powers to restrict their operations; and at the same time, these corporations have "freedom" from potential new competitors whose possibilities to develop technologically are now curbed by intellectual property provisions in trade related intellectual property rights.

Uruguay Round and the conversion of GATT into formal birth of WTO have introduced some provisions on labour in the name of 'Social Clause'. This is an international trade arrangement linking export and import to basic labour standards. It implies that the commodities from a country, which does not fulfil the basic labour standards, will be restricted in international movement. The basic labour standards refer to the provisions of ILO core conventions. The issue of Social Clause in multilateral trade agreements became highly controversial. The advocates of the Social Clause are of the opinion that the present situation of labour exploitation, violation of human rights, use of child labour and gender discrimination can be overcome through moral pressure on trade relations. On the contrary, the opponents of the social clause argue that it is nothing more than a protection measures being used by rich nations in favour of their TNCs against poor nations. Because of the heavy debate, the Social Clause has been made ineffective and even been put under curtain. However, a new concept of 'Social Labelling' was raised as a proposal in international labour conference in place of social clause by ILO-DG, but it was also opposed by the third world. But the concept couldn't come to the forefront. Social Labelling, though very good at a glance in favour of labour right in the short run, was not in the interest of the poor nations in the long run. And it would serve ultimately the rich nations and the TNCs.

With globalisation, states are becoming less and less interventionist and multinational companies more and more influential. With the increase in power and profits, Companies are being called on to act 'responsibly' in the nations where they are producing and taking advantage of free globalonomy and lower labour costs. Therefore traditional way of only pressuring government to take action is not effective and efforts to initiate changes in labour conditions in developing countries through trading partners and corporations are also paid emphasis. One of such initiatives is the 'Codes of Conduct'. It targets TNCs and is mostly self-regulating. Large TNCs like Nike and Reebok are in publicity that they have honestly adopted these codes and try to assure the consumers in the North, who are conscious about how the commodities they buy are produced. But the issue of how these codes are being enforced and monitored is really critical. Equally important in this connection is the issue of Workers' Charter. The relevancy of and advocacy for the Charter has increased tremendously with the increasing speed of globalisation in order to protect the interests of the working masses.

A moot question whether globalisation has helped in reducing poverty has often been answered in negative. Even in countries with notable growth figures, the mass of the people have hardly taken any advantage from globalisation, most of the poor have still remained poor (D& C, 1998). There is now consensus that globalisation draws new demarcation lines between governments, regions and social groups, creating winners and losers. Another commonplace view is that Asia is winning and

Africa losing, although, in view of Asia's serious financial crisis, it could turn out to be only partly true. So while there is a great degree of agreement on the direct impacts of globalisation, there is deep disagreement on its causes and objectives.

Growing freedom in trade in goods and services can be expected to bring about a liberalisation of cross- border financial and capital flows. This liberalisation has long been a feature of the international economy and has led to a period of progressive economic integration. As a result, this integration has moved to a higher level, namely, globalisation. Experience with external liberalisation has underpinned domestic deregulation, while domestic deregulation has led to greater external openness. Forces developed in the international economy have compelled the governments to liberalise capital movements. These, in turn have tightened the links between national economies. Emergence of new trading arrangement in the form of WTO has expedited this process. Consequently, the world economy has entered the era of globalisation, with all its risks and opportunities.

From a national standpoint, globalisation has marked consequences. Key among these is the progressive divergence between political and economic boundaries. The nation- states to which governments address their economic policies often deviate from the economic areas in which global market forces operate. The resulting cross- border externalities and spillovers are likely to reduce both the scope and the effectiveness of government economic policy and the autonomy and power of governments in the economic sphere.

Two distinct, though interrelated, issues are raised in current debates about globalisation that reflect the impact of the crisis on the international economy. The first debate casts doubt on the view, known as the Washington consensus, of the efficient functioning of markets. The second questions the wisdom of an open system of capital movements from a national perspective. These doubts bring to the fore issues of the role of government and economic policy in the operation of domestic economies.

The option of disintegration to global order is equivalent to turning the clock back toward nationalism and thus toward a regime in which the government, as the administrator and enforcer of controls, once again becomes dominant in the economy. A second option would be to accept the constraints that a global setting imposes on national decision making and to design international norms and rules that countries would agree to respect.

A third option-which is appealing in theory but can be dismissed in practice because few, if any, governments have resorted to it- would be to entrust market forces with the tasks of ensuring both efficiency and stability. In emerging economies, markets are either imperfect or do not exist at all. In such a situation, it is imprudent to leave every problem to market forces.

Three general policy measures, namely privatisation, deregulation, and trade and financial liberalisation have been associated with globalisation. Those who support the free market oppose the intervention of the state into the economy as a producer, owner, or deliverer of services. The argument behind this that the state is never as efficient in producing goods or delivering services as a private business sector is. This is why the view supporting globalisation calls for privatisation; because without efficiency the opportunities to be offered by a globalise market will vanish.

## **Technology & Ideology**

Globalisation is actually a process continued from Centuries and Centuries. However, the speed of this fast running 'Sinkansen' is surprisingly high. The causal factor responsible for this high speed is the well-known twins:

**Technology-** unexpected improvement in transport & communication creating unbelievable contraction of time and distance.

**Ideology-** Dissolution of Soviet Union, German unification, government inefficiency and down-sizing and preference to the market economy.

Deregulation refers to range of measures, which reduce the state's role as a producer, provider of services, and promoter of social welfare. Removal of subsidies, removal of price controls, easing or removal of state regulations on business, and reduction of direct taxes are some of them. Withdrawal of subsidies and deregulation of prices tend to set the market in its normal course in an efficient allocation of resources. As direct taxes are charged on income or profits and as deregulation reduces these taxes, this encourages entrepreneurs to invest money in producing more goods and services. Similarly easing or removal of state regulations on business also gives a free hand for the private sector entrepreneurs to involve in extended economic activities.

Trade and financial liberalisation covers measures, which allow goods, services and money to move more easily across borders. The motive behind this is to make business easier internationally. Trade liberalisation is often closely linked with investment agreements and policies and governments often use trade liberalisation measures as a means to attract foreign investors. Removal of tariffs, quotas, investment ceilings and restrictions on movement of money across borders by means of introducing currency convertibility, and adoption of a more flexible exchange rate regime are some of the measures exercised in this regard.

Many economists see the need for an expanded market in this capitalist world as the main cause of globalisation, but there are other factors, too. Technological advances, especially the revolution computerisation and the collapse of the former Soviet Union and other former socialist countries are two major contributory factors to this. Computers have made the movement of information, knowledge, capital or money around the world possible in an instant. The geographical distance and time differences are hardly any barriers to such flow of information, knowledge and capital.

Trade and industrial liberalisation have also changed the global economic relationship. In fact, expansion of trade itself has been made easier by two things: (i) technological change in telecommunications and transport, global network of banking and insurance, and information flows, which have made it possible to undertake international trade much more quickly; and (ii) a number of international and regional agreements or arrangements have been established to promote and co-ordinate international trade. Liberalisation is in fact pushing the entire world to one big free trade zone, a world without borders. Uneven factor endowment has extended the activities of multinational companies. With wide-open international competition, only those companies, which are able to produce high quality at the lowest prices, are able to survive. Search of favourable factor endowment and

placement of subsidiaries accordingly have resulted in 40 per cent of the world trade to be from one transnational company to another.

Country responses to the wave of liberalisation and globalisation are varied. However, despite different names given, the final goal is a move towards free market. Austerity programmes, shock therapy, structural adjustment program (SAP), privatisation of state-owned enterprises, reduction in corporate tax rates as well as individual income tax rates, reduction in the levels of tariffs, removal of non-tariff barriers like quotas and quantitative restrictions, cutbacks in expenditure as a means to attain fiscal discipline, removal of government price controls and subsidies, exports promotion through exchange rate incentives, incentives to foreign investors by means of industrial deregulation, and moves toward labour market 'flexibility' like lowering minimum wage, relaxing labour standards, and rights to hire and fire are some of the measures introduced in this regard.

### **The Three Carriers of Globalisation**

Group I : IMF /WB /WTO

Group II : TNCs

Group III : INGOs / NGOs

## **4. The Case of Nepalese Economy**

Nepal is one of the least developed countries of the world with per capita income of little over 200 US dollars, the lowest in South Asia. The economy is historically growing at a rate of 5 per cent or less, population of the country is growing at a rate of 2.5 percent and therefore per capita income has grown by little over 2 percent. Besides, the country is beset with 42 percent of the population in absolute poverty and half of the labour force either underemployed or unemployed. The distribution of income and wealth is very uneven with 10 percent of the households enjoying 53 percent of the national income and 6 percent of the households occupying 33 per cent of the agricultural land.

The unemployment situation is equally alarming. The labour force is growing at a rate of nearly 3 percent; and current output growth can create job opportunities for not more than half of the additional labour force. If gainful employment situation is considered, the unemployment rate goes as high as 14 percent. That existing employment elasticity of output growth is very low, somewhere around 0.4 implies that each 5 percent growth of the economy can create job opportunity for only 2 percent of the labour force. In such a situation if unemployment and underemployment rates are to be reduced, either a significantly higher economic growth rate is required, or a highly labour intensive output growth strategy has to be adopted.

It is obvious that the present economic growth rate of not more than 5 percent on average against the population growth rate of 2.5 per cent would take some 24 years for per capita income to double. Such a slow growth in per capita income is very unlikely to reduce the intensity of absolute poverty clutching nearly half of the

population. Unless the economic growth rate is reasonably high, alleviation of poverty and reduction of unemployment problem is a very difficult task.

While talking about globalisation, we must understand that the national economy has not even internally integrated. Market institutions and forces are yet to emerge in a competitive way. Nearly half of the population lives in absolute poverty and illiteracy. More than 80 per cent of the population earns livelihood from agriculture, which, however, constitutes only 40 per cent of the country's national income. For want of proper planning process, commitment, accountability, and integrity of the government, and lack of people's participation in development activities, forty years of planned development efforts to solve these problems have been little successful in their objectives.

In an attempt to globalise the national economy, the government, elected after the restoration of multiparty democracy in 1990, went for an open, liberal and private sector led economy. Trade, investment, foreign exchange, financial and industrial sectors were subsequently deregulated, de-licensed, and privatised. Although the euphoria brought about by economic liberalisation resulted in a satisfactory performance of the economy for a few years, the so-called success was soon over. Hasty liberalisation and improper sequencing of globalisation measures subsequently resulted in slow down in industrial activities, low economic growth rate, and worsening income distribution.

Opening up the Nepalese economy to the global order in early 1990s created much room for foreign borrowing along with widening market for domestic products. As exports of the country went up by five folds, so did the foreign debt of the government. From less than 37 per cent of the national income in 1990, foreign debt swelled up to 56 per cent in 1998. Part of the surge in debt is due to devaluation of the Nepalese rupee, somewhat wrongly exercised as a tool of export promotion following the outward orientation of the economy.

The transition from controlled to market oriented development policies dismantled the existing institutions without creating the market based ones. The vacuum in development strategy led not only to severe stagnation but also a great deal of policy confusion. Now, those who once advocated economic liberalisation, privatisation, and globalisation policy measures with great enthusiasm are backing out. Implementation of value added tax resulted in confusion. That many of the privatised public enterprises did not deliver expected result and also that the report of the Auditor General pointed out the impropriety in the valuation of assets of the privatised enterprises. The failure of privatised enterprises to deliver expected result must have been an eye opener to those who think privatisation as the end rather than a means to attain broader economic goals. It is in this context that we have been insisting on selective privatisation to strike a balance between private sector development and state responsibility in uplifting the status of the population engulfed in absolute poverty.

### **Poor in Research- Rich in Publication**

Globalisation in Nepal has always been a subject of heavy discussion and debate – one side in favour of and the other against it. Globalisation in Nepal has been linked to economic liberalisation and its history is traced back to the initiation of SAP in 1985 under the guidance of IMF and WB. However, it is interesting to note that less real research and high flow of publication on globalisation has been observed.

If the experiences of East Asia, South Asia, China, Russia, and some of the Latin American countries is any indication, a big bang approach to liberalisation often fails just because it dismantles all the existing institutions and safety-nets without necessarily creating market based ones, and thus exposing the weak and vulnerable class to the mercy of market. But it has also to be realised that liberalisation has been a reality of the global development paradigm, and liberal economic policies tend to be a part of the multiparty political system we are exercising. Thus the best option would be a gradual process of liberalisation and globalisation for the benefit of the country in terms of efficiency, adoption of new technology, inflow of capital, and expansion of market. But it should not necessarily displace domestic entrepreneur, domestic industrial base, domestic savings and existing social safety nets.

#### **Why Economic Liberalisation and Globalisation is opposed in NEPAL?**

- Poverty aggravated further instead of reduction
- Gap between rich and poor further widened (lowest 20 % consumes 8% and highest 20% consumes 45% of national income; moreover, in Kathmandu the highest 20% consumes 90%.)
- Inflationary pressure on prices
- Foreign dominance in decision-making
- Failure of privatisation programme
- Urban-centred development
- Insufficient investment in social sector
- Further marginalisation of backward communities, women, children, and old and disabled people

### **5. Nepali Private Sector: Diverse Appearance**

Private sector implies market economy and market economy refers to the interaction of demand and supplies determining prices, competition and free entry and exit from the market. Our economy is assumed to be a mixed economy, but there is confusion to the extent of the public-private mixture. It is reflected by the fact that economic liberalisation in Nepal has been applied in a direction to minimise role of public sector rather than to develop private sector. As for example, privatisation is based much on frustration generated by inefficiency of state-owned enterprises rather than a hope for private sector efficiency. The past dominating role of government was basically due to:

1. Reluctance of the private sector
2. Inability of the private sector
3. Non-desirability of private sector.

#### **Common concerns of Nepalese business community**

- Foreign businesspersons are gradually displacing the nationals, as corruption prone beaurocracy is much more congenial to them.
- No full guarantee of property rights has shaped a negative way-out of tax evasion and fake accounts.

- Foreign direct investment is still looked upon with suspicion and no effort is made to distinguish foreign investors and tourists.
- Labour Act and Trade Union Act are worker-oriented and hence foreign migrant workers are substituting the native workers.

In general, private sector in Nepal has a trade-oriented character rather than an industrial character and hence it is reluctant to bear high risks, but seeks to harvest larger profits from a short period investment, often small amount of share capital & big volume of institutional loans. Secondly, private sector is in the form of family groups that has recently taken a shape of 'Business Houses'. While analysing these family groups & Business Houses, it is necessary to understand the domination of caste and ethnicity. The major groups are of Newar, Marwari, Manange, Sherpa and Thakali. In addition, private sector in Nepal has the following character:

- Lack of professional managers
- Protection-habituated and low competitiveness
- Limited diversification
- Lack of transparency
- Cartelling and syndication

Private sector in Nepal has to be analysed and evaluated on the basis of trade, industry, foreign investment, government deregulation and activities and role of Big Business Houses.

Major problems in this regard can be categorised into three points:

- A choice is to be made between underdeveloped private sector and inefficient public sector and hence terms like demand, price and supply have become a matter of secondary importance where there is 'no market' condition.
- Co-ordination between market and government is required instead of market vs. government. In our case, the government is behaving not in resemblance with market and the underdeveloped private sector is trying to behave as the government.
- Problem of co-adjustment among the complicated factors like open border with India, tariffs & customs duties and the protection of national industries.

Naturally, the outcome of the privatisation of public enterprises in Nepal is frustrating as reflected in the report of Auditor General:

- During the process of privatisation, the public enterprises were undervalued by 29.28% which has resulted into a loss of Rs. 250 millions
- A total amount of Rs. 162 millions has not been collected by the government from the buyers, of which 50% is interest and fines.
- Up to now the government has acquired Rs. 721 millions from the privatisation of the 16 PEs, but 51% of this amount has gone as the privatisation expenditure.

## **6. Character of Big Business Houses and Capital**

As mentioned above, Nepalese economy is characterised by a few business houses in trade, industry, and business. More than 140 companies or firms are run by 8 business houses with an average of 20 companies per group. Those who own industry have also trading firms for exports and imports. Now, they operate even banks and finance companies for their own financial needs. They have also been able to collaborate with the foreigners and many joint venture investments revolve around these business houses. So much so those privatised public enterprises are also undertaken by them. In the absence of anti-monopoly act, privatisation of public enterprises has converted state monopoly into private monopoly. These business houses have been able to enjoy most of the commercial bank credit. It is estimated that about 25 business houses have borrowed more than Rs 15 billion annually from the banking system with a credit liability outstanding at nearly Rs. 12 billion. This is nearly 20 per cent of the total outstanding bank credit to the private sector.

Nepal has made a great endeavour for inviting foreign direct investment. Industrial de-licensing, reduction of tariff and corporate tax rates to the South Asian standard, opening almost all areas for foreign investment, introduction of Foreign Investment & Technology Transfer Act with the provision of non-nationalisation of industries, full repatriation of investment proceeds, and liberal visa arrangements, to name a few, have been provisioned. One window policy has been introduced to address all procedural, infrastructure, and tax related hassles.

Following this, there have been responses from the foreign investors. Till the end of 1998, the number of foreign direct investment (FDI) projects have reached 494 with total approved investment of Rs 60 billion, FDI investment of Rs 13 billion and expected job creation for nearly 72 thousand persons. Of the FDI, most (51 per cent) are in manufacturing followed by tourism (25 per cent). Although 34 countries have invested in Nepal, more than one-third (35 per cent) of the FDI has originated from India followed by USA (18 per cent) and Norway (7.5 per cent). However, the annual flow of FDI is not more than Rs 1 billion. This has called for reinforcing foreign investment policies and programmes.

Big Houses have started to diversify their investment in co-operation with foreign investment and have expanded their business status as Joint Ventures. However, it is difficult to acquire information on their total investments, their holdings and positions in different companies and employment situation in their establishments.

## **7. Labour Issues: Past and Present**

For a considerably long period, labour issues had been neglected in Nepal. With the establishment of some industries in mid '30s, the need of the formulation of industrial and labour policies had to be taken into consideration, but it was not realised even after the first historical labour unrest and strike in Biratnagar in 1947. Very late in 1959, the Factory and Factory Workers Act came into existence which was progressive at that time. But in 1960, along with political parties and organisations, also the trade union organisations were banned along. Consequently, because of the missing role of trade unions, government and employers' organisations could not become effective in this regard. As a result, no other social actors had had an environment to contribute on labour issues.

However, gradual improvements in course of time continued somehow. Initially, Ministry of Industry worked on labour issues. In 1981, Ministry of Labour and Social Welfare was set up. But for many years, the Ministry could not even design and identify its role. Some laws were introduced like Bonus Act 1974, Industrial Apprenticeship Training Act 1982 and Foreign Employment Act 1985. Similarly, ILO Conventions concerning discrimination (No. 111 ) & minimum wages ( No.131) in 1974, equal remuneration (No. 100) in 1976 and weekly rest (No.14) in 1986 were ratified by HMG.

With the reestablishment of multiparty democracy in 1990, labour matters became important agenda. Formulation of laws, ratification of ILO Conventions, restructuring & redesigning labour administration, participation of trade unions in policy matters, beginning of tripartite consultations and action against unfair labour practices have been seriously taken into attention. It is interesting to note that labour policy matters in Nepal have come in the forefront with intensifying economic liberalisation & globalisation. Thus, within the short period of eight years (1990-1998), various improvements have been observed. In this process, social actors other than the three social partners, also came in the forefront with their contributory roles.

After 1990, three more ILO Conventions have been ratified - concerning tripartite consultations (No.144) in 1995, minimum age for employment (No. 138) and right to organise and collective bargaining (98) in 1996. Similarly, at present, trade union demand for the ratification of ILO Conventions concerning right of association (No. 87) and forced labour (No. 105) is almost fulfilled and government has completed its preparatory works.

As a provision of the Nepal Factory and Factory Workers Act 1959, minimum wages for four categories of workers – unskilled, semi-skilled, skilled and highly skilled – were fixed by HMG for the first time in 1965. The minimum wages were revised later in irregular intervals. It is only after the enactment of Labour Act 1992, truly representative tripartite minimum wage fixation committee revised the wages in 1997.

Now the relevancy of four categories of minimum wages has become outdated. Both employers' organisation and trade union confederations are of the view that there should be a single floor level national minimum wage. In addition, trade unions are in favour of sectoral minimum wages above the national minimum. However, present enforcement mechanism of minimum wages is not satisfactory.

Exploitative working hours, unhealthy workplace, occupational diseases, negligence in safety measures, harassment including sexual one, nominal paid leave facilities, lack of child care centres, lack of incentives etc. are predominant factors in our enterprises. The situation is even worse in the informal sectors of employment. Lack of awareness and fear of job loss put restrictions on workers. Still we are in the early phase of awareness building, but simultaneous implementation and monitoring is also necessary.

Unfair labour practices have been visualised mainly in the form of women workers, bonded workers, child workers. Fortunately, all the actors have been responding positively against unfair labour practices. Together with the government organisations, employers' and workers' organisations, NGOs, INGOs and other actors have been active in this field. Multidimensional activities are being undertaken against unfair labour practices.

Research and studies on labour issues are very few and is a neglected part. But recently some initiatives have been taken through government and non governmental agencies like Ministry of Labour, Department of Labour, FNCCI, trade unions, CWIN, INSEC, NEFAS and NLA. Contributions of ILO, UNICEF, FES and various INGOs are also important.

Before 1990, workers generally viewed employers as their masters and also their enemies. Similarly, the employers and managers normally used to look at the workers as their servants. They did not imagine to stand on equal footing. Thus the private sector was in traditional feudalistic norms. It can be easily concluded that the previous approach of the two parties was more of a confrontationist approach. Now after 1990, a new era has begun and evolutionary and mutual cooperationist approach started to displace the former. Fora started to be built to open and strengthen the channels of communication between the two parties and the government. A new era of joint work for the common goal of industrial peace, greater efficiency and high productivity started to take place at least at policy level. To translate it into practice at enterprise level is definitely takes time This improvement is the outcome partly of economic liberalisation and partly of democratic exercise and open environment in the country.

As environment became inspiring, Labour Act 1992 could incorporate sound legal provisions for national tripartite consultative mechanism:

1. Under this, the major is the provision of Central Labour Advisory Committee (CLAC). It functions as an advisory and recommendation providing body for strategic purposes like preparation and formulation of policies and laws in the field of labour.
2. The second is the Labour Management Committee which works in enterprise level to create mutual understanding and co-operation between management and workers and serves technical purposes.

CLAC has been successful in amending the Labour Act 1992 and Trade Union Act 1993. Similarly, it has been successful in fixing minimum wages in 1997 through Minimum Wage Determination Committee in a good understanding – a high rate increase of minimum wages ( 30 % in basic wage and 11 % in dearness allowance for unskilled labour ). The CLAC has constituted other tripartite bodies for specific purposes such as National Labour Policy Drafting Task Force. The CLAC can address and review everything in labour sector and hence is a powerful body.

Secondly, another policy level achievement is the first historical Labour Conference and its Declaration in the form of a tripartite consensus. In policy level, the Declaration has made consensus and provided guidelines in almost all contemporary issues, which can lead industrial relation for many years to come as it has given a sound policy-base and policy-structure.

However, Understanding has not been very difficult, but implementation aspect has been under serious negligence of management and government. So, every time in the negotiations, agreements and understandings, the same points have been found repeated. Therefore it can be concluded that honest implementation of the commitments is an urgent need today.

## 8. Impact of Globalisation: a Labour Perspective

Liberalisation, structural adjustment, and privatisation as a process of globalisation have had the following impact in the field of labour:

1. With the process of liberalisation and globalisation, the employment opportunities for cheap labour became intensified in various countries, as a result export of labour became important in our case, too. Nepalese workers in foreign employment abroad in East Asia and South East Asia is an example. The shift of employment from foreign military service to different sectors of work is a distinct change.
2. With the new Industrial Enterprise Act, protectionism in industry has been removed and foreign investment is permitted to act freely. MNCs have entered both in joint venture and on their own. On the surface, it seems that the employment opportunities are multiplied, but actually, the MNCs are capital intensive. It is comparable that MNCs have created 1 employment per NRs. 500,000, whereas other industries in Nepal create 1 employment per Rs. 90,000. Moreover, the cottage and small scale industries have created 1 employment per Rs. 10,000. Thus from the employment point of view, MNCs are not much fruitful, because their existence have made small industries to collapse causing more unemployment indirectly.
3. Competitiveness, in the real sense, has increased and skill & technological adjustment has become more essential to the workers. It has good impact on labour productivity. As exports have become extremely important with the introduction of economic liberalisation, productivity issue has become a central point in recent economic activity.

### Market Orientation Vs Human Orientation

The process of capital globalisation hits job security through casualisation as it changes employment pattern and informalises the formal sector. The process has emphasised market orientation and always neglected human-orientation. Consumerism has expanded rapidly even to the remote rural areas. And hence, present consumption emphasis & present income-at-hand have been made more attractive. Thus globalisation is constantly hitting hard to the social security sides of workers' lives leaving them without permanency of job with no old age benefits and no social security network. Looking from the other angle, thus globalisation has created a high voltage demand for the urgent need of social security.

4. With increased Indian investment, use of Indian labour in manufacturing and service sector has become more visible. On the basis of wrong analysis that Nepalese labour is unskilled & less productive, Indian labour is employed to a large extent, causing more unemployment to Nepalese workers. Similarly, the self employment opportunities in urban and semi-urban areas are also snatched by Indian labour.
5. The privatisation policy, before and after the introduction of Privatisation Act 1993, has proved to be a blind one. Without overall exercise & homework, sixteen public enterprises have been privatised, but it is found that 50% of the employees gradually lost their job, whatever had been the security provisions in the agreement. After privatisation, most of the privatised enterprises could not run efficiently, some already closed down. Although mass retrenchment is non existent, slow group retrenchment has been

observed. Looking at the other side, in every enterprise in public sector, industrial relation is under full heavy conflicts – both at pre-privatisation & post-privatisation stage. Other PEs which are not in the list of immediate privatisation, have also faced conflicting industrial relation because of the fear of job loss and adverse psychology of employees.

6. In order to downsize the government in spite of privatisation of PEs, compulsory retirement to the government employees and 'golden handshake' policy of voluntary retirement to the PE employees have been put forward. Efficient and experienced employees have thus been lost on the one hand and most of them have become unproductive and insecure in the untimely retired life on the other hand because of the lack of alternative employment. As a result, the psychology of working employees has also depressed.
7. With the adoption of new policies of liberalisation and globalisation, informalisation of formal sector has become intensified. Labourers in contract and basically the piece rate wages have been popularised all over the world. In Nepal also, carpet industry has shown the trend of informalisation visibly. Subcontracting of work by exporting enterprises to small factories (mainly home-based family-based factories) and subcontracting of labour in large & medium level factories are widely increasing. Sexual harassment to women workers has increased with such practices.

The proportion of permanent workers has gone sharply down in carpet industry. In order to cut labour cost, this practice of work-subcontracting and subcontracting of labour is gradually expanding to other sectors as in garment, construction and hotel-restaurant services (particularly in security service).

8. State has now tried to escape off from various previous functions and to adopt the role of a facilitator. Therefore, bipartism has been given more emphasis and hence even in the tripartite forums, government side is trying to have a passive role in the name of neutrality. This, too, strengthens hands of employers rather than the weaker working section of the Nepalese society.
9. In Nepal, social security system is almost non-existent and its coverage, too, is very limited. On the other hand, government has shown a tendency of cutting its social expenditure, welfare expenditures as well as expenditures in education and public health. This ultimately will affect adversely the working population and will aggravate the use of child labour, commercial sexual exploitation of working family females and other types of unfair labour practices.
10. Although there are no Free Trade Zones or Export Promotion Zones where normal labour laws do not come into effect, efforts to chase out unions from the labour market has started. Harassment to the union members and union leaders is frequent in various enterprises. In policy level, there is no problem, but in enterprises, management tries not to have unions through different unfair measures in an indirect way. In formal forums also, the voice of employers for 'hire & fire' and for 'factory close-down as human right' is frequently witnessed.
11. Problem of unemployment is more aggravated because of the returning of the large number of Nepalese migrant workers who were previously working in South Korea and East Asia. Economic crisis of South East and East Asia has made our foreign employment possibilities very weak for the time

being. On the other hand, foreign migrant workers are working in Nepal without any effective restriction or work permit.

12. Women workers have been the first sufferers of globalisation in Nepal. Mostly whether in formal or informal sectors of work, women workers are treated as marginal workers. So they have lost their jobs as the immediate effect. Commercial sexual exploitation within the country and outside has increased more visibly.
13. Because of high unemployment and Indian labour inflow, the enforcement of minimum wages has become extremely difficult. Because of the 'job loss' fear, workers generally accept the wages lower than the minimum wages and also the intolerable working conditions.
14. Lastly, the indirect effect is on agricultural workforce. Because of liberalisation and policy shifts, land reform has not remain a national agenda in the real sense for the government (whatever is said in a lip service), and hence neither with a distributive nor with a productivity point of view, land reform has been launched in practice. Therefore, access to land and natural resources for the weaker sections of Nepalese society has become extremely difficult. Landlessness has increased and thus the quality of life has sharply gone down. Urban areas have become crowded with jobless masses.

Looking from the other angle, the role of Big Business Houses, before and after the introduction of the policies of liberalisation and globalisation, is definitely highly influential in employment and other aspects of the working community. The nude anti-union policies of big houses before 1992 have gone under cover afterwards. The big house influence reflects itself basically on:

- Harassment to the union leaders and members.
- Yellow union favouritism.
- Voice for the legalisation of hire and fire policy.
- Informalisation of formal sector by subcontracting of work.
- Emphasis to the home-based works.
- Declining labour intensity of output.

## **9. Labour law in New Perspective**

Although the labour laws in Nepal have been formulated and enacted recently, our socio-economic backwardness is reflected in it in the sense that various essential and progressive provisions are still not included therein. Effort has been centred to formulate a labour law to include workers of all sectors, but, in reality, it is incomplete for every sector. The Labour Act 1992 is formulated keeping in view only the formal sector workers and hence the huge workforce of the country in unorganised informal sector has been excluded and neglected. Moreover, the weak labour administration and government mechanism has been found ineffective in the implementation and enforcement of a number of provisions of the law. Even the minimum wages determined by the tripartite Minimum Wage Fixation Committee have not been enforced widely and effectively. Clear and complete provisions are still lacking in connection with methods and mechanism for the enforcement of decisions and of collective agreements reached under the law. In the absence of systematic, concrete and dynamic labour policy, labour legislation in Nepal has not been able to address the problems and issues in this regard. Therefore urgent need is to formulate, amend and extend the coverage of the labour laws in a simple, adequate and comprehensive manner.

Because of the increasing speed of liberalisation in our country, threat to the interests of the working masses has increased manifold. The job-security and employment-security are heavily endangered. Formal sector, too, is being informalised through the subcontracting of work and subcontracting of labour. In the name of gaining competitiveness, cost minimisation and comparative advantage in international trade, the responsibility of sacrifice and the entire burden is hastily being shifted to the workers. Unfortunately, the government is facilitating the market instead of shouldering its social responsibility for the working masses. This tendency is mainly visualised in carpet and garment industries, the major export sector in Nepal. But legal provisions do not protect workers in this condition.

## **10. Social Security: Existing Scenario**

In countries like Nepal, mass poverty has been a common phenomenon. Without strong, well-determined and committed but selective state intervention, returns of the economic growth and increased productivity never go to the weaker sections of the society. State protection of workers both in formal and informal sectors through labour law, strict enforcement and other socio economic measures is inevitable in Nepal. The most important is the social security system in this connection. Through social security measures and wide network and coverage, government can play vital role in this regard. But the scenario in this respect in Nepal is quite frustrating and gives a gloomy picture.

In Nepal, wage structure is very weak and limited. Incentive earnings are very few and limited to a few enterprises. Fringe benefits like residence facility or allowance, Medicare, educational facilities for the children, transportation, ration, child care centres, entertainment, life insurance, credit facilities etc. are limited to a few establishments and are far from the access of the workers of most of the industries and services. In short, additional to the basic wage/salary are negligible. Wage indexation is also a dream like element in our realities. Therefore, social security system has become more relevant and urgent in our case. A combination of social welfare and social security covering the whole working population can combat the problems created by acute poverty in our country.

### **Existing Provisions**

#### **Government sector:**

*Government employee* - Provident fund, gratuity, pension and a few other provisions.

*Arm force & Police*- Provident fund, gratuity, pension, ration , Medicare and many other provisions.

*Public Enterprises* - Provident fund, gratuity and some other provisions but no pension in most of the cases.

#### **Private sector**

*Small enterprise* - Almost nothing

*Sizeable enterprises* - Some measures like provident fund and gratuity

*MNCs, Joint Ventures & Big Houses*- Provident fund and gratuity but trying to substitute security measures by injecting more income-at-hand with simultaneous casualisation.

A few provisions of social security have been included in the Labour Act 1992. Among them are sick leave, maternity leave of 45 days, workmen's compensation, provident fund and gratuity as the old age benefit, and some OSH provisions. Besides, Child care centres, canteen and welfare officer in every enterprise are other provisions. But this Act covers the establishments with more than 10 workers & the industrial estates and hence too limited in its coverage. Moreover, the responsibility of these provisions is solely left to the employers. The schemes of social insurance or security based on funds created by the tripartite contributions of workers, employers and the government are non-existent. Thus, we are in a phase of infancy with regard to social security.

An initiative was taken by UNDP/ILO in Nepal to establish and extend social security system under a project 'Social Security Planning and Administrative Reform'. It was a good research producing fair recommendations. As a result, the Ministry of Women & Social Welfare is trying to develop 'National Pension Scheme'.

The present labour law has not visualised the high positive effect of social security in productivity improvement. Outside the organised sector, nothing mentionable can be found in relation with social security or welfare. The single provision through annual budget is the provision of Rs.100 (USD 1.5) per month as the old-age allowance for the senior citizens above the age of 75 years and widows above 65. The Non Government Organisations are active to extend social welfare measures among the disabled persons, but organisations active for the social security of working population are not in existence. Trade unions have raised voices strongly for social security, but most of them have not launched any scheme on their own. General Federation of Nepalese Trade Unions has started an emergency fund scheme which might be considered a milestone in this respect. The scheme has become highly popular among its members. Similarly, Independent Transport Workers' Union of Nepal (one of the GEFONT affiliates) has been able to operate Accident Fund successfully for its members.

Anyway, revision of labour law in order to establish a system of contributory social security fund and to launch various schemes is extremely necessary. It is important also for the effective alleviation of poverty. The existing labour law has not tried to establish any system for social security. There are no provisions on occupational diseases. The provisions are specified in accordance with the degree of disablement and the injury in connection with workmen's compensation, but these provisions are salary-based, not based on age factor. Loss of earning capacity must not be tied only and strictly with wage/salary, which is a serious lacuna in the existing provisions of Labour Act. Similarly, the present legal provisions treat gratuity and retrenchment compensation as alternatives to one another. It is a wrong understanding and needs to be corrected.

## **11. What Now ?**

Thus well-organised social security system in Nepal is inevitably important in order to enter 21st Century and to face the negative effects of globalisation. For the purpose, a sound labour law structure in combination with labour-friendly socio-economic policies and measures are essential at present.

Finally, it is to be noted that the policies of liberalisation have caused deductions in social expenditures. Even state expenditures in education and public health are being curtailed, at the same time the burden of the foreign debt has constantly increased. Hence, the hardships and difficulties of the working population have

increased tremendously. The major consequences have been observed in the deteriorating living standard. Since the market deregulation has removed restrictions on prices, cost of living has increased. On the contrary, real wages and hence the real incomes have declined. Thus, one-way emphasis to productivity is practically insufficient to solve our problems and redistribution through sound labour legislation and comprehensive social security system is the requirement at present. It is also relevant in the sense that a shift of power from state to Big Business Houses is being rapid visibly as well as invisibly.

To sum up, in order to face the challenges of globalisation in favour of working population, In addition to social security network and readjustment of labour laws, due emphasis is essential to be paid on following entries:

- Measures for employment generation and to increase labour intensity of output.
- Minimisation of unfair labour practices and protection of women, children and young persons
- Fixation of working hours and national as well as sectoral minimum wages.
- Wage indexation to withstand the ever increasing cost of living.
- Prevention from forced labour and non discrimination.
- Freedom of association and collective bargaining fully free from any restrictions
- Provisions on occupational safety, health, and maternity.

## Day One: National Issues

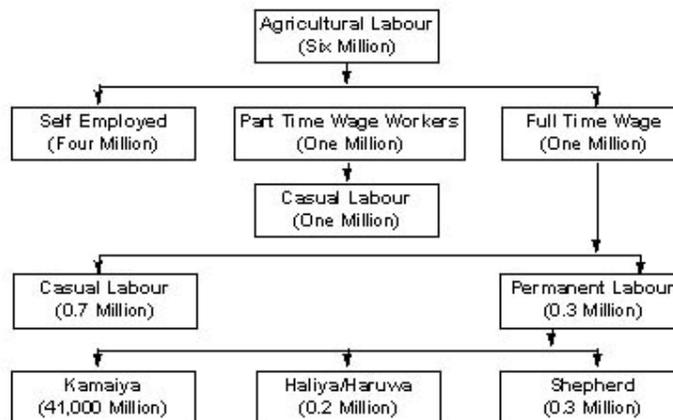
# Informal Sector Labour In Nepal\*

By Dr. Shiva Sharma

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## 1.1 Farm Labour In Nepal

Agriculture is central to the employment issues in Nepal. It provides direct employment to six million labour force which is four-fifths of total economically active population. Four million labourers are self employed, and two million work as wage labourers. Almost half of the wage workers are part-time workers, they come from marginal and small holdings. And one million labourers are full time farm wage workers. These workers are landless and subsist on wage income. Out of every 10 full time wage workers, 7 work as casual workers and 3 work under permanent labour relationship (Chart 1). Information on labour engaged in other informal wage work such as rural construction, portering and petty business and trade is scanty. Yet, Agriculture Census of 1991 report that as much as 1.4 million labourers are engaged in such non farm activities part time or full time. As in the case of farm workers, the Census, however, does not allow to segregate the figure into wage workers and self employed.



Source: Sharma (1996), Sharma and Thakurathi (1998)

The underemployment problem is massive among agricultural labourers because of slow growth in farm and off-farm employment opportunities. The extent of underemployment is acute among 70 percent of farm holders who own below one hectare farms. Poverty in Nepal is a rural phenomenon; and landless and small landholders constitute the bulk of poor mass.

The extent of underemployment among farm wage-workers is presented in Table 1. Because of lack of data the table, however, does not include information of farm wage-workers who do not own cultivated land. There do not exist employment

information on landless households who number as much as one million compared to 2.7 million farm households. Among the farm households, less than one-third of labourers are reported to have been engaged in gainful work for more than six months. Rest are reported to work for less than six months. Ironically, the largest proportion (35.5%) of the work force gets employed for the shortest period of time. On the contrary, lowest proportion (13.3%) of such work force is employed for the longest period of time. The situation of landless workers can be expected to be worse as they do not have their own land to work in.

**Table 1: Farm Wage Workers (with land) and Work Duration**

Regions/months	Wage Workers ('000)	0-3 months	3-5 months	6-7 months	8 or more months
Mountain	90	53.2	37.0	7.2	2.6
Hills	444	47.6	35.6	12.5	4.3
Terai	466	20.5	30.7	24.9	23.9
Nepal	1000	35.5	33.4	17.8	13.3

Source: Calculated in Sharma (1996) using CBS (1992)

## 1.2 Farm Labour Relationship

Farm wage labour relationship in Nepal is varied. Majority of farm holdings (64%) use own household labour or exchange labour for farming. About 30 percent of total farm households supplement family labour with casual labourers hired as and when necessary. About 5 percent of total holdings hire permanent labourer for farming purposes and for animal herding. Use of permanent labour is relatively high in the Terai districts. Of total permanent farm labourers, 3.4 percent are in mountain districts, 30.5 in hills districts and 66.1 in the Terai districts (Table 2). About 4 percent of farms in Nepal use permanent labour. In the Terai, about one-tenth of farms employ permanent workers. In the hill districts, less than three percent of farms have incidence of permanent labour.

**Table 2: Distribution of Farm-holdings by Type of Labour Relationship**

Region	Farm Holdings	Percent of Holdings Using					Total Permanent Labour (number and %)
		Own Labour Only	Casual Labour Only	Casual and Permanent Labour	Permanent Labour Only	Permanent Labour/Farm	
Mountain	260712	70.0	27.9	1.1	1.1	1.9	10898(3.4)
Hills	1357720	69.5	27.7	1.8	1.0	2.2	98570(30.5)
Terai	1117818	56.9	34.1	7.0	2.1	2.1	213615(66.1)
Total	2736050	64.4	30.3	3.9	1.4	2.1	323083 (100.0)

Source: Calculated in Sharma (1996) using CBS (1992)  
Note: Figure in parenthesis denote percentage of the total

The permanent labour relationship in agriculture constitute labour hiring for two purposes. An overwhelming proportion of permanent labour work as farm labour. A smaller proportion work as animal herders. Farm workers are popularly know as Haliya, Haruwa, Kamaiya and Jan. The animal herders are known as Gothala,

Charuwa, Gaibar, Bhainsbar or Chegar. These relationships are known by different names in different part of the country, and are believed to differ in terms and conditions of relationship. Kamaiya form of permanent labour relationship is in practice in mid and far western Terai districts of Dang, Banke, Bardiya, Kailali and Kanchanpur. The system is also believed to be in practice in some pockets of Kapilvastu, Rupandehi and Nawalparasi districts. However, not much information is available on the prevalence and characteristics of Kamaiya system found in these latter districts. Sharma and Thakurathi (1998) has recently documented that Kamaiya system is in practice in these districts. The study has also characterised the system, and the findings indicate that there is not much difference in practices there and in the other five districts.

There are about 4000 permanent farm labourers per district in Nepal. The number varies by region. In Terai, the number of such labourers is 10,000 per district, while in the mountains it is less than 1000 (Table 3). About 5 percent of total farm households employ permanent labourers. In the Terai almost 10 percent do so, while in the hills and mountains less than 3 percent employ permanent labourers. These households employ two permanent labourers in average (Table 4).

**Table 3: Number of Permanent Farm Labour by Region**

Area	Male	Female	Total Permanent Labour	Permanent Labour per District
Nepal	230282	71392	301674 (100)	4022
Mountains	6335	4110	10445 (3.5)	653
Hills	61197	21820	83017 (27.5)	2129
Terai	162750	45462	208212 (69.0)	10411

*Note: Figure in parenthesis indicates percentage of total permanent labour.*  
Source: Calculated from Sharma (1999).

### **1.3 Permanent Labour Relation in Hills and Terai: Characteristics**

There is a tremendous variation in permanent labour relationships. Information from Dhanusha and Saptari in east and Bardiya in west Terai are presented below. In the table, information from hill districts of Kavre and Dailekh are also included. It can be seen that bondage emerge from different sources in different districts. In the Kamaiya districts and in hill districts, debt bondage seem to be common. In the Terai districts under Haruwa system, bondage emerge in the form of reduced wage and tying up of family labourers.

### **1.4 Distribution of Permanent Farm Labour by District**

Distribution of permanent labour by district is presented in Annex-3. Labourers in this category include those working under Kamaiya, Hali and Haliya systems. Districts having more than national average at 4022 permanent labour are presented in Table 5. Out of 22 such districts except Kavre, Darchula and Palpa, all other districts having high incidence of permanent farm labour are the Terai districts. To the extent that "unfree" labour relationship is one of the features of permanent labour system, the districts enumerated in the table deserve priority for making relationship "free" and humane.

In Kailali, Bardiya, Baki and Dang districts, majority of permanent labourers are from the Kamaiya system. In other districts, they are probably working under Hali/Haruwa system. Interestingly, Kamaiya system so far has attracted attention of unionists, activists, and academicians. Hali/Haruwa system has been least researched and remains out of sight of human rights and labour rights workers. The data in the table indicate that Kamaiya centred approach is but partial is the objective is to address "unfree" labour relationships.

**Table 4: Characteristics of Permanent Labourers by Districts**

Type of Contract	Freedom to Sell Labour	Freedom to Choose Employment	Freedom of Movement
<b>Dhanusha/Saptari</b>			
1. Farm Servant (Nauker)	a. For one year has to work for the same employer b. Is paid annual wage: 16-24 mond. c. Takes meal in employers' house	a. Within contract period no such choice	a. Can change employer after contract expires b. If indebted, can change employer by arranging the payment of debt.
2. Jan/Janauri (Kaccha Harwaha)	a. One year contract b. Can not sell labour when employer has works to be done c. Household members also can not sell labour when employer has works to be done. d. Is provided 5 Katha farm land in half-half crop basis e. All get wage for worked day. f. Wage rate is uniform at 2.5 to 3 kg. per day. While in peak season, market rate reaches 5 to 6 kg. of paddy. g. If contracted for few months, crop advance is paid in tune of 3 to 5 monds over and above the wages. Locally know as "Janeuri". This occurs when land is not provided.	a. Free to chose employer only when employer do not have work to engage	a. Can change employer after expiry of contract. b. In slack periods, can leave the village generally to India for few months. In his absence, the family members have to perform required jobs (and are paid).
3. Harbaha	a. One year contract. b. Can not work for others. c. Household members also can not sell labour when employer has works to be done. d. Is provided 12 to 14 katha land. All production belongs to him. This is total wage. Daily wage is not paid. e. Family members are paid for work days. f. All farm and related activities are to be performed. Hence, employed throughout the year.	a. Within contract period no such choice. b. Family members are free to choose employers only when there is no work in employer's.	a. Can change employer after expiry of contract. b. If indebted, can change employer by arranging the payment of debt.
<b>Bardiya</b>			
1. Bigha-Kamaiya	a. Roughly for every 3 to 4 Bigha land one Kamaiya. b. Is allotted 0.5 Bigha land, and produce from that land is his wage. c. Is also paid 6 to 7 quintal for food (called Masura).	a. Not free during one year contract period.	a. Can not leave employer in-between, or can not harvest in allotted land. b. Family members can seek job on their will. c. If indebted, can not leave without paying the debt.
2. Thekka (Bhutti) -Kamaiya	a. Fixed amount payment for annual contract. Usually 10 to 12 quintal rice. b. If wife (or female member) works as Bukrahi, then joint wage is 15 quintal. c. Is also paid 6 to 7 quintal for food (called Masura). d. Generally, other family	a. Not free to choose during contract period. b. Bukrahi is also not free.	a. Can change the employer after contract period. b. If indebted, can not leave without paying the debt. c. If prospective employer pays debt on his behalf, the debt gets transferred to new employer. Such

	members: wife and children are required to work with employer. Child labour gets paid 2 to 4 quintal per annum.		transferred debt is called "Saunki".
<b>Dailekh/Kavre</b>	a. "Hali Doko" is given in tune of Rs 10 to 12 thousand. No interest is charged. But has to work till the sum is not repaid. b. As wage, fixed amount: one to two muri grain is paid annually. c. Family members have to do farm work when needed without pay. (Generally planting and harvesting job). d. Hali does ploughing (in general).	a. Once under "Hali Doko" arrangement, is not free. b. When there is no ploughing job in employer's, can work for other.	a. Unless "Hali Doko" is paid back, has to continue work. b. When ploughing job is not there, can seek casual work. c. Family members can seek casual work when planting job is not there.
1. Hali			
2. One crop contract	a. Fixed amount is paid for ploughing for one crop. b. Family members are not included in contract; and hence are free to seek job.	a. After ploughing job finished, is free to choose employer	a. Can change employer after crop contract is finished.

**Table 5: Districts With High Incidence of Permanent Farm Labour**

Districts	No. Of Permanent Farm Labour		
	Male	Female	Total
KAILALI	17348	13610	30958
JHAPA	15175	3600	18775
SARLAHI	15122	2571	17693
KAVRE	7019	6149	13168
MAHOTTARI	11883	1001	12884
RAUTAHAT	11283	1261	12544
BARDIYA	7473	4107	11580
PARSA	7836	3450	11286
SAPTARI	10087	350	10437
DHANUSHA	9505	665	10170
KAPILBASTU	6778	3111	9889
BARA	7251	2548	9799
Districts	No. Of Permanent Farm Labour		
SIRAHA	8460	432	8892
DANG	5362	2605	7967
MORANG	6860	981	7841
BAGLUNG	5520	1131	6651
SUNSARI	5109	619	5728
RUPANDEHI	4704	1021	5725
BANKE	3760	1003	4763
SYANGJA	2934	1673	4607
CHITWAN	3514	885	4399
DARCHULA	1720	2490	4210
PALPA	3271	858	4129

Source: Calculated from Sharma (1999)

## 1.5 Waged Farm Workers

Information on incidence and working terms and conditions of waged farm workers is scanty. The Sample Agriculture Census undertaken in 1991 provides number of workers from farm holders engaged in others holdings. This can be regarded as

number of farm waged workers who own land even if small in size. The Census, however, does not report on farm labourers coming from landless households. Various studies have indicated that landless households may be in the region about half a million. Assuming two labourers in average from such households, about one million landless labourers can be estimated to be working as waged farm workers. The number of landless workers is similar to the number of waged workers' supply from farm holdings as reported by the Census. Both type of labourers together amount to about two million.

The district wise distribution of waged farm workers supplied from farm holdings is known. However, similar distribution of landless workers by district is not known. For the analytical purpose, a crude aggregated distribution is calculated by distributing such labourers in the proportions in which farm waged workers are distributed.. In simple words, the Census reported figure is doubled to arrive at aggregate incidence and distribution of total waged farm workers. Indeed this figure includes all agricultural waged workers, permanent and casual.

The region wise distribution of waged farm workers is presented in Table 6. Hills and the Terai groups of districts account for about 45 percent of waged labour each. In average, the number of waged workers per district in the tear is double than hill districts, and the number for hills is double than the mountain districts.

The distribution of waged farm workers by sex reveal that female labourers dominate the farm work force. Female constitute more than three-fifths of waged labour in Nepal. Regionally, the female share in total waged farm labour declines from mountains (70 percent), to hills (64 percent) and to the Terai districts (57 percent).

**Table 6: Number of Waged Farm Labour by Region**

Area	Male	Female	Total Waged Labour	Waged Labour per District
Nepal	785908	1256568	2042476 (100)	27233
Mountains	54076	126878	180954 (8.8)	11310
Hills	330450	597024	927474 (45.4)	23781
Terai	401382	532666	934048 (45.8)	46702

*Note: Figure in parenthesis indicates percentage of total waged farm labour.  
Source: Calculated from Sharma (1999).*

The district wise incidence of waged farm workers is presented in Annex-2. Districts with more than the national average of 27233 workers are enumerated in Table 7. Of total 28 such districts 11 districts are hill districts, and the rest are Terai districts. This is indicative of the fact that waged labour problem is not Terai districts specific. On the other hand many of the mountain and hill districts have low incidence of waged labour.

## **1.8 Employment in Other than Farm Holdings**

Information on the incidence of non-farm employment of farm population is all the more difficult to obtain in Nepal. Economically active farm population seek various non-farm jobs including construction, petty trade, school teaching, portering and seasonal migration within and outside Nepal. Sample Agriculture Census 1991 has

provided data which allows to calculate number of farm population engaged in other than agricultural holdings for varying length of time. The data however is not useful to analyse the non-farm employment issues as such. Yet, in the face of scarcity of information, the available information can be useful to have a feel of the likely distribution of non-farm labourers. In Table 8, the region wise distribution of such labour is reported. There are about one and a half million labourers (from agricultural households) who work part time or full time in non-farm jobs. About one-third of such labour is concentrated in the Terai region. Rest is accounted by mountain and hills districts. Note that, as in the case of farm waged employment, the Census reports non-farm employment for landed farm households only. Unlike in the case of farm waged workers, the data reported below is without adjustment for landless households.

**Table 7: Districts With High Incidence of Waged Farm Labour**

Districts	Waged Farm Labourers		
	Male	Female	Total
LAMJUNG	74480	29256	103736
SAPTARI	25066	62756	87822
BARA	30750	38850	69600
PARSA	28994	38354	67348
KAPILBASTU	27368	39920	67288
NUWAKOT	20194	45748	65942
SIRAHA	27204	37622	64826
DOTI	15210	45844	61054
NAWALPARASI	23000	36618	59618
RAUTAHAT	35178	20306	55484
RUPANDEHI	18510	35082	53592
SINDHUPALCHOK	13912	38280	52192
JHAPA	16856	34604	51460
MAHOTTARI	24428	23952	48380
SARLAHI	27738	19350	47088
BAGLUNG	16190	30436	46626
DHANUSHA	27294	16624	43918
CHITWAN	12230	31544	43774
PANCHTHAR	12000	30544	42544
MAKAWANPUR	14120	25018	39138
SUNSARI	15878	20562	36440
MORANG	12790	23270	36060
KAVRE	12742	23242	35984
TANANHU	11334	22496	33830
BARDIYA	16358	15280	31638
KAILALI	12728	18396	31124
DOLAKHA	6090	24540	30630
DAILEKHA	9894	19004	28898

Source: Sample Agriculture Census 1991

**Table 8 : Non-farm Employment by Region**

Area	Male	Female	Total Non-farm Labour	Non-farm Labour per District
Nepal	798053	652594	1450647 (100)	19342
Mountains	80331	96722	177053 (12.2)	11066
Hills	406556	368806	775362 (53.4)	19881
Terai	311166	187066	498232 (34.3)	24912

*Note: Figure in parenthesis indicates percentage of total waged farm labour.  
Source: Calculated from Annex-1*

The district wise distribution of non-farm workers is presented in Annex-3. List of districts having such labourers in excess of the national average at 19342 is provided in Table 8. Here, almost half of the districts are hills and mountain districts.

**Table 9: Districts With High Incidence of Non-farm Labourers**

Districts	Non-farm Labourers		
	Male	Female	Total
ACHHAM	18682	53621	72303
BARA	24098	23445	47543
GORKHA	18361	19554	37915
PALPA	23696	14036	37732
TANANHU	18095	19389	37484
MORANG	16834	19307	36141
BARDIYA	16830	16358	33188
GULMI	23611	9390	33001
SINDHUPALCHOK	17989	14918	32907
KATHMANDU	18646	13561	32207
KAPILBASTU	18224	13393	31617
RAUTAHAT	24112	6528	30640
CHITWAN	17624	12977	30601
PARSA	16415	12343	28758
SYANGJA	17178	10674	27852
SUNSARI	16072	10429	26501
SARLAHI	16950	9437	26387
BAGLUNG	13063	13223	26286
RUPANDEHI	18121	8057	26178
LALITPUR	13367	12139	25506
ARGHAKHANCHI	23691	1529	25220
KHOTANG	10943	13579	24522
MAHOTTARI	15974	7823	23797
BHAKTAPUR	10834	12795	23629
JHAPA	11169	11741	22910
BAJHANG	8362	14256	22618
SAPTARI	15476	6511	21987
MAKAWANPUR	15864	6121	21985
NAWALPARASI	17481	4493	21974
UDAYAPUR	7273	13533	20806
DOTI	9554	10894	20448
DARCHULA	7470	12976	20446

*Source: Sample Agriculture Census, 1991*

## **1.9 Implication for Trade Union Activities**

Some of the implications emerging from the presentation of farm labour situation and distribution above are enumerated below.

A. Information on farm wage labour, data and terms and conditions in which they work, is scanty in Nepal. The only source available to help understand the distribution of waged labour is Sample Agriculture Census taken in 1991. All efforts need to be geared towards evolving at least district level information on farm wage labour issues.

B. Analysis of the available information indicate that the incidence of permanent labour relationships practised in agriculture in Nepal is not specific to Kamaiya system and is spread all over the country. To the extent, "unfree" labour relation is one of the characteristics of permanent farm labourers, districts with high incidence of permanent labourers need to be prioritised for Trade Union activities.

C. Information on the incidence of waged farm workers should serve the basis of selection of districts to initiate TU activities. The available information reveal that districts with high incidence are not located in specific regions of the country. Number of the Terai districts having high incidence is large, but many hills districts have larger number of waged farm labourers compared to the low incidence Terai districts.

D. Female waged labourers dominate in the total waged farm labour force. Special effort needs to be devised to include female labourers in the Union activities.

## Day-One: National Issues

# Unfair Labour Practices In Nepal

Some Notes prepared by Gauri Pradhan for Discussion

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## 1.0 What is Unfair Labour Practices ?

- No Minimum Wage
- No Equal Pay For Equal Work
- No Weekend Holidays
- Children at Work
- Debt Bonded Labour
- Labour by Force
- No Employment Guarantee
- Discrimination at Work
- Additional Work Burden
- No Rest and Entertainment
- No Right to Unionization
- Not Having The Basic Needs of Workers Met

## 2.0 Situation, Problem and Challenges

### 2.1 Situation

#### *Labour ppulation in Nepal*

Male	52% (4.9 million)
Female	48% (5.4 million)
Children	25% (2.6 million)
Adult	75%(10.3 million)

#### *Employment Ration in Nepal*

Self Employed	22%
Employed at organised & Unorganised Sector	78%

### 2.2 Problem

- No Minimum Wage
- No Fixed Working Hours
- Additional Work Without Pay
- No Social Identity
- No Social Security
- No Employment Guarantee
- Exploitation from Labour Contractors

- Exploitative and Health Hazardous Work Condition
- Sexual Harassment and Sexual Abuses at Work Place
- Family Disorder due to Migration
- Use of Child Labour
- Early Marriage among the working children

### **2.3 Challenges**

- Lack of adequate information on unfair and exploitative labour practices.
- Lack of official recognition of unorganised sector
- Increasing trend of migration, slums and squatters, and family displacement due to the increase of
- landlessness, unemployment and backwardness.
- Poor implementation and enforcement of laws and policies to prevent and control child labour
- exploitation and discrimination of working women.
- Increasing trend of exploitation, oppression and discrimination of labourers due to the lack of trade
- unionization of informal labour sectors.
- Violation of fundamental human rights of workers.
- Injustice over working people belonging to the so-called low-caste or untouchable community.

## **3.0 Some Major Patterns of Exploitative Labour Relations**

### **3.1 Child Labour**

- 2.6 million
- 1/4 of Total Labour Population
- 52% of total population in Nepal are Children below 18 years.
- Nepal has declared for the basic education to all by 2015 AD, However, it has attained less than 42%
- literacy rate in the period of last 50 years.
- Out of 100 children in Nepal:
- 39 girls and 61 boys are enrolled in primary school,
- 35 girls and 65 boys are enrolled in lower secondary school,
- 32 girls and 68 boys are enrolled in secondary school.
- A girl child, compared with a boy child of the same age group, is 2.6 times more at risk of being kept
- out of school, 89% more at risk of pulling out/dropping out and
- times more needed for household chores
- There are at least 40,000 child bonded labour in Nepal

### **3.2 Women Labour and Gender Discrimination**

As Elsewhere, Working women in Nepal are taking care of Three-folding Responsibility, they are:

- Reproduction
- Household
- Employment
- Working Women in Nepal Consist 48% of Total Labour Force

- 77% of Working Women Belong to Active Labour Force
- Working Women are Mainly Agricultural Based, However, they are also contributing for the family subsistence as;
- Unpaid Family Workers
- Self-employed Workers
- Wage Earners
- Domestic Helpers
- Unemployment Rate of Working Women is 4.1% and Under-Employment Rate is Much Higher than Their Men folk
- Wage Discrimination to Women is Obvious
- Sexual Harassment of Working Women at Work Place is also not Uncommon.

### **3.3 Debt Bonded Labour**

Kamaiyas	25,762
Child Debt Bonded Labour	40,000

### **3.4 Forced Labour**

- Sex Workers 150,000 (A Big Majority of Sex Workers are Employed by Force)
- Unpaid Labour
- Slavery Like Works

### **3.5 Other Forms of Exploitative and Unfair Labour Practices**

- Domestic Labour
- "PIPA" (Peon of Military Officers)
- Employment through Labour Contractors
- Day Labour
- Hawkers and Street Vendors
- Labour Based on Cast System

## **4.0 Minimum Labour Standards**

### **4.1 International Instruments on Minimum Labour Standards**

- Equal Pay for Equal Work (ILO Convention No. 100)
- Minimum Wage (ILO Convention No. 131)
- Right to Form and Participate Trade Union ( ILO Convention No. 87 and 98)
- Convention against Discrimination in Employment and Work (ILO Convention No. 111)
- Prohibition of Child Labour (ILO Convention No. 138)
- Convention for the Elimination of the Worst Forms of Child Labour, 1999
- Prohibition of Forced Labour (ILO Convention No. 29 and 105)

### **4.2 International Instruments Which Ensure the Basic Rights of Workers**

- ILO Convention No. 14 (About the Weekend Holidays)
- ILO Convention No. 98 (About Right to Form and Participate Trade Unions)
- ILO Convention No. 100 (About Equal Pay for Equal Work)

- ILO Convention No. 138 (About Child Labour)
- ILO Convention No. 144 (About Fixing Labour Standards through the Tripartite Consultation)

#### **4.3 Fixation of Labour Standards: Theory and Practice**

- Spirit of the "Constitution of the Kingdom of Nepal, 1991" is not converted in Practice
- The Labour Act, 1992 does not Cover the Unorganised Sector
- The Children's Act 1992 remains as an Inactive Law
- Bill on Prohibition and Regularisation of Child Labour has not yet been Adopted by the Parliament
- National Policy on Labour (Under Discussion)
- Prevention of Child Labour is Limited within the Provision of the Laws.

### **5.0 Ways of Solving Problems and The Way Ahead**

#### **5.1 Efforts by HMG/Nepal** (Efforts Being Undertaken to Prevent & Control the Unfair Labour Practice)

- Ratification of Major ILO Conventions
- Adoption, Implementation and Amendment of Labour Act, '92
- Taking Initiatives to Formulate National Policies on Labour
- Formation of National Policies to Prevent and Control Child Labour
- Formulation of Programme for the Elimination Exploitation of Kamaiya

#### **5.2 Efforts by Trade Union Movement**

- Formation of Forum for the Emancipation of Agricultural Labour
- Raised Voices to End Exploitation by Labour Contractors
- Initiatives Undertaken to Prevent and Control Child Labour
- Pressure Build-up for the Rights to Social Security
- Advocacy against the Discrimination of Women Labour

#### **5.3 Efforts by NGOs**

- Research and Advocacy on Unfair Labour Practices Undertaken
- Rescue, Relief and Rehabilitation of Child Labour are being Organized
- Advocacy and Conscientisation Programme on Discrimination of Women Labour
- Workshop, Seminars and Mass Programmes Organized for the Protection and Promotion of the Rights of Workers under Unfair Practices
- Organized Global March against Child Labour
- Established National Labour Academy
- Working as the Lobbying and Pressure Group

#### **5.4 Solving Problems**

##### Preventive Measures

- Trafficking in women and children should be prevented and controlled.

- Exploitation over working children should be prohibited.
- Necessary measures should be taken to give the alternatives for living to the people
- working in difficult circumstances.
- New laws and regulations should be introduced to fill in the gap of legal constraints.
- Unorganised and informal sectors also should be brought into the minimum standards of
- labour.

#### Protective or Reformative Measures

- Timely reformation & amendment of the laws should be undertaken.
- Formation of Trade Unions in the unorganised sectors should be undertaken.
- Children working in the risk condition should be withdrawn and provide meaningful
- education and alternatives for living.
- Environment for alternatives of new avenue of life should be provided to the people
- belonging to the so called low caste community.
- Social Security Scheme for the welfare of working people in the unorganised sectors
- should be introduced.
- Rescue and Relief Programme should be launched to help protect the victims of trafficking
- and sex business.
- Help-line and hot-line system should be introduced to help protect the rights of working
- people in the informal sector at the time of emergency.
- Rehabilitative Measures
- Social re-integration and family re-unionization of victims of labour exploitation should be
- undertaken.
- Free Bonded Labour Programme should be initiated to help support the victims of forced
- labour and debt bonded labour.
- Alternatives for the self-reliance should be explored and provide necessary help for the
- victims of exploitation and insecurity.
- Community Programmes such as co-operatives, micro-credit, self-help groups etc. should
- be initiated through the consultation with the people in need.
- Necessary psycho-social counseling should be provided to the victims of labour
- exploitation and sex abuses.

#### **5.5 The Way Ahead**

- Process of Unionization of the informal sectors should be Undertaken
- Social Mobilization for the Rights of Working in the areas of Informal Sectors should
- Initiated.
- Establishment of Fundamental Human Rights of Working People in the informal Sector

- should Guaranteed
- Campaign for Ending Child Labour, Debt Bonded labour and Forced Labour should be
- massively launched.
- Due Recognition to the people working in the informal sector should be given by the
- State.

## Day-One: Chairpersons Remarks

Dr. Shiva Sharma  
Chairperson of the 1st Session

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The paper on globalization has reflected the existing reality in Nepalese situation. Although the angle of the analysis is purely economic, the resource persons have been, I think, successful to present the issues also related to socio-cultural, environmental and political situations.

However, the impact of economic liberalization and globalization on overall rural life has, at present, become necessary to be evaluated. So a micro analysis of rural Nepalese life before and after the adoption of these new economic policies is essential to minimize the adverse effects.

Dr. Pravin Sinha-Chairperson of the 2nd Session:

Let me thank Dr. Sharma Jee for his impressive presentation. Dr. Sharma has supplied detail information on such workforce in Nepal which is majority in number. Thus we should pay due attention on it.

In conclusion, Dr. Sharma has provided four indicators in his presentation. Based on available information he has analysed information on wage labour, not confining himself only on existing Kamaiya system.

Second, he has discussed on permanent work force. Third, he has presented selection of districts based on information and its concentration. And, finally he has paid due attention on women workers in agricultural sector.

Various speakers and brother and sisters in the floor have presented their observation. Mr. Naidu who is currently working in ILO-SAAT has prevailed his observation. It must inform you, he has long experience on organising rural - agricultural workers.

I want to draw your due attention on few more points regarding to organise unorganised informal sector. How is existing environment and whether there is employee- employer relationship? Take an example, the system which is prevailed in India. There is no formal contract between tow parties, if it is existing in Nepal. I don't know. If there is no formal contract between employees and employers, the issue of CBA is meaningless. Please take in an account that the law which is prepared for formal sector, is equally applicable to the informal sector as well? I think both situations are different. The informal sector where there is relationship between employee - employers is informal and unwritten, how the rules and regulation would be applied?

Like different developing countries, there are two different segments in agricultural workers. One segment of agricultural labourers has access in land to some extent. They do labour by sharing each other's land.

Another segments of labours are basically casual informal. Normally they are landless or may hold nominal land. The issue like minimum wage would important for them. You have to take into consideration how could be implemented the minimum wage?

Lastly, I would like to indicate one more dimension before you. There is few sectors other than rural-agricultural, which is still unorganised. With regards to organisation, I would like to draw your attention. We should be aware our situation on. Self-capacity of information based technology and attention to new alternatives like co-operatives and other. The mobility of internal and external migration of labour and issue of foreign labour should be taken into consideration.

Mr. J. Lokollo-Chairperson of the 3rd Session:

There are also problems in the sense that unions are weak, unemployed and rural sector is not organised yet. So we have to organise the rural sector and agricultural sector in order to make the union-base rather bigger and stronger to face the problems.

The union movement is also not yet able to influence the decision -making process in political level through its linkages with the parties. You have links with UML and NTUC & DECONT with Nepali Congress. But you have not been able to use these forces for the benefit of the workers; rather you are led by the politicians for their own interest.

I think we should also get them to work for us.

Also, three union groups are not united, they have to press their common goal on labour sector.

On the employer sides, employers are better organised. In the sense that there is only an employer organisation. This is a very strong movement and they stand in their action untidily. Another part with the employers, they are better professional working for them, lawyers, economists and others. So they have better advantage. Employers are also stronger in lobbying with politicians and the government structure. So they have advantage in that sense. So, there are the stronger points with employer's sides.

On the government sides I found there is very weak labour administrative system in Nepal. Labour ministry is very weak-every body knows that. There is no coherent labour policy that could help the labour sector to promote rights of the workers. Also there is so strong wage system wage council to determine proper minimum wages, weak enforcement of labour laws, weak set up of Dept. of labour and labour inspection, no proper labour dispute settlement mechanism, these are the weakness with in Government set-up. We actually have to regulate all these laws and regulations.

Finally how could ILO help?

ILO is an international organisation. It can highlight the problems. But it is difficult for ILO to go and fight for unions in national level.

ILO recently has new director General. I think ILO is changing very much. ILO is try not only to set standard, ILO is trying to push the standards now to be implemented. ILO has adopted declaration on fundamental Principal on right of work. It is promotional interest but it is also the instrument. Push the government ratify for ILO 7 fundamental convention and asked the government to implement and to report directly back to ILO. ILO had never given any date line to the government. Now it is giving a date line to the government of member States. By the end of November, all member country should submit their report on the status of un-ratified conventions in consultation with the union and the employers.

Situation in Myanmar. We all know that Myanmar has abused workers right. Lots of forced labour there in Myanmar. So ILO has recently during the last conference taken stand that all ILO activities banned in Myanmar. And all Myanmar participation all international forum regular, regular forum of ILO will stop. This is totally new movement within ILO. Of course ILO is a small organisation. What can ILO do? Stop the activities like Myanmar. But there is an international pressure. Thus, ILO is not just highlights the problem, it is doing more than that. It is new change with ILO.

With this short remark, let me adjourn today's session.

Thank you!

**Day-Two:**  
**Changing Scenario of Trade Union Movement  
& the challenges**

**[Trade Unions in Changed Situation: Existing and Forthcoming Challenges](#)**

Mr. Bishnu Rimal

**[International Challenges For Trade Unions in an era of Globalization](#)**

Mr. Stefan Chrobot

**[International Labour Organisation on trade Unions and the Challenges](#)**

Mr. DPA Naidu

**[Swedish trade Union-SAC on trade Unions and the Challenges](#)**

Mr. Lief Bjellin

**[Changing Scenario of the Trade Union Movement...](#)**

Mr. W.R. Varada Rajan

**[Chinese Worker Delegate Speech at the High Level Panel Discussion in  
Nepal](#)**

Mdm. Xia Xiaomei

**[Day Two: Chairpersons Remarks](#)**

## **Day-Two: Changing Scenario of Trade Union Movement & the challenges**

### **Trade Unions in Changed Situation: Existing and Forthcoming Challenges**

GEFONT's Notes prepared by Bishnu Rimal for Discussion

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With the increasing expansion of globalisation, contemporary world is changing very fast. The working style applicable during the era of the industrial revolution of Europe cannot be practical for present realities. Some problems and challenges have continued as the heritage of the past while some new challenges have emerged with the new situation

#### **Changed Situation**

- Technology is changing very fast.
- It has affected labour.
- Class structure is heavily influenced.
- The process of transition from one class to another has become rapid.

Here we would like to present a few points on existing & forthcoming challenges of trade union movement in order to exchange views and experiences of trade union movements active in different parts of the globe. Finally at the end, some issues based on Nepalese reality will be put forward for your kind attention.

Different active trade unions are associated with this or that International Centre. Those who are not associated with any Powerful Centres have linked themselves with alternative Alliances. The association with such Alliance Groups and Centres has special importance. Before association or affiliation, each pro worker trade union movement should think over some questions:

- How to establish links or contacts with such Centres?
- What exactly the unions trying to have association/affiliation should expect?
- What are the goals of International Trade Union Centres?
- Who they are responsible to?
- What impact such mechanism can have on working class internationalism?

#### **The Role of Trade Union Centres and Regional-sub-regional network before and after cold war:**

- During cold war there were ICFTU, WFTU, WCL and IWA representing diverse trends and tendencies in world trade union movement.
- The trade union movement was divided on the basis of political-ideological, religious and Groups & sub Groups of the cold war period.

- The pro-soviet groups in WFTU, the pro-west groups in ICFTU, the Groups of Christian orientation in WCL and Anarcho-syndicalists in IWA/WSA were involved and active to strengthen their sides.

Up to mid 1980s the WFTU was working offensively while ICFTU was in defensive position. The tradition of social democracy is now represented by ICFTU.

The Communist Trade Unionism previously supported by former USSR is represented by the Prague-based WFTU.

The most prominent Christian-inspired tradition of international unionism, based in Brussels, is represented by the WCL.

*-Extract from Dave Spooner in Partners or Predators*

- WFTU and ICFTU were the major rival international centres during the entire cold-war period.
- Besides, there were non-aligned Groups- militant and mass based in their respective countries. The NAGs were critic of all existing International Centres.
- Some Regional Alliances & Networks were developed by the NAGs as alternative. Later on, Labour NGOs, too, became involved in such Networks.
- Various Regional Networks were also established based on supports provided by competing centres of cold war period.
- POST COLD WAR period is dominated by unipolar situation and power-balance is shaken badly.
- Position of former influential centres has rapidly changed.
- WFTU is facing the problem of surviving.
- ICFTU has emerged as only dominant centre in various competent forums.
- Various national centres having different trends are in process to affiliate with ICFTU.
- The cold war is still existent in trade union movement.
- Prejudices are still in continuation.
- Non-aligned trade union centres are in transitional phase.

At the level of International Central bodies, the WFTU disappeared as a competitor with any claim to leadership. This body and its trade union internationals now have an existence at the fringe of events. The ICFTU is incontestably the universal top-level organisation, even though its strong earlier anti-stance and its pro-west proclivities have not been forgotten by everyone.

*-Extract from Heinze Bendt, in One World-One Voice Solidarity*

### **International solidarity and co-operation: Past and Present**

- During the period of cold war each centre was supporting its own lobby.
- Non aligned centres were active based on their own strength. They were not getting expected international solidarity and support.
- Union movement was influenced by reactive approach rather than being pro-active.
- There was sharp rivalry both locally and internationally.
- Political unionism was strong and apolitical trend was ignored.

- Militant union movement was gaining ground.
- Union member had high morale and membership was expanding.
- There was nominal role and influence of labour NGOs in Trade union movement.

### **Solidarity and Co-operation**

Clarification and distinction is needed on what is solidarity and what is co-operation. Looking through an angle, Solidarity is the financial, physical and moral support extended during the days of struggles. The supporters of this angle include the best wishes conveyed during the moments of pleasure as well as the exchange of sympathetic feelings during the days of sorrow all under solidarity.

However, co-operation can be measured in financial and physical form. And hence co-operation includes physical-financial investment for basic infrastructural building, training and education as well as relief during emergencies.

After the end of cold war period, WFTU has come under serious problem of existence and its affiliated unions are not getting due support.

- The WFTU affiliated unions with good position and strength are now either trying to maintain neutrality or making association with ICFTU or being active under regional alliances.
- Major influential trade unions have gone in association with ICFTU and its ITSs.
- In general, union movement is not much militant as in past.
- Continue is the co-operation and solidarity from various centres, but still the morale of the union members is not high.
- Though there is cut throat competition and rivalry within local level, the situation is not the same regionally and internationally.
- The circle of the union movement has widened, but membership has declined. Consequently, Union activity has not become widened and the participants have tended to measure individual loss and profit within the movement.
- During struggle, achievements and hardships, exchange of co-operation and solidarity has become reduced even among the unions of same international umbrella.
- Co-operation and solidarity have been started to be viewed from the corner of financial - physical give and take rather than the corner of moral and international sentiments.
- The issues of trade union movement have multiplied and the involvement of various NGOs is rapid.
- Some NGOs are genuine while some are working with vested interests and with an intention to divide the movement.
- Some NGOs are active in making undue intervention in the trade union movement and are mainly publicity-oriented.

To strengthen affiliated unions is one of the elementary tasks of ITSs: the stronger the affiliate, the greater its potential of influence and the more successful international activities. In practice, this happens in three ways:

- by assisting in building up infrastructures

- by organising members
- and by education & training

These measures are not always put in place separately, but frequently come as a package of mutually complementary elements.

*-Extract from Heinze Bendt, in One World-One Voice Solidarity*

### **Some contemporary burning issues**

- The increasing expansion of globalisation has pushed up labour towards more and more informalisation
- The process of informalisation has not only created a situation of job insecurity, but also the casualisation.
- Capital globalisation has assisted the growth of sub regional, regional and international Alliances ( WTO, G-8, OECD, APEC, EU, ASEAN, SAARC, SAFTA, NAFTA etc.)
- The contemporary world is being guided IMF and WB including these Alliances
- The trade union centres have never tried to unify their voice against the exploitation of physical resources and human resources as the outcome of these Alliances and IMF/WB
- The central and regional alliances of existing trade union centres have not shown their capability to resist the exploitation by the globalise capital.
- The challenge related to traditional informal sector, organisation of globalisation -created informal sector and the security of their members is terrible.
- Unfair labour practice is still a challenge.
- The economic crisis in Asian countries has further aggravated the already large unemployment problem
- The complication exists for the trade union movement of those countries where rural informal sector covers large majority of workers

### **What is Conservatism in Labour Movement ?**

- Mechanical imitation of the values of outside movement and enjoying the status quo without analysing the objective reality ones working field
- Activity for very short period benefits rather than the formulating strategic plans in accordance with goals and objectives of the movement
- Serving political power centres or extreme non-political coverage for short term benefits.

### **Some realities in Nepalese context:**

- Capitalist class is still enjoying feudalistic exploitation. Capitalists and feudal lords are in alliance and are working as the clerk of foreign capitalism.
- Even now, international capitalism is in defence of feudalism in Nepal.
- The significant issue of the Nepalese labour movement is the organisation of agricultural workers, even distribution of land and land use.
- Conservatism is still dominating in labour movement.

## **Day-Two: Changing Scenario of Trade Union Movement & the challenges**

### **International Challenges for Trade Unionism an Era of Globalisation**

by Stefan Chrobot (Hamburg / Germany)

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Mr.Chairman! Dear friends from GEFONT, colleagues and international follow guest speakers!

Let me first express thanks to GEFONT for inviting us on the occasion of your 10th anniversary and for this opportunity to speak on international challenges of the trade union movement. From your documents at yesterdays opening session of this conference we all could obtain a deep impression about the advanced standard and wide knowledge and the openness of discussion on these issues within your organisation. I don't really feel here as a lecturer but as one of your international partners in this challenging and important debate. With regard to the current questions of trade unionism in Nepal, it is anyway only you who are the experts. We as foreign guests are here as students of the situation in Nepal and of your development of trade unions and labour policy. I do hope that the points raised by me which based on some of my international experiences and studies will be of practical use for GEFONT in designing some of your international strategies. Aside from my participation at the conference on behalf of the German trade union movement my contribution is based on personal views and my own analysis as a contribution to your debate. This is not an official statement.

Allow me to begin with a general observation. In my own country Germany, as well as in other similarly structured countries, there is presently not that much public interest in international trade unionism and the topic of co-operation of workers. It is so despite the obvious fact that the workers and employees in industrialised countries as Germany are strongly affected by the modern trends of internationalisation and globalisation. Our national trade union movements have to defend the workers position, but despite problems they are still relatively strong. In most countries international questions are not much discussed within trade unions. International trade unionism is not a popular issue. Many unions do still consider international co-operation as a kind of "sideline" activity, where a special department may be formed and staffed with one knowledgeable person or a few specialists. This department will then in charge of international contacts but it may be of only limited relevance to the more urgent tasks of day to day trade union business. Even in this era of globalisation many unions still concentrate on strategies in their local framework and within national boundaries. One exemption is the European Union where the development of trade union strategies at European level is gaining more interest and importance. But looking at it from a global perspective, international trade union co-operation is not yet a big public issue. It is so despite the fact that not only workers in the developing countries but also those in Europe, Northern America and Japan are increasingly affected by the impact of globalisation. Many national trade union movements are at present so busy in the defending social and economic interests of their members at national level, which leaves them only little room for considerations as how to respond on

globalisation by strengthening international co-operation. In addition, financial restrictions do force unions in industrialised countries to cut down expenses which will further limit the capacity for international co-operation.

For several reasons some of the trade unions in developing countries show more interest in international co-operation. The organised private sector of many of those countries is often strongly integrated into the world market where multinational enterprises play a crucial role. Trade unionists in developing countries may feel more need for external assistance. However, I rarely observed such a systematic debate on alternative concepts of international trade union co-operation as presently today within GEFONT. Some of the national trade union movements developing countries may have established their international linkages even somehow accidentally. It is not always a democratically defined policy which decides about north-south contacts at international level. Also personal contacts, priorities of a certain charismatic leader, or even the amount of assistance offered, all this may have played a role in some cases. I will come back to such problems later. But let me also emphasise at this point, that there are of course many well functioning and successful examples of North-South relations and solidarity within the international trade union movement.

Due to political restrictions trade unionism could start only recently in Nepal. This disadvantage of a late start gives you, however, also the chance to look back carefully on the experience of others in the field of international trade union co-operation and solidarity. GEFONT with its relatively short history of only ten years has nevertheless been establishing many important international contacts such as to NGO networks, human rights organisations, south-south links and several others. Recently you started to join the International Trade Secretariats and you are in a process of developing more and more direct contacts to the labour movements of other countries, such as now here with the DGB in Germany. Some of these contacts have been organised with help and assistance of the Friedrich-Ebert-Foundation, which is today your partner in this conference and which is closely related to the German trade union movement.

Bro. Bishnu did already explain to us some of the principal institutional structures and orientations in the international trade union movement and I do not wish to repeat this. Let us now have a brief look now into the past and how things have developed. The international labour movement looks back on a history of more than 140 years. At the time of its beginnings the labour movement was not really divided into a political side on the one hand, and a trade union side on the other hand. Increased efforts for international co-operation at that period were also a result of very practical labour problems, such as labour competition and the employers contracting labour from abroad in the event of strikes. French workers were for instance brought in when British unions went on strike. This was furthermore the historical era when Karl Marx worked out many of his theories, living away from Germany in political exile in London. Practical needs for better contacts among workers of several European countries and the incentive from the theoretical work of Karl Marx subsequently led to the foundation of the first international workers organisation of real significant importance. In 1864 the "First International" was founded in London. Karl Marx was strongly involved with his ideas and as a Secretary. It might be of interest for you to know that the Friedrich-Ebert-Stiftung as your partner in today's conference nowadays runs the "Karl-Marx-House" as a museum in Trier. In this important research centre at the birth place of Karl Marx in the city of Trier in Germany every visitor has the opportunity to study this early phase of international solidarity and international labour movement, as

well as the strong theoretical and practical involvement of Karl Marx at that period. The initial success of the „First International" lasted, however, only for a relatively short duration. Already after one decade it collapsed as a result of more diverse national interests within the labour movement and because of strong ideological conflicts on principal questions, such as between Marx and Bakunin.

When the "Second International" was formed later on in 1889, there was already a division of activities between the party based political labour movement on the one hand and trade unions on the other. This led subsequently to the foundation of several international trade union organisations. By the end of the 19th century several of the International Trade Secretariats (ITSs) were founded. Some still do exist until present days as you will surely know, since GEFONT joined several ITSs just recently. At the level of national centres early structures of international co-operation had been developed at the beginning of the 20th century. One well known example of international solidarity in this historical period was the countrywide strike and lockout in Sweden in 1909. The international trade union movement collected 2.4 Million German Mark in support of their struggling fellow trade unionists and workers in Sweden, a big amount of money in those days. This was an encouraging example and definitely a big success. However, it was not easily possible to duplicate such examples. An early debate about the limitations in the practicability of international strike funds did clearly demonstrate, that despite the principal importance of international solidarity it is the task of each national labour movement to develop its own strength, in order to fight its own struggle at first instance. By the year 1913 an International Confederation of Trade Unions was founded. It was only one year later in 1914 when World War One drove European nations into nationalism including many socialists and trade unionists, destroying the early spirit of internationalism within the labour movement.

Short after the war the Confederation was re-established and also many if the ITSs continued their work. But at that time the Russian Revolution and the split between the socialist and the communist movement had changed the conditions for the international trade union movement. The movement followed the party splits and it separated into several competing political directions. Most important were those between the more socialist oriented unions related to the International Trade Union confederation based in Amsterdam, and its main competitor, the "revolutionary" world trade union movement which was based in Moscow. There were several other international trade union centres, either based on Christian traditions, syndicalism or liberal concepts. Later on fascist regimes in Italy, Spain and Germany, destroyed the trade union movements within those countries. Having been split and divided, the workers movement was not strong enough for an active and successful defence against the dictatorial taking over of power by those fascist movements. However, there was illegal resistance by many trade unionists, often by those at grassroots levels and mostly under extremely dangerous and difficult conditions. Important labour organisations such as the International Transport Workers Federation (an ITS) were strongly involved in supporting many of those workers resistance groups. Later on, with the beginning of World War Two and Germany under Hitler attacking many European countries, suppression and terror further increased, destroying the labour movement in the occupied areas.

When Germany was finally defeated by the Anti Hitler Coalition and the war came to an end, many trade unionist all over the world sincerely wanted to overcome their political and organisational divisions. Having learned from the past, there was a wide spread willingness and desire for unity in just one international centre. In early 1945 a world labour conference was held in London and subsequently short

after the war the World Federation of Trade Unions (WFTU) formed at its founding conference in Paris. This new unity only lasted a very short period. East-west confrontation soon escalated into a "cold war", and many trade unions were drawn into those new conflict lines. Stalinist suppression in eastern Europe also became more and more obvious and this added to already existing anti-Communist feelings. The ITS group did not want to fall under control of the WFTU structures and emphasised strongly its independence. Finally some "western" unions left the WFTU and in 1949 the International Confederation of Free Trade Unions (ICFTU) was founded as an alternative and explicitly non-Stalinist international trade union centre. Considering the existence of some other small international centres, the old divisions as between World War One and World War Two were re-established. They should continue, more or less unchanged, until the total breakdown of state communism in eastern Europe less than ten years ago.

The ITSs continued to play a important role within the international trade union movement after foundation of the ICFTU. There are close relations between ICFTU and ITSs which include regular co-ordination meetings. Nevertheless, ITSs and ICFTU are independent from each other and free in their respective affiliation policy. I remember, for instance, a situation in a South-Asian country with high diversity in its trade union structure. Only one of these unions was affiliated to the ICFTU for some historical reason, and some of those unions who were affiliated to ITSs continued to compete strongly with each other. There was even one union who's national centre was affiliated to the WFTU, whereas the union itself was a member of an ITS at that time. Until the end of the 80th a kind of competition on the ground of Third World countries was quite common between ICFTU, WFTU and other international centres. All tried to affiliate as many local members as possible. Unions in developing countries had the advantage of a choice and they could compare the possible benefits available from whatsoever international membership. Such competition was at least partly based on the east-west confrontation and it could sometimes lead to strange results, raising later on doubts about the quality of some of those newly affiliated organisations. In several of these cases, it was later on quite difficult to correct such decisions. The question was then how to prevent those undesirable local affiliates from representing their country within the international trade union networks, whereas some other good unions were out of these networks. This situation of international trade union competition did however, relax after 1990. As a result the affiliation structures are changing and improving, in a slow but steady process. Some young and more active unions of many developing countries are now joining the ITSs. Also within the ICFTU there are encouraging developments in areas of formerly monopolised structures, as we can learn from Korea, as just one important example.

Several NGOs have recently become very active in the labour field. Sometimes they fill a gap which had been left open by the inactivity of trade unions. Many of these NGO activities have proved to be quite helpful and a valuable assistance to many of the workers in developing countries. Looking closer at it one will note a wide range of different concepts and strategies among NGOs. Some are active on a merely humanitarian ground and they will extend assistance to workers in need. Others will act as close allies of the trade union movement in a joint struggle for social improvements and human rights for the still underprivileged workers. Sometimes one may come across NGO activists – but this is definitely a minority – who consider themselves as an avant-garde and as teachers of the workers at grassroots level. I would not say that such organisations follow knowingly a Leninist approach. However, if you read Lenin you will come across his concept of workers having only a limited capacity to develop the required political awareness.

According to this idea the workers would not get beyond a limited "trade unionist" identity and it would be up to certain members of the Bourgeois class – the intelligence – to create a higher level of awareness among the working class. Personally I think that the application of such concepts is very risky and it can do a lot of harm to workers in third world countries. If things finally go wrong, the self announced revolutionary intellectual, often coming from a respected and economically well established family, may face some problems. But there may not be a lasting impact on his or her personal life style. He or she may even become a kind of the well known political hero. The workers, on the other side, are the ones who really would suffer. They would not simply lose a struggle but at least their jobs, on which their existence completely depends upon, including that of their families. In focusing on this I just wish to explain the possibility of certain problems which could arise from outside interference. Of course we must not oversimplify this and personally I have a very high respect for the work of the majority of NGOs in the labour field. On the other hand, ending up in a situation of strong external interference from whomsoever can be very dangerous and harmful for workers and genuine trade unions representing them. Within the trade union movement we share the fundamental idea that it is the workers themselves who know best and should decide upon what is right or wrong for them. Nevertheless, solidarity between NGOs and trade unions is important. A good understanding must be based on mutual respect and the acceptance of the respective organisational independence within a wider democratic coalition.

Looking at present international challenges it is the accelerated process of economic, social and cultural globalisation which has become a main feature. Transport has become cheaper and communication is getting easier. There is the increasing importance of multinational enterprises. The growing service sector is becoming more and more internationalised. As a consequence of this process of internationalisation reduces the capability of formerly strong national states to regulate their economic and social matters within their boundaries. Capital, on the other hand, has become more flexible and it is more than in the past in a position to escape national regulation by the state through new international strategies. Globalisation and internationalisation have led to complex and often ambivalent consequences for labour, capital and the states. International institutions are not yet strong enough to replace the lacking national regulation policy, most important with respect to the many unsolved social challenges deriving from globalisation.

Trade unions are strongly affected by such new international developments. In the past unions still could act relatively successful within their national boundaries. Well organised unions did improve many social standards in national industries through collective bargaining and backed by legally recognised forms of industrial action. Now the conditions are changing. Higher flexibility of capital leads to increased labour competition between the national states, where e.g. lower social security expenses and less labour protection could be incentives for potential investors. Global competition for more jobs may draw us into a vicious cycle of ongoing deregulation and world-wide reduction of labour standards. Unlike the past, enterprises can consider more international exit options. This gives them more power against labour. However, also here it is important not to oversimplify reality. For many enterprises an international relocation and global sourcing may not be profitable at all. The relatively safe environment of well known and transparent local conditions is an important advantage and it will often be preferred. These enterprises may nevertheless use the existence of international options for blackmailing employees and unions when negotiating terms and conditions of work. Global developments will change the nature of the capitalist system itself. The

concept of social market economy and accountability of enterprises is more and more questioned and it is losing ground to the more aggressive concept of a extremely profit oriented shareholder value capitalism.

Trade unions are furthermore affected by dramatic structural changes within most industrialised societies. Old patterns of class structure which divided society into labour and capital seem to be dissolving. Different from their experiences in the past people are not any more born and brought up in a specific working class environment, with a predicable life cycle, social behaviour and occupational prospects. There is a tendency towards more individualism, consumerism and instability which are distinctive to the social integration into structures such as the working class in industrialised society. Trade unions are strongly confronted with the impact of such sociological changes of the identities among many employees and workers. This can lead into difficulties with respect to organising trade unions and of collective action. Looking at the recent membership trends in the German trade union confederation DGB, there is a clear trend downwards, from 9,8 Mill. in 1994 to 8,6 Mill. in 1997 and a further drop down to now just 8,3 Mill. members in 1998. It is a crucial question whether this recent development indicates a permanent structural change, or whether it is just a cyclic crisis, which will be overcome and after which figures will improve again. I believe that future is not predetermined and that this question is still open. The future development of unions is no automatism. It will depend on our own political decisions and real actions in society.

But it is important for us to recognise that at least for the moment unions are confronted with severe problem as a result of economic internationalisation. Compared with capital, the unions have still less capacity and they appear less equipped to act beyond traditional national boundaries. Taking furthermore in account modern sociological changes affecting the membership, we have to realise that unions are getting weaker. Less members means less funds available and this leads to a reduction of activities. Less national budgets may be allocated for international work and this could affect and probably weaken the international trade union movement in the new global environment. How should we react?

It was not only the labour movement that has become weaker in recent years. Another important field are North-South relations and development co-operation. I still remember when our highly respected former German chancellor and social democratic leader Willy Brandt sincerely hoped to overcome the North-South disparity with resources which would be available from disarmament after resolving the East-West confrontation. What happened is that many years later a drastic drop in the official development assistance of the OECD countries can be observed, from still 59 Bill. US\$ in 1994 to only 48 Bill. US \$ in 1997.

Where do we trade unionists stand then in this global context? Should we see the world as being divided along the old class concept into workers and capitalists, where the international labour movement simply follows this class line? Or is there rather a regional a division of the world into a privileged "North" and an underprivileged "South", a division which also divides unions from both hemispheres in a basically antagonistic way? Or is this completely different and, for instance, in such a way that both in the "North" and the "South" we will find the privileged as well as the underprivileged, but unions can internationally not clearly be related to either of these different groups? And should the unions under any circumstances try to represent the underprivileged from different corners of the world, irrespectively from their actual status as dependent wage labourers? We

have to discuss these questions locally within our unions as well as internationally and most probably there will be not just one answer to the question of international solidarity in the present context.

Concluding I would still assume that the conflict between labour and capital continues to play an essential role for most workers and their unions. Any successful international trade union work will have to take this into consideration. But there are additional factors and some of them have become more visible and relevant in recent years. There is first the gap between "North" and "South", between rich and poor countries. Then we come across questions related to gender, formal and informal sector, economy and environment, tradition and modernity, etc. Allow me to use a simple but practical example at this point. Day before yesterday when I arrived at the airport in Kathmandu, I observed boy of about 10 years age. His work was to carry the luggage of international passengers to the cars outside the airport. This boy is underprivileged by at least three factors: First he is a worker, secondly he lives in one of the poorest countries and thirdly he is a child. Nowadays being trade unionists, we could not say which of these three formal definitions would be most important for our decision, when we wish to extend our solidarity and that of our organisation to human beings in need and distress.

Globalisation is an ambivalent and complex phenomenon. On the one hand it places workers into strong international competition and it confronts trade unions with new problems. The debate about social clauses in international trade agreements such as within the World Trade Organisation (WTO), is just one example of such unfortunate partial disunity and controversy among unions and NGOs from "North" and "South". It will be an important task of the international labour movement to overcome such divisions and to jointly work out more widely accepted labour positions and strategies for workers from all countries at the level of international agreements and institutions. The child labour problem is another example of sometimes controversial ideas and debate about the right and appropriate solutions. However, there exist already encouraging examples of joint efforts, such as in the field of social labelling of carpets, which is done in co-operation with a network of quite active NGOs. To meet with those new challenges the international labour movement needs the active participation of strong and sincere trade unions from developing countries, such as GEFONT in Nepal.

Globalisation will not only divide us. It will also lead to more international interaction among many working people and underprivileged groups of society. It creates new linkages, joint experiences. It opens the door for a new international identity in the spirit of solidarity. We have the option to use this opportunity. Wherever in the world we stand, being genuine trade unionist we will definitely want to struggle for social justice, democratic rights and fair conditions for everybody in the world. It is correct that globalisation can be used to divide us. But it is also right that we can use globalisation to unite internationally, irrespective from our local background and the nationality of our union. Surely there will be no simple truth or ideal solutions in this. The new international challenges can only be met if trade unionists from all countries will really be prepared to equally join in an open and fair and international learning process of international solidarity.

## **Day-Two: Changing Scenario of Trade Union Movement & the challenges**

### **International Labour Organisation (ILO) on trade Unions and the Challenges**

by DPA Naidu (ILO-SAAT)

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Let me thank the organiser to give me an opportunity to be here with you and to be participate in this important discussion on the changing role of Trade unions and challenges facing the trade unions in the next millennium.

I have heard actually today, there are numbers of speakers who spoke about various challenges which trade unions are facing. It has also become a kind of challenge for ILO to address the various challenges facing the trade unions to see that how can we able to support them to become stronger to effectively support these challenges. The most important document that ILO has now is recent study of World Labour Report on industrial relation and democracy and social stability. This study clearly indicates that due to Globalisation the trade union movement is in decline in both in developed countries and also in the developing countries. And forcing a different types of problems for the trade union in particular. The proportion of union- members in the labour force has declined some times sharply almost every where over the past decade. But numbers alone tell only part of the story, considerable variation exists between region with in each one and trade unions are adopting innovative strategies to rise to the challenges. So, it is an indicative that the trade unions are now changing their strategies- developing innovative strategies to face the challenges of Globalisation. Later, I will come to the position of trade unions in South Asia-their strength and weakness and how these weaknesses can be converted into strength and how the challenges can be used as the benefit.

Similarly if you look into the World Employment Report, it is also giving a very very grim picture of employment opportunity particularly in the developing countries. Let me read to you in two years since ILO has reported the world employment, the global job situation has failed to improve positive and negative development in the global economy not with standing unemployment remains high in most region of the world and although in some regions have seen growth in a number of jobs, this growth has failed to reduce a high level of unemployment. Therefore, definitely, the globalisation has a lot of effects in trade union movement and as a result they have to have to face this challenge and use them as an opportunity.

Now, let me give you some examples of what are the problems of globalisation on trade unions-particularly on trade union rights. Let me tell you about trade union rights, particularly the aftermath of all effects of privatisation. I would like to speak in the context of South Asia and I would like to focus on two countries in this region. One-Pakistan and other is Bangladesh. Due to privatisation, number of trade union rights has been very much eroded. Particularly in Pakistan, where in the important Public sector Enterprises (like Rail ways, banks etc.), the trade unions has been banned and the collective bargaining rights has been banned. And the trade unions believe this is a game-another instruction given by the World Bank

and the IMF. Social protection of the workers has not adequately provided. The Government was not into the position to face the trade unions and sit with them and discuss with them and sort out the issues that they are confronting particularly with the effects of Privatisation or privatisation process as such.

The government has resolved to these kinds of actions by prohibiting trade unions in these Public-sector Enterprises. The Govt. has gone even to the extent of deployment of army in some of the PEs.

Similarly in Bangladesh, for restructuring banking system, the World Bank had pushed the Government that it should ban the trade unions in Banking industries. Similarly in some extent in Sri Lanka, they are also fighting extremely to control the trade unions particularly in the public sectors the reason there is an agreement between and the debtors.

Other effects of Globalisation are privatisation and unemployment. As I said the report clearly indicates the unemployment is ever increasing, many of the unions in the developing countries, particularly in South Asia where the public unions were defending more in Public sectors than the private sectors. As a result privatisation, unemployment has increased and therefore the trade union strengthen also going down.

The public sector under this WB/IMF global restructuring or SAP is most effected in all countries including Nepal. As a result, a number of countries started certain programme. In India there was National Renewal Fund. Where as another countries through the effects of WB/IMF they tried to have a VRSP. Again these schemes are the temporary arrangement but not the complete answer for unemployment, particularly those who have retrenched and effected by the privatisation.

The ILO report has clearly indicated that only solution of these entire unemployment and underemployment problem is education and training. In India, we have numbers of seminars, studies on the need for training. There are numbers of training institutions where they are providing these kinds of training and retraining for the workers who are effected by the privatisation. But unfortunately, it is very small co-operation. I must say here among all the South Asian countries, it is very appreciable the efforts taken by unions.

And, ILO believes that it is important for trade unions also to address these issues by strengthening their capacity themselves. To see how does they can address education skill development programmes in establishing their own programmes for their members apart from the efforts taken by the Government. In the countries like Bangladesh, Pakistan, Sri Lanka and I am sure in Nepal as well there is no training and retraining programme for the affected (by privatisation) workers. I think this is the area where the ILO has concentrated for skill education and skill development.

Now, other important factor – entrance of MNCs into these countries particularly in South-Asia is a recent phenomenon compares with countries like Malaysia, Thailand Moreover, they (SA countries) had closed economy. Therefore, sudden explosive the MNCs coming into the country has affected very much particularly the role of national trade union and their bargaining power has been very much dropped to a certain extent rather than strengthen their position. The CBA or IR system has started becoming decentralised in the enterprise level. It shown not in India, it is also in countries like Sri Lanka, Bangladesh and Pakistan. So there are two things

we have to look into; one-what should be the role of central trade unions? What should central trade union do to strengthen their position? The enterprise level unions have to do the CBA. What kinds of support the central trade union can provide is the question mark and therefore what should be role and how have they have to strengthen their base? Similarly, due to this decentralisation of their system, their position is also becoming very precarious in the sense that they are not used to the Collective Bargaining process. Therefore role of central trade union is ever increasing. If the role of central trade union is increasing, are they well equipped to support the role of enterprise level trade unions?

Now another area that is also becoming more increasingly challenge for trade unions is the environmental deterioration. Occupational Health & Safety and environment are the increasing problems for trade unions. Job losses are another area. Due to the plant closure and transfer the plant from one area to another area there is great loss of employment and job loss is ever increasing. This particularly has shown in India. Another important challenges the trade unions has to face, I see, the formal sector is gradually shrinking and the informal sector is increasing due to globalisation. The ILO world employment report also talks about this. What are the challenges the trade unions have now? Now you have the numbers of workers unionisation is increasing in the organised sector? It is now a challenge for trade unions to concentrate in informal sector. Now we can see here, there is not only informal sector but also we have the rural informal sector.

For instance new services, trade union can not think only about doing their conventional work. If you want your member keep with you (now a days workers are well educated- they are no more ignorant, he knows his wise therefore he takes only short while to learn every thing, he would have expectation from the union) you have to think in a new way. We want you to provide easy loans. He wants you to provide training, like the computer training—these are the ideas the workers are demanding, and unless and until you provide these kinds of facilities you are not going to contain the memberships.

Now, rural- agricultural sector apart from the urban informal sector is a great potential for trade unions. And, ILO is also concentrating and focusing its attention on the informal both the rural and agricultural sector. And, rural development in South Asia is one of the priorities in its employment policy. On this context I can say there is a lot of potential as far as India is concerned. Because India has ratified Convention 141- organising rural workers.

Next important area of concentration for trade unions, due to this Globalisation and reorganisation of industries and introduction of new technology, is the contract labour issue. Contract labour, casualisation of labour and due to management changes practices—decentralisation of IR system are some of the impacts of privatisation and Globalisation. What is this for trade unions? The contract labour-casualisation of labour has affected numbers of workers. And, therefore these affected workers are not only outsourcing in another sector. For instance, the Maruti Udyog in India, it is giving numbers works in contract. Not only this now the company is searching a multi-skilled worker. If you are the sweeper, you must be the plumber and you must be also making tea for the company.

Expansion of international trade union co-operation is an essential part of the trade union movement. Due to the involvement of multinational in countries like India, Bangladesh, even in Nepal, Sri Lanka and other countries, the code of conduct has been become necessary instrument. Say for example, a recent incident that took

place in Bangalore, one of the worker didn't get compensation (compensation was not in satisfaction of the workers and the union). And therefore to that company which has its parent body in Paris, they took up that matter with the concerned ITSS-and ITS which were able to co-ordinate with the multinational Parent body in Paris and able to resolve the problem. Therefore now it is being important, that the trade unions should have a co-operation with the various other international trade unions.

Now to meet this challenges one of the important factor the trade union has to know for modernisation. The trade union has to equip itself to face the challenges. How can they modernise themselves? I think the most important thing is that you have to look into the structure of your own unions. Then, they have to strengthen their resource capacity. It has been becoming increasingly important that the trade unions have to have resource capacity so that they equally compete with the management in terms of collective bargaining and in terms of information. Another important area is present technology; particularly the electronic media is one of the means of effective communication.

And fund is a very critical issue. It is particularly problem for central trade union. I can say, large numbers of unions in enterprise level; they have lots of funds but in terms of the centre, their contribution is very small. As a result centre is not able to expand its activities. For instance 50-paisa contribution (per member) to the central union- what can the central union do for their members?

In numbers of countries and their trade unions, the leadership is still old brass; new brass is not taking leadership yet. I am not pointing any of the organisations; there are very small initiatives to pick up the second level leadership to take over the leadership in the organisation. Therefore, the leadership is the area for trade unions themselves to critically analyse. There is need of democratisation of trade unions.

Other challenges, the trade unions now a day facing are the trade union unity. Trade union unity is very much important. In Nepal there was only one unions, then two and now already three organisation mushrooming. In India, it is particularly show in South Asian context because of historical reasons. But how can we have trade union unity? In this regards international trade union centres are playing very positive roles too.

Let me come up with another issue. We all are talking about rough mark labelling etc. One of the important documents that ILO has come out which is the document called ILO Declaration on fundamental principal on right of work. Then, what are the fundamental rights? These are - freedom of association and right to collective bargaining, abolition of forced labour, elimination of child labour and end for all forms of discrimination. This declaration was adopted last year in the International Labour conference with the view to see that the issue of trade unions- particularly the issue of trade union rights and collective bargaining which are the issues brought by numbers of countries. But again ILO was put in a dilemma for along time, how should it address these issues. There were lots of pressures by various international bodies even by the WTO, WB, and IMF and even by the international trade union bodies.

All 174 members' countries of ILO have now adopted this declaration virtue of the fact that they are members of ILO. As a responsibility of all members countries they have to report to ILO every four years once in the four important core areas, i.e.; every years in one core area. The 1st core area is freedom of association and right

to collective bargaining (C. 87 & 98). They have to send report on that two conventions 87 & 98, particularly they have not ratified, actually what they have been doing in their countries particularly in law and practice? And that report has to come to ILO and ILO has a special committee who study the report and submit a global report to the DG and then for the International Labour Conference.

To realise this declaration, the ILO is ready to provide technical co-operation and necessary arrangement and assistance to see that all the member countries ratified the Seven core conventions. Based on the report and discussions on the following year on the submission of this report, the ILO is now thinking - what should be the follow-up and what types of assistance do they need ? After analysing the situation in these member countries , ILO has to decide what kind of technical assistance should be provided.

This is all in brief, I think it time for me to stop here!

## **Day-Two: Changing Scenario of Trade Union Movement & the challenges**

### **Swedish trade Union-SAC on Trade Unions and the Challenges**

by Lief Bjellin

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I am very honoured and proud to be here today. I also feel very comfortable to be among comrades and friends. So I thank the organisers for inviting me. If my opinion is of any value, I am pleased to communicate it to you.

First of all an important statement. As I am not a formal representative of SAC, what I am going to say is not necessarily the opinion of SAC, but merely my private opinion. This represent a very important principle to us, as no-one has the right to make statements in the name of SAC, if they are not formally appointed to do so.

Never the less I think that my more than 25 years of SAC-union actionism make my opinion fairly representative for the organisation.

I want you to bear this in mind.

Some background concerning SAC that might explain some of the statements I will present.

SAC is a small union. We are less than 15000 members today, which should be compared to the big reformistic unions more than maybe one and a half million members.

Still I am totally convinced that we have, and historically have had, an unproportionally great influence on union ideas, public opinion and development of the Swedish labour market laws. And I think this is because we are totally free from any political party and hence probably more trustworthy in the debate.

Our true grass-root organisation, leave our central board virtually without any power. This grass-root power in our organisation also make our central board and centrally employed staff very small to the number. This in turn makes the central boards involvement in different issues sparse.

In stead the activities rely upon local groups of members, who either autonomously or together with central instances run a certain issue.

Though SAC is not a member of any international trade union centre, we consider it of very great importance to develop international trade union co-operation. I think our relatively low activity concerning this, more or less reflect the size of our organisation.

Many international trade union centres are also mastered direct or indirect by political parties through their unions. And this is not in accordance with our view on the relation between parties and unions.

International solidarity used to be of high priority on SAC's agenda. And it has always been so. For example many syndicalists took part on the antifascist side in the Spanish civil war, a history we are very proud of.

At present several local SAC groups are running their solidarity programs. There are groups working towards central America, Bolivia, Eritrea, Philippines and so on. Not to forget co-operation with unions in the war stricken former Yugoslavia. And of course, my own group in the south of Sweden, who have the privilege to have both personal and formal good relations with Gefont.

I am quite convinced that this international solidarity will continue in the future and, for what we think obvious reasons, probably will improve.

Concerning international solidarity it is also worth mentioning our high priority to immigrants in Sweden. Even in the relatively calm corner of the world as Sweden is, we face obvious expressions of racism and fascism. SAC and its members of course counter fight strongly all such expressions.

All this also means that SAC has attracted what I think is a high proportion of immigrants.

As I mentioned earlier the idea of international trade union co-operation and solidarity is regarded as very important. Historically we have seen some expressions of co-operation and solidarity, but to be honest, it has not been so much of real, practical co-operation, neither in SAC or elsewhere. Labour issues were national issues, subjected to national laws and practices. Seldom we heard about Swedish workers going on strike on behalf of workers in another country, or something like that. Economical support and moral support in the form of public statements, that's all.

But in an era of this new type of globalisation we have been talking about here today, I think we have to re-think.

And then its maybe not only a question of union co-operation, but co-operation between all those groups and movements who oppose the deleterious effects and influence of multinational corporations, border less capital and neo-imperialist oppression.

An example and expression of this kind of "co-operation" between unions, NGOs etc, is the great "European march" against unemployment this spring, which gathered almost 100000 protesters in Köln, Germany. Of course many syndicalists were there as well as groups all the way from India.

Finally, the last point mentioned in the introduction to this session: burning issues of trade union movement.

I think it is of greatest vital importance for the union movement that it can handle the ongoing negative effects of the economic globalisation. Its a question of survival. And one of the few means for that is international trade union co-

operation. The contacts between unions must be very close. The information quick and accurate. And the solidarity so intense and deep, that when a Swedish multinational company is performing unfair labour practice in e.g. India, the workers in maybe the more sensitive part of the companies central activities, will strike.

This is issue no one.

I can also see some other burning issues, but will just mention one - the emancipation, participation and equal rights for women. Maybe its possible in an old rural society, but in the long run you can not deny half the humankind its natural and obvious rights.

In this respect SAC has also taken a big step in adding to its declaration of principles that it is a feministic union. Our present chair-person is also a woman, Hannele Peltonen.

Thank you for your attendance.

## **Day-Two: Changing Scenario of Trade Union Movement & the challenges**

# **CHANGING SCENARIO OF THE TRADE UNION MOVEMENT THE EXISTING AND FORTHCOMING CHALLENGES**

by W.R. Varada Rajan

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First of all , please permit me to convey our greetings from the Centre of Indian Trade Unions, from the working people of India to GEFONT, on the occasion of this celebration of their glorious ten years. I also thank the GEFONT for organising these panel discussions on contemporary trade union issues as a part of the decennial celebrations.

The subject for discussion in this session is very much related to the ongoing efforts at globalisation in all countries of the world and the challenges faced by the trade union movement across the globe, while we are in the threshold of the new millennium. The CITU has made public its views on the neo-liberal globalisation in several fora those and need no repetition here. But I wish to refer to the views expressed by three eminent persons, at the recent conference of the International Labour Organisation.

First I will quote Dr Amartya Sen, the Noble Laureate. He said: "Globalisation needs social and political support, if it is to appear other than as a terrorising prospect for precariously placed individuals and communities." By inference, globalisation is perceived by precariously placed individuals and communities, and the underprivileged have been viewing it, as a terrorising prospect.

The second quote from the same forum, the ILO conference, is on how people respond - working people respond - to globalisation. This is from the speech of the US President Bill Clinton. Bill Clinton, while stating his firm belief that open trade is not contrary to the interests of the working people and that we need more trade not less, said: "Unfortunately working people the world over do not believe this. Even in the United States, with the lowest unemployment rate in a generation, where exports accounted for 30 per cent of our growth until the financial crisis hit Asia, working people strongly resist new market-opening measures." If the working people of even the richest nation in the world have these apprehensions, can one blame the poor and underprivileged working people of the third world countries, if they are apprehensive of globalisation?

The third view presented in the ILO conference is that of Aleander Zharikov, a trade unionist, and General Secretary of the World Federation of Trade Unions (WFTU). He said: "The policies of economic liberalisation have aggravated the social crisis and do not offer a solution to the problems facing human kind. The rich are becoming richer, and the poor poorer. Therefore, the central point of trade union demand in all countries today is to put an end to the policies of neo-liberal globalisation imposed by the IMF and global finance capital". While I quote Zherikov, I quote him approvingly.

Now let me pass on to the challenges or the consequences of neo-liberal globalisation. The consequences of globalisation have almost been the same throughout the world, particularly in the third world countries. They may vary in dimension or degrees but the likes of them can be seen everywhere in the world.

- Massive job losses
- New job creation in poorly paid informal sectors
- Restructuring of indigenous companies to face competition (Here the competition means only competitive under-bidding of wages and service conditions of workers)
- Slowdown in the industrial growth
- Growth mainly in service sector
- Growing industrial sickness
- De-unionisation in work place
- Intensified exploitation

These are the broad features of the impact of globalisation.

What has been the change in the pattern of employment in the globalisation era? Rate of growth of employment has considerably slowed down. The financial turmoil in Asia itself has taken a toll of twenty million people getting unemployed. Rate of growth in the wages of the workers has also considerably fallen. Whichever new industries are coming, they are capital intensive, with the state of the art technology. As a result, employers gain in labour productivity as measured by output per worker. This has been accompanied by a steep fall in cost of labour per unit.

Globalisation leading to a reduction in trade union membership, weakening of the bargaining capacity of the unions, etc are matters of grave concern. It is not an accidental happening. One may not conclude that this is happening because IMF or World Bank directed it to be so. Rather, globalisation and global competition, per force, motivates employers to adopt new strategies. In this it is not that private employers alone are guilty. Government-employers are the first accused in this. This goes by the name of Business Process Reengineering (BPR), leading to downsizing, but stated as right sizing of work force, in a disguised way. Early retirement, flexibility, mobility, multi skilling are also the new methods.

What do employers seek to achieve by this strategy. They want to cut down the cost of production. They resort to lay off, retrenchment and rationalisation involving labour elasticity. They call for flexible labour utilisation arrangements. They resort to sub-contracting, hire casuals, engage unpaid apprentices--- all to reduce costs. They seek to replace or substitute the unskilled workers with skilled, hi-tech, employees. They match their HRD or industrial relations technique also to increase labour productivity. The brief to HRD is no hiring of permanent employees. "No using of glass tea cups; use only throw-away paper cups!"

In this process of casualisation and informalisation, the workforce in industrial production has come to be of two different segments. Only one segment is skilled, technical professional, non-unionised and confidential staff. Hiring takes place in this segment only. Very often, loyalty is the main consideration for hiring. The other segment is semi-skilled, unskilled rank and file workers. The tenure of this segment of workforce is only casual. They are made to work efficiently, more loyally and their performance is controlled by threats of further segmentation of work. Thus the

labour scenario is marked by a large percentage of non-regular work force (the larger periphery) and a small percentage of regular work force (the small core).

What is the role of the State in this globalisation framework? There is a marked decline of the role of the State - the government - as an employer, as more and more units are pushed out from public sector to private enterprise. Globalisation facilitate free cross-border flight of capital. the State is in no position to control these flights of capital. The TNCs defy any measure of control. As more and more concessions are extended to big business and TNCs; there is a significant drop in the corporate tax revenue accruing to the State. With revenues going down, the Governments of the day, resort to cutting down allocations for welfare measures for the people. This brings more miseries to the poorer sections of the people.

These are the multi-various consequences of globalisation throwing up innumerable challenges before the working class and the trade union movement. Because of decrease in regular work force and increase in non-regular vulnerable work force, unionisation itself is becoming more and more difficult. The environment of competition and the strategies adopted by employers to meet the competition leads to a situation, where the control of the union over conditions of employment of the workers, is weakened. There is increasing incidence of separation of the workers through the 'Golden hand shake' or VRS route. This again results in erosion of union strength. Though there is no dearth of high-flying talks about labour standards, social safety net and all that, in almost all the countries of the third world, industrial legislation are just show --- pieces; their implementation machinery in a state of total collapse.

Here one factual position must be noted. Decline in trade union membership is no doubt, a world wide phenomenon. But in underdeveloped countries, however, there is no quantum decline in this, because of the existing situation, where the proportion of unionised work force is still small. That is why, despite the multi-union situation, every union appears to show some increase in membership.

Bro. Naidu of the ILO referred to some aspects of the labour situation in India. He referred to the instances of industries ordered to be closed for reasons of environmental protection, pollution etc. This has happened in Delhi, in Agra and some other places as well. Perhaps , similar situations might have occurred in several other countries. But, what is the attitude of the State - and even the judiciary in this regard. "No pollution in my courtyard - no pollution in my backyard - take it away and pollute far away from my place," seems to be the attitude. On the other side, hazardous industrial wastes from the developed countries are sent down to third world countries for disposal. Old discarded ships, with high pollutants and hazardous wastes, are sent for ship-breaking in our ports. There is no askance for all those!

The operation of National Renewal Fund (NRF) in India was also referred to in the discussions here. This is commended as a unique concept providing for retraining of displaced work force. What is the reality in this regard? Out of a total allocation of Rs 2227 crore to the NRF, Rs 2083 crore had already been spent. An approximate 90% of this expenditure had gone for funding the voluntary retirement schemes, to send out the workers. About retraining, all that had happened until 1998 was 66662 workers (covered by VRS) were surveyed (out of over 2 lakhs sent out); of these only 33,000 were counselled or advised; those retrained or given skill development are just 26,000; even in this 26,000, 90% were just trained for making candles - (perhaps in the belief that candles need to be lit before the graves

and as such demand for candles will increase by thousands); and in this exercise spread over six years, the number of workers re-deployed is just 6712! This is the National Renewal taking place in India!

In this context, the question that arises is what is to be done? Do we advocate national seclusion as against global integration? Is it that we, the national trade unions, want to have nothing to do with the other nations of the world? No! It is Karl Marx, the greatest teacher of world working class, who along with Engels called upon the workers of the world to unite. We want global integration of the trade union movement. International coming together of workers had been our motto over 150 years. So we cannot be accused of advocating national seclusion.

But the globalisation under the IMF/World Bank/WTO dispensation is globalisation of profit for the TNCs and losses for the toiling masses. There is no attempt at poverty alleviation globally. Employment generation is not globalise. Enabling people to have recourse to better living is not being globalise. That is why we have to globalise the resistance to this globalisation.

This task is onerous. Given the present context, it cannot be accomplished easily. We talk of international co-operation, international unity of the working class. But we come across difficulties all the way. In ILO or any other international fora, when issues like social clause, social labelling, linking labour standards to international trade etc come up for discussion, we come across some sort of a divide. The trade unions belonging to the developed countries, most often support the views of their respective Governments. The trade unions belonging to the third world countries, which are rising in opposition to these issues, naturally support the stand of their respective Governments. Ironically trade unions in some countries, whose governments are opposed to social clause, differ from the stand of their own Governments and extend support to social clause and social labelling, kow-towing the international trade union body to which the unions are affiliate.

I am broadly in agreement with the GEFONT assessment of the status of the international trade union movement, as presented here by Com. Bishnu Rimal. COSATU is not represented here, though they had been invited. Obviously, they have some difficulty in making it to this event. But, I must refer to an experiment embarked upon by the COSATU in having broad consultations with all the three international trade union co-ordinating bodies, viz. the World Federation of Trade Unions (WFTU), the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WEL). The role and functions of these three organisations had been discussed in the GEFONT report. I am not going into those details. COSATU tried to hold consultations with all these three organisations, on the question of unity of the international trade union movement and for establishing one international trade union co-ordinating structure. They wanted to unite these three in one international trade union centre. They (COSATU) summed up the outcome of their efforts in the following words:

"Our view is that the three international trade union centres are not ready to unite at this stage" COSATU stated further, "the three trade union centres would prefer co-operative unity to structural unity to allow for their continued separate entities."

COSATU, after this assessment, decided to affiliate itself with the ICFTU. It is their decision. We cannot comment on that decision. But COSATU, our CITU, GEFONT, along with several other trade unions have been participating in common initiatives, in the Cairo Round Table, in Indian Ocean Conference, at the proposed Southern

Initiative in Johannesburg. We have been working together. Though COSATU, which was part of the non-aligned trade unions, has now become affiliated to one of the three international bodies, our fraternal co-operation, we are happy, is continuing even today.

In our view, while resistance to globalisation needs to be globalised, simultaneous sub-regional, regional and international co-operation and alliances on issues can alone advance the interests of the trade union movement all over the world today. What these international corporations should seek to achieve? I am quoting what was adopted in the Cairo Round Table document:

"Means of making countries enforce and sensitively respect fundamental human and trade union rights shall be found...Workers' organisations should fiercely defend the ILO whose role is greatly undermined by the new liberal agenda."

This assumes very great importance today, I referred in the beginning to the US President Bill Clinton's admission that even the working class of the USA is opposed to globalisation. But at that very ILO conference, Bill Clinton urged that "it is vital that the WTO and the ILO should work together to advance the common goals." We apprehend that slowly it is sought to make the ILO an appendage of the WTO. That is why we need to stress what was said in Cairo Round Table - "the workers and their organisation should be urged to fight for the reinforcement of the ILO mandate and democratisation of the ILO structure." Towards this end, all unions, irrespective of affiliation, must take initiative for trade-wise, region-wise continent-wise and local level constructive co-operation. This is our view.

While some of the trade unions in different parts of the world continue their affiliations with the ICFTU, WFTU or WCL, there is not much of an active international solidarity. We find that international co-operation these days, does not go beyond exchange of solidarity messages, whenever some struggles are going on or at the time of conferences being held. We must transcend such customary co-operation and launch concerted actions. We must realise that challenges of globalisation can be faced only with the international unity, in action of, the world working class. Towards that goal, any initiative is welcome. I am sure that the present exchange of views promoted by GEFONT will, in an enormous measure, contribute towards that goal.

Thanks to you all.

## **Day-Two: Changing Scenario of Trade Union Movement & the challenges**

### **Chinese Worker Delegate Speech at the High Level Panel Discussion in Nepal**



by Mdm. Xia Xiaomei

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Mr. Chairman, Ladies & Gentlemen, Friends!

First of all, I should thank the General Federation of Nepalese Trade Unions for inviting the ACFTU's representative to attend this High Level Panel Discussion. Given a growing trend towards economic globalisation, this High Level Panel Discussion, sponsored by the General Federation of Nepalese Trade Unions, is of great significance. Now I would like to make some comments on economic globalisation and international trade union movement.

At present, there is a growing trend towards multi-polarisation and globalisation. The general world situation moves towards detonate. But crisis takes place from time to time. The world is no peaceful at all. Hegemonism and power politics can still be found. Economic relationship has become an important component of international relationship. Technological progress is speeding up and knowledge economy is taking shape. However, the irrational and unjust international political and economic order has not yet been rooted out. The Asian financial crisis has adversely affected the world and dealt a severe blow to the world economy. A vast number of developing countries in Asia have been most severely hit.

International political and economic situation has caused profound and complex consequences on, and posed fresh challenges to, the international trade union movement. Despite the growth of world economy, unemployment and poverty have been on the rise. The liberalisation of trade and investment, the expansion of transnational companies and structural adjustment have undermined the traditional organisational foundation of trade unions, causing a decline in membership and unionisation rates in many countries. Trade union rights in some countries have been restricted and weakened. Against the backdrop of multi-polarisation and globalisation, the international trade union movement should ponder over how to increase mutual understanding and co-operation and better protect the legitimate interests of workers.

The Chinese trade unions are of the opinion that:

1. In the process of economic globalisation, the benefit of economic development has not been rationally distributed across the world. Economic globalisation has not made impossible for everyone to have a fair share of the benefits but resulted in an increasingly unjust distribution of income distribution in the world. According to a UNCTAD report, in the countries

with 20 percent of the poorest world population and those with richest, their per capita income gap is widening in the process of globalisation, and a total of 1.3 billion people still live in abject poverty. Therefore, the international trade union movement should pay great attention to worker situation in the developing countries, especially the least developed ones, and urge the international community to show concern for their economic and social development.

2. In the context of economic globalisation, peace, development and the protection of workers' interests remain the common concern of trade unions in the world. The world is diverse, with social systems and historical and cultural traditions differing from country to country. In the context of economic globalisation, trade unions are faced with arduous tasks of develop economy, generate employment, eliminate poverty and better protect the legitimate rights and interests of workers. Trade unions across the world should, in the spirit of mutual respect, seeking common ground while setting aside differences, equality, mutual benefit and co-operation, centre around the theme of "peace, development and protection of workers' rights" to launch campaigns and strengthen exchanges.
3. In the context of growing globalisation, many labour issues have transcended national borders, which require closer unity and co-operation of the international trade union movement. Trade unions of various countries need mutual respect, mutual understanding and mutual support. The strength of the trade union movement lies in unity and unification. The Chinese trade unions have consistently maintained that, in the international trade union movement, it is imperative to bring about a new order based on independence, equality, mutual respect and non-interference in each other's affairs. In other words, trade unions of various countries shall respect each other, seek common grounds while putting aside differences and treat each other as equals, and no trade union of a country shall find any pretext to undermine interests of workers in other countries. Any trade union has the right to choose its own mode of development and defines its own policy, and it has the right to participate, on an equal footing, in the settlement of issues related to the international trade union movement. The Chinese trade unions have as always advocated contact and dialogue but opposed confrontation and sanction.

Mr. Chairman, I would also like to take this opportunity to introduce the current Chinese political and economic situation and the state quo of the Chinese trade unions.

At present, the political and economic situation in China is generally good which is characteristic of political stability, economic development, national unity and social progress. Given complicated and grave economic situation last year, the vast number of workers struggled hard with other walks of life, surmounted tremendous difficulties and finally made great achievements in the reform and opening-up program and the modernisation drive. The national economy maintained rapid growth. The GDP grew by 7.8 percent over the year of 1997, a hard-win outcome of fight against the Asian financial crisis and the unprecedented floods. In response to the consequences of the Asian financial crisis, the Chinese Government has increased investment and expanded domestic demand. But the extent of influence of the financial crisis on China is more widespread than expected. Although its

neighbouring countries devaluated their currencies by a big margin, China has maintained the stability of its Renminbi and thus assumed its responsibility for alleviating the Asian financial crisis and stabilising the world economy and paid a price for it.

Reform steams ahead. The State-owned enterprise reform has further deepened. Efforts have been intensified to guarantee the basic living standard of workers laid off from the state-owned enterprises and promote their reemployment. The majority of laid-off workers have registered themselves with the reemployment centres and drawn their basic living allowances. Last year saw six million layoffs obtain new employment. Retirees have their pensions paid in time and in full. There are 600 cities and 1,242 counties where the minimum standard of living for urban dwellers is in place. The programs for urban housing reform and medical insurance reform are being implemented. The living standards of urban and rural residents are constantly improving. The per-capita net income of rural residents jumped 4.3 percent over 1997, and the per-capita disposable income of urban residents increased by 5.8 percent. The average wage of jobholders in 1998 was 7,479 yuan, representing an annual rise of 6.6 percent with a deduction of price factor. There is an abundant supply of goods in the Chinese market. The infrastructure and environment protection facilities are under construction.

We are well aware that there still exist many difficulties and problems in China's economic development and social life. They are as follows: sluggish market demand and great difficulty in activating market; aggravating structural contradiction and poor quality and efficiency in economic operation; greater difficulty faced by some State-owned enterprises; hard time for some workers; growing pressure on employment and environmental deterioration and so on. The Chinese Government has attached great importance to these problems and adopting measures to cure those ills.

This year, the Chinese Government expects the economy to grow at a rate of around 7 percent. In the first half of this year, the economy developed smoothly. The Chinese workers are working hard with the whole Chinese people to reach this goal and celebrate the fiftieth anniversary of the founding of the People's Republic of China.

With the deepening of reform and opening-up and the advance of the socialist market economy, economic relationship and labour relations have undergone profound and complex changes. Labour problems in relation to employment, distribution and security have become increasingly acute. In this situation, trade unions are faced with arduous tasks of defending the legitimate rights and interests of workers in accordance with law.

As a response to new situation, the Chinese trade unions have defined four tasks for this year.

- Mobilising workers to promote the reform and development of State-owned enterprises and assisting the government in guaranteeing the basic living standard of layoffs and promoting their reemployment. The trade unions have set up employment agencies, training institutions, self-salvation bases and trade markets to offer employment guidance and services to layoffs and help them find new jobs. Over the past five years, trade unions across the country have provided various aids to 4.11 million households, of which 1.3 million have already shaken off poverty. They have launched more than 800 employment agencies and 1,300

training institutions. Over one million workers have taken up training each year, and over the past few years, altogether half million layoffs have found new jobs.

- Improving the collective bargaining and collective contract system. Such system is an effective mechanism which trade unions can employ to protect the legitimate rights and interests of workers. In particular, there is the need to intensify efforts to establish and perfect such system in foreign-funded enterprises, private businesses and township Enterprises. The collective contract draft must be submitted to the workers' congress for consideration, and no individual labour contract shall be lower than that of collective contract in terms of labour standard. By the end of 1998, the collective bargaining and collective contract system had been put in place in 301,400 enterprises, involving more than 60 million workers. Strengthening the unionisation work in new economic organisations and those that have transformed their operational mechanism to maximise the unionisation and membership rate. By the end of 1997, 67.4 percent of foreign-funded enterprises already in operation had been unionised, and the pace of organising workers in private businesses and township enterprises had sped up. At present, there are serious violations of workers' rights in some new economic organisations. The Chinese trade unions are fighting against the random dissolution of trade union organisations in some enterprises that are transforming their operational mechanism, in order to defend the legitimate rights and interests of workers.

- Enhancing the workers' congress system centring on corporate transparency and guaranteeing workers' right to democratic participation and democratic supervision. The Chinese trade unions demand that all major corporate decisions and other important matters in relation to workers' vital interests like wage adjustment and welfare funds shall be handed over to the workers' congress for examination or approval. The workers' congress shall examine corporate performance and overhaul programs and appraise the business leadership.

- Participating in the legislation-making process. Over the past 20 years, the Chinese trade unions have participated in the formulation of 310 pieces of legislation concerning workers. In particular, they have involved in drafting and revising laws and regulations that support the Labour Law. Today, they are taking part in the making of laws on collective contract, labour contract, and promotion of employment and social insurance.

China is the biggest developing country in the world, and has met with many new problems in the process of economic globalisation. The Chinese trade unions are willing to strengthen exchanges with foreign trade union organisations including Nepalese ones, and learn from and draw upon useful experience and practices suitable for China's conditions.

Nepal is China's friendly neighbour. Workers and peoples of our two countries have enjoyed a long history of friendship. The Chinese trade unions and their Nepalese counterparts have cherished a longstanding friendly relationship. The Nepalese trade unions have made unremitting efforts for, and contributed greatly to, effectively protecting the legitimate rights and interests of workers. Of this, the Chinese trade Unions express their great appreciation.

In conclusion, I wish that friendship between Chinese and Nepalese trade unions continue to improve and Nepalese trade unions grow from strength.

## Day-Two: Chairpersons Remarks



Dr. Yub Raj Khatiwada

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Germany is the only country having high growth rate and declining employment in Europe. A very contradictory situation, when you have high economic growth rate at the same time having high unemployment also. So, his experience might be quite unique to all of us how technology led growth has detrimental to the labour market. I just want to put this sort of things to the audience.

I was just saying that when Germany was unified all the social security schemes were destroyed, but it took long time before market based institution could provide social security to the people. In between, there could be some sorts of shocks or disintachment between the people. Which gives the message that if the process of Globalisation or liberalisation is in a very big bang way, then you may be providing many shocks to the people with out creating good safety nets. That's the observation we make out of that. We may be discussing this issue further tomorrow.

Then, there was good presentation of the North-South divide and rich & poor divide and also the Capitalists & Workers divide. What we got out of that? There are some common issue even between the North and South so far as the labours are concerned. Which we can share together in the field of unfair labour practices--child labour, exploitative labour relationship, job safety, security and loss of jobs. These are some of the issues, which we can work together even if we are in the North-South of the world.

Mr. DPA Naidu explained ILO policies on training and retraining. Mr. Varada Rajan has a conclusion that globalise to resist to globalisation. And lastly Mr. Leif presented very impressively. I found they are very transparent from their very flag-logos etc I understand that way. We must understand that in Sweden, because of Labour scarcity and fair labour market as well as good social security scheme, they have very high bargaining power unlike Nepal and other developing countries.

Let me adjourn today's session at the moment.

Thank you!

**Day-Three:  
Trade Union & the Politics**

**Trade Union and Politics**

Mr. Mukunda Neupane

**Trade Unions, Politics and Development**

Mr. Stefan Chrobot

**Trade Union and Politics**

Mr. Leif Bjellin

**Trade Union and Politics**

Mr. W.R. Varada Rajan

**Day-Three: Chairperson's Remark**

## **Day-Three: Trade Union & the Politics**

### **Trade Union and Politics**

GEFONT's Notes for Discussion presented  
by Chairperson Mukunda Neupane

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There are some debates with respect to Trade Union and Politics. Trade union movement from various corners of the globe has expressed different views on interrelation between trade unions and political parties and the trade unions have worked accordingly.

In order to exercise on some influential models and to draw conclusion through this three-day panel discussion, GEFONT has invited organisations and personalities from India, Germany, China, South Africa and Sweden. In addition, representative from Workers Activity Bureau of ILO (ILO-ACTRAV), the Specialised UN agency, has also been invited in this program. As informed us by International Department of ACFTU, the Chinese delegation could not arrive today due to air ticket problem and the COSATU representatives could not participate here due to unavoidable circumstances raised in their organisation.

Before beginning the discussion, I would like to present, on behalf of host organisation, the major points of discussion based on Nepalese reality.

#### **1. Diverse views in relation to the direction of present day trade union movement are in continuation:**

- Trade union movement should be political.
- Trade union movement should be non-political.
- Though political, Trade union movement should not be affiliated to any political party.
- Trade union movement should not be affiliated to any political party.
- Individuals from Trade union movement may have relations with political party, but organisation itself should not go under the umbrella of the party.
- The trade union movement and its partners should isolate themselves from political parties.
- The political party with similarity of strategy & objectives should have direct involvement in the leadership of the trade union.
- Trade union movement is not autonomous ideologically and politically, but must have organisational and functional autonomy.

#### **2. Diverse views exist with regard to trade union movement itself. Dominant were the following in past decades:**

- Since there is vast difference between blue-collar and white-collar workers, there should not be a single trade union for them.
- Trade union movement is mainly the movement of manual work.
- Working field for Trade union movement is mainly the Organised industries.

- Organised trade union workers should be protected through the measures of social security.
- Trade unions do favour communist and left parties.

**3. With increasing globalisation during the last two decades of this Century, concept on trade union movement and the objective situation has undergone a considerable change:**

- Diversities have emerged in the class structure of working class and the old concept of 'Trade unions only for Manual Workers' has collapsed.
- The new concept 'Trade union for all Wage Earners' is now established.
- Not only the workers of organised industries, but also the white collars working in different wings of work have become more and more influential.
- A large mass of self-employed has entered Trade union movement and it is increasing gradually.
- Involvement of teachers, civil servants, doctors, engineers and similar professionals in trade union movement has become natural. Poor farmers and rural agricultural workers have entered trade union movement as important ingredients.
- Political trade unionism is weakening and the technical aspects of the movement are being more and more influential.
- The trade union movement has widened enormously and has gained considerable strength to contribute and intervene in the national policies.
- Trade union movement is generally acceptable as the inevitable social partner in every political system.

The Austrian Federation of Trade Unions (ÖGB) has existed in its present form since 1945. It is an incorporated association and as such a legal entity; membership is voluntary.

It is the all-embracing organisation of wage and salary earners (blue and white-collar workers, public employees, as well as apprentices or trainees of either sex). In addition, membership is open to jobless who used to be employed, to jobless who have not had a chance to enter the world of work, to young people and students who intend to take up employment as well as to other occupational and professional groups (such as self-employed persons and free lancers) whose work is comparable to that of wage and salary earners.

The ÖGB is non-partisan but not apolitical.

*-Extract from ÖGB's brochure*

There are various models in trade union movement active at present. As for example, we can mention the differences in the trade union movement of countries including China, India, Germany and South Africa. Though there are differences in the existing relations between party and union and between politics and union, the existing models of political and non-political unionism can be presented as follows.

**Concept of Leninist organisational principle**

- Functioning based on democratic centralism
- Paying attention to the interest of the whole community along with professional interests

- Political unionism
- Affiliated to workers-oriented party or politics
- Socialist objective
- The relation of negotiation – struggle – negotiation with the management
- Objective based relationship with government

The basic rule, the first commandment, of any trade union movement is not rely on the 'State' but rely only on the strength of one's own class. The State is an organisation of the ruling class.

-Extract from Lenin, Collected Works, Vol.25

### **Concept based on social democratic principle**

- Functioning based on liberal democracy
- Independent but political
- Non-party oriented
- Goal of democratic socialism
- Co-ordination with government and employers

On the basis of principles set out in their programme they provide broad scope for internal criticism and the formation of different factions. Criticism of the executive and the proposal of alternative concepts and leaders belong to the party's way of life. Party policy is not untouchable from the outset but emerges from a continuous process of controversial and open debate. Party members are not pledged to common ideology.

- Extract from Thomas Meyer,  
Social Democracy an Introduction

### **Concept based on Anarcho– Syndicalist principle**

- Functioning based on the opinion of general members
- Political
- Completely independent from party politics and no debate permitted within trade union for/ against any political party
- Union activity based on democracy, self-management and socialism
- Relation of struggle-struggle and struggle with both the government and the management

Autonomy at branch level is one of the cornerstones of the syndicalist movement. This means that all branches and sections of the union decide themselves on internal matters; our workplace sections, for example, independently decide if and when to take industrial action or accept an agreement, without any need for approval from some executive committee. In SAC we do not equate independence with disloyalty.

'Voting on all proposed settlement' is a slogan which is already a reality with SAC. Our principle is that no form of agreement be ratified without the approval of the members concerned.

-Extract from SAC's brochure

## **Concept based on economic unionism**

Both Western Europe & Russia, in their spontaneous activity the workers could only develop a narrow trade -unionist consciousness, i.e., that they could realise the necessity of uniting in trade unions to fight for higher wages but by no means to oppose the very system of wage slavery.

-Extract from Lenin,  
opposing to so-called Economists in What is to be done?

- Functioning based on independence and power centralisation
- Non-political
- Labour movement solely concentrated on economic demands
- No concern with political party and supportive of autonomous action
- Objective of fulfilling economic interest
- Dispute, negotiation and co-ordination with government and employers

## **4. The context of Nepalese trade union movement**

Nepalese Trade union movement is also under the influence of different mainstreams of the existing trade union movement of the world. GEFONT has classified it as given below:

### **Pro-Worker Trade Union Movement**

- Independent
- Mass based
- Militant
- Socialist perspective

### **What is Pro-worker Trade Unionism?**

Pro-worker trade unionism means unionism that defends the interests of the working class. It is unionism that is independent, mass based, democratic and militant. Pro-worker trade unionism is in itself political, as its aim is to empower worker.

On the principle of worker internationalism, pro-worker trade unionism commits itself to work together across national boundaries, across religious, cultural and ethnic divides and equally as women and men.

Pro-worker trade unionism must offer a determined resistance to the ongoing global offensive of capital and should practice a line of consistent anti-imperialism informed by a socialist perspective or vision.

Pro-worker trade unionism must develop the broadest possible working class unity and solidarity and should be the positive core with in unity.

*-Extract from Kathmandu Declaration and Action Plan of ITUC organised by GEFONT in 1994*

## **Non-Pro-worker Trade Union Movement**

The movement which does not adopt in practice the four basics of the Pro-worker Trade Union Movement.

There are some recognised trade unions federations in Nepal, which look 'large' in membership. The members registered in their records do not pay membership dues. Instead, the concerned trade union centres make them member by donating them money.

Neither the unions take care of their sorrows, nor the members are interested to renew their membership. In order to bargain with management and concerned parties, the unions mobilise such members through money when necessary.

## **Frontal Union Movement**

Some active unions misinterpret the term 'Independent'. The prerequisite for a union to be independent is its autonomous functioning through its own constitution.

But these unions try to show that they cover members from various parties. Consequently, during conference or election, portfolios are shared on the basis of how many individual members are working in the union from which party instead of ones capacity and activity. Formally conferences are held and hot discussions among the delegates are common, but decisions are generally made through the game under the curtain.

In Nepal, there are some unions that are working just as the general platform of political parties.

Among these three trends in Nepal, GEFONT has always advocated for Pro-worker Trade Union Movement.

## Day-Three: Trade Union & the Politics

# Trade Unions, Politics and Development

by Stefan Chrobot

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With this second contribution at your conference I intend to explain some observations about trade unions and their relation to politics. I will try to do this independently from my own positions and personal views as member of a German political party (SPD) as well as a trade union (ÖTV) at same time. Let us begin with a brief glance at our German historical experience, followed by a very short description of conditions in Europe and then proceed to an analysis of the situation within different categories of developing countries.

At its beginnings in the last century the German workers movement was very much a political movement with a definite socialist orientation. Its leaders tried to foster the development of trade unions which were relative weak in the early phase. When the labour movement gained growing support by German workers, the then undemocratic Imperial government became scared and it banned all socialist activities in the year 1878. This ban lasted until 1890 and also unions were affected. During these twelve years of workers struggle under harsh conditions against the ban the political orientation of the worker movement had become strong. When the ban was lifted in 1890 the socialist party SPD became an important organisation. It was then still a united movement. The workers themselves, played a deciding role in its leadership, besides of some intellectuals. Again, the formation of unions was supported by the party.

When unions grew stronger a division was made between political party work on the one side and the task of solving day to day economic and social questions through trade unions on the other. Finally in 1906 party and unions jointly took a decision to separate into formally independent organisations. A close relation between both wings of the movement was nevertheless continued until World War One. In addition there were many personal and political links between unions and party. The situation in Germany was quite different from England. There the unions built the movement at its roots, forming the British labour party only later as its political wing.

When World War One was over, the situation had changed substantially. At first the political wing of the labour movement split into different directions, followed by similar developments in the trade unions. The communist movement under leadership of the communist international extended a tight political control over its trade union wing, considering the unions first of all as transmission belts between party and workers at grassroots level. As a result of political conflicts, mistakes and divisions within the labour movement (including its social-democratic wing) it finally failed to prevent and effectively resist fascist dictatorship. When Hitler and the Nazis took over dictatorial power in Germany in 1933, the whole movement was immediately destroyed, unions smashed and many activists arrested or murdered. There was illegal resistance by trade unionists who had to operate then under extreme difficult and dangerous conditions. Only few would survive until the end of

World War Two in 1945, when Europe could be liberated from German fascist tyranny. However, it were these heroes who contributed tremendously to our democratic traditions within the newly formed unions in Germany.

As a consequence of this traumatic experience under Nazi dictatorship those surviving trade unionists decided to overcome their old political divisions at least at union level. After World War Two a new democratic and united trade union movement was founded in western Germany. There was a political orientation for labour and democracy with clear independence from political parties. The DGB was founded in 1949 and it acts since then as one big umbrella organisation of all the unions united in this movement. Any political effort to split this movement again has failed after, up to now. The tradition of union unity which is a result of antifascist historical experience is still there. It is still strong and it keeps the movement together. This very important and principal position is laid down in Sec. 2 of the statutes of the DGB. Its content can be summarised as follows:

The DGB together with its united unions represents the interests of female and male employees with respect to society, economic, social and cultural aspects. The movement is democratically structured and it is independent from governments, parties, religious groups, administration and employers. The DGB and the unions united in it are parts of a united (unitarian) trade union movement.

Despite its full independence from the political parties the DGB must not be seen as politically neutral. The German understanding of trade unionism is not reduced to an economic approach. This is again emphasised by Sec. 3 of the DGB statute, which clearly defines the political tasks of the DGB in several important fields, including those of general political importance. However, most important within this political understanding is a definite independence from political parties, under any circumstances. Of course all members and also the full time officials of trade unions can engage themselves in political parties. In fact many do so. Quite often trade unionists are actively involved in the Social Democratic Party (SPD), but also in several other democratic parties, for instance Christian Democratic Party (CDU) or "Green" Party. Unionists are not to be seen in their role as employees alone. They are furthermore citizens of a democratic society. This is why they should utilise their political rights in society and in our context this does include the active membership in democratic parties. It is important that no party in power can ever utilise the trade union movement for its own political objectives. Presently this independence is clearly indicated by the existence of several ongoing disputes on social policy matters between the present SPD lead German government and the DGB, which is a clearly independent and at the same time political union movement.

Different from Germany (and some other countries such as Austria or in Scandinavia), the trade union movement in several other important European nations, such as France, Italy or Spain, has been split by political party affiliations or relations. Nowadays these divided movements co-operate quite often on the ground of common labour issues. But in terms of organisational structures they are still separated in most cases. However, traditional party affiliations have become weaker and in some cases they have already completely been dissolved. There is some tendency towards a political trade unionism with less or even no party links whatsoever. But there is still a long way to go until organisational unity will be achieved in many parts of Europe.

I do not want to go too deep into this and would like to proceed with the situation in developing countries and newly industrialising countries. With regard to relations of trade unions and politics in the South Asian context the example of Sri Lanka could be quite interesting for Nepal. Unions in Sri Lanka are highly divided and split along several categories. First ethnicity is an important factor for several of the unions. A second important factor are class lines, along which some unions do organise independently from ethnicity or political party lines. Some of these unions follow a political concept and try to be neutral with regard to political questions. There is a third category, which is less relevant for this discussion. These organisations rather acts as NGO and less as real union. A fourth and again very important category is trade unionism, which is formed along political party lines. Unions of this category have always been confronted with dramatic changes, whenever the government changed. Should the party to which they are affiliated lose power, this type of union will lose most of its members, and vice versa. Such unions are not free at all. They are bonded within traditional dependencies. Based on this relation they can offer some protection and influence to workers in exchange for public support for the party or for certain politicians. Such unions depend almost completely on party influence. Immediately when their party loses power, the union will lose most of its attraction for the majority of members at grassroots level. These members will

## Day-Three: Trade Union & the Politics

### Trade Union and Politics

by Leif Bjellin

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As stated yesterday, the opinion I will present is of private nature and not necessarily the opinion of SAC. This is particularly true, as we today may touch subjects which are subjected to various views within syndicalist organisations.

You can say that our view concerning the relation between the union and parties, the union and the state government, or in general how society ideally should be governed, goes back to the first international.

Already at that time there come to a disagreement between Marx and Bakunin. Marx favoured the opinion that a strong party and a centralised and strong state should - so to say - tell the masses what to do, and like

that. The masses needed to be governed. Bakunin on the other hand represented the idea - which we today regard as anarchistic - that if only people were given the true opportunity, they would govern themselves by forming local communities, federating "upwards" when needed. You can say that the anarchists represent a more positive view of peoples capacity and ambitions.

As the syndicalist movement, or libertarian socialists, or democratic socialists, or whatever you call them, are greatly influenced by anarchistic ideas, this mentioned view is very common within the movement.

As "the state" practically is equal to a governing body, which in turn in most cases is equal to a party - with or without popular legitimacy - most syndicalists are sceptic to parties and politics performed through parties.

This doesnt mean that we are non-political. Contrary to that. We used to be very active political.

This doesn't mean that syndicalists can not be members of a political party, as long they don't bring the intra-party struggle to our organisation. Take Nepal as an example, where the splitting of political parties also caused destructive divisions of the unions. And if I may mention Sweden where the close relation between the big reformistic union LO and the social democratic party now and then have created a forced industrial peace, which I don't think is beneficial for the workers, and this of course in order to fulfil the policy of compromise between the party and capitalistic forces.

Anyhow, despite this, concerning syndicalists involvement in organised politics, in fact I would guess that most syndicalists in Sweden have some certain party-political preference. Most of them are probably supporting

some classical leftist party, but today, when the "green" party, at least in Sweden stands for a rather radical policy, I know that many syndicalists are supporting them. And we have of course social democrats in our union. So we don't care about party, religion, cast or what your profession is. Normally we often, but absolutely not all, join the leftist groups may-day celebration.

Voting on a party is one thing. You can do it anonymously. Being active in a party is however regarded as more or less dirty, so peoples elected to central positions in SAC are - I think - always not party-political active.

This way of acting, adopting to new situations, represented by e.g. a new party, many think is typical for a free organisation. We have no bible to follow, no "das Kapital". That's way you can't really say what libertarian socialists stands for. Besides socialism of course - but what is that?

A good summary of what it's all about is given in the distributed paper made by Gefont. The union-party, union-state, union-politics relation can for an anarcho-syndicalistic standpoint be classified as: very political, independent from party politics, activity based on democracy, self management and socialism, union struggle with both companies and their protector, the state/government.

Though we regard the state as a form of enemy, the Swedish syndicalists accept the co-operation with the state concerning e.g. unemployment fund. This subject has in fact splitted the Anarcho-syndicalists in Europe.

An organisation covering so disperse ideas is facing problems. In SAC the ongoing discussion concerning expected self-activity from members and the service given by SAC has made some local groups leaving SAC. But I also know that our grass-root approach attract many people, not only in Sweden.

You find these groups, though often small, all over the world. In India there are Gandhi followers which can be regarded as anarchists. I have met railway workers in Calcutta with ideas very much resembling Sac's. And we have the garment workers in Bangladesh, and so on.

The problem is that these groups are hunted by all. They are regarded as dangerous. They represent the will of ordinary people. They want the power to affect their own situation.

## Day-Three: Trade Union & the Politics

### Trade Union and Politics

by W.R. Varada Rajan

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I have been called upon to dwell on the CITU-view based on Indian experience with regard to multiplicity of trade unions vs. single trade union, party related trade union vs. apolitical trade unionism. I will deal with this subject in two parts, as desired by the organisers of this event. One, multiplicity of trade unions and two politics and trade unions.

Dealing with the multiplicity of unions, basically who is raising this question of multiplicity? As working class, as trade unions, our attempt is to unify our class. But that unity has to serve an objective - unity for achieving some thing. Unity sans objective is meaningless. There is some sort of a unity in a cremation ground. When somebody is dead, all those assembled are full of sorrow. Everybody grieves. Nobody ever speaks anything adverse against the person who is dead - even if he were a bad character. We do not want that kind of unity.

Who is to decide whether there should be a single trade union or more than one union? It is primarily for the workers to decide. But today the question of multiplicity of trade unions is being raised more by the employers and the government than by the workers and trade unions.

Let us ask one question. Do the employers have a single organisation? I will narrate the Indian experience. There is FICCI, the Federation of Indian Chambers of Commerce and Industry; there is an All India Manufactures Organisation (AIMO); there is a Confederation of Indian Industry (CII); there is an Employers' Federation of India, and the list goes on. There is also acute rivalry and competition amongst these several organisations of employers. But the very same employers are loudly mouthing complaints over multiplicity of trade unions!

In most cases, it is the employers and the government, who had given birth to newer and newer trade unions. In reality the employers do not want one union. They do not want any union. The TNCs are notorious for their union busting activities. They engage various agents and agencies for union busting. We have read reports of T.V. crew, purporting to represent some media agency - taking video-photos of the workers and leaders assembled before a factory, where there is a strike. The video-film is used to figure out the leading cadres, target them for harassment and attack.

In India, the All India Trade Union Congress, AITUC, was the only central trade union until we achieved independence. Though there had been some instances of a split, reunion etc. in between, for most part of that period, there was a single trade union only. The first rival trade union centre was floated by the congress party, which came to power in India after independence. The Indian National Trade Union Congress(INTUC) was started in May, 1948. What was the declared intention of those who promoted the INTUC? They wanted to have their own trade union set up

to ensure that the workers are not dominated by the communists who were in the leadership of the AITUC.

Ever since there had been a proliferation of trade union centres in India. I will leave it at that.

Trade Union unity - all workers united in a single organisation - total unity of the working class - is what we desire and want to achieve. Only through that process, we can carry on our journey to realise the objective of realising a pro-worker social change.

One need not be over exercised on the question of multiplicity of trade unions. Even without a structural unity, there can be co-operative unity between all trade unions, on the common issues of the working class. There can be united struggles on common demands - be it economical or political or social issues/demands.

Coming to the issue of politics and trade unions, let me ask, is there a single sphere of human life without politics? Is capital divorced from politics? Are employers away from politics? Is the economy not influenced by politics? Are economic policies not related to politics? Why then the hue and cry that only labour and trade unions should be totally divorced from politics?

We must remember what Com. Lenin, the greatest teacher of the working class, alerted us - that the interests of one or other particular class is behind every phrase of religion, culture etc. The society is divided into various classes. The working class has to achieve its emancipation through its own struggles. In this you cannot adopt a 'touch me not' attitude towards politics.

In our discussion on globalisation, we noted four aspects - cultural globalisation, political globalisation, ecological globalisation and economic globalisation. Today trade unions adopt different attitudes towards globalisation - some say accept it, some are for resisting it, some accept it but fight against its consequences. Whatever be the stand taken by you, you have to face the challenges of globalisation. The challenges of globalisation cannot be met leaving politics outside the framework of trade union action.

The world today is divided - the developed and developing countries, North and South, G-7 or G-8 and the third world etc. But the basic issue is imperialist hegemony over the rest of the world. Whether one likes the word imperialism or not, the imperialism is here on the scene, dictating its terms to the world polity. Today, after the collapse of the Soviet Union and the set back to socialism in east European countries, imperialism perceives that it has none to challenge it in the world arena. In the unipolar world order of today, the imperialist masters operate through the international financial institutions, like the IMF and World Bank, trying to economically subjugate the third world countries. The cold-war era has ended; but the imperialism relentlessly wages its economic war against the third world. Today, imperialism has proclaimed that even open-war, militarist intervention, is not ruled out. Afghanistan, Iraq and Yugoslavia are the latest examples.

In this situation, the question before the working class of every country is - on which side your are? Are you on the side opposing imperialism? Or are you on the side supporting imperialism? Or do you want to be neutral is the case! On which side your sympathy lies? Can there be an apolitical answer to this question? No.

Therefore, the trade unions cannot keep away from politics. In this, we have necessarily to be partisan, fighting and resisting imperialist offensives.

What is apolitical trade unionism? Apolitical is the mask of the worst reactionary politics. Scratch the skin of any one who calls himself an apolitical trade unionist - you will find him anti-left, anti-socialism.

But the main question is, which politics that a trade union should adopt or indulge in? Is it class politics or petty-party politics? Trade Unions, advocating the line of having a political objective, are - in most cases - not functioning as appendages of political parties. Trade unions which function under their own constitution or by-laws, ensure transparent democratic functioning at all levels, from the shop floor to the national leadership. As long as this democratic functioning is ensured, there need be no apprehension of petty party-politics dominating the trade union agenda. Trade unions, as democratic entities, can never afford to compromise the class interests of the workers, whatever politics they may follow. We should not confuse the working class party and the trade union organisation. May be, some leaders on the trade union front, may be even some sections of the membership, could belong to the party of the working class. But trade union is a mass organisation. It is not a wing of the political party. Trade union is also a unique type of mass organisation, different from other mass organisations of women, students, youth and the likes. Trade union is a class mass organisation. In other mass organisations, of say women, student etc., the members may belong to the working class or even to bourgeois class. But in a trade union only those belonging to working class can be members. This class character, and commitment to democratic principles of functioning, ensure that the workers who belong to trade unions which have professed political objectives, have nothing to be afraid of politics.

A question was raised here by another eminent participant, as to how many trade union leaders are getting tickets from the political parties, to contest elections. It is a very serious question. We have to ponder over it. I can tell you some interesting truth about the composition of Indian Parliament. We have had twelve Lok Sabhas from 1952 to 1998. We are facing the elections to the thirteenth Lok Sabha. An analysis was made as to the profession of the elected MPs. In all the twelve Lok Sabhas, almost 70% of the members had stated that agriculture was their profession. They are peasants, mostly belonging to landlord class or kulaks and not agricultural workers. So, when liberalisation- globalisation regime came, what was the response of the members of the Lok Sabha. There were two thrusts of the reform process - one privatisation, which essentially affects the interests of the workers in public sector; the other, curtailment of subsidies. Privatisation programme has been sailing without much of a resistance from inside the Parliament, though the fight against it is carried on by public sector workers. But no proposal for withdrawal or curtailment of subsidies to agriculture, be it free power - or fertiliser subsidy, could be carried through the Lok Sabha. Why? The strong presence of tanded landlord class inside Lok Sabha, irrespective of party affiliations, had ensured this. Not only that. Despite a national level understanding and commitment in the tripartite forum for enactment of an Agricultural Workers' Bill, guaranteeing minimum wages for agricultural labourers in the country, it was not even tabled in the last three Lok Sabhas. The landlord lobby in Lok Sabha had blocked this.

On the other side, the working class is very poorly represented in the Parliament. So, though four times Prime Ministers had changed since 1991, every anti-working class measure is allowed to be passed in the Parliament.

This is not an isolated experience in India alone. In all the third world countries, similar situations, though varying in proportion, could be found.

This, therefore, requires us, the trade unionists, to underline the need that trade unions have to be political and trade unions must ensure that their interests are well represented in all political fora, that decide basic policy issues. That is why, I repeat, trade unions cannot remain aloof from politics. Class politics should govern every action, every step, every policy and every move of the trade unions.

Thank you.

## Day-Three: Chairperson's Remark

Mr. Sushil Pyakurel

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At the end of this session, let me thank to GEFONT Chairman respected Com. Neupane, GEFONT Secretary General and all of the distinguished resource persons & the participants.

Indeed, it is my privilege to Chair today's session-let me expressed my sincere gratitude towards GEFONT family for this honor.

Before, participating in this programme, I had some feelings about workers. I had ideal statement- "workers are the mighty force to change this society!" But in reality, today I knew, I had different perception about this- some how incomplete!

Who are the workers? I had very simple answer- the Blue Collars! I was considering myself as a White Collar, and was assuming that white collars are the professionals some how "superior" than the workers.

Having chance to listen yours valuable contributions-observations and interventions, I have been benefited a lot. Frankly speaking, it has widened the level of my understanding. I seek such knowledge within a day, which perhaps I have hardly achieved within my inter life. This more than enough to the person like me, who is defining the human rights as a workers rights as well.

It is only 140 days remain to enter into the 21<sup>st</sup> Century. I think, the timely organised this programme will enriched knowledge of GEFONT leadership to face the existing & the forthcoming challenges.

Various speakers have expressed their observations during today's session. Is trade union movement is political or it is an apolitical? The questions boldly addressed- "trade union movement should be non-partisan unitarian but can not be an apolitical apparatus. Because trade union itself is a politics!"

It is true that we have different experience based on our own reality regarding the relationship between trade union and the political parties. It is very hard to discard our ongoing practice-- but at the same time we should be open minded that our behavior should not be barrier to our progress.

During the discussion, we have shared our experience on different model of trade unionism. GEFONT Chair has well explained on GEFONT views about the pro-worker trade unionism.

The views expressed here by our International resource persons Com. Varad Rajan, Stefan Chrobot, Horst Mund, Leif & Pravin and the experts within our country is extremely valuable. I think, GEFONT will be able to summarise this valuable experience and utilise to strengthen its movement in particular and to gear up entire working class movement of the country in general.

Let me congratulate you all comrades, brothers and sisters and permit me to express my well wishes for brighter future of GEFONT.

Than you!

Appendix 1 [List of Resource Persons](#)

Appendix 2 [List of Participants](#)



## Appendix 1 List of Resource Persons

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## **Appendix 2**

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1. Mukunda Neupane - Chairperson
2. Lalit Basnet - Vice-chairperson
3. Bishnu Rimal - Secretary General
4. Binod Shrestha - Treasurer
5. Bal Ram Khatri - Member NEC
6. Chuda Mani Jungali - Member NEC
7. Hari Datt Joshi - Member NEC
8. Hem Raj Regmi - Member NEC
9. Jitendra Shrestha - Member NEC
10. Madhav Neupane - Member NEC
11. Nara Nath Luentel - Member NEC
12. Narayan Rajbanshi - Member NEC
13. Om Koirala - Member NEC
14. Raghu Nath Khulal - Member NEC
15. Rajendra Raj Hamal - Member NEC
16. Som Rai - Member NEC
17. Uddhav K.C - Member NEC
18. Umesh Upadhyaya - Member NEC
19. Ang Phuri Sherpa - Member NCC
20. Bina Shrestha (Ms.) - Member NCC
21. Binda Pandey (Ms.) - Member NCC
22. Goma Timilsena (Ms.) - Member NCC
23. Indra Raj Sitaula - Member NCC
24. Janak Chaudhari - Member NCC
25. Kabindra S. Rimal - Member NCC
26. Keshav Dawadi - Member NCC
27. Madhusudan Khatiwada - Member NCC
28. Mohan Nepali - Member NCC
29. Rajiv Ghimire - Member NCC
30. Ramesh Badal - Member NCC

### **Programme associates**

1. Deepak Adhikari
2. Kalicharan Basnet
3. Tulsi Shiwakoti