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Abstract

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The mobilisation of protests has become more visible during the last few decades and the amount of literature focusing on the links between protest and policy has significantly increased. Nevertheless, scholars acknowledge that there is a lack of theoretical advancements, careful empirical analysis and attention to developing countries regarding these links. In this thesis I endeavor to address the above shortcomings. I elaborate on and evaluate existing theories on social movement outcomes by applying an event history analysis to my data on anti-privatisation struggles in India and Peru. The thesis consists of a comprehensive introduction and three interrelated essays.

Essay I provides a systematic description of labor movements' reactions to privatisation processes in India. I demonstrate that the Indian trade unions which were affiliated with pro-privatisation parties avoided protesting even when their party was not in the government. Of two Communist-ruled states — Kerala and West Bengal, only the first accepted the protests of the affiliated union.

Essay II discusses how the anti-privatisation struggle in India affected privatisation processes during the years 1990-2003. It focuses on mechanisms explaining the impact of a social movement's mobilisation, and on the role of protest characteristics. I demonstrate that challengers to privatisation were more successful in gaining favorable policy outcomes in those cases where they used large or economically disruptive protests.

Essay III seeks to explain the varying outcomes of anti-privatisation protests in India and Peru. I test the prevalent theory on the conditionality of the protest impact in a novel empirical setting — that of developing countries. In contrast to previous studies, my results show that the impact of protests is not necessarily dependent on public support nor on support from political allies. However, the outcomes of mobilisation depend on political regime as protests are shown to be more influential within democracies.

Keywords: Social movements, trade unions, protest, privatisation, India, Peru

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To the memory of my grandfather

List of Papers

This thesis is based on the following papers, which are referred to in the text by their Roman numerals.

- I Uba, K., 2007. The struggle against privatisation in India. A description of federal and state level processes, Working Paper. Department of Government, Uppsala University. A slightly different version of this paper is under review by the *Asian Survey* (submitted December 28, 2006).
- II Uba, K., 2005. Political protest and policy change: the direct impacts of Indian anti-privatization mobilizations 1990-2003, *Mobilization: An International Quarterly*, 10(3): 383-396.
- III Uba, K., 2007. Why the struggle against privatisation sometimes succeeds and sometimes fails. A comparative study on India and Peru. Working Paper. Department of Government, Uppsala University.

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Katrin Uba
Uppsala, June 2007

1. Introductory essay

"Not only is [citizens' participation] supposed to keep government honest and open; participation is also supposed to produce more informed and thus "better" decisions, and in the process build greater civic capacity, trust, and legitimacy. Given the degree, to which these expectations go unfulfilled, it is small wonder that . . . we still ask: Does participation make a difference?"

C. J. Bosso in *Perspectives on Politics* pp.181-182, (2003)

Does participation make a difference? Sure it does! would be an easy answer, but this response leaves one wondering whether all forms of citizens' participation make a difference, as well as what factors determine the varying outcomes and which mechanisms explain the link between political actions and public policy. The aim of this thesis is to provide responses to parts of these questions by focusing on the outcomes of protest mobilisations.

In the early 1960s scholars developed an image of the "irrational protester", someone who was more interested in expressing her frustration than in achieving any explicit goal (e.g., Kornhauser 1959), but this image has evolved. Media reports on widespread and frequent protest mobilisations suggest that protests are not unconventional rare events. Studies on protest participants add that people on the streets are as rational as those in the polling-booths (e.g., Walgrave & van Aelst 2001). Obviously, these two forms of citizens' political actions differ. Elections are regular events organised by the polities, while protests can be mobilised at any time by any group. More importantly, the outcome of elections is determined by the principle of "one citizen, one vote", which is expected to guarantee the equal representation of citizens' interests. Such a rule, however, does not apply to protests or the social movements which mobilise these actions, and therefore the consequences of protest mobilisations have been a topic of heated debates since the 1970s (e.g., Gamson 1975, Lipsky 1968, Piven & Cloward 1977).

Scholars agree that citizens' mobilisation generally matters and focus on three types of questions instead: Which strategies or protest characteristics are the most effective in order for a group to achieve its goals? In which social and political environments do protests make a difference? and Which mechanisms can be used to explain the success and failure of protest mobilisation? One of

the well-acknowledged responses to these questions states that the impact of different forms of mobilisation strategies depends on the political context and the type of influence sought by these actions (Amenta, Carruthers & Zylan 1992). Empirical analysis, however, has provided inconsistent results, and has led to two kinds of criticism. First, the concept of political context is often unclear, and too little attention is paid to the mechanisms which explain how the mobilisation of protests could influence public policy (Meyer 2004, Cress & Snow 2000, McAdam & Su 2002). Secondly, the empirical studies focus on a narrow set of movements in limited political settings, which decreases the opportunities of examining the role of an array of political contexts (Burstein & Linton 2002).

These shortcomings became the starting point of this thesis. I aim at examining how the mobilisation of protests affects public policy and why decision-makers' responses to challengers' demands vary depending on the particular strategy and the environment of mobilisation. In the basic theoretical argument of the thesis, mobilisation is treated as a signal which informs policy-makers as to their prospects of re-election, but also threatens them with further insurgencies. The outcome of mobilisation could therefore be explained by two not necessarily exclusive processes, in which policy-makers choose between competing proposals of different interest groups, and respond directly to any threats of instability. As in prior research, the leverage of protest mobilisation is seen as dependent on protest characteristics and contextual factors. However, in contrast to several previous studies, I propose that the impact of disruptive actions is independent of the support of public opinion or political allies, although it is conditioned by structural contexts such as political regime.

My arguments are tested by utilising an unique database on privatisation and protests mobilised against privatisation in India and Peru during the years of 1991—2004. Data and analyses are presented in the three essays that form the body of this thesis: (1) a description of the mobilisation of anti-privatisation struggles in India and a discussion on the important role of the trade unions' affiliation with political parties; (2) an examination of the role of different protest characteristics in explaining the impact of anti-privatisation struggle in India; and (3) an analysis and comparison of the contextual factors that facilitate the impact of anti-privatisation protests in India and Peru. Results demonstrate that protests which disturb public life and cause significant economic disruption have an independent impact on policymaking even in a democratic environment.

Why privatisation?

Privatisation is a part of a broader set of liberal economic reforms that could be seen as a specific process of selling state owned enterprises, or a more general process of a state devolving its economic and financial activities to the private sector (Parker & Saal 2003). It is also seen as a hard-to-sell policy due to the

unclear long-term consequences on the society and more obvious short-term costs for vulnerable groups in a society (Megginson & Netter 2001). Yet, starting within United Kingdom in the early 1980s, the process accelerated in the 1990s, and today there are almost no countries which have not privatised part of their public sectors (Kikeri & Kolo 2004). In 2007, the process is occurring not only in China, Georgia and Turkey but also in Sweden, where the newly elected government broke a 5-years quiescence and proposed privatisation plans for six public-owned companies. Empirical studies on the consequences of privatisation have not demonstrated only the benefits of the process (Parker & Kirkpatrick 2005). Research does report on a significantly improved economic performance or increased production efficacy (e.g., Chong & Lopez-de Silanes 2005), but also emphasises an increasing insecurity among workers, rising commodity prices and increased environmental risks (e.g., Hall, Lobina & de la Motte 2005). Thus, it is not surprising that privatisation has led to divergent public opinion in many countries. Public discontent and protests mobilised against privatisation processes have taken place in for example South Africa, Asia (India, South Korea), Europe (France, Greece, Romania, Hungary), Latin America (Bolivia, Peru, Mexico), and the U.S. and Canada. The main opposition have always come from labor movements which have been negatively affected by the retrenched public employment. Still, their mobilisation is also supported by environmental movements and consumer organisations. Although challengers' demands could be motivated by their ideological beliefs, self-interest or willingness to protect the public interests, these actions also signal a certain concern about the uncertain consequences or a feeling of being left out of the decision-making process.

The way different governments respond to these actions varies. Some use brutal repression or disregard the entire struggle, while others opt for the accommodation of some challengers' demands, or concede and re-nationalise an already sold enterprise. Thus, studying the reasons behind these variations allows us to better understand the developments and eventual durability of privatisation processes not only in the countries examined here, but also in a wider context.¹

Why India and Peru?

The major part of this thesis is devoted to privatisation and protests mobilised against privatisation in India. The case selection has both empirical and theoretical reasons. First, India is one of the few developing countries where lib-

¹There are few studies analysing the outcomes of protests mobilised against privatisation and mainly these have focused on a few empirical examples in a single country — Bolivia (Kohl 2002), Colombia (Novelli 2004), El Salvador (Almeida 2002), Mexico (Williams 2001, Murillo 2001), Japan (Hayakawa & Simard 2001) and United States (Chandler & Feuille 1991). Even the few existing comparative studies have not examined the impact of protests systematically but have focused on some specific examples instead (See e.g., Druk-Gal & Yaari 2006, Greskovits & Coreskouits 1998, Hall, Lobina & de la Motte 2005).

eral economic reforms did not coincide with the transition to a democracy or where such reforms were not initiated by an authoritarian government.² This has allowed me to apply theories on social movement outcomes, developed and usually examined in the context of stable democracies, without adjusting the assumptions on the important role of a political regime. Secondly, in order to study the impact of protests, some mobilisation against privatisation as well as a variation of protest outcomes are both necessary. India's historically active labor movement, and political and economic development allowed me to expect such a variation and a small pilot study undertaken before starting the project confirmed it. However, the analysis on the impact of protest mobilisations in India did not allow me to examine the robustness of the proposed theoretical arguments thoroughly. Thus, in order to study the potential effect of those contextual factors that did not vary in India, especially public opinion and the political regime, I have included another case into the analysis — Peru.

On the one hand, the political institutions, economic situation, culture and size of India and Peru are very different. On the other hand, the governments of both countries announced plans to reform their public sectors almost simultaneously (in the summer of 1991) allowing for the assumption that reforms were affected by similar global processes. Furthermore, the governments of both countries have been confronted with a remarkable amount of anti-privatisation protests, and their reactions vary based on protest strategies and their environment. Finally, the reason for choosing to focus on developing countries in the first place is related to the above-mentioned criticism over the lacking systematic studies on the outcomes of social movement mobilisation in this region.³ As the struggle against privatisation is mobilised by the trade unions in a majority of cases, this study would also contribute to research on labor movement activism and its role in developing countries.⁴

I will return to these empirical cases in section two, but first I will introduce the theoretical framework of this thesis. The following section places protest impact into a broader context, and gives an overview of earlier research on social movement outcomes. In section two, I present a review of privatisation in India and Peru, briefly describe the mobilised protests and introduce the

²Privatisation in Eastern Europe and Russia occurred along with the transition from a Communist regime; in Latin America the experiences vary from authoritarian Chile and Mexico to democratising Brazil and Argentina. China is an example of a non-democracy, and South Africa initiated its privatisation program during its democratisation process.

³The author is aware of a few studies that have focused on the consequences of social movement mobilisation in Korea (Shin 1983), Thailand and Philippines (O'Keefe & Schumaker 1983), China (O'Brien & Li 2005), Chile (Franceschet 2004), and Brazil (Alston, Libecap & Mueller 2005).

⁴There are many excellent case studies on Indian labor movements (See review in Shah 2004) and some on Peruvian labor movements (e.g., Balbi 1997, Grompone 2005, Remy 2005). However, I am not aware of any systematic quantitative study on their mobilisation or influence on policy-making.

quantitative method used for evaluating the impact of protests. The third section presents a summary of results and points out the contribution made by this study.

1.1 Theoretical framework

1.1.1 Why is it important to study the outcome of protest mobilisation?

To understand the importance of the consequences of protest mobilisation, one has to take a broader look at the phenomenon that sociologists call "state-oriented collective action" and political scientists label "political participation".⁵ The first refers to the mobilisation of collective action for achieving goals that can only be achieved via state action, or more generally, via "policy change" (Stearns & Almeida 2004). The second is generally understood as actions taken by individuals aiming to influence the composition of the government, or eventually affecting the decisions made by the government (Verba & Nie 1972).⁶

The similarity between these two approaches is striking, especially if one knows that scholars of social movements rarely cite any studies on political participation and vice versa (See also Burstein 1998, McAdam & Su 2002). Certainly scholars of political participation talk about *individual* rather than *collective* action, but the major goal of these actions is the same: to inform policy-makers on public preferences regarding some specific or more general issues.

From a normative perspective of democratic theory, one would expect that policy-makers are open to the demands voiced through these mediums, and that the final policy takes into account the interests of all, not only the interests of those who are shouting the loudest (Verba, Scholzman & Brady 1995). Thus, knowing who participates, how well the activists represent the general public, and how policy-makers respond to participants' demands all allow us to evaluate if the state is a responsive democracy.

The issues of who participates and their representativeness are mostly discussed in the studies on individual level political participation (e.g., Verba &

⁵It is important to note that the definition of social movements varies greatly in the literature and that social movements could also have other goals than policy change (See e.g., Della Porta & Diani 2006). Narrow definitions of social movements do not include such interest groups as trade unions due to their hierarchical structure (e.g., Tarrow 1994). The broadest definitions, however, do not even distinguish political parties from grass-root movements (e.g., Burstein 1999). I use the terms "social movement", "interest group" or "advocacy coalition" interchangeably throughout this thesis, and use these terms to refer to an organisation that is mobilising people for collective action.

⁶The discussion of the "proper" definition of political participation has been as lively as the one on the definition of social movements. The curious reader could find interesting reviews in e.g., Conge (1988), Brady (1999), or Norris (2002).

Nie 1972, Barnes & Kaase 1979, Verba, Schlozman & Brady 1995, Norris 2002, Walgrave & van Aelst 2001), but this literature has almost entirely neglected the question of policy-makers' responsiveness to citizens' actions (Teorell 2006).

Still, knowledge about the representativeness of protest participants would be even more interesting if we could relate it to the outcomes of protest mobilisations. It is particularly important in the light of studies demonstrating that the perception of an action being influential is one of the most important factors in explaining the individuals' protest participation (Muller, Dietz & Finkel 1991, Finkel & Mueller 1998).

A partial response to the question on policy-makers' responsiveness to citizens' collective actions is, however, offered by those scholars interested in social movement outcomes. They regard mobilisation to be influential if it is responded to by policy which coincides with challengers' demands or guarantees collective goods to a movement's constituency (e.g., Giugni, McAdam & Tilly 1999, Amenta, Caren & Olasky 2005).⁷ Although this relates the consequences of mobilisation to the benefits of some specific groups, it should not be problematic for a responsive democracy *if* a mobilising group represents the interests and preferences of non-participants as well.

Still, while scholars of political participation have neglected the issues of the consequences of participation, the literature on social movement outcomes has not paid much attention to the representativeness of mobilising groups (Burstein 1998, Burstein & Linton 2002). The question has only been addressed recently and it is suggested that in a democratic context social movement's mobilisation would be influential only if challengers' demands are considered salient and supported by public opinion (Ibid.).

As public opinion surveys do not cover every issue raised by the numerous interest groups, the mobilisation of collective actions could be perceived by policymakers to be indicators of public opinion. Hence, by studying what kind of social movement mobilisation strategies are influential and how this depends on the environment in which they are operating, allows us to say something about the health of a representative democracy as well.

However, democratic theory would not be helpful for explaining the impact of protests which are mobilised within a restricted democracy or an authoritarian regime. Despite the high probability of repression, social movements also mobilise in non-democracies, and are sometimes even successful (See O'Brien & Li 2005, Almeida 2003). Still, even in this context knowledge of protest outcomes might inform us of the health of the political regime.

Hence, studying the consequences of collective actions in diverse countries such as India and Peru improves our understanding of the processes of how citizens' needs and preferences are translated into the public policy in differ-

⁷"Collective goods" have a very broad meaning here, referring to both material as well as less tangible benefits (See more in Amenta, Caren & Olasky 2005).

ent political environments. Additionally, knowledge of effective mobilisation strategies and the context which facilitates their impact might also be valuable from the practitioners point of view.

1.1.2 Prior research on the impact of protest mobilisation

It was noted above that the field of research on protest outcomes has been popular since the 1960s and 70s and today many excellent reviews are available (e.g., Amenta, Carruthers & Zylan 1992, Andrews 2004, Burstein & Linton 2002, Giugni 1998, McAdam & Su 2002, Meyer & Minkoff 2004). Therefore, I will focus the following discussion on the theoretical aspects that have the foremost relevance for this thesis. Although many previous studies suggest that the characteristics of social movement organisation such as leadership, internal structure, and resources have an important role in explaining the mobilisation and indirectly even the impact of mobilisation, these factors are omitted because of the major interest in the impact of mobilisation per se (But see e.g., Gamson 1975, Andrews & Edwards 2004, McVeigh, Neblett & Shafiq 2006, Meyer & Minkoff 2004).⁸ Thus, I start by discussing the definition of influential mobilisation and then focus on the ways by which the potential impact of protest mobilisation have been explained in prior research. It is, however, important to remember that a single protest does not constitute a social movement. The discussion here applies to the influencing attempts that are mobilised by groups which are involved in a sustained struggle rather than a single action.⁹ Moreover, the following discussion applies to groups that do not raise displacement goals, that is the mobilisation is not aimed at overthrowing the existing regime. Scholars also agree that groups with radical demands would be less influential than group with more moderate claims (Giugni & Passy 1998, Gamson 1975).

The first challenge for a scholar interested in social movement outcomes is arriving at a definition of influential mobilisation (Giugni 1998). One of the oldest and still-used suggestions involves defining the impact of social movement mobilisation according to the extent of a government responsiveness to challenger's demands (Schumaker 1975). However, a movement might have many different demands and aim at influencing policy-making at its different stages. For example, Gamson (1975) suggested that the mobilisation is successful if the movement gains acceptance as a legitimate player in the policy

⁸The question will be briefly touched upon in Essay I. Moreover, acknowledging their importance I have also omitted the discussion on how the framing of the issue affects the impact of social movement's mobilisation (Cress & Snow 2000), the role of unintended outcomes (Andrews 2002a, McVeigh, Neblett & Shafiq 2006), the importance of symbolic concessions (Santoro 2002) and the role of participants' perceptions of success (Finkel & Mueller 1998, Opp 1989).

⁹Although interest groups tend to use the multiple strategies of actions from lobbying to demonstrations (Meyer 2004, Grossmann & Helpman 2001), my attention is on the actions that are visible to the general public and this excludes lobbying.

process or is responded by a policy that guarantees some "new [demanded] advantages" for the group's constituency. In order to distinguish between potential influences occurring at different stages of policy-making, Schumaker (1975) presented six still-used criteria of responsiveness: access, agenda, policy, output and impact responsiveness. Accordingly, the majority of recent studies focus on the policy and output responsiveness, which refer to the adaptation of a legislation or implementation of a policy that is congruent to social movement demands (See also Giugni 1998).¹⁰ The empirical cases of this thesis follow this pattern and I examine the impact of protest mobilisation on the implementation of privatisation policy.¹¹

As the majority of early studies focused on movements that aimed at gaining some specific rights, e.g. civil rights movement, Gamson's category of "new advantages" was well-applicable. However, in reaction to real-world developments of protests mobilising against the nuclear powerplants in Western Europe, Kriesi (1995:172) added a further category of "preventing new disadvantages" to the definition of successful movement. If movements aiming at new advantages could be seen as "pro-active", then groups which aim at preventing further disadvantages could be labeled "re-active" (Ibid.). The mobilisation against privatisation corresponds to the last type of movement, because their goal is to avoid potential negative consequences of the process. In sum, one could say that a movement's mobilisation has an impact on policy-making to the extent that the policy in question grants certain requested advantages or prevents certain insisted disadvantages on the part of the movement constituency. The operationalisation and the measurement of the impact of protest mobilisation is another challenge, but this will be taken up in detail in the second and third essay. Here, it suffices to note that I consider a mobilisation against privatisation influential if the government, as a result of the protest, decides to discontinue the privatisation process for at least some period of time.

The second, and even more important challenge is to explain how social movements matter (a title of an influential book by Giugni, McAdam & Tilly (1999) or when movements matter (another title of a recent book by Amenta (2006)). Disagreements over definitions in earlier studies have also affected the development of models by which the movements' potential impact is explained. This quite frequent problem in social sciences has led to a situation where reviewers repeatedly acknowledge that there is a lack of systematic analysis and little discussion on the mechanisms that explain why social

¹⁰It is also named as "substantial success" (Kitschelt 1986, Kriesi 1995b).

¹¹Focusing on implementation rather than the enactment of a law allows me to neglect the recently proposed discussion on the difference of movements' impact at different stages of policy process. Especially, Soule & King (2006) demonstrated that social movement organisations matter more in the earlier rather than in the latter stages of the policy process i.e. they affect the introduction of a bill but not the final ratification of it. However, due to the lack of data they could not study how the impact of protest mobilisation varies across the different phases of policy-making.

movements would be able to affect public policy (e.g., Amenta, Carruthers & Zylan 1992, Burstein, Einwohner & Hollander 1995, Giugni, McAdam & Tilly 1999, Cress & Snow 2000, McAdam & Su 2002). However, some studies that pay attention to the question do exist, for example Andrews (2004), McAdam & Su (2002) and Amenta, Caren & Olasky (2005). I would argue that the problem is not so much related to a lack of discussion on how movements matter, but rather relates to unclear concepts and the lack of careful empirical studies that test the proposed claims.

Figure 1.1 combines the most frequently studied models of social movement outcomes, which are often labeled as direct, indirect and interaction models (See also Giugni 2004).¹² I have related these models to the mechanisms by which different scholars explain the impact of movement's mobilisation i.e. the threatening and persuasion process. The third — mediation theory — combines these processes together. The three models also present a certain historical time-line of the developments in the social movement research. While earlier studies were mainly interested in the varying impact of different mobilisation strategies such as large, peaceful or violent protests, contemporary scholars pay more attention to the environment in which the mobilisation takes place (Giugni 1998).

Direct impact

The dependent variable on the figure — "policy change" refers to the outcome of a decision which is usually made by the majority of the parliament or by the executive, and therefore the term "direct impact" might sometimes be misleading (Burstein, Einwohner & Hollander 1995). In empirical analysis, however, the direct impact is usually referred to as the strength of the relationship between measures of collective action and a policy outcome, controlling for the effect of other possible influences on the policy (Burstein 1998).¹³ However, the direct model could also be related to theories of social control and the threatening process. Accordingly, the protest mobilisation threatens the stability of the polity and policymakers might concede to challengers' demands in order to control the current unrest or avoid any further insurgency (See Fording 2001, McAdam & Su 2002). Two classical studies in the field, Gamson (1975) and Piven & Cloward (1979), provide empirical support to the argument by demonstrating that disruptive or violent protests are sufficient for a social movement's success. Other authors, however, have found an opposite relationship or have shown that the impact of different mobilisation strategies

¹²Giugni actually uses a "joint model" instead of the interaction model, but the last is more usual in the jargon of empirical analysis and I use it for the sake of clarity. Moreover, it is important to note that the presented models are not exclusive, as the direct impact could well be a certain part of the interaction model.

¹³Dashed lines in the figure 1.1 signify these control-relationships. Although it is not discussed explicitly, the need for such a control is based on the assumption that dynamic and structural contexts influence the mobilisation of collective action.

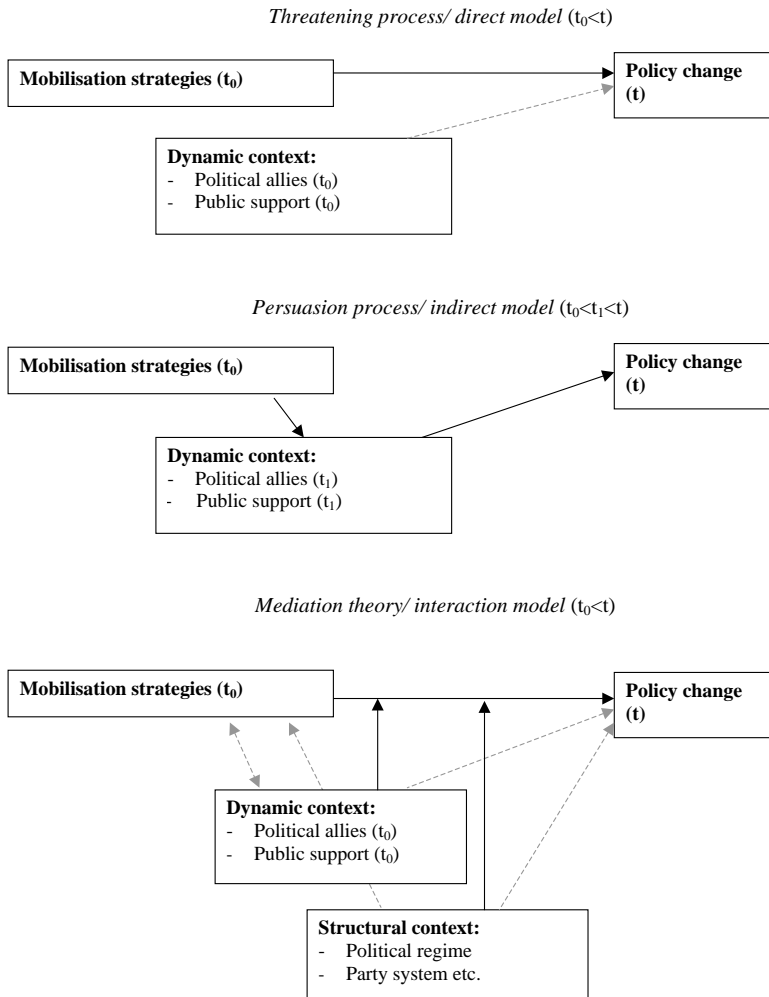


Figure 1.1: Models that explain the relationship between movement actions and policy change; the t_0 , t_1 and t refer to the time-sequence of events.

does not vary significantly (e.g., Colby 1982, Kelly & Snyder 1980). Although many of the early studies could be criticized because of the omitted variables, the threatening mechanism has found empirical support even in recent studies, which use "proper" control variables (e.g., McAdam & Su 2002).

These inconsistencies might be related to the incoherent definition of disruptive mobilisation strategies. Some authors define disruptiveness as extreme violence by protesters or by the police, while others label protest as disruptive when it causes some property damage or economic loss (See also McAdam & Su 2002). The definition is even broader in the framework of mediation theory, where mobilisation strategies are distinguished according to their "assertiveness" (e.g., Amenta, Caren & Olasky 2005). An assertive action means the use of increasingly strong political sanctions which threaten to increase or decrease the likelihood of political actors gaining or keeping something they see as valuable or to take over their prerogatives (Ibid.:521). Still, this general definition seems to decrease the reliability of the measure and eventually complicates the analysis of strategies' impact even more. Therefore, in the following essays, I continue in the track of those studies which make a more simple distinction between mobilisation strategies (e.g., McAdam & Su 2002). In particular, the entire Essay II is focused on studying the impact of different protest characteristics such as size, duration and economic disruption.

Indirect model

Social movement mobilisation could influence policy-making also indirectly, and the major criticism towards the direct model and threatening process has been related to the theory of representative democracy. Proponents of this approach suggest that the impact of social movement mobilisation is not direct, but is instead mediated by third parties (See e.g., Giugni 2004). The last is also labeled "dynamic context" and refers to two significant players — public opinion and political allies (Tarrow 1994). The role of the public opinion is closely related to a normative perspective of democratic theories and it is argued that policymakers in a democratic context respond only to those groups and demands that are supported by the majority of citizens (Burstein 1999). Policymakers and social movements are considered to be interdependent: mobilisation is perceived by politicians to be an indicator of public opinion (votes) and challengers have to persuade decision-makers to change the policy according to their demands (See more in Burstein, Einwohner & Hollander 1995, McAdam & Su 2002). Therefore public support to challengers' demands would help a movement only if the issue was salient enough and if policy-makers perceive that it might affect the election results (Burstein 1998). However, empirical studies have provided only partial support to this part of the persuasion process, although it should be noted that relatively few scholars have studied the impact of public opinion on policy change along with protest mobilisation (Burstein & Linton 2002). This is not

surprising, as empirical data on public opinion regarding the issues raised by the numerous interest groups at the time before and after a mobilisation are not always available. Moreover, it is suggested that different mobilisation strategies might affect public opinion differently: violent or disruptive actions might lead to a negative rather than a supportive opinion, while peaceful large protests might persuade public to support movement's goals (McAdam & Su 2002).

The role of public opinion is related to the theory of representative democracy, whereas the role of political allies is sometimes related to the elitist view of democracy (e.g., Giugni 2004). Proponents of this approach suggest that challengers can increase their prospects of success by persuading the members of the political elite to support them. The argument is derived from studies of social movement mobilisation and it is asserted that a certain "political opportunity structure" facilitates mobilisation and even the impact of mobilised actions (Meyer & Minkoff 2004, Kriesi 1995*b*, Kitschelt 1986). The definition of POS is disputed, but could be defined as the particular configuration of power relations within the institutional arenas (Kriesi 1995*b*).¹⁴ Generally, POS might refer to the dynamic and to the structural contexts, but scholars usually distinguish these two as in figure 1.1 (See also Gamson & Meyer 1996).

Political allies usually are equated with politicians or a party which has the closest policy-preferences to the challengers' demands. For example, in the case of an anti-privatisation struggle these are usually left-wing parties, although even nationalist or populist parties might oppose privatisation because of their negative attitudes towards foreign investors. Interestingly, the presence of political allies as such does not guarantee the impact of a movement, but the position of political allies in respect to the government makes them helpful to the movement. Thus, mobilisation exerts an indirect impact on policy change by obtaining allies who are in the position of implementing their demands (Kriesi 1995*b*, Tarrow 1994). Similarly to the above-discussed case of public opinion, the mobilisation at time t_0 would persuade politicians to become a movement's allies or help existing allies to an influential position at time $t_0 + 1$, and then any policy change would take place at time t (See also Giugni 2004).

Empirical studies, however, have again demonstrated incoherent results and the role of influential allies is unclear for both movement mobilisation and its impact (Meyer & Minkoff 2004). Left-party governments might encourage as well as discourage the mobilisation of movements whose goals overlap with the preferences of left-wing voters (Jenkins, Jacobs & Agnone 2003). Moreover, movements ability to obtain political allies and indirectly affect policy change differs across movements and probably depends on the policy issue (Giugni 2004). Similarly to the impact of different protest strategies, the in-

¹⁴The concept of POS is frequently criticised for being too broad, the curious readers would find an interesting discussion on the subject in Meyer & Minkoff (2004) and Meyer (2004).

coherence of results might be related to unclear operationalisation of political allies in multi-party systems or the initial political status of the group (Ibid.).¹⁵

Interaction model

The need for clear definitions becomes even more important in light of mediation theory, which suggests that different mobilisation strategies are more influential in some political contexts than in others (Amenta, Carruthers & Zylan 1992, Amenta, Caren & Olasky 2005, Amenta 2005). Although even studies from the 1970s suggested that there is a certain curvilinear relationship between the degrees of disruptiveness and the effectiveness of movement mobilisation (e.g., Schumaker 1978), these failed to demonstrate this relationship empirically. The major argument of mediation theory suggests that the mobilisation of collective action alone is not sufficient for a policy change. Rather, it is necessary that mobilisation takes place in a favorable political context, although more assertive mobilisation strategies could partially compensate for the unfavorableness of the environment (Amenta, Caren & Olasky 2005). This refers to the probability that both threatening and persuasive mechanism could explain the impact of mobilisation within the framework of this theory, although authors do not state that explicitly. Moreover, one could differentiate between two version of mediation model as Amenta, Dunleavy & Bernstein (1994) suggest that favorable context is necessary for influential mobilisation and Soule & Olzak (2004) argue for an amplifying effect of political context.¹⁶ Still, it all boils down to defining the more or less assertive actions and the components of the favorable and unfavorable political context. In figure 1.1 I provide a further developed version of the initial discussion of mediation theory by adding the role of public opinion.¹⁷

Proponents of the mediation theory combine the arguments of previous studies which emphasise the importance of both dynamic and structural context (e.g., Kriesi 1995*b*, Kitschelt 1986). A favorable context which amplifies the impact of collective action is defined through the presence of four factors: a democratic regime, a programmatic party system,¹⁸ a polity open to the challengers' claims, and bureaucrats open to the challenger's claims (Amenta, Caren & Olasky 2005). While the first two factors are necessary for the impact of any mobilisation strategy, the absence of sympathetic political allies or bureaucratic actors could be compensated by more assertive strategies (Ibid.). Amenta, Caren & Olasky's (2005) empirical example of the impact of the

¹⁵In the following essays, I will discuss the role of political allies from two perspective — trade unions' affiliation with political parties and the opposition to privatisation by particular members of political elite.

¹⁶Note that Soule & Olzak (2004) and Soule & King (2006) did not examine the impact of movement's actions but examine the effect of women's movement organizational strength.

¹⁷Amenta et al. (2005) include the variable for control purposes, but do not treat it as a factor that could affect the favorableness of the political context.

¹⁸This refers to the opposite of patronage-oriented party system, where politicians take more interest in the individualised than public benefits (See more in Amenta 2005).

pension movement in the U.S during the 1930—1950s provides strong support for the model. However, assuming that the sustained political action with the aim of unseating a representative is more threatening than occupying that representative's office, they relate assertive strategies to the electoral activities of the movement and do not discuss the conditional impact of protest mobilisation.

In contrast to the direct and indirect models, there are a few empirical analyses that employ a systematic test to the mediation theory or explicitly examine the interaction of mobilisation and contextual factors.¹⁹ Giugni (2004) examined whether the presence of public support and political allies amplifies the impact of mobilisation by peace, ecology and anti-nuclear power movements in the U.S, Italy and Switzerland. He found that the impact of the ecology movement was intermediately and the impact of other movements only weakly strengthened by the public opinion and political allies.²⁰ Agnone (2007), on the other hand, studied the interaction effects of public opinion and environmental protests in the U.S. His analysis demonstrates that protest mobilisation raises the salience of the public opinion for policy-makers, and therefore protests amplify the impact of public opinion. However, both of these studies examined the impact of protest mobilisation in a democratic country with programmatic party systems. The few studies that do focus on the impact of protests in a non-democratic context or in a country with patronage oriented party system, however, have not taken into account the role of public opinion or applied only qualitative methods of analysis (e.g., Almeida & Stearns 1998, O'Keefe & Schumaker 1983, Shin 1983, O'Brien & Li 2005).

This thesis takes up both questions, and contributes to the literature on social movement outcomes by elaborating and testing the above-presented models in two different and in this theoretical context rarely studied environments.

1.2 Empirical framework

This thesis places the theoretical discussion on the processes by which the mobilisation of collective actions affects public policy into the empirical framework of struggles against privatisation in India and Peru. For that purpose, I have collected and combined two kinds of data: specifications of the privatisation process with the focus on when the respective governments started and finalised privatisation of its public sector enterprises; and details on the protest actions that were mobilised against privatisation in the respective countries

¹⁹Obviously, all studies examining the direct effect in one country could be regarded as a partial test of interaction model, but in order to know more about the effect of structural factors we need comparative studies.

²⁰These findings, however, could be related with the misspecified model, as Giugni includes only interaction and no original variables into the model. Moreover, no other control variable that could have affected the policy-making in these countries were used in Giugni's analysis.

during the period of 1991—2004.²¹ The following three essays will describe the research design and data in detail, so I use the two subsequent subsections to provide a more general picture of privatisation and the struggle against it both of the examined countries. The third subsection introduces the methodological aspects of the analysis of social movement outcomes, and provides a brief overview of the applied method — the event history analysis.

1.2.1 Privatisation in India and Peru

"Three interrelated policies created the foundation for globalisation: deregulation of domestic economic activity [...]; liberalisation of international trade and investment; and privatisation of publicly controlled companies [...]."

Manuel Castells, *The Raise of Network Society* pp. 137, (2000).

Privatisation has been promoted in developing as well as in developed countries since the 1980s, although in academia there seems to be no clear agreement on the benefits or costs this process might produce (See excellent reviews in Kikeri & Kolo 2004, Megginson & Netter 2001, Parker & Kirkpatrick 2005). Disagreements are not surprising, as the term "privatisation" is used to denote an array of different policies which do not necessarily have similar outcomes (Megginson & Netter 2001). Although in my study the process of privatisation is defined very narrowly — a transfer of state assets to the private sector — the discussion in this section looks at the process from a broader perspective. In particular, privatisation could be seen a part of the general "neoliberal package of structural adjustment programs" promoted by the World Bank (Harris 2003) or a characteristic of the retrenched welfare state (Hacker 2004).²² More neutrally, the liberal market reforms could refer to the policies of deregulated foreign trade and labor markets, tax reforms, competitive exchange and interest rates, and the restructuring of state-owned enterprises. The structural adjustment program is often related to short-term stabilisation measures, because developing countries tend to adopt liberal reforms as

²¹A major difference between the data used in this thesis and the data employed in previous studies on the economic reforms that influenced the mobilisation of protests in developing countries is the source of information. E.g. Auvinen (1996) used a single source— *The New York Times* for collecting the information on protest mobilisation. For the purpose of this study, I used an electronic database which covers over 500 new-channels all around the world which thereby minimises the potential problems of over-represented larger events and infrequent information on events in the remote areas (See also Earl, Martin, McCarthy & Soule (2004) and the discussion in Essay I.

²²While writing this thesis, I have tried to avoid pro- and anti-privatisation statements, but due to the specifics of the literature I might utilize the vocabulary used by the opponents more frequently.

a response to severe economic crisis (Biglaiser & Brown 2003). This was also the case in India and Peru. Although the Indian government had initiated some liberal reforms in the 1980s, the major shift was made in 1991, when the country faced increasing fiscal difficulties and problems of the balance of payments (Kohli 2006). The situation in Peru was even worse, as economic conditions had declined since the mid-1980s, and peaked with an inflation of 7649 percentage in 1990 (Torero 2003). The initiation of reforms was also related to changes in the global economy, e.g. the collapse of the Soviet market and the promotion of privatisation by international financial organisations such as the World Bank and the IMF (Ghosh Banerjee & Rondinelli 2003, Stokes 1996).

Thus, both countries began with pro-market reforms almost simultaneously (in 1991), when the Congress Party government in India announced a new economic policy and the newly elected Peruvian president, Alberto Fujimori, published his radical structural adjustment plan. However, India's reform process has been much slower and less radical than the one in Peru. For example, by 2006 India had sold 14 federal government owned public sector enterprises, while Peru privatised its first 13 enterprises by 1993 (Naib 2004, Torero 2005).²³ Still, in India reforms also took place beyond the federal level and some states, such as Andhra Pradesh, have been much more enthusiastic in restructuring their public sector than the federal government (Mishra & Kiranmai 2006). Table 1.1 brings out some of the interesting facts regarding the reforms from a comparative perspective.

While the narrow privatisation could be illustrated by the number of sold enterprises and involved financing, reforms in other sectors cannot be summarised by such "achievement" numbers. However, some changes are noticeable. For example, India's social expenditure as a percentage of GDP declined in the 1990s in comparison to its level in the 1980s, although it increased again in the beginning of 2000 (Mooij 2005). Peruvian expenditures on health, education and poverty programs as a percentage of GDP fell from 4.6 (1980s) to 2% in the early 1990s, but increased in 1996 due to the received privatisation revenues (Graham & Kane 1998). A similar decline in public funding took place in the health-care sector after Peru adopted its private-insurance promoting Health Law (in 1997) (Kim, Shakow & Bayona 1999) and India adopted the Insurance Regulatory and Development Authority (IRDA) Bill (Sinha 2002). Again, as a result of the federal system, health-reforms in India vary across states. Some, such as Maharashtra and Tamil Nadu, have clearly opted for privatisation and private-public partnerships of the public health facilities (Purohit 2001).

The third sector that is closely related to liberal economic reforms is the labor market. It is interesting to note that pre-reform labor legislations in In-

²³To place the numbers into perspective — India had 244 and Peru 180 state owned enterprises in 1991. India also has a 40 times larger population and a 100 times larger gross domestic product than Peru. E.g. India's GDP in 2005 was 785 billion US \$ versus 78 billion US \$ in Peru (World Banks Data).

Table 1.1: *A few facts on privatisation in India and Peru.*

	India	Peru
Start of pro-market reforms	1991	1991
Private insurances allowed	2000	1997
Pension privatisation	-	1993
New labor-legislation	-	1991
No. of privatisation transactions, 1991-2004	110	185
Transaction values, 1991-2004 (millions USD)	13 040	6 394
Intensively reformed sector	telecom, finance electricity, industry	telecom, finance electricity, mining

Sources: World Bank Privatisation Database, Author's database

dia and Peru were considered to be the most protective and restrictive ones in their respective regions (Asia and Latin America) (Kuruvilla, Das, Kwon & Kwon 2002, Saavedra & Torero 2002). However, in India scholars have acknowledged that these protective laws are not fully functioning in reality because they apply only to the organised sector, which comprises only a minor part of the Indian labor force (Bhattacharjee 1999). The Peruvian government aimed at abolishing the existing job security in 1991, but the requirement was written into the constitution. Thus, major labor-reforms became possible only after president Fujimori made a self-coup in 1992 and the Peruvian citizens approved the new constitution with a referendum in 1993 (Saavedra & Torero 2002). Consequently, while in India the entrepreneur with more than 100 workers needs government's permission, in Peru the advance notification period for dismissal is equal to zero months (Heckman & Pages 2000). This legal environment also describes the change in public sector employment which coincided with the privatisation process. E.g. in India 15% of workers in the organised, mostly public, manufacturing sector lost their jobs and in the Peruvian public sector, employment declined by 35% between 1991- 2000 (Sharma 2006, Saavedra & Torero 2002).

Thus, it is not surprising that trade unions and workers opposed this process and I will describe this mobilisation further in the following section. First, however, it should be noted that a significant amount of research has been done which describes the cross-country variations of the timing and intensity of a privatisation process (e.g., Bortolotti & Pinotti 2006, Biglaiser & Brown 2003,

Bortolotti & Pinotti 2006, Ghosh Banerjee & Rondinelli 2003). Although the authors tend to agree that economic crisis is one of the most important triggers for reforms, there is considerable disagreement on the role of particular domestic political factors. Especially, both authoritarian and democratic governments are seen as beneficial for initiating and implementing pro-market reforms (See more in Biglaiser & Danis 2002, Banerjee & Munger 2004). Other frequently emphasised factors that increase the probability of privatisation are right-wing governments, a small number of political parties and a majoritarian election system (e.g., Bortolotti & Pinotti 2006). Interestingly, most of these analyses avoid any discussion on the probable importance of public discontent with such reforms or on the role of possible resistance from the labor movement (But see Ramamurti 2000). This is even more curious as scholars evaluating the consequences of privatisation process have noted that public opposition to pro-market reforms has increased since the mid-1990s (Chong & Lopez-de Silanes 2005). For example, 72% of Peruvian survey-respondents did not agree with the privatisation of state enterprises in 2002 (APOYO 2002).

However, the role of potential opposition from trade unions is more frequently discussed in studies that examine the privatisation process at a regional or country level (e.g., Madrid 2003, Murillo 2001, Dinc & Nandini 2005, Remmer 2002). These authors acknowledge that the data on trade union membership and industrial conflicts in developing countries is often unreliable and use a number of workers in a public sector as a proxy for labor opposition. However, previous studies on labor movement mobilisation suggest that this measure does not sufficiently describe the actual dynamics of labor unrest (See e.g., Silver 2003). Information on the mobilisation of anti-privatisation protests, on the other hand, allows for more detailed and precise analysis of unions' role in privatisation processes. Although this study does not aim at explaining the different privatisation policies in India or Peru, through its examination of the impact of citizen's anti-privatisation mobilisation it might make an indirect contribution to this field of research as well.

1.2.2 Overview of the anti-privatisation mobilisations

Mobilisation against privatisation in India and Peru dates back to the first attempts to reform the public sector. For example, in June 1991 India's police killed 12 workers, who were demonstrating against the sell-out of three local cement factories in Uttar Pradesh (Mukul 1991a). Workers had not been consulted during the privatisation process between May 1990-February 1991, and did not agree with the eventual retrenchment or closure of the enterprise. It is not clear whether the decision was reversed due to these protests or the fact that meanwhile a party opposing the sell-out attained power (Mukul 1991b), but one could suggest that without such a struggle, the cement company would have remained private. Curiously, two cement factories were closed by the

state government in 1995 and the company was re-privatised in 2002. This case clearly describes the unsteady "successfulness" of an anti-privatisation struggle, and therefore my empirical analysis has operationalised the impact of protests as a postponement rather than final stop or reversal of privatisation. Thus, in order to keep the time-order of the process, the examined protests has to take place before the government had finalised the process. Certainly, some protests were mobilised after the private company had taken over the formerly public enterprise, but at that point protesters were usually arguing against the eventual price-hikes rather than the reversal of privatisation (e.g. protests against increased electricity prices in Orissa in 1996-7).

Figure 1.2 gives a brief view of the intensity of the struggle against privatisation in both countries.²⁴ The fluctuation is significant in both countries, and usually workers mobilised directly after the government announced any new plans to reform a public sector enterprise. For India, peaks in the figure denote the anti-federal government mobilisation of bank-and insurance sector unions and protests against the privatisation of electricity enterprises by various state governments (e.g. Uttar Pradesh). Similarly, the two most recent peaks for Peru reflect the mobilisation against the sell-out of electricity and water companies, while the earlier ones are the campaigns mobilised by trade unions representing education and oil workers.

Table 1.2: *Anti-privatisation protest strategies in India and Peru*

Protest tactics, as % of total actions	India	Peru
Road blocking, occupying buildings	3.0	3.7
Demonstrations, marches or rallies	27.0	24.0
Strikes, slow-downs	45.5	64.8
Sit-ins (<i>dharna</i>)	8.5	-
General nation-wide protests	16.0	7.4
Total	100 %	100 %
Total number of protests	200	54

Source: Author's database, number of actions in parentheses.

The comparison of protest strategies in Table 1.2 shows that strikes are, as expected, the most typical forms of actions for the opponents of privatisation. One specific difference between protests, however, was the protest-related violence. The relatively small number of actions in Peru were more frequently responded to by violent police actions. This is partially explained by the char-

²⁴The data for this figure, like the majority of the examples are based on my protest-database. Data collection is described in all of the essays, although the most detailed picture is provided in the appendices of the Essays I and III.

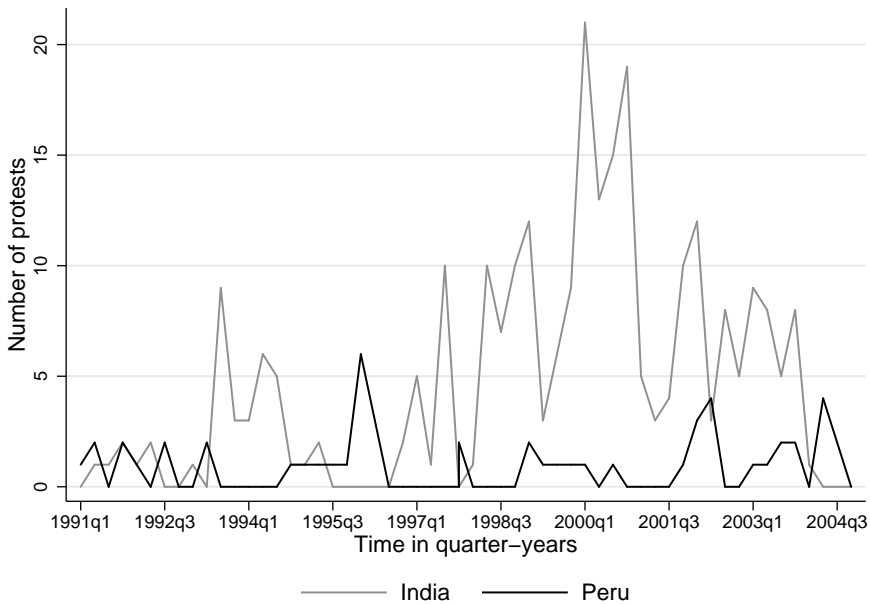


Figure 1.2: Trends in the mobilisation of anti-privatisation protests in India and Peru, 1991—2004.

acter of the non-democratic regime between 1992- 2000, but also by the close relations between certain trade union activists and Marxist guerrilla groups in the early 1990s (Sanchez 2003).

The number of participants in any protest varies significantly. The average in India was around 700 000, and in Peru the average was 40 000 participants. However it is important to note that media reports on the size of the protests were often very general. The same holds for protest duration, which in general did not last very long. Only Peruvian education and health workers’ unions who tied their anti-privatisation demands to the claims for higher salaries had longer strikes than other trade unions. As the Peruvian public did not perceive health-reforms as a clear threat, and as frequent strikes in hospitals were very disturbing, the general public attitude towards trade unions in public health-care was negative (Arce 2005). In other sectors, such as water and electricity, the consequences of privatisation were very visible, and protests mobilised by trade unions also involved other civil society organisations. E.g. protests against the planned privatisation of two electricity companies in southern Peru in July 2002 were mobilised by the network of local grass-root organisations, trade unions, and consumer groups (See also Ballon 2002). The actions also had significant influence on the government’s policy, as President Toledo had to postpone the sell-out, and the enterprises have remained public utilities at this point in time (Hall 2005).

The alliances between civil society and labor organisations were most frequent in the case of water and electricity privatisation in India as well. On some occasions, social movements had an opportunity to use each others success. In particular, the achievements of the "Right to Information Movement" in New Delhi led to the publication of the documents related to the privatisation of the city's water utilities. This helped the mobilisation of the anti-privatisation network of trade unions and consumer organisations by allowing them to use concrete facts in their campaigns, which in the end persuaded the government to shelve the plan (See also Hall, Lobina & de la Motte 2005, Deshmukh 2006). However, cooperation between the Indian labor unions who were affiliated with competing political parties took place only in the case of very large nation-wide campaigns. The majority of the actions were mobilised by two left-wing trade unions, which on some occasions, such as in Kerala in 1999, struggled even against the pro-market policies of the Communist Party ruled state-government. Although such actions were not common in other states, it clearly shows the problems one faces when one tries to determine the political allies of such a social movement.

1.2.3 The method of analysis — why Event History Analysis?

Scholars of social movement outcomes have used many different methods for evaluating the impact of movement's mobilisation since the 1970s. In addition to excellent case studies (e.g., Piven & Cloward 1977, Almeida & Stearns 1998, Franceschet 2004), the use of quantitative methods has increased together with widespread opportunities for collecting media-based data on protest events.²⁵ However, earlier studies often suffered from several methodological problems. For example, many of them used social movement as an unit of analysis and took a movement's membership and mobilisation during specific time-period as an independent variables; the dependent variable was then dichotomous or continuous measure of movement's success or failure (See e.g., Gamson 1975, Frey, Dietz & Kalof 1992).²⁶ Although this allows one to say which kind of movements are more influential, it complicates the determination of what the policy might have been in the absence of the mobilisation (See also Klandermans & Staggenborg 2002). A similar problem would have occurred if I had examined the process of privatisation of only those public enterprises where some anti-privatisation mobilisation took place.

The latter studies, however, have solved these problems and focus on the policy-process across different geographical units and/or time-periods. As

²⁵There are very few studies that successfully combine the qualitative and quantitative methods of analysis (But see Andrews 2004).

²⁶It is worth noting that Gamson's analysis was based on the random sample of social movements and there are very few social movement studies that have managed to replicate this type of research-design (the closest might be Dalton, Recchia & Rohrschneider 2003).

common ordinary least square (OLS) and logit models are not suitable for analysing dynamic processes, scholars have moved towards the use of different models of time-series analysis (e.g., Santoro 2002, McAdam & Su 2002, Agnone 2007). This analysis is sometimes combined with the qualitative comparative analysis (QCA) (e.g., McVeigh, Neblett & Shafiq 2006, Amenta, Caren & Olasky 2005), which is commonly used to analyze small-N datasets like the ones of social movement outcomes (See more in Ragin, Shulman, Weinberg & Gran 2003).²⁷ As the options for incorporating the time-sequence of events into the framework of QCA were developed only very recently (See Caren & Panofsky 2005), it has been common to use it in combination with time-series models.

Nevertheless, by following the recent trend I have chosen to use the method of Event History Analysis (EHA) for examining the impact of protest mobilisation on the privatisation process.²⁸ Although the popularity of EHA has grown among political scientists and sociologists since the early 1990s, there are only a few studies that have applied the method for examining how social movements affect public policy (e.g., Kane 2003, McCammon, Campbell, Granberg & Mowery 2001, Soule 2004, Soule & King 2006). Moreover, to my knowledge there are no studies that use EHA to evaluate of the impact of protest mobilisation. The reasons for using EHA instead usually applied time-series models are closely related to the above-discussed definition of protest impact, to the character of my empirical material and to certain virtues of EHA in comparison to other models.

The struggle against privatisation was considered to be influential if the government, as a result of protests, decided to discontinue the announced privatisation process for at least some period of time. Thus, the unit of analysis is a public sector enterprise that a government plans to privatise, and I am therefore interested in how protest mobilisation influences the duration of privatisation process of every unit. This makes the events of initiation and finalisation of privatisation as well as the timing of these events particularly important; this type of data-structure is also known as "duration data" and examined with the help of EHA (See more Alt, King & Signorino 2000). The traditional data-format used for time-series or time-series-cross-sectional (TSCS) analysis, where single or multiple entities are examined over certain periods of time (e.g., year), might suffer from aggregation problem. For example, if we had only annual accounts of protest events, and relate these to the government's

²⁷Although very helpful for small-N studies interested in contextual factors, this method has difficulties in assessing the net-effect of single variables. The use of this method has also encouraged an intensive discussion on problems of probabilistic and deterministic research, clearly described in Mahoney (2003).

²⁸The terminology of this type of analysis is suggestive. The "event" refers to the fact that this analysis is used for studying whether and when some interesting event takes place. The synonyms — "survival" and "duration" analysis imply that one could also apply the method to examine how long one process survives before it terminates (dies) (See also Box-Steffensmeier & Jones 2004).

annual expenditures, we would not be able to take into account the effect of the events that take place throughout the year. In the coding of duration data, on the other hand, the information of the precise time when the change of variables occurs could be taken into account more easily (Ibid.). Additionally, time-series analysis is the best applicable for data with continuous dependent variables, which rarely is the case for studies interested in policy-change (See more in Beck 2001).

EHA is particularly suitable for studies interested in the duration of some process, or the time until some specific event takes place (Box-Steffensmeier & Jones 2004, Blossfeld & Rohwer 2002). Here, the event of interest is the privatisation of a public sector enterprise which has been included in a privatisation program by the government of India or Peru. If privatisation is finalised, the process "dies", but if no privatisation takes place the enterprise "survives" until the end of the observation time. Protest mobilisation against privatisation could be then seen as a "treatment" which aims at prolonging the life-time of a public sector enterprise which otherwise risks "death". In contrast to OLS models, EHA allows for the study of subjects not observed for the full period until the occurrence of the event of interest i.e censored cases (Box-Steffensmeier & Jones 2004). Thus, one could examine even all of these enterprises that were not privatised for the end of observation time. This is especially important for this study, as many enterprises that the government wanted to privatise remained public at the end of observation period.

Another benefit of EHA is that it can take into account the effect of factors that change over time, so-called time-varying covariates (Blossfeld & Rohwer 2002).²⁹ Changing the value of a protest variable exactly at the time at which it takes place allows for examination of the effect this change has on the duration of privatisation. The same accounts for the effect of other independent variables. In sum, EHA allows us to estimate a risk or hazard of privatising an enterprise that was inserted into the privatisation program at some time t , given that it has not been privatised before.

It is worth noting that EHA is suitable for examining the daily as well as more aggregated annual data and there are different methods for analysing continuous- and discrete-time data sets (See more in Box-Steffensmeier & Jones 2004). As data for this thesis is collected in a daily format, I chose to treat it as continuous-time data. This allowed for the simple application of a model of Cox proportional hazards for estimating the hazard rate of privatisation. While an estimation with other models demands pre-determining the distribution of hazard, the Cox model allows it to remain unspecified. This makes the model very suitable for cases where one has no theoretical expectations of duration-dependence of the studied process as such (Blossfeld &

²⁹It is even suggested that because of EHA's ability to account for time-order, it is more suitable for establishing empirical evidence for theoretically grounded causal relationships than other methods (See discussion in Blossfeld & Rohwer 2002).

Rohwer 2002).³⁰ This is precisely the case with the privatisation processes examined in this thesis. Knowing the actual duration t of privatisation process for every unit i and the value of independent variables X , Cox model allows us to estimate the risk of privatisation of i -s enterprise $h_i(t)$:

$$h_i(t) = h_0(t) \exp(\beta'X).$$

The h_0 is an unspecified base-line hazard and β' denotes regression parameters (Box-Steffensmeier & Jones 2004). It is common to report the effect of particular individual variables in the terms of hazard ratios $\frac{h_i(t)}{h_0(t)}$, and a ratio smaller than 1 means that the respective independent variable prolongs the privatisation process. Essays II and III provide more concrete discussion on specific models and problems in relation to the use of this method. Here, one could just sum up and say that by using EHA, I was able to show that protest mobilisation prolonged the life-time of public enterprises in both studied countries.

1.3 Summary of essays — results and contributions

The three subsequent essays form the heart of this thesis. They are intended to provide a coherent theoretical approach for studying the outcomes of protest mobilisation, and to describe and examine the impact of protests mobilised against privatisation in India and Peru.

Essay I focuses on the struggle against privatisation in India and describes the differences between state and federal level developments. It introduces India's privatisation policy, which have created active discussions on its consequences among academics and politicians since the early 1990s. One argument that is frequently emphasised in these debates concerns the restrictive role of the Indian labor movement. However, there is no agreement and systematic analysis on whether unions which organise only about 2% of the labor force could actually do it.

Therefore, the first aim of this article is to provide a systematic description of labor movements' reactions to initiated reform policies by using an unique data-set that covers most of the protests mobilised against privatisation between 1991-2003. The data allows me to demonstrate an interesting pattern of declining officially registered strikes and an increasing anti-privatisation mobilisation.

Secondly, this essay discusses the reasons for apparent variation of mobilisation targeting the federal and state governments by focusing on how the alliances between political parties and trade unions affect the mobilisation of the Indian labor movement. Literature on social movement mobilisations have shown diverging results about the role of political allies, although research on

³⁰This aspects makes the use of EHA also more effective than the use logit-models which are often applied to TSCS data with binary dependent variables (See more on duration dependence in Bennett 2006, Box-Steffensmeier & Jones 2004).

pro-market reforms in other developing countries suggest that unions would mobilise against non-allies and avoid mobilisation against their own allies. My study, however, demonstrates that the Indian trade unions which were close to the pro-privatisation parties avoided anti-privatisation protests even at the time when their party was in opposition. The pattern was more complex in relation to left-wing unions. An affiliation with the governing political party hindered the mobilisation of anti-privatisation struggles in Communist West Bengal, but not in Communist Kerala. This suggests that the role of political allies in facilitating or hindering protest mobilisation in federal countries might be more complex than previous studies suggest. However, by presenting the increasing mobilisation of anti-privatisation protests this article supports the argument that the Indian labor movements have intensively tried to affect the path of liberal reforms proposed by the government. Whether, when and how these protests succeed is the main point of departure of the two following essays.

Essay II explores the mechanisms of how social movements' activities influence public policy. It focuses on the impact of different mobilisation strategies, or more concretely, on the role of protest characteristics. By analysing how the impact of protests depends on their size, duration, and the degree of created economic disruption in India, I evaluate how well the previously proposed mechanisms of threat and persuasion explain the outcomes of protest mobilisation in a novel context — that of developing country. The study is made by applying an event history analysis to the data on India's anti-privatisation mobilisations between 1990—2003. Results demonstrate that even if protesting does not guarantee that a public sector enterprise would not be privatised, mobilisation against privatisation is sometimes responded to by concession in terms of the postponed process. This in turn provides unions with better bargaining-opportunities or allows the public to fight for more reasonable service prices. Although the implementation of a privatisation process is strongly related to economic factors, protest mobilisation has also a direct impact on this process. In particular, I show that favorable policy outcomes are more likely in cases where the movement uses large or economically disruptive protests. These mobilisation strategies are perceived by policymakers as threatening and challengers' demands are responded to by concession in order to prevent further insurgencies. Hence, the results of this analysis emphasise the importance of threatening rather than persuasive mechanisms in explaining the impact of social movement mobilisation.

Essay III develops the models of protest impact further and focuses on probable conditionality of protest outcomes. Previous essay showed that economically disruptive protests prolong privatisation process in a democratic country, where citizens disapprove the process. Thus, it provided only a limited possibility to evaluate the potential impact of dynamic and structural contexts which have been emphasised by scholars of social movement outcomes.

In this essay I especially aim at examining these factors and for that purposes include also another country — Peru. This allows me to examine by which way the potential impact of protest mobilisations depends on contextual factors such as the political regime and public opinion. Peru and India are also countries with a patronage-oriented party system, which has been shown to dampen the impact of social movements in the prior research (e.g., pension movement in the U.S). Thus, this empirical context allows me to test the robustness of theoretical models proposed in the literature in a way, which to my knowledge have not been done before.

By following and developing further the main arguments of mediation theory, the discussion focuses on three interaction models which hypothesise that a democratic regime, public support to challenger's demands and political allies amplify the impact of anti-privatisation protests. Although the method of analysis is the same with my previous study, the tested models are more complicated due to the interaction effects of protest and contextual factors. Results demonstrate that the mobilisation against privatisation is clearly more influential in a democracy rather than under a restricted democracy. However, the amplifying effect of public support to challengers' demands was more complex. It is shown that the inclusion of public opinion into the analysis does not cancel out the impact of protest mobilisations as suggested by some previous studies and argued by the proponents of democratic theory. Public opposition to privatisation decreased the risk of privatisation when it could affect the results of elections i.e. within a democratic rule, but it did not amplify nor supersede the impact of protests. This allows for an argument that collective actions and public opinion might affect policy change by different mechanisms. While public opinion gives to politicians a clear signal of their prospects of re-election, protests involve additional information on the threat to stability and the direct costs of the continuing mobilisation.

The third factor, political allies, did not facilitate the impact of anti-privatisation mobilisations, but had a strong independent prolonging influence on India's privatisation. This confirms the relationship found also by other scholars. The lacking amplifying impact could be related to specific character of Indian trade unions which are affiliated with a parties opposing as well as with a parties supporting privatisation. Indian labor movements rarely cooperate across party lines and therefore the potential positive impact of political allies on the impact of protest mobilisation might be canceled out by the rivalry of party-affiliated trade unions.

To summarize, the analysis presented in this thesis demonstrates that there has been significant mobilisation against privatisation in India and Peru during the period of 1991—2003, and this has had a clear impact on privatisation processes in those countries. Demonstrating that large or economically disruptive protests in a democratic environment have a high opportunity to halt the privatisation process, this study suggests that the impact of protests could

be explained by the threatening rather than persuasive effects of mobilisation. Although public discontent with privatisation, alliance with high positioned politicians and certain economic factors play a significant role in implementing the decisions on privatisation, these factors do not invalidate the power of anti-privatisation struggle. Endorsing the argument of mediation theory, this study also demonstrates that a democratic regime has an amplifying effect on the impact of protest mobilisation. Hence, the thesis has made two distinct contributions to the literature on social movements:

- In contrast to previous studies it applied event history analysis to data on protest mobilisation in diverse polities. This study shows that such an approach allowed for an explicit test of the role of protest characteristics and contextual factors in the policy-making process.
- This study makes up the deficiency in the knowledge on the outcomes of protests and the impact of labor mobilisation on policy-making in developing countries.

Ideas for further research

Many aspects such as the role of political allies could be studied further for improving our knowledge on the role of citizens' mobilisation in policy-making and policy implementation. It would be especially important to study how social movements affect the policy-making in the countries with different party systems. Future work might also focus on the role of public interest litigation, as people in developed as well as developing countries use these actions in combination to other forms of political participation. These analysis would benefit from combining the methods of process-tracing and in-depth case studies with further developed models of event history or time-series analysis.

Furthermore, more comparative studies based on the data on different policy-issues and movements in different countries are necessary for complementing the presented findings on the impact of disruptive protests. Reviews, e.g. Burstein and Linton (2002), have demonstrated that there are still only few comparative analysis on the impact of social movements' mobilisation on public policy. It would also be interesting to compare the estimated impact of social movement mobilisation with the impact perceived by participants in these mobilisations. This would help us to better understand the reasons why people take part in political actions such as protests.

2. ESSAY I

The struggle against privatisation in India. A description of federal and state level processes

Abstract

This essay on the Indian trade unions' opposition to privatisation describes the development and variation of labor movements' mobilisation in India. Contrary to earlier case studies, this study uses an unique data set covering the protests against privatisation at the federal and state level and provides a systematic account on growing resistance to liberal economic reforms since the early 1990s. Although such a protests are clear expressions of dissatisfaction with government policy, trends of anti-privatisation struggle indicated that the mobilisation of Indian labor movement is closely related to the trade unions' political party affiliation. Contrary to common expectations, it is shown that unions which were close to the pro-privatisation parties avoided protests even during the period at which their party was in opposition. Moreover, it is shown that union-affiliation to governing Communist parties hindered protesting against state's privatisation program by left-wing unions in West Bengal, but not in Kerala.

2.1 Introduction

Since the early 1990s, there has been a heated debate over the path and consequences of the Indian privatisation process among academics as well as among politicians (See e.g., Gupta 2005a, Chaudhuri & Dasgupta 2006, Ahluwalia 2002). Although one of the frequently used argument suggests that the organised labor has an obstructive role in this process (Candland & Sil 2001, Sapat 1999), a few scholars have payed systematic attention to the mobilisation of this interest group.¹ Moreover, there seems to be no clear agree-

¹There are several recent studies on the legislation of Indian labor-laws, case studies on labor movement mobilisation at the state level and some comparative analysis on state-level economic reforms, but the author is not aware of any systematic study on protest mobilisations against privatisation in India (See e.g., Roychowdhury 2003, Jenkins 2004a, Jenkins 2004b, Sinha 2004, Candland & Sil 2001). Such a lack of research on the mobilisation of Indian labor movements is notable, as there are excellent studies on mobilisation of riots and individual level political participation (e.g., Varshney 2002, Krishna 2002, Mitra 1992, Justino 2005).

ment over the ability of India's labor to mobilise and resist liberalisation after trade unions' membership decline in the 1980s (Sen Gupta & Sett 2000, Goyal 2001, Roychowdhury 2003).

Therefore this article seeks to diminish these shortcomings and aims at answering to two set of questions. First, how has the Indian labor movement reacted to the liberal economic reforms since 1991? What mobilisation strategies have been used and what organisations are mainly behind the mobilisation of protests against privatisation? And secondly, motivated by the inconsistencies of prior studies on the relationship of protest mobilisation and political allies, and taking into account the strong political unionism in India, I focus on the varying level of mobilisation which targets the federal and the state governments. Thus, what role have political allies played in the Indian labor movement's mobilisation against privatisation?

These questions are answered by exploiting a data-set which covers the majority of protests that were mobilised against the initiation of privatisation policies of Indian federal and state governments during 1991—2003. It is collected from a broad set of Indian and international newspapers and combined with information presented in numerous earlier case studies on the Indian labor movement and economic policies. The theoretical framework of this foremost descriptive study is derived from the research on social movement mobilisation (See e.g., Tarrow 1994, Kriesi 1995*b*). Therefore the central part of this study combines the discussion on Indian privatisation policy i.e. trigger for mobilisation, the Indian labor movements' membership i.e. resources for mobilisation and unions affiliation with political parties i.e. opportunities for mobilisation. It is shown that despite the relatively small membership and declining number of strikes, the mobilisation against privatisation has increased during 1991—2003. However, the mobilisation targeting the federal and the state governments varies and it is suggested that this related to the unions' affiliation with political parties. In contrast to previous studies which suggest that social movements are not likely to mobilise during the period when their allies are in the government, the examination of across-states differences demonstrates that the role of political parties is more complex. By combining state-level data on economic reforms and protests for 12 (out of 28) states, it is suggested that state-level mobilisation is not only reaction to government's policy but reflects the broader relations between political parties and unions in the region.²

The discussion starts with a brief introduction of the privatisation process in India at federal and state level. The second section provides a short overview of the Indian labor movement and union-political party relations. Thirdly, I describe the collection of the anti-privatisation protest data and discusses the

²Studied states were selected according to their size and the availability of information: Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal. These states cover 81% of the Indian population according to the Census India (1991).

limitations of such a method of study. The fourth part proceeds with the illustration of protest mobilisation at the federal level and compares the annual protest-cycle with trends of industrial disputes. The final section takes the discussion at the state-level and examines the evident variations in the intensity of anti-privatisation mobilisation.

2.2 Liberal reforms at the federal and the state level

Although some attempts to liberalise Indian economy were made in mid-1980s, account most of the scholar its starting point to 1991, when the Congress Party-led government announced the "new economic policy" (See Kohli 2006, Naib 2004, Mooij 2005, Goyal 2001, Kale 2002).³ The main aim of this policy was to restructure the inefficient and debt-burden public sector and generate funds for fighting against the increased budget deficit (Naib 2004). A year later, in 1992, the government sold minority shares in 30 of its 244 public sector enterprises (Ibid.). However, the privatisation process in India, in comparison to Latin American, Eastern European or other Asian countries, has been slow and the amount of revenues or the number of sold enterprises relatively small (Tunc 2005). For example, according to the World Bank generated India from privatisation 11.5 billion US dollars during 1991—2003, while the largest East European reformer, Poland, generated 16.9 billion US dollars during the same period.⁴ However, the general arrangement of the Indian privatisation process is very similar to other countries that have reformed their public sector. That is, major decisions on initiation and finalisation are done by executive power and the implementation is handled by specific government institutions, e.g. Department of Disinvestment (Naib 2004).⁵

Interestingly, until the end of 1990s was the term "privatisation" in Indian political discourse replaced by the word "disinvestment". The last is seen as referring to less radical reforms and was therefore considered as more accept-

³The detailed description of Indian privatisation process is beyond the scope of this article. An interested reader finds a thorough coverage of this process in Naib (2004), Mooji (2005), Kale (2002) and Sapat (1999).

⁴One could compare it with the size of economy in 2000: India's GDP was 461 billion US dollars, while it was 171 billion US dollars in Poland. The information on privatisation transactions is publicly available at World Bank Privatization Database 1988—1999, 2000—2006 (<http://rru.worldbank.org/Privatization>). Data on Indian privatisation is also obtained from official publication of India's Department of Disinvestment (<http://divest.nic.in>), Naib (2004) and Venkata Ratnam (2001).

⁵Scholars studying privatisation have often suggested that bureaucrats of the respective government institutions are one important obstacle to reforms. However, it is shown that in India is this group very heterogenous and high-level bureaucrats tend to support privatisation because of their previous work experience in international financial institutions or their knowledge regarding the urgent need for reforms (See also Pedersen 2000, Kochanek 1996).

able to the Indian public (Sarma 2004).⁶ Furthermore, various members of the government, e.g. Ministers of Civil Aviation (Sharad Yadav from Janata Dal Party) and of Heavy Industry (Manohar Joshi from Shiv Sena) used the strategy of "blame avoidance" and agreed with the idea of privatisation as long as it did not involve their own area of responsibility (Sapat 1999).⁷ It has been suggested that such a strategy of "reforming by stealth" kept the general public uninformed on the important changes in the economic policies and therefore these could not become decisive for election results (See also Jenkins 1999, Suri 2004).

Less pragmatism and more ideology-based discussion took place in the two chambers of Indian parliament. The government needed parliamentary permission to sell enterprises that had been nationalised with the help of Parliamentary Acts in 1950s and that initiated lively debates (Naib 2004). Members of the left-wing parties frequently referred to the potential loss of jobs and to workers' resistance, while the members of radical nationalist parties were concerned over the impact of foreign pressure.⁸ However, while left-parties were supporting the governing coalition between 1996—1998, their rhetoric against privatisation softened and allowed scholars to argue that there is general agreement over "the necessity of reforms" (See more in Mooij 2005).

The most noticeable change in public sector reforms took place in 1999, when the Hindu nationalist Bharatiya Janata Party (BJP) formed a coalition government with several regional parties (See also Jenkins 1999). This led to increased privatisation initiative, although for 2004 had Indian federal government privatised only 10 enterprises and sold shares from 47, or 20%, of its enterprises (Naib 2004). Such a slow process have encouraged arguments that Indian politicians might have had non-ideological incentives for opposing privatisation and they rather aimed at defending the well-developed patronage system (Dinc & Nandini 2005). It is shown that federal government did not privatise any enterprises in the regions, where coalition parties had a narrow election margin, or in the home-state of the responsible minister (Ibid.). Other scholars suggest that the gradualism of Indian reforms is also related to the labor resistance (Gouri 1997).

Moreover, the restructuring took also place beyond the federal level, as state authorities are allowed to reform state-level public sector autonomously. Reports on state-level privatisation are inconclusive, but allow the general argument on extreme variation of reform initiative and implementation (See also

⁶Various Ministers of Finance, in announcing liberal reforms, over the years spoke about the "strategic sale" or the need to "open the economy for private sector participation", but avoided the use of the "p"-word.

⁷An anonymous Minister said to *India Today* (17.07.2000): "As long it is not my ministry and my public sector undertaking, I am all for reforms, disinvestment and privatisation. When it comes to my turf I show my real colors."

⁸The discussions are accessible on the home page of Rajya Sabha (RS), the upper chamber of the parliament (<http://rajyasabha.nic.in>, last accessed in 16.10.2006). During 1995—2005, the members of RS posed 28 questions regarding privatisation and its related protests.

Mishra & Kiranmai 2006). E.g. Andhra Pradesh (AP) had privatised 13 state level public sector undertakings (SPSUs) for 2002 and market the entire 67% of its SPSUs for restructuring, while much larger Uttar Pradesh (UP) had sold only 2 SPSUs and West Bengal (WB) announced the goal to restructure 15% of its owned SPSUs (See also Table 2.2 in Appendix).⁹ Similarly to the government at the federal level Chief Ministers of states play an important role for promoting the state-level privatisation. Probably the most well-known was the early pro-reform public campaign driven by the Chief Minister of Andhra Pradesh, Chandrababu Naidu (1995—2004). His party gained the majority in AP assembly elections in 1994 after an unique campaign against liberal economic reforms by Naidu's predecessor N.T. Rama Rao, who also started with pro-market reforms just within days of assuming office (Suri 2005).¹⁰ These reforms were continued by Naidu and AP became even more enthusiastic reformer than the federal government (Kennedy 2005). However, it is important to note that Chief Ministers used sometimes a dual strategy by opposing the privatisation plan of the federal government and simultaneously initiating reforms at home (E.g. Chief Ministers of Orissa).

Certainly, privatisation does not involve only the sell-out of various government owned manufactories, but even larger reforms such as increasing the participation of private funds in the finance sector, restructuring health and education system or allowing private sector to run public utilities (electricity and water). Regarding the Indian finance and insurance sector, the major debate was over the amount of private and foreign funding to be allowed into publicly owned banks and insurance companies (Ahluwalia 2002). Although the initiative for reforms was taken in early 1990s, the necessary legislation was accepted only in 2000, partly due to the active opposition from bank and insurance sector trade unions (Ibid.).

Similarly, public financing of higher education has been decreased since the late 1980s and the encouragement for private funds increased significantly since 1991 (Kapur & Mehta 2004). The same process has taken place in health-care, where numerous non-clinical services in public hospitals are fully and partially privatised by numerous state governments (Purohit 2001). Reforming other essential public utilities such as electricity and water, have

⁹Sometimes scholars use the measure on direct financial investments per capita (FDI) for indicating the state level liberalisation (e.g. Srivastava & Sen 2004). However, states privatising relatively much, such as Kerala and UP, have received much less FDIs than Maharashtra, which have not sold any of its SPSUs. The number of SPSUs I can operate with is also very approximate, because the Department of Disinvestment has information only about those enterprises that had finalised their accounts for 2004. According to *The Economic Times* (17.02.1996) Rajasthan and Haryana have privatised 2 SPSUs each, while the Department of Disinvestment reports the sell-out of only 1. Mishra and Kiranmai (2006), on the other hand, report that Andhra Pradesh has privatised 30 SPSUs and Orissa only 1.

¹⁰This kind of turnovers have been more common among the presidents in Latin America. E.g. the president of Peru, Alberto Fujimori, came to power with anti-reform arguments in 1991 and initiated reforms just some months after the inauguration (Stokes 1996).

also been under the state rather than federal control. Electricity subsidies and prices are very actively debated in relation to state-level elections and there are also significant variations across states (Gupta & Sravat 1998). One of the poorest states, Orissa, was the first to fully privatise its electricity distribution (in 1996), while one of the wealthiest, Maharashtra, initiated electricity reform only in 2003 (See also Arun & Nixon 1998). As the federal government accepted an official policy encouraging the privatisation of drinking water and sanitation, as well as irrigation and water transport only in 2002 (Ghotge 2003), have India privatised considerably less of its water-resources than other developing countries (Hall, Lobina & de la Motte 2005). However, the process still takes place at the state level and for example Karnataka started with reforms already in 1997 (Kaur 2003).¹¹

In sum, we could note that the federal and some state governments in India have taken a significant initiative for reforming the public sector since 1991. As the process usually involves the retrenchment of labor force, the government of India launched a specific voluntary retirement schemes (VRS) for compensating redundant workers and offered some equities of public enterprises to workers (Venkata Ratnam 2001). However, due to the frequent pressure from management and state officials trade union activists named the VRS to "not-so-voluntary" and the majority of employees also lacked finances for buying offered equities (Jenkins 2004a, Goyal 2001). Thus similarly to labor movements in other countries, Indian trade unions perceives privatisation as a process leading to higher unemployment and decreasing union membership. Therefore their mobilisation against the process would not be unanticipated and the question is rather in its intensity and scope. However, before discussing that in detail, following sections take a closer look at the resources and political allies of Indian labor movement and describe the data-collection for this study.

2.3 The labor movement in India

The Indian labor movement is sometimes seen as an exceptional case by scholars of industrial relations. Theoretically, it should be strong due to the supportive institutional framework, but its relatively small membership points to its lack of mobilising power (Kuruvilla et al. 2002). The supportive institutions are mostly defined by protective labor legislations that, can oblige the entrepreneur to ask for a government permission before retrenching the la-

¹¹India's politicians unwillingness to admit reforms could be described with the following case. In August 2005 stated the Minister of Water Resources in his speech to the lower chamber of the parliament, that there is no privatisation of water at the state level and certainly no World Bank pressure for such a reforms. However, the records of question-sessions in the upper-chamber of the parliament suggest that one state, Karnataka, had completed the bidding process for its water and sewerage system already in 2000 (See more in Kaur 2003).

bor force in an enterprises with more than 100 workers (Besley & Burgess 2004).¹² The implementation of these restrictions is, however, rather irregular (Venkata Ratnam 2001). Legislation varies also across states and several studies have shown that more restrictive labor laws are negatively related to state's economic development and investments (Besley & Burgess 2004, Sanyal & Menon 2005).¹³

Additionally, the reported accounts on the small trade union density and the small number of functioning unions in India are often considered inaccurate due to the tradition of unions' self-reporting (Candland & Sil 2001, Venkata Ratnam 2001). Existing reports provide a complex set of numbers, suggesting that the amount of unionized workers varies from 2% of the total labor to 5.5% of non-agricultural labor, and to 19.9% of wage earning labor (Sundar 1999, Candland & Sil 2001).¹⁴ In 1995, about 9 million workers were affiliated with trade unions and large enterprises have higher rate of unionisation (Bhattacharjee 1999). It is also suggested that trade union membership in the public sector might be up to 90%, that is around 2 million workers (Venkata Ratnam 2001). These relatively few members are still divided between 5 major trade union federations which have federal and state level branches, and are closely related to different political parties.¹⁵ While trade unions are usually supported by the left-wing parties, then in India have all major parties, regardless of their ideological leaning, their "own" trade union.

Table 2.1: *Trade union membership and party-affiliation.*

Union federation	Political party	Members millions
Bharatiya Mazdoor Sangh (BMS)	BJP	3.117
Indian National Trade Union Congress (INTUC)	Congress	2.706
All India Trade Union Congress (AITUC)	Janata Dal, CPI	0.923
Center of the Indian Trade Unions (CITU)	CPI(M)	1.798
Hind Mazdoor Sabha (HMS)	non-affiliated	1.477

Sources: Sinha (2004), Candland and Sil (2001)

¹²Most of the regulations are determined with the Industrial Dispute Act of 1947. A detailed overview on legal background of industrial relations in India is given in Venkata Ratnam (2001). See also historical overviews on the Indian labor movement in Shah (2004), Bhattacharjee (1999) and Ray & Katzenstein (2005).

¹³These results are, however, criticised in Sharma (2006).

¹⁴According to the Census India 2001, the Indian labor force consists of 402 million people, and 57% of them work in agriculture.

¹⁵Mobilising independent unions has been more common in Maharashtra, and slowly increasing even in other states (Bhattacharjee 1999, Venkata Ratnam 2001).

Table 2.1¹⁶ shows that the largest membership is reported by unions affiliated to BJP and Congress Party, that were also major initiators of above discussed privatisation process. This creates an interesting dilemma from the perspective of the theories of social movements. On the one hand, proponents of resource mobilisation theory suggest that groups with more resources are expected to mobilise more than others (Tarrow 1994).¹⁷ On the other hand, scholars favoring the approach of political opportunity structures argue that under the government of "own" party i.e. if group has influential political allies, the mobilisation would be less likely (Kriesi 1995b). The last argument, however, has found varying empirical support in the analysis mostly applied on the movements in Western Europe and U.S (Jenkins, Jacobs & Agnone 2003).

Certainly, trade unions are different from less hierarchical grass-root movements and therefore their behavior might also differ (See more in Tarrow 1994). Prior research on union-government relations under economic liberalisation in Latin America suggests that political party affiliation and the presence of multiple competing unions increases the probability that unions will militantly oppose liberal reforms (Murillo 2001). Unions that are allied with governing parties discard protest as too costly, while those unions that are related to the opposition parties would choose militancy in order to differentiate themselves from cooperative unions and attract more members (Ibid.).¹⁸ Although the labor movement tradition and privatisation process in India are different from the ones in Latin America, one would expect that the same union-political party relations describe the mobilisation against liberalisation even by the Indian labor movement.

However, the empirical analysis on the mobilisation of Indian trade unions since 1991 is rather unsystematic or focused only on some specific state or economic sector (e.g. Jenkins 2004b, Chakravarty 2006). Existing excellent case studies suggest that politically and geographically fragmented trade unions have lost much of its members, and consequently much of their bargaining power during the last decade (Bhattacharjee 1999, Noronha 2003). Due to the frequent strikes in 1980s, the mal-functioning public services and several corruption scandals, the public support to general trade union activism have also declined (Ibid.). Although some authors suggest that public sector unions mobilise actively against privatisation (e.g., Candland & Sil 2001), others argue that workers have shown only limited resistance to

¹⁶BJP refers to Bharatiya Janata Party, CPI to Communist Party of India, CPI(M) to Communist Party of India (Marxist). Note that BMS is actually affiliated to the Sangh Parivar, that is in close alliance with BJP.

¹⁷This is certainly very simplified and bold statement of the rich scholarship on social movement mobilisation (See more on different theories on social movement mobilisation and critique towards them in Meyer & Minkoff 2004, Swain 2002).

¹⁸It should be noted that Murillo (2001) discussed all, so called "market oriented reforms" that, in addition to privatisation, included even short-term financial stabilisation, tax reforms, trade liberalisation, and deregulation of markets.

this process (e.g., Makhija 2006). Thus, in order to obtain a more systematic picture of labor mobilisation against privatisation in India, this study moves further from usually employed strike-statistics and uses an unique data-set on the majority of protests mobilised against privatisation during 1991—2003.¹⁹

2.4 Data collection and reliability concerns

The database of anti-privatisation protests is compiled on the basis of a broad set of news-reports.²⁰ The exploited reports were collected and accessed through an electronic database *Factiva*, which includes many world-wide and Indian newspapers such as *The Hindu*, *The Economic Times of India*, and *Business Line*.²¹ The study is based on reports that were published between 1991 and 2003. Although, the Congress Party government implemented a pro-business policy already in the mid-1980s, radical liberalisation plans, including privatisation, were adopted in 1991 (Kohli 2006). The end-year, 2003, is justified by two events. Firstly, in August 2003, the Supreme Court declared that government employees have no legal right and no moral justification to go on strike (Supreme Court Act, No. 5556). Although some strikes were "illegal" before, the Supreme Court had not made such statements before, and many saw it as considerably restricting to labor mobilisation (Prakash 2004). Secondly, there were general parliamentary elections in 2004. The ruling BJP government was replaced by the Congress Party coalition, which was supported by left-wing parties. This also changed the context for labor mobilisation, and would complicate the comparison over years.

In order to capture as many reported protests as possible, the entire texts of all news reports archived in the *Factiva* database were searched using a variation of relevant keywords.²² Out of the results of these searches only those involving collective actions that were mobilised by groups other than political parties and were clearly declared to be against privatisation were included in the analysis. Below are examples from the 226 events used in this

¹⁹Some official strike statistics which differentiates the public and private sector industrial disputes are available. However, such a data does not report the concrete and political reasons behind actions and is, as noted above, sometimes unreliable (Venkata Ratnam 2001, Bhattacharjee 1999). E.g. *The Industrial Dispute Report, 2003* reports that most of the strikes in the public sector were motivated by demands for higher wages or allowances (37.4%), but nothing was stated on workers' opposition to liberal reforms.

²⁰The method is often used in social movement research, and details described in Rucht, Koopmans & Neidhardt (1998) and Klandermans & Staggenborg (2002).

²¹*Factiva* also archives news from news agencies such as Dow Jones, Reuters and even The Press Trust of India. See also < www.factiva.com >.

²²E.g. One search-command was: "(*disinvestment OR privatisation OR restructuring OR privatise OR disinvest*) AND (*protest OR strike OR resist OR oppose OR dharna OR sit-in OR demonstration*)", limiting the time-frame to 01.01.1991 — 01.01.2004 and the geographical area to India.

study:

(1) Millions of workers took part in a general nation-wide strike opposing the government's economic policy and privatisation of the public sector on 16th of June 1992. The action was mobilised by left-wing trade unions and 12 000 activists were detained before the strike.

The Associated Press, 16.06.1992

(2) Women activists of All India Janawadi Mahila Sanghatane protested against the privatisation Gulbarga city's (Karnataka) drinking water supply on 6th of July 1999. A large section of women gathered in front of the municipal council and demanded the reversal of the privatisation-decision.

The Times of India, 07.07.1999

(3) Unionised workers of the Metals and Mineral Trading Corporation observed one-day strike on 11th of January 2001 to protest against governments' moves to privatise their enterprise. The action was supported by workers from other public sector enterprises.

The Hindu, 12.01.2001

All actions were carefully coded according to their mobilising agency, the date and place of the action, the target of the protests, and the number of participants, etc.²³ There are, however, two major problems related to the use of media-based protest event data. The first refers to the content of reported news, i.e. "description bias" (Ortiz, Myers, Walls & Diaz 2005). News reports are sometimes insufficiently accurate in terms of recording the size, number of participants or the location of the event. E.g. detecting the number of participants in the second and third examples above, is a complicated task. The news source might also be connected to certain political actors and give an one-sided picture of the event. This bias could be minimised by using electronic databases, like *Factiva*, which include many different sources that report on the same event. This allows us to compare the content of different sources and then average the size or duration of the same reported protests.

The second and more serious problem is related to the media's tendency to write more on violent and large-scale events rather than small and regular events, i.e. we might have a "selection bias".²⁴ Similar to the description bias, the problem of case selection could be decreased by triangulating the data-sources. Therefore, in this study reports presented by the federal or regional governments, trade unions' chronicles, scholarly literature on the Indian economy and industrial relations, and papers published by various civil

²³The code-book and data are available from the author upon request.

²⁴A third problem could be "ideological bias", as it is shown that the media in India became pro-business and pro-BJP during 1998—2004 (Gupta 2005b). Here I assume that it did not have a significant impact on reporting the anti-privatisation protests.

society organisations were used as complements to news-reports.²⁵ Nevertheless, due to the size and diversity of India, the compiled data might still be biased towards more news-worthy events. We might lack information in about small protests in remote areas. On the other hand, privatisation is generally a well-monitored process, and as *Factiva* is mainly directed toward an audience interested in business opportunities, any action seen as disturbing the investment climate would have been reported. Additionally, no comparable data has been collected before, and therefore the options for making a reliability analysis of used data are rather limited. The existing accounts on various types of protest events in India rely only on the international media, and are reported to omit many important protest events (McHenry 2003). By acknowledging the probable biases, the protest data used in this study remains the best available option for providing a systematic overview of any mobilisation against privatisation in India.

2.5 Trends of anti-privatisation protests

In order to put the mobilisation against privatisation into broader context, Figure 2.1 compares protest accounts with the number industrial disputes in India, 1991—2003.²⁶ However, the number of industrial disputes in the public sector, as reported by the Ministry of Labor, combines the records for strikes with the records of employers' organised lockouts. The last means the withdrawal of work from employees rather than trade unions' mobilisation and has increased in comparison to strikes in the private sector since 1991 (Bhattacharjee 1999).

Figure 2.1 shows that the annual number of disputes has steadily declined, while the annual number of anti-privatisation protests increased significantly during the same period. The reported number of man-days lost due to disputes in the public sector have remained relatively constant, demonstrating that disputes tend to last longer.²⁷ The rising resistance to privatisation and the declining rate of disputes allows the argument on changed inducements for protesting. India do not present the numbers of political strikes (Bhattacharjee 1999) and protests against privatisation fall probably into this criteria. Moreover, the Indian labor movement have changed their repertoire of protest, and use demonstrations, marches and sit-ins in addition to traditional strikes (See also

²⁵For example, the journal *Economic and Political Weekly*, India Labor archive (<http://www.indialabourarchives.org>), web-sites of trade union federations and personal correspondence with trade unions' representatives.

²⁶Sources for the presented data are author's database and various numbers of Annual Reports published by the Ministry of Labor.

²⁷The "mandays lost" is a frequently used indicator in Indian official statistics. It takes into account the number of involved workers and the length of the action, and is usually measured in millions. As the number of participating workers has not increased, the stability of mandays lost describes longer disputes.

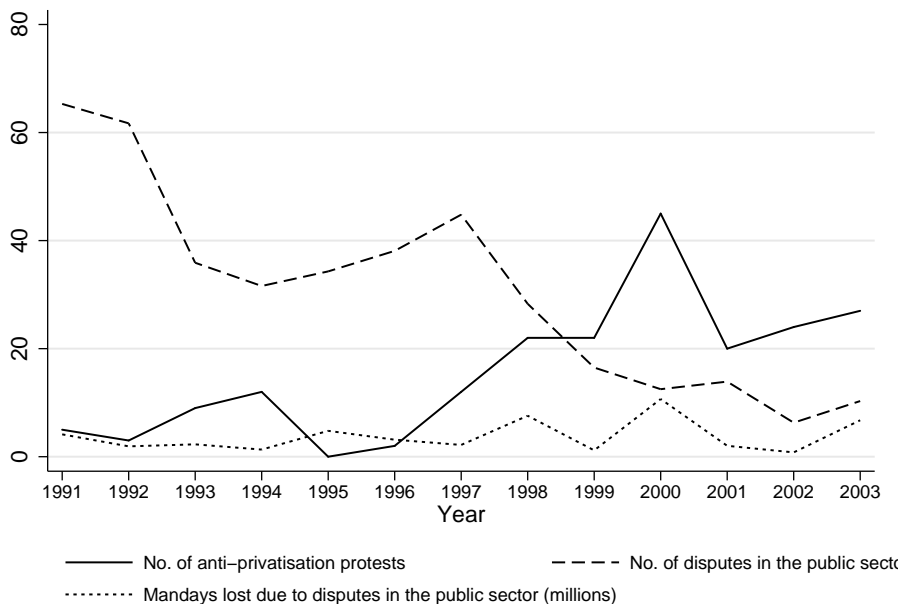


Figure 2.1: The growing resistance to privatisation, declining number of disputes in the public sector and the relatively stable number of man-days lost in public sector disputes in India, 1991—2003.

Table 2.3 in Appendix).²⁸ Only 40% of the studied protests were strikes, while 24% of actions were marches and demonstration, and 22% of actions were general nation-wide campaigns with multiple protest strategies. The average size of studied protests varied from 10 workers on a hunger strike to a general demonstration with 10 million participants.²⁹ Actions lasted from some hours to 3 months, although the average did not exceed 1 day. Moreover, the used method of data-collection allowed to gather information even on the threats to protest and almost 7% of recorded events were "calls for strike" or "calls for mobilisation". Although these calls send the similar message on labor resistance as actual protests, the data on threats is less reliable than reports on actions that actually took place and therefore excluded from the figure 2.1 and discussion below. Still, presented trends allow for the argument that prior stud-

²⁸The tactics and scale of social movement mobilisation is related to the surrounding political, social and cultural context (Meyer & Minkoff 2004). Typical protest-strategies in India are *dharna* (sit-in strike), *gherao* (surrounding the decision-maker), *hartal* (strike), *morcha* (demonstration) and *rasta roko* (traffic-blockade) (See also Mitra 1992).

²⁹My data might under-estimate the number of hunger-strikes, as these tend to mobilise less people and not to cause much damage to enterprises in question. Author's interviews with trade union activists in one of the first privatised enterprise in Andhra Pradesh (Allwyn Refrigerators), suggests that the method is considered very effective for gaining the public and politicians' attention.

ies might have underestimated the mobilisation of the Indian labor movement while relying only the number of officially reported strikes.

As the annual aggregation conceals some interesting developments, presents Figure 2.2 the monthly number of protests and makes difference between protests targeted against the federal and the states governments. It shows that the mobilisation against privatisation has been rather modest during early 1990s, although there are records how the Prime Minister of India, Rajiv Gandhi (Congress Party) had to discard the attempted liberalisation due to protests already in 1986 (Candland & Sil 2001). Protest frequency increased notably since 1997, when the Disinvestment Commission which was appointed by the left-wing coalition government published its first recommendations on privatization. The first peak in 1993-4 corresponds to the federal government’s decision to open Indian oil exploration and refineries to private investment, and to the selling of some shares of public banks. In some of these campaigns participated even INTUC, the union affiliated with the governing Congress Party. It was a significant act, because prior to this the federal-level leadership of INTUC distanced itself from any nation-wide anti-privatisation campaign. It is even suggested that INTUC is the only union which has no ideological opposition to privatisation (Venkata Ratnam 2001).

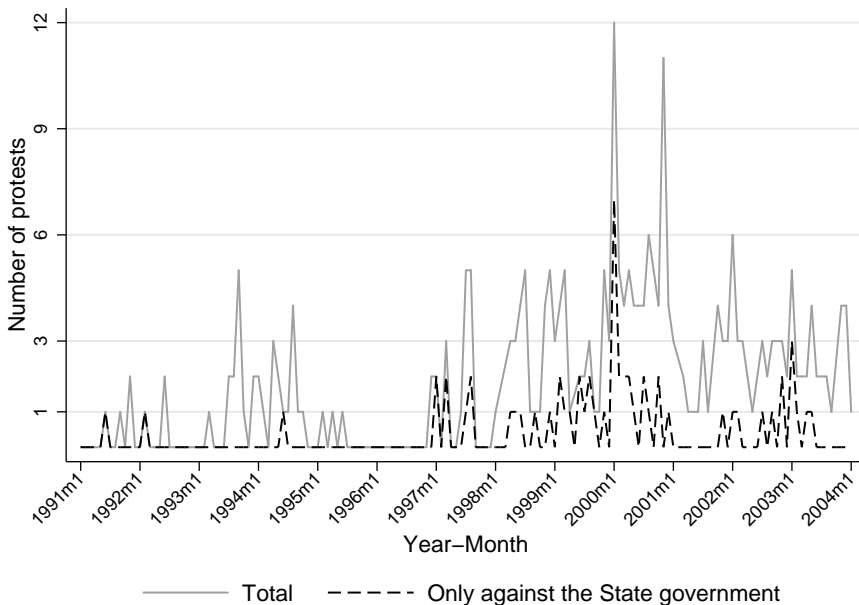


Figure 2.2: The monthly number of all and state governments’ targeting anti-privatisation protests in India, 1991—2003.

The last might also explain, why INTUC declined from most of the protests targeting the federal government’s privatisation policy even during the time

the Congress Party was in opposition (i.e. since 1998). In comparison to INTUC, the BJP related union (BMS) participated in nation-wide strikes and demonstrations opposing the policy of the BJP government, although only until 2002.³⁰ The majority of protests opposing the federal government's policy were, however, mobilised by left-wing trade union federation (CITU, AITUC) or local and sector-specific unions (See also Table 2.4 in Appendix).³¹

The time-line in Figure 2.2 demonstrates that there was a particular protest-quiescence during 1995-1996, that could be related to a deteriorating macro-economic situation and to coming elections. Government was preparing for the coming elections to the first chamber of the parliament (Lok Sabha) and did not want to discuss the presumably unpopular privatisation. In particular, only 23.5% of survey respondents supported privatisation in 1996, while 34% opposed it (Mitra & Singh 1999). The lacking public debate on privatisation is well illustrated with the fact that 42% of respondents had no opinion regarding privatisation or had not heard about the reforms (Ibid.). After elections was the government composed of left-wing parties, but that did not change the previous disinvestment policy and reforms to allow more private investment into the banking sector continued (Mukherji 2004). This policy was responded by massive protests in July 1997 and December 1999. Public sector banks unions are particularly strong in India (Venkata Ratnam 2001), and that explains why banking and insurance unions account for the majority of protests targeting the federal government's policy (See also Table 2.4 in Appendix).

Since 1999, when the BJP-led coalition initiated the most significant attempts to reform the Indian public sector, protesting also increased. However, the period is also described by 3 significant setbacks for the labor movements. First, the government of the largest State, Uttar Pradesh, ignored the massive power-strike in January 2000 (the peak of state-targeting protests in figure 2.2).³² Secondly, in July 2000 the Indian parliament accepted the Insurance Regulatory and Development Bill which was a clear backlash for bank unions that had managed to interrupt the acceptance of legislation since early 1990s. Thirdly, the federal government did not give in to the 67-day long strike against the sell-out of Bharat Aluminium Company (BALCO) in March-May 2001. This unified action of all major trade unions took place after the enter-

³⁰E.g. BMS took part in the strike against the privatisation of Indira Port (West Bengal) in January 2000 and in the dharna (sit-in) against the privatisation of the Cochin Shipyard Ltd. (Kerala) in January 2002. In September 2002, the union distanced itself from the protests opposing the sell-out of an aluminium corporation (NALCO) in Orissa.

³¹As there is no clear lists of what unions belong to different trade union federations, it is hard to say to what nationwide federation local unions are affiliated with. Data suggests that most of the actions mobilised by local unions were still supported by left-wing unions.

³²Every State in India has a State Electricity Board that controlled generation, transformation and distribution of power. In order to privatise some functions of this utility, experts (often from the World Bank) suggested to unbundle or trifurcate the enterprise (See more in Arun & Nixon 1998). This took place in Uttar Pradesh in 2000, but also in other states such as Orissa, Haryana, Andhra Pradesh.

prise was already sold, and became a symbol of failed labor resistance (See e.g., Kapur & Ramamurti 2002, Sridhar 2001).

These setbacks, however, did not stop mobilisation, and the cooperation within union federations at a national level led to massive campaigns against the acceptance of Electricity Bill in the late 2001 and against the privatisation of Indian oil companies in 2003. The mobilisation at the end of 2003 was related to the approaching parliamentary elections and in contrast to previous years took governing BJP up the question of economic reforms. Although it is suggested that this was not the major reason for their defeat to the Congress Party (Kumar 2004, Wilkinson 2005), the public awareness and opposition to privatisation had increased from 34% (1996) to 48% in 2004 (Yadav 2004). The amount of proponents had remained the same (Ibid.).

To sum up, this section have provided a general picture on the mobilisation of Indian labor movement against liberal economic reforms. In comparison to above-discussed theories of social movement mobilisation and the patterns of trade union mobilisation in Latin America, the mobilisation against privatisation in India appears to be only partially related to the movements' resources and political allies. INTUC's restraint from the majority of actions and the mobilisation of left-party affiliated unions even under the government of these parties allows for the argument on more complicated mobilisation-patterns. Additionally, a small amount of struggles against privatisation were also mobilised by other groups than trade unions. In particular, the reforms in education, health, water and electricity sector motivated protests by students', consumers' and environmental movements. These groups, however, mobilised more frequently after the finalisation of privatisation than before and were mostly concerned on price-hikes than job-losses like the labor movement. Furthermore, previous studies on industrial conflicts and riots suggests that there is significant variation of protest mobilisation beyond federal level (Sanyal & Menon 2005, Justino 2005). Therefore the following paragraph will focus also on the anti-privatisation struggle across 12 states: Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal.

2.6 The state-level comparison

The mobilisation of the Indian labor movement at the state level is seen to be even weaker than at the federal level due to the unions' geographical and fragmentation (See e.g., Jenkins 2004*b*). The role of party affiliation plays an important role, because the state governments are often ruled by a different party than the federal government (Bhattacharjee 1999). Above the figure 2.2 demonstrated that the amount of protests that target the state governments forms only a tiny part of the entire set of anti-privatisation mobilisation. In order to make these numbers comparable over states, I have normalised the

number of protests by the number of workers in the public sector of respective state and ordered states according to the relative protest intensity.³³

Thus, figure 2.3 indicates large regional variations of state and federal government targeting protests (See absolute measures in Table 2.2 in Appendix). The largest number of actions took actually place in Delhi, a union territory which locates the capital New Delhi. As the parliament and the most important government institutions are located in the capital, Delhi is not comparable to other states and not shown in the Figure. Among presented states, Kerala has the highest and Madhya Pradesh the lowest relative number of anti-privatisation protests. Interestingly, there seems no clear relationship between the labor-legislation and the struggle against privatisation. Kerala, Karnataka, Andhra Pradesh, Tamil Nadu and Rajasthan have all accepted a legislation which allows the state government to prohibit strikes if in the public interest (Besley & Burgess 2004). Mobilisation against privatisation, however, is much higher in the first three states than in Tamil Nadu or Rajasthan. The presented order of protest intensity is also similar to previously reported individual-level protest participation in Indian states. E.g. a survey made in 5 states during 1998-9 showed that protest participation during last 5 years was highest in Kerala and lowest in Gujarat (See more in Blomkvist 2003).

However, there are differences between protests opposing the privatisation policies initiated by the federal and the state governments. While in Haryana and Uttar Pradesh more protests were mobilised against the federal rather than the state, then in Orissa and West Bengal was the situation other way around. Unfortunately, the exact annual data on privatisation process beyond federal level i.e. the trigger for state level mobilisation, is unavailable and therefore it is not possible to provide any systematic explanation of patterns shown in figure 2.3. Still, some preliminary and bold suggestions could be made even with the data at hand.³⁴ It could be suggested that more protests took place in the states where the federal government had decided to sell several of its owned public sector enterprises (PSEs).³⁵ This was certainly a case in Orissa, where

³³It would be more informative to normalise the protests by state-wise trade union membership, but such an information is even less reliable than federal level accounts (Sundar 1999). Note also that presented numbers do not include 20 nation-wide campaigns, as actions were spread over many states. Protests against privatisation were recorded even in other states for what I lacked further information on disinvestment process: Punjab (1), Himachal Pradesh (1), Chattisgarh (2), Assam (2), Bihar (4), Manipur (1).

³⁴Some earlier studies on the local level privatisation policy in Japan and U.S. used the correlation between trade union density and number of outsourced public services for demonstrating the role of labor movements in this process (e.g., Hayakawa & Simard 2001, Hirsch & Osborne 2000, Chandler & Feuille 1991). The available information on Indian states does not show any correlation between state's trade union density and number of privatised enterprises or privatisation initiative (Data on union density was taken from Justino 2005). In order to make a more systematic analysis one would need additional time-series data for economic factors.

³⁵The data on the location of the federal PSEs is very approximate, as many PSEs are spread over several states. Data is taken from the official reports of the Ministry of Public Enterprises and <http://goirectory.nic.in/psucentral.htm> (accessed latest 18.11.2006).

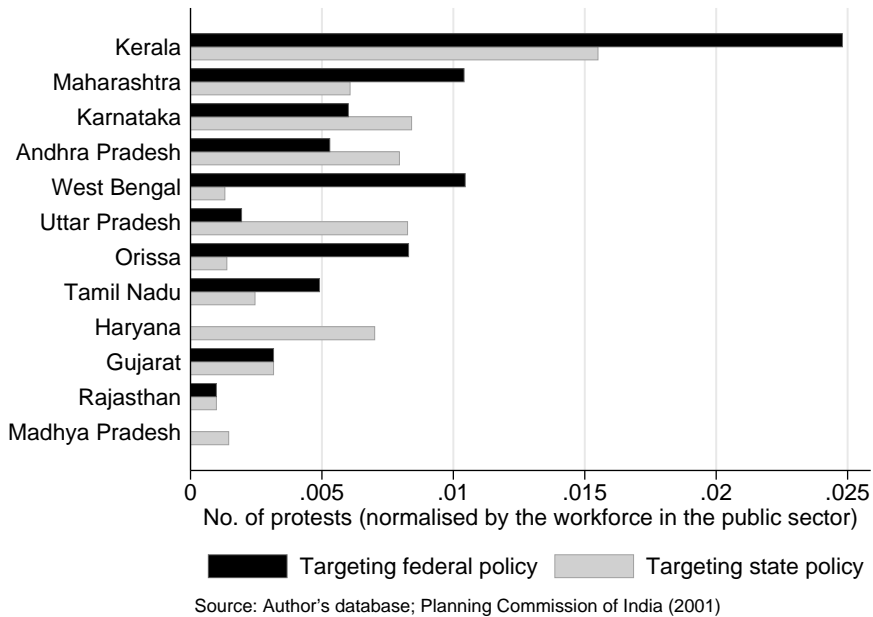


Figure 2.3: The difference between anti-privatisation protests targeting the federal or state government, 1991—2003. Number of protests is normalised by the public sector workforce of the state in 2001.

BJP government aimed to sell an aluminium company (NALCO) in 2001, and even the Chief Minister of Orissa supported the massive protest campaigns (See more in Sridhar 2003). The example of Maharashtra is even more telling, as most of the center-targeting protests in this state were mobilised by the unions from the bank and insurance sector. Mumbai, in Maharashtra, is the financial capital of India, and therefore a strategic location for unions opposing the central governments' financial policy. On the other hand, there is no data on protests against federal government in Haryana or Madhya Pradesh which each locate one fully privatised federal PSE.

Thus, the federal government's initiative to privatise its enterprises is not the only reason for significantly high mobilisation against central government. This could be clearly described with an example with Kerala and West Bengal. These states are known as historic strong-holds for Communist Parties and left-wing unions CITU and AITUC (Shah 2004). West Bengal (WB) has also the highest rate of industrial disputes and unions in India (Sanyal & Menon 2005). Therefore, it is surprising that Kerala has much higher relative rate of protest mobilisation against the both levels of government than WB. It is even more curious in respect of the reform policies initiated by the Kerala and WB governments. The Communist Party led government in WB has not directly privatised any of its enterprises, but used the strategy of "joint venture" which is regarded as partial privatisation or the privati-

sation "through the back-door" (Hall, Lobina & de la Motte 2005). Consequently, some scholars argue that WB leaderships are even more liberal-minded than the pro-privatisation authorities of Gujarat or Andhra Pradesh (See also Sinha 2005). Kerala, on the other hand, has fully privatised one enterprise and earmarked 49% of its PSEs for further reforms (See column 5 of Table 2.2 in Appendix). Thus, trade unions in both states should have had resources and motivation for mobilisation.

This allows for the argument that the difference in protest intensity is more probably related to the political opportunities i.e. unions' political party affiliation. In particular, the Communist Party (CPI-M) which has ruled WB since 1977 has strongly discouraged any mobilisation against its privatisation policy by the state's largest trade union (CITU) (Bhattacharjee 1999, Sinha 2004).³⁶ It welcomed protests against the disinvestments proposed by the federal government, but threatened the CITU with sanctions in the case of any state level resistance (Ibid.).³⁷ Although Kerala has been frequently governed by the Communist Party, the state was ruled by the Congress Party for almost 10 years of the observation period, during 1991—1996 and 2001—2006. Thus, the mobilisation of left-wing trade unions in Kerala was, in addition to the discontent with privatisation, encouraged by the oppositional Communist Party. However, in contrast to expectations, the left-wing unions in Kerala mobilised even against the privatisation policy initiated by the left-wing state government during 1997—2000. This is probably explained by the general configuration of power in the system of Kerala's interest groups. This is also described by the studies comparing the social capital in WB and Kerala (Blomkvist 2003). Additionally, previous studies suggest that the relations between Communist Party and left-wing trade unions are more open in Kerala than in WB (Desai 2001). Its unions co-operate frequently across party lines and work also together with various civil society organisations (Ibid.).

Thus, while political party affiliation restricted protest mobilisation in West Bengal, it did not have the same effect in Kerala. Moreover, the data in hand suggests that the Kerala-like mobilisation is rare and supports the results of previous research that argue for the uniqueness of Kerala's more open civil society (See also Heller 2000).

³⁶Events in WB are similar to other states, where unions' party affiliation restricted the mobilisation against the state government's policy, independent of the ideological leaning of the party. E.g. the BJP-affiliated BMS withdrew from protests against the privatisation of the Uttar Pradesh cement company right after the BJP formed the state government in 1991 (See more in Mukul (1991*b*) and Mukul (1992).

³⁷One rare case when CITU did protest against the West Bengal government was against the sell-out of the Great Eastern Hotel (See more in Gupta 1996).

2.7 Conclusion

The aim of this article was to describe and discuss some interesting patterns of anti-privatisation struggle in India. By using media-based data on anti-privatisation protests instead of the more commonly exploited official strike rate or the size of trade unions' membership, I have shown that the mobilisation of protests against privatisation has increased during 1991—2003 and that there are significant differences by protest mobilisation against the federal and state governments. While in the early 1990s unions mobilised only few protests, then their mobilisation intensified as a response to BJP-led government's revitalized privatisation policy. This took place in contrast to declining strike-rate and allows to argue that further studies on the Indian labor movements would benefit from using the broader data on trade unions' mobilised protest campaigns.

Moreover, the described patterns of anti-privatisation struggle at the federal and the state level appeared to conflict with the theoretical expectations on the relationship between political allies and social movement's mobilisation. While it usually expected that labor movements would not mobilise against its allies and the behavior of West Bengal unions supported this argument, left-wing trade unions in Kerala did protest against the reforms proposed by the Communist Party-led government. Furthermore, one of the largest trade union federation - Indian National Trade Union Congress, remained aside of many nationwide campaigns even while its ally — the Congress Party, was in opposition. These findings add nuance to an understanding of the role of political allies in encouraging or resisting social movement mobilisation. Prior studies have suggested that the varying role of political allies might be related to the initial status of the challenging group (Jenkins 2003), but this would not explain the different behavior of Indian trade unions which all enjoy access to politics through party affiliation and protective labor affiliation. Although the question demands further research and the issue of privatisation differs from common policies of interest in social movement research, this study allows to argue that particular long-term relations between the movement and political ally affect the opportunities for movement's mobilisation. The different mobilisation of left-wing labor movements in Kerala and West Bengal is a good example of that.

Finally, the presented data on intensive anti-privatisation mobilisation in India provokes another question - what are the consequences of these struggles? Although it is sometimes argued that the slow development of Indian privatisation process is partially related the labor resistance, there are no concrete study on it. Thus, further research should show whether and in what way these described protests have affected the privatisation process in India.

Appendix. Additional tables

Table 2.2: *State level differences of public sector reforms*

State	No. of protests against		No. of SPSUs (2003)	No. of sold SPSUs	% of SPSUs chosen for reforms	Workers in 1000s (2001)
	Center	State				
Andhra Pradesh	8	12	128	13	67	1509.65
Delhi*	54	7	15	1	0	-
Gujarat	3	3	50	3	48	949.67
Haryana	0	3	45	1	18	428.13
Karnataka	5	7	85	2	46	832.23
Kerala	16	10	111	1	49	645.02
Madhya Pradesh	0	2	26	1	54	1376.44
Maharashtra	24	14	66	0	20	2305.78
Orissa	6	1	72	9	46	723.14
Rajasthan	1	1	28	1	36	1014.77
Tamil Nadu	8	2	59	0	19	1629.86
Uttar Pradesh	4	17	41	2	61	2058.67
West Bengal	16	2	82	10**	15	1530.71

Notes: *Delhi is union territory and includes the capital, New Delhi

** Joint ventures

Sources: Author's database, Department of Disinvestment,
Planning Commission of India (No. workers in public sector, 2001)

Table 2.3: *Protests against privatisation by the form of action.*

Protest tactics	No. of actions	Mean no. of participants	Mean duration in days
Blocking roads, occupying buildings	6	450.3	1.00
Demonstrations marches rallies	54	4669.4	1.00
Strikes slow-downs	91	161385.4	2.68
Sit-ins (<i>dharna</i>)	17	35635.5	1.13
General nation-wide protests	32	768256.8	1.08
Other	26	11980.2	1.27

Source: Author's database

Table 2.4: Anti-privatisation protests by sector and main mobilising agency.

Mobilising agency	No. of protests							
	Public services				Other			
	Power, water	Health, education	Telecom, transport	Industry, oil, mining	Bank, insurance	Other	Total	Total
Local level unions	14	24	4	19	7	-	68	68
Sector specific unions	10	16	5	20	34	-	85	85
Left-wing trade union federations (AITUC, CITU)	9	2		3	2	21	37	37
Center-right trade union federations (BMS, INTUC)	1				1	1	3	3
Coalition of ≥ 10 organisations*	3	7	1	1	4	6	22	22
Students', consumers' or environmental organisations		6	2	1		2	11	11
Total	37	55	12	44	48	30	226	226

Notes: *INTUC distanced itself from nation-wide campaigns

Source: Author's database

3. ESSAY II

Political Protest and Policy Change: The Direct Impacts of Indian Anti-privatization mobilizations, 1990-2003.

Abstract

This study explores the mechanisms of how social movements' activities influence public policy by focusing on the role of protest characteristics.¹ By applying an event history analysis to the data on India's anti-privatization movement activity between 1990—2003, I demonstrate that favorable policy outcomes are more likely in cases where the movement uses large or economically disruptive protests. Although privatization policy is primarily dependent on the financial situation of the enterprise, protests against privatization had significant direct impact on policy. The results of this study allow for the argument that threatening rather than persuasive tactics offer an explanation of the direct impact of social movement actions.

3.1 Introduction

There is broad consensus on who takes part in political actions (e.g., Verba, Kim & Nie 1978, Norris 2002) and what causes political protest (e.g., Rucht, Koopmans & Neidhardt 1998), but we know relatively little about the potential impact these actions have on public policy (Burstein & Linton 2002, Kane 2003, Santoro 2002). Although the studies of social movement outcomes² have become more systematic, empirical results remain inconclusive and for the most part U.S.-focused (Andrews 2001, Burstein & Linton 2002). Even if we know that the Anti-Vietnam War movement was successful due to its use of violence rather than its large, peaceful demonstrations (McAdam & Su 2002) or that the activity of ecological movement in the U.S. is influential only

¹This is a slightly modified version of my article published in *Mobilization: An International Journal* Vol.10 Issue 3 (October 2005), pp. 383-396.

²I use the term "social movement outcome" and "social movement impact," as well as "successful movement" and "effective movement" interchangeably through the article. All of these terms refer to the direct impact of social movement activities on policy change in a preferred direction from the movement's point of view.

in the case of simultaneous support from political allies and public opinion (Giugni 2004), we lack knowledge of the effects of protest activities in non-Western countries. Would the consequences of social movement activism be as ineffective in the parliamentary multi-party democracy of India as they tend to be in the U.S? Which mechanisms explain the success of the decade-old anti-privatization protest campaigns in India? Are disruptive tactics also effective without the support from political allies, and what is the impact of large demonstrations?

This study aims to address these questions by first providing a systematic examination of the direct impact of social movement action on changes in public policy. Especially, this quantitative study looks at the protest characteristics that affected the outcome of anti-privatisation movement activities in India during 1990—2003.³ This was a "re-active" movement that demanded the reversal, halt, or postponement of the privatization process (Kriesi 1995*b*). Its goals of policy change are defined by the federal government responding to its demands and contradicting its former decisions. Using the framework of signaling theory (Lohmann 1993, McAdam & Su 2002), I argue that protest action characteristics inform authorities about the public mood, the salience of issues, and the political costs to which the approved policy might lead. By providing a systematic analysis of the direct impact of protest size, level of disruption, frequency, and duration, this study contributes to our understanding of the mechanisms behind the impact of peaceful or disruptive social movement activism.

A second goal is to test signaling theory in a non-Western context—namely, the anti-privatisation campaigns in India.⁴ Privatization has led to significant opposition elsewhere as well, particularly in Latin America (Molano 1997), but India's long-term experience of a democratic multi-party parliamentary system makes it a challenging context for social movement impact research. The federal system, the party-affiliated trade unions, and uninformed public (Venkata Ratnam 2001), allow for the expectation of strong direct impact from the anti-privatisation movement. Some scholars, however, argue that the influence of the groups opposing economic reforms in India has been minimal (Jenkins 1999). The slow pace of privatization in India is not solely the result of the trade unions' opposition, but is also the consequence of an unwilling bureaucracy, some opposing political leaders, and the economic environment (Bhattacharjee 1999, Kale 2002). By using the event history analysis, this study connects information on the duration of the privatization process in

³The anti-privatization movement used various tactics for achieving its goals: negotiating, protesting, and appealing to the Supreme Court. While acknowledging the importance of the whole repertoire of social movement actions, organizational viability, and mobilizing structures (Cress & Snow 2000), this article restricts itself to protest as the most visible tactics of social movement.

⁴There are many studies on India's social movements, particularly looking at emergence, mobilization and development (Shah 2004), but there is a lack of comparative research on the outcome of social movement activism in India.

108 public sector enterprises (hereafter PSEs), owned by India's central government, to the protests organized by the anti-privatization movement. The examination of the protest characteristics' impact on the path of Indian privatization policy is relevant not only for the broadening of social movement outcome research to India and other non-Western contexts, but also for showing what social movement activities directly influence policy change. The analysis shows that Indian movement managed to prevent further privatisation and protect public-sector workers, at least for a certain period of time.

3.2 The Anti-Privatization Campaigns in India

India's neoliberal economic reforms intensified in the early 1990s, when the Government of India (GOI) announced the disinvestment of a small amount of its equity in public enterprises⁵ and started to deregulate certain spheres of the economy (Naib 2004). The process has been gradual. Until 1996, the GOI privatized only through strategic sales, and the term "privatization" became publicly used only in 2000 (Kapur & Ramamurti 2002). Decisions on disinvestment are chiefly made by the GOI, which can accept or reject the proposals from the Department and the Commission of Disinvestment (Ganesh 2001). In cases when the state-owned enterprise had been created by parliamentary act, GOI must ask permission from both houses of the parliament, the Lok Sabha and the Rajya Sabha (Naib 2004). In these cases there were heated parliamentary discussions that were often accompanied by large-scale protests in New Delhi, but the final voting typically showed a majority favoring the governing coalition.⁶ Consequently, India disinvested at least some of its equity in 114 public sector enterprises during 1990—2003 (*World Bank Report. Privatisation Transaction Data. 1988-1999*, Naib 2004).

This study focuses on a period when 108 PSEs were considered for privatization, of which 35 were fully or partially disinvested and 14 closed down by the end of 2003. Similar to Latin America (Molano 1997), liberal economic reforms—particularly privatization—led to the mobilization of the anti-privatization movement.⁷ The main opposition came from those trade unions that had the most to lose in respect to job security (Jenkins 1999). Even though

⁵The term "disinvestment" has been seen as a less problematic term than "privatization" for many Indian politicians. This is possibly due to the historical discourse of socialist economy, as public opinion links privatization to exploitative foreign power (Mitra & Singh 1999). Despite that disinvestment undergoes the umbrella of privatization (Naib 2004), I use these terms interchangeably throughout the paper.

⁶Information on parliamentary discussions after 1995 is available in a database on the official web site for the Indian Parliament (<http://loksabha.nic.in>, retrieved May 30, 2005). All of the largest anti-privatization protests for the period 1996—2003 are mentioned there.

⁷Recent studies use the term "advocacy organizations" to indicate the similarity of social movements, interest groups, nongovernmental organizations (Andrews 2002b) or even parties (Burstein 1998). India's anti-privatization movement is rather inconsistent, but as their actions, targets and goals are very similar, the outcome of their activity could be analyzed together.

unions represent only four percent of India's workforce (Shina 2004), they control the majority of workers in the infrastructure, financial, and heavy industry sectors. This allows their protests to cause a quite a bit of civil disturbance and financial loss (Kale 2002). The Indian federal system, the nation-wide and enterprise-level trade unions, and the historical experience of strong union-party ties all opened political opportunity structures for social movement mobilization (Kriesi 1995*b*). On the other hand, party affiliation of these unions could also restrict the protest activism and encourage the usage of conventional trade union tactics (Mishra 2002).⁸ Still, by early 1991, a demonstration with 300,000 participants had already taken place against the reforms. Prime Minister Rao responded to the protest with an acknowledgement that privatization was premature and should be postponed (Kale 2002), when, in fact, the policy continued slowly and faced more protests, which, as shown below, did not always receive positive response from the authorities:

In September 1993, about 250 000 workers struck against the disinvestment of IISCO, a subsidiary of Steel Authority of India (SAIL). The act was mobilized by several trade unions and supported by Left-wing parties. GOI ignored the protest and sold 10% of its equity in the enterprise at the same year. Further plans for disinvestment of the SAIL owned Salem Steel plant were announced in 2000 and led to 4 additional strikes and several demonstrations. At the end, GOI ignored protests and called for bidders in 2003.

Disinvestment was opposed not only by the anti-privatization movement, but was also opposed by the bureaucracy and political leaders from both ideological wings (Candland & Sil 2001, Mishra 2002).⁹ Although the Minister of Disinvestment, Arun Jaitley, claimed in 2000 that the GOI was unanimously approving the disinvestment policy, various ministers did oppose it. The ministers of oil, steel, and heavy industry, regardless of which party held the post, were often against disinvestment inside their ministry. The reason lies in the particular patron-client relations within India's bureaucracy, which provide considerable benefits for ministers in charge of some PSEs (Candland & Sil 2001).

Still, most discussion was over the degree of privatization rather than whether to privatize at all, which reflects an ideological unity among Indian parties (Jenkins 1999). Even the Left-wing coalition (1996—1998), supported

⁸E.g., The Bharatiya Janata Party (BJP) related trade union Bharatiya Mazdur Sangh (BMS) and Congress Party affiliated Indian National Trade Union Congress (INTUC), which often did not participate in the Joint Action Committee organized nationwide anti-privatization protests at the time BJP or Congress formed the Government. Left party-affiliated unions (CITU, AITUC) did not abstain from protests targeting the federal government even during the time Left-wing parties were supporting the United Front government, 1996—1998.

⁹The Communist Party of India (CPI), Marxist branch of Communists (CPI-M), Dalit, and nationalistic right-wing parties (Swadeshi Jagaran Manch, Shiv Sena) are all major opponents of privatization. Note that parties can act differently at the central and state levels, as even left-wing parties have implemented disinvestment in West Bengal.

by CPI and CPI-M, continued the reforms started by the Congress Party (Naib 2004). This unity could, on the one hand, be explained by the indecisive electorate who did not punish those parties favoring the neoliberal reforms until the elections of 2004 (Yadav 2004). Similar to Western countries (Andrews & Edwards 2004, McAdam & Su 2002), information on public opinion concerning specific policy issues was scarce or was probably not much trusted by politicians. India's electorate was relatively uninformed, but the majority was in any case negatively disposed toward privatization.¹⁰ This makes the anti-privatization movement's activities particularly important, because protest acts would inform authorities about the salience of the issue for more than narrow interest groups (Burstein 1998). Hence, lack of opinion surveys about public preferences was compensated by at least 178 protest actions that demanded halting or reversing the GOI's privatization policy between 1990—2003. About 24% of protests were general strikes or demonstrations that involved an average of two million participants. Although two-thirds of the actions were strikes, there was a significant variation of action characteristics. The outcome of these actions also varied, from ignorance and repression to concession to the movement's demands. Some social movement scholars might tend to explain these variations by referring to the different resources available to the mobilizing agencies, support from political allies, public opinion, and movement activism (e.g., Kane 2003, Andrews 2001). This study focuses on the latter, as there are relatively few previous studies that differentiate protest-action characteristics in the analysis of social movement impact (McAdam & Su 2002).

3.3 Theory of Social Movement Impact

Many social movement scholars note that the existing analysis of factors determining social movements' impact on public policy is inconclusive (Andrews 2001, McAdam & Su 2002, Burstein & Linton 2002, Giugni 1998, Giugni 2004, Chen & Phinney 2004) and that this analysis lacks coherent theory (Santoro 2002). Still, movement activism and political opportunity structure are seen as the main factors affecting social movement success (Kane 2003). Many previous studies have questioned the existence of social movement's direct impact (Gamson 1975, Shin 1983, Giugni 2004, Burstein & Linton 2002), but subsequent research assumes at least some impact and pays more attention to the underlying mechanisms (Andrews 2001).

A recent trend is to examine whether the impact of the social movement action is direct, indirect, or interactive (See more in Giugni 2004). Direct im-

¹⁰In 1996, 34% of the adult population opposed privatization, while 42% did not have any opinion (Mitra & Singh 1999). The number of respondents who had heard about liberal economic reforms rose from 19% in 1996 to 25% in 1998, but the majority remained negative toward privatization until 2004 (Yadav 2004).

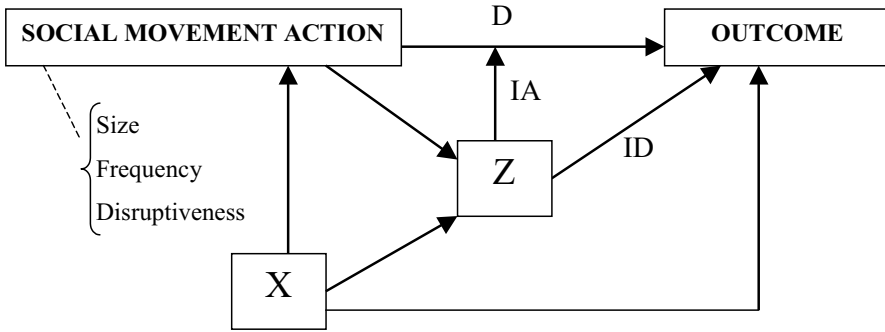


Figure 3.1: The Possible Forms of Social Movement Impact on Public Policy

pact (D in figure 3.1) is often defined as the social movement's influence on public policy after accounting for additional explanatory factors (Burstein & Linton 2002, Chen & Phinney 2004). It appears as spurious in the cases where the change in public policy is instead explained by the public opinion support (Burstein 1998), help from political allies (Kitschelt 1986, Amenta, Dunleavy & Bernstein 1994) or certain contextual variables such as the political regime (O'Keefe & Schumaker 1983, Shin 1983, Schumaker 1975) — represented by X in figure 3.1. Few studies analyze the impact of social movement activities or protest characteristics (But Gamson 1975), because the direct link between movement and political change was seen as minimal (Giugni 2004, Andrews & Edwards 2004). Recent research, however, shows that protest, particularly its size and the level of disruption or violence involved, influences the impact social movements have on policy change (McAdam & Su 2002, Chen & Phinney 2004).

The indirect impact of social movement activism is attained due to the help of "third parties" (Andrews 2001). Social movement mobilization might change public opinion (Burstein 1998) or obtain support from some political leaders (Kriesi 1995a)— as represented by Z in figure 3.1— which in turn influences a change in public policy. There is some empirical support for this model (Piven & Cloward 1977, O'Keefe & Schumaker 1983, McAdam & Su 2002), but it is not very consistent (Giugni 2004). Obviously, without any social movement action, policy change is less probable. Moreover, one could also expect to note the functioning of some interactive mechanisms (IA in figure 3.1). The last explain changes in public policy as a result of the simultaneous impact of social movement action, support from political allies and public opinion (Giugni 2004) or political institutions (Amenta, Caren & Olasky 2005).¹¹ This makes empirical research methodologically more complex, since public opinion and a political opportunity structure have

¹¹Indeed, the effect of public opinion and political allies could vary depending whether these change as a result of mobilisation or these are supportive before the mobilisation.

probably a reciprocal relationship with social movement mobilization (Meyer & Minkoff 2004, Giugni 1998).

This study focuses on the direct model, and aims to examine how different protest activities, *ceteris paribus*, affect the social movement impact on policy change. The success or effectiveness of the movement is defined as the movement's ability to achieve "positive policy change," i.e., a change that corresponds to the movement's goals (Kane 2003). Empirically, these are the cases where the anti-privatization movement influences the decision to stop or postpone the privatization of the public sector enterprise. Achieving this goal in a democratic context is dependent on the movement's power to convince decision makers that it is the "right" policy (Ibid.). This persuasion process could be seen as "signaling" the movement's goals and would depend on the content and the way the demands have been made (Lohmann 1993). Moderate demands have been presented as being the most effective ones, because it is easier for authorities to make a small rather than large concession to the movement (Gamson 1975, O'Keefe & Schumaker 1983, Shin 1983). Still, the framing of movement goals can change during the protest cycle (Cress & Snow 2000) and often movements use radical and moderate arguments simultaneously.¹² This is particularly the case for re-active movements that fight to avoid further disadvantages (Kriesi 1995b, Andrews & Edwards 2004).

However, politicians interested in reelection are assumed to carefully calculate the costs and benefits of every decision, and for them it is not rational to create policy that is clearly against the majority of public opinion (Burstein 1998). On occasion, when the majority of the electorate has not taken a clear stand and there is no public discussion, protests by a social movement then "signal" the strength of the opposition (Andrews 2004, McAdam & Su 2002, Lohmann 1993). Peaceful picketing and disruptive riots then inform authorities on the costs and benefits of the proposed policy. This works through two mechanisms. The threat caused by frequent and disruptive strikes, or the persuasive effect of a large and peaceful demonstration. These two mechanisms differ by the level of the pressure they place on the authorities.¹³ A large protest would persuade politicians interested in reelection to change the policy by informing them about the salience of the issue and the significantly negative public mood (See also Burstein 1999). It has been shown that in democratic Asian countries, the size of the protest does increase the movement's influence on policy making (Shin 1983, O'Keefe & Schumaker 1983). However, McAdam and Su (2002) demonstrate that large demonstrations in the U.S. positively af-

¹²The anti-privatization movement in India connects more and less radical trade unions, who demand the stop or reversal of the privatization, the exclusion of foreign corporations from the process or better working conditions and voluntary retirement schemes after disinvestment (Ganesh 2001).

¹³Andrews (2001) argues that different mechanisms lead to different types of social movement outcome, and persuasive and threatening ones mainly affect the agenda setting. McAdam and Su (2002), however, show that these mechanisms could also influence political decision making.

fect the agenda setting yet negatively affect the probability for a positive policy change. Giugni (2004) have also shown the lack of direct impact of number of protest participants on policy change in the U.S. Assuming that this difference is context-related, I hypothesize that:

The more participants involved in the social movement's organized protest, the greater the probability of a positive policy change.

While the size hypothesis is based on the mechanisms of persuasion, the signals that are transferred by the violent or disruptive actions function through the mechanism of threat (McAdam & Su 2002). Negative inducements employed by protesters threaten the state's ability to maintain order and stability, which in turn could lead to repression rather than concession (O'Keefe & Schumaker 1983, Shin 1983). On the other hand, disruptive action informs authorities of the possibility for even greater disturbances, and they might react to this threat with some concession (McAdam & Su 2002). Protests that disturb the everyday life of common citizens, cause economic damage, or involve violence have different impacts on policy change, depending on the degree of posed threat. A strike in the finance or oil sector could cause significant financial damage to the owner, and encourage the authorities toward concession. Actions that disturb civic life, e.g., closing access to hospitals, could have an additional indirect impact due to rising public discontent. Empirically, disruption or violent actions have been shown to increase the probability of positive policy change (Gamson 1975, Piven & Cloward 1977). Thus, it is hypothesized that:

Protests that disturb the civic life or cause economic damage can increase the direct impact of social movement activism on policy change.

The amount of disruption caused by the protest could also be related to its duration.¹⁴ Longer protests tend to cause more problems for the public and for politicians (Piven & Cloward 1977). Therefore, it is hypothesized that:

Longer protests increase the direct impact of social movement activism on policy change.

The persuasive and threatening mechanisms are also relevant in explaining the importance of the number of protests. This has been the most studied factor for social movement outcome (Giugni 1998, Burstein & Linton 2002). A part of previous inconclusiveness of empirical tests is probably related to the inadequate information provided by aggregated national level protest data (Andrews

¹⁴Although the threatening mechanism would also work in case of violent protests, these are not examined here, since there were no violent anti-privatization protests targeted against the central government during 1990—2003. The impact of the numerous state-level violent actions will be studied in the future.

& Edwards 2004). According to the framework of signaling theory, numerous actions could be equally persuasive and threatening. Frequent actions, similar to protest size, inform politicians about broader public support for the movement and the salience of the issue. At the same time, frequent protests threaten authorities with instability more than that caused by one rare protest. Thus, it is hypothesized that:

More frequent actions increase the social movement's direct impact on positive policy change.

In addition to social movement action characteristics, policy change is probably affected by other variables as well. The proponents of the indirect impact model argue that protests lead to increased or decreased support from political allies (Giugni 2004, Amenta, Carruthers & Zylan 1992). This study, by focusing on the *direct impact* of movement activism, treats the existence of allies as control variables and assumes that the existence of allies decreases the direct impact of social movement activism as suggested by Burstein and Linton (2002). Other factors particularly affecting privatization policy making will be discussed below, along with their operationalisation.

3.4 Data and Methods

This study examines the direct relationship between social movement action characteristics and positive policy change with the help of the unique data on India's anti-privatization campaigns during 1990—2003. Protest data for social movement actions was collected by searching the web-based news-database Factiva, published in *www.factiva.com*. This covers 500 news-wires from Reuters to Asia Pulse, local news-wires from 152 countries and key newspapers from the New York Times to The Hindu and The Economic Times of India. The data search included all sources, and used the command: (*disinvestment OR privatization*) AND (*protest OR strike*), restricting the search for the period from January 1, 1990 to December 31, 2003. India-specific protest forms like "dharna" (sit-in) and information related to particular PSEs were also used in the search. A codebook and the database of 245 protests are available upon request from the author. Sixty-seven of the acts collected were directed against state governments and left out of this study. All examples in the study are taken from the database information if no specific reference is provided.

The unit of analysis is the public sector enterprise that has been included in the Government of India's disinvestment plans at some time t_0 . The dependent variable refers to the duration of the privatization process in the specific public

unit (D_i).¹⁵ The frequently used operationalisation for policy change — the annual variation in state budget or enactment of law (e.g., Giugni 2004, Kane 2003), would not be sufficiently informative here. Variation in the annual revenues from privatization indicates the economic value of sold entities rather than the probable impact of the anti-privatisation movement. Even if protests could lower the price of the PSE, the role of economic factors is more important (Molano 1997). Following the enactment of legal acts is also not realistic, as the decisions on disinvestment were made on a case-by case basis rather than on the basis of particular legal acts (Naib 2004).

Using the PSE as the unit of analysis allows for the relating of the protest data to the particular decision on privatization, using event history analysis (EHA).¹⁶ The day that the GOI announced plans to disinvest a particular PSE is considered the start of the disinvestment process for this enterprise (t_0).¹⁷ The variable is measured in days and the duration of the process is terminated on the date that the GOI finalises the implementation of the disinvestment process, i.e. signs respective contract or closes the unit down.¹⁸ If no privatization or closure takes place, the process lasts or unit "survives" until the last day of observation December 31, 2003 (i.e. $t, t_0 < D_i \leq t$).¹⁹ EHA enables us to study how the timing of political change, here the final decision of privatization, is dependent on protest characteristics or on any other selected variable. Following the theoretical discussion above and the movement's demand to halt, postpone, or reverse privatization, a longer disinvestment process is then con-

¹⁵The subscript "i" refers to the unit, and takes values from 1 to 108, the number of units in the study. These cover about 90% of all PSEs in the India's privatisation process.

¹⁶Event history analysis is a statistical method particularly suitable for studying how various independent variables affect the risk of an event happening or a duration of some process (See more in Box-Steffensmeier & Jones 2004, Blossfeld & Rohwer 2002). The method is becoming widely used in social movement research (e.g., Kane 2003, Soule 2004), but has rarely been used to analyze the impact of protest actions. Note that this is very simple application of a continuous-time event history models and the study does not include any time-varying covariates. I have also replicated the analysis by splitting the duration of privatisation at the time of first protest and the results confirm the presence of protest impact. Additionally, in order to account for the probable unobserved heterogeneity in the data, particularly due to the expectation that PSEs in some economic sectors might be privatised faster, I tested a shared frailty model by grouping data over economic sectors. However, the frailty term was insignificant and all estimates kept their initial signs and level of significance (See also Box-Steffensmeier & Jones 2004).

¹⁷Information on the GOI privatization policy is derived from Naib (2004), Ganesh (2001) and the official web site of the Department of Disinvestment (Department of Disinvestment Report 2004).

¹⁸Closing the enterprise is considered the negative outcome for the movement and it involves the similar decision-making procedures to privatization (Naib 2004). Trade unions opposed the closure of enterprises even more than disinvestment, because in the case of closure workers were not even entitled to voluntary retirement schemes.

¹⁹This is the common EHA terminology for indicating the duration of the process. Literally, the PSE is regarded to be "at risk" of privatization from t_0 to t . Most of the larger privatization cases started as late as in 1997, but there were also many small-scale disinvestments before this. There was no significant difference between the analysis based only on the data after 1997 and that from the entire thirteen-year period.

sidered to indicate the success of the anti-privatisation movement.²⁰ Certainly, the postponement is not the same as the final stop or reversal of privatization. With a defensive approach—rather than one offering alternatives to privatization—trade unions seem to wish for more time to improve their bargaining positions (e.g., to receive higher voluntary retirement schemes) than halting privatization altogether (Venkata Ratnam 2001, Kapur & Ramamurti 2002). Hence, even if the anti-privatization movement's activities did not lead to any reversed decisions on disinvestment at the level of the central government, the gradual privatization process indicates an impact the movement did have on policy makers.

The independent variables in the study are the characteristics of the protest actions that emerged in reaction to the government's disinvestment policy. The protest is defined as a collective, public action by a nongovernmental actor who expresses criticism or dissent and articulates a political demand. It is operationalized as a discrete event with the goal to reverse, postpone, halt or stop the privatization process. Only actions organized by trade unions, consumer groups or environmental movement were taken into account, while solely party-organized activities were excluded in this study.²¹ As mentioned above, the protest database was constructed on basis of news reports published between 1990—2003. By focusing on national level events that are likely covered by major newspapers in India, the study has therefore diminished the bias toward larger events (Klandermans & Staggenborg 2002, Earl et al. 2004).²² The use of business-directed news media could also increase the accuracy of protest data. The business sector is interested in the actual investment environment, and therefore news regarding privatization should be especially precise.²³

For each reported protest, information about its characteristics, time and mobilizers was included in the database and related to the specific PSE. Thus, the

²⁰In reality, the postponement of privatization might also indicate the negative consequences. Not privatizing the telecommunication service might restrict the development of this sector, and mean high prices for the consumer (Ganesh 2001). The nonprivatized enterprises might also face increasing economic difficulties, leading to sacked workers, i.e., an occurrence the trade unions strongly oppose.

²¹Burstein and Linton (2002) did not find any difference between the impacts of social movement or political party, but acknowledge that parties have better access to resources and are therefore better positioned to influence policy. Therefore I have omitted all protests mobilised by political parties in this analysis.

²²A case study by the author in Andhra Pradesh showed that several local protests were not reported in the Factiva database. This has no implication in this analysis, though becomes relevant for future research on regional-level privatisation.

²³It has been suggested to triangulate data sources in order to improve the quality of the data (Maney & Oliver 2001). Hence, information from the Factiva database was controlled and complemented with information from the Independent Media Center archives (<http://india.indymedia.org>), the electronic database of the journal "Economic and Political Weekly" and acknowledged publications on economic reforms in India, namely, Naib (2004), Kale (2002), and Ganesh (2001).

frequency of protests (F_i) is measured by counting the number of actions per unit of analysis (PSE) across the time period when the unit was "at risk for privatization". This measure is clearly related to the duration of the privatization process, and its impact is studied separately from the model that takes the duration as the dependent variable. The size of the protest (S_i) indicates the average number of protest participants related to the concrete unit of analysis. Due to the huge population of India, the protest size has an extreme variation from several hundred up to 10 million.²⁴

The duration of protests indicates the average number of days protest actions lasted in the particular enterprise (PD_i). The variable "disruption" indicates the dichotomous measure of whether news reports mentioned any disruption of public life in relation to the protest ($Disr_i$). To study the effect of actions causing mostly economic problems, I use also an indicator for "economic disruption" that measures the occurrence of the financial loss caused by protest activity ($EDisr_i$). As longer and more frequent protests would cause more economic damage, the variable is constructed by multiplying the dichotomous variable of the presence of any economic loss, the average duration and the frequency of each protest per unit.²⁵

As stated above, the role of political allies is taken as the control variable in the study. Allies are defined as those political leaders who participate in movement-organized events, or defend the movement's goals in public or parliament (See also Giugni 2004). In the U.S context, it is common to operationalize allies by labeling Republicans as against and Democrats as supportive of social movements (e.g., Soule 2004, Kane 2003). This is not possible in the context of multiparty systems like India. It is not reasonable to propose alliances between the movement and certain parties in government because even left-wing parties supported privatization of a significant amount of enterprises (Naib 2004). Hence, the dichotomous measure for political allies indicates whether there was any publicly announced opposition to disinvestment

²⁴The measure combines the size of the protest of particular PSE, as well as the size of nationwide anti-privatization protests (G_k) that took place in the respective economic sector (k, e.g., banking, airlines, coal mining). The equation for estimating the size was $S_i = \frac{\sum s_{ji}}{n} + \frac{G_k}{m}$, where s_{ji} is the size of j-s protest action in the i-s PSE, n is the number of protests in the unit (same as frequency, F_i) and m is the number of protest actions in the k-s sector. In the final analysis, I used the transformed variable, $\log(S_i)$, to compress the distribution of the protest size. Two PSEs, that faced protests with 10 million participants were excluded from the analysis as outliers. The residual diagnostics of the analysis showed these two observations had very substantial leverage. Moreover, without excluding these units this covariate violated the assumption of proportional hazards and would have led to erroneous estimates (Box-Steffensmeier & Jones 2004). For all other covariates in the study, both the Schoenfeld residual test and the global proportional hazard test resulted with insignificant estimates at 99% level of significance i.e. showed that fulfilment of the assumption of proportional hazards.

²⁵The average duration of the privatization process was 4 years (std.dev. 2.7) and there took place, in average, 4.2 protests per unit of analysis (std.dev. 8.6). The average protest size was 34079 participants (std.dev. 83301) and the average protest duration was 11.3 days (std.dev. 17.3). At least one disruptive protest took place in 35 out of 108 enterprises.

by highly placed politicians, e.g., ministers in the GOI or chief ministers of states (PA_i).²⁶ Out of examined 108 enterprises, the existence of political allies was noted in a quarter of the cases (e.g., airlines and airports, steel and aluminum companies, the tourism sector and the chemical industry). Despite general claims of "strategic interests" or "better prices," this opposition to privatization could also be explained by the unwillingness to lose PSE related political and economic privileges enjoyed by many contemporary political leaders in India (Kapur & Ramamurti 2002, Mitra & Singh 1999).

As privatization is a complicated political and economical process, this study should include some specific disinvestment control variables. The financial situation of the enterprise might influence any governmental decision on its privatization (Savas 2000). A dichotomous variable is set to measure whether the PSE had been declared "sick" or "healthy" by state authorities ($Loss_i$). All heavy-loss PSEs were put under the authority of the Board for Industrial and Financial Reconstruction (BIFR).²⁷ Out of 108 enterprises in the study, 59 were "sick" and under the reference of BIFR. Furthermore, the amount of equity to be disinvested could influence the time and path of the privatization process (Ibid.). Indian government tried to sell smaller entities of big public enterprises without any public discussion, though always did not guarantee the smoother process (Naib 2004). The amount of equity sold by the GOI in every unit shows large variation—from below 5% to over 50% state equity ($Priv_i$).²⁸

3.5 Results and Discussion

Table 3.1 presents the results from the analysis of the factors directly influencing policy change, i.e., the duration of India's privatization process. Models were estimated with the help of Cox semi-parametrical model with the Exact method of approximation for event-ties.²⁹ I use a semi-parametric, rather

²⁶For example, in the case of discussing the privatization of National Aluminum Company (NALCO) in 2001, the Minister for Steel and Mines (Uma Bharti) "expressed his reservation toward the sale" and the Chief Minister of Orissa (Naveen Patnaik) argued aggressively against "the selling of the pride of Orissa". This opposition, together with several anti-privatization actions by NALCO workers and support to protesters from Left-wing parties, was claimed to be the main reason behind the halted privatization process (Sridhar 2003). The data on political allies comes from the above-mentioned news reports. If information on the concrete enterprise was missing, knowledge about the economic sector was used instead.

²⁷The source for this variable were the BIFR reports accessed through the web-site of Department of Disinvestment (<http://divest.nic.in/>).

²⁸In the analysis, the variable is treated as continuous, although it actually consists of 7 intervals: no disinvestment, <5, 5-10, 11-20, 21-30, 31-50, and > 50% of equity sold to private owner. The residual test did not show any significant difference between usage of interval or the continuous variable.

²⁹The visual evaluation of model-fit and log-likelihood tests suggested that Exact method had a slight supremacy over Efron. The decision on privatization in India was often announced at

than parametric Cox model because the lack of theoretical assumptions for the shape of duration dependence (See more in Box-Steffensmeier & Jones 2004). As some previous studies tend to evaluate the existence of direct impact with bivariate analysis (e.g., Giugni 2004), the first column in table 1 presents the results from the analysis with only one covariate at a time.

Table 3.1: *Factors Influencing the Duration of Privatization Policy (Hazard Ratios).*

	Bivariate Models		Model 1		Model 2	
	Est.	(s.e.)	Est.	(s.e.)	Est.	(s.e.)
Protest size	0.93	(.03)***	0.90	(.05)**	0.97	(.03)
Disruption	0.42	(.14)***	0.71	(.32)	-	-
Economic disruption	0.86	(.06)**	-	-	0.89	(.05)**
Duration of protest	0.99	(.01)	1.02	(.01)	-	-
Disinvestment size	0.90	(.06)	0.95	(.06)	0.94	(.06)
Political allies	0.70	(.22)	1.28	(.48)	0.84	(.30)
Loss making PSE	0.30	(.08)***	0.26	(.09)***	0.28	(.09)***
No. of subjects	108		108		108	
No. of failure times	52		52		52	
Log-Likelihood	-		-172.830		-170.665	

Notes: * < .10, ** < .05, *** < .01

Judging from the bivariate model we would notice that protest size, level of disruption, level of economic disruption and the financial situation of PSE all have significant impact on the duration of the privatization process. With each unit increase in protest size, the "risk" of privatization for PSEs increases 1.07 times i.e. becomes prolonged ($1/0.93 = 1.07$).³⁰ Raising the size of the protest from 10 to 1000 participants would prolong the duration of the privatization process from 47.7 to 57.2 months. Nationwide general strikes, mainly mobilized by bank and insurance or power sector trade unions, had millions of participants. This would then explain the slow reforms in the banking sector.³¹ Moreover, protests that disturb the life of ordinary people (e.g., a strike in the public transportation system or a hospital) have also significant impact on the

the same point in time, e.g., a budget speech twice a year and this led to many simultaneous failures. All presented models satisfy the assumption of proportional hazard assumption.

³⁰I present hazard ratios rather than hazard rate estimates, though all standard errors are estimated and presented for the last. If hazard ratio is less than 1, the "risk of privatization" decreases as the coefficient increases (Box-Steffensmeier and Jones 2004) — resulting in a longer policy duration. Hazard ratio more than 1 denotes the increasing privatisation risk and indicates the shorter privatisation process.

³¹Reforms in the power sector have been quicker, but that has happened at the state rather than at the Central level (e.g., in Andhra Pradesh, Orissa, and Haryana).

privatization policy. It would prolong the disinvestment process by 2.4 times ($1/0.42=2.38$), and could explain the long privatization process in the telecom, power and hospital sectors. Similarly, economically disruptive protests lead to the postponement of privatization by prolonging it by 1.2 times ($1/0.86=1.16$). This bigger impact is explained by the relationship between economic damage and civic disruption, as most economically disrupting acts also disturb public life. In contrast to the hypothesis, the duration of the protest does not have any significant direct influence on policy change.

However, bivariate analysis provides us only a baseline for evaluating the indirect and potentially spurious effects of movement's mobilisation. Thus, I continue with a multivariate model which takes into account the role of protest characteristics, political allies and control variables.³²

Columns 2 and 3 in table 3.1 present the multivariate test for determining the most influential protest characteristic. The control variable of financial situation of the enterprise has the strongest impact on the privatization process. If there are financial problems with the enterprise, its disinvestment would take 3 times longer than in PSEs without economic difficulties. The GOI might not continue with privatization if the enterprise is suffering heavy losses because it likely would not receive a good price (Naib 2004). This impact increases in the multivariate analysis, which suggests that protest actions negatively influence the financial situation of the PSE or other way around. Protest mobilisation could cause significant economic costs for the enterprise, but very severe economic conditions could also trigger the mobilisation. The amount of equity divested and the existence of political allies do not show any significant direct impact on the policy process. Probable allies did not become supportive of the anti-privatization movement after their protests, but instead opposed the reform from the beginning (Sapat 1999). By agreeing with movement goals, the government ministers and chief ministers could initiate public discussion and prolong intra-governmental negotiations. However, this has a minimal role in comparison to the financial situation of the enterprise and the actions organized by anti-privatization movement.

It was assumed that two parts of the signaling model—persuasion and threatening mechanisms— explain the impact caused by social movement activism. Column 2 presents the results for the multivariate analysis that tested the comparative impacts of protest size, level of disruption, and duration.³³ It is clear that the impact of the control variable, that is, the financial situation of the en-

³²Estimates for Models 1 and 2 are derived from the following equations for the hazard of privatization:

$$h(t) = h_0(t) \exp(\beta_1 S + \beta_2 Disr + \beta_3 PD + \beta_4 Priv + \beta_5 PA + \beta_6 Loss) \quad (3.1)$$

$$h(t) = h_0(t) \exp(\beta_1 S + \beta_2 EDisr + \beta_3 Priv + \beta_4 PA + \beta_5 Loss) \quad (3.2)$$

³³The level of economic disruption has a strong relationship to civic disruption and the duration of the protest, and is excluded on methodological grounds.

terprise, still has the strongest impact on policy. Interestingly, the direct impact of the level of disruption and duration disappear and the effect of the protest size increases. Disruptive protests tend to last longer³⁴ and that could decrease rather than increase the duration of the privatization process. This contradicts with the above-stated hypotheses. The probable explanation lies in the short-run direct impact of movement activities. Longer protest campaigns demand more resources for keeping up the level of mobilization, and the pressure to begin negotiations is higher. As a result, trade unions could agree with privatization in the case that they achieved good options for voluntary retirement schemes and further employment contracts. Column 3 presents the results from the analysis when it includes only the size and level of economic disruption. The impact of the number of protests disappears, while the influence of economic disruption remains. When all else is equal, the disinvestment process is 1.12 times longer for enterprises where an economically disruptive anti-privatization protest takes place. Hence, the threatening mechanism seems to explain the impact of social movement activities on the policy change better than the persuasive mechanism, a finding similar to McAdam and Su's (2002). The economic instability caused by a striking finance sector or by port workers has made the government reconsider its privatization plans in the sector. The similarity of conclusions derived from applying EHA to data on Indian privatization process and McAdam and Su's (2002) time-series analysis applied to data on anti-war mobilization in the U.S, suggests the robustness of the threatening model.

Still, we could not test the effect of protest-frequency with EHA. As stated above, the number of protests could be related to the duration of the disinvestment process, and one has to use the logit regression instead of the EHA. This is done by taking the emergence of privatization as a dependent variable and the number of protests as independent variable, and controlling for the above-presented control variables.³⁵ Results show that each additional protest decreases the probability for privatising or closing the PSE by 0.02 (significant at 95% level), keeping all other variables as constant at their median. This small but statistically significant decline indicates that social movement protest tactics have direct impact on changes in public policy. The same was shown by Giugni and Passy (1998) for anti-nuclear power movement, though without any control variables. Although the interest of this study was the direct rather than the interactive impact, the empirical test was conducted for the simultaneous impact of political allies and protest characteristics. All results appeared as insignificant and the model had a poor fit. This indicates the need for both

³⁴The correlation between variables is 0.5, N=108.

³⁵The same 108 PSE were used as the unit of analysis. The Pseudo $R^2=0.09$ was relatively small due to few observations and problems in the model fit. Note that here the amount of privatization, rather than the financial situation of the PSE, affected the probability of privatization. With each unit increase in the amount of equity to be disinvested, the probability of privatization decreased by 0.05.

improved quality and amount of data. The conducted event history analysis, however, demonstrated that despite the major influence of the financial situation of PSE, the anti-privatization movement in India had a direct impact on disinvestment policy.

3.6 Conclusion

The primary aim of this article was to study the direct impact of social movement activity on the policy change in another context than the Western world. Through event history analysis, it was shown that protest characteristics such as the number of participants or the level of economic disruption, even when taking into account the financial situation of the enterprise, directly influence the duration of the privatization process in India. These results are in contrast to some previous studies on social movement outcome (e.g., Giugni 2004) which mainly used the annually aggregated data on the number of protests. However, this might be less informative than concrete analysis on policy-process and does not allow for the examination of the mechanisms behind the relationship between the social movement action and policy change. It is important to interpret the protest as transferring a signal from the people to the authorities and informing the decision makers about the costs and benefits the proposed policy might cause. In the case of complicated policy issues and a lack of broad public discussion, as seen in the privatization process in India, social movement activity becomes the indicator for the salience of the issue.

By using the duration of India's privatization policy as the dependent variable, and emerged anti-privatization protest characteristics as the independent variable, the results of event history analysis show the functioning of both persuasive and threatening mechanisms. Large, nation-wide demonstrations with up to 10 million participants are not rare in India, and these demonstrations are aimed at persuading the authorities not to continue with reforms. At the same time, these actions should not go on too long, as the analysis presents a negative relationship between the duration of the protest and the policy change. On the other hand, acts that, regardless of their size, threaten the government with economic instability are also rather effective. The proposed costs for authorities increase the need for negotiations, and benefit the movement that aims at stopping or postponing the privatization. Even if India continues with its privatization initiative, its gradual path and slow motion is in accordance with the goals of the anti-privatization movement. They have not managed to permanently halt or reverse the disinvestment process, but their actions have had a significant impact on the decisions made by the government. Still, the presented results might be context-specific, since Shin (1983) and Schumaker (1978) have long ago shown that the size of protests matters in South Korea. India has a longer tradition of democratic governance, and should therefore provide more similar opportunities of social movement mobilization as in the U.S or Western

Europe. On the other hand, a parliamentary rather than a presidential federal system should make the emergence of the direct social movement impact even less. The role of contextual variables needs further comparative analysis.

Finally, the relationship between the protest characteristics and privatization policy could be different from other, more widely studied, policy issues such as the environment, civil rights, or foreign policy. The character and demands of the anti-privatization movement are similar to the anti-nuclear power movement, since both are reactionary movements with the aim of influencing policy making rather than agenda setting. The possibility of excluding public opinion from the analysis is also related to a complex issue like privatization. People tend to be less interested in these reforms than issues such as civic rights. The finding that the lack of political allies had little impact could also be specific to privatization policy. Many high-level politicians in India did not approve of protests, but supported their goals even before any action took place. Nevertheless, this study has contributed to the social movement research by showing that there is some direct impact of protest activity on policy change. Further research should continue to pay attention to the role of protest characteristics in the cases of other social movements and policy contexts.

4. ESSAY III

Why the struggle against privatisation sometimes succeeds and sometimes fails. A comparative study on India and Peru.

Abstract

This article demonstrates that protests against privatisation lead to the postponement of privatisation processes. Massive demonstrations, riots and strikes mobilised by public sector trade unions and consumer or environmental groups not only inform authorities about their decreasing prospects for re-election, but also are a threat of continual economic disruption and instability, both of which might outweigh the benefits of privatisation. By examining the outcome of anti-privatisation protests in two developing countries, India and Peru, this study tests the hypothesis on the conditionality of protest impact proposed in the prior research on social movement outcomes. To assess hypotheses on the relationship between protests and privatisation processes, I use longitudinal data and apply event history analysis. In contrast to arguments put forward in previous research, results show that the impact of protest mobilisation is not necessarily dependent on public support or the support from the political allies. However, the success of protests is conditionally based on characteristics of the political regime.

4.1 Introduction

During 1992—1996 at least 10 remarkable protests were mobilised against the privatisation of Peru's largest oil company — PetroPeru. Public was supportive to protesters, as entire 70% of survey respondents opposed the sell-out of PetroPeru in 1996 (NotiSur 1996). Nevertheless, the Peruvian government sold a major part of the enterprise, the refinery La Pampilla, at the end of 1996 (Torero 2005). Six years later mobilised Peruvians massive protests against the privatisation of two electricity companies in Southern Peru — Egasa and Egesur. Public was again supportive to challengers, because entire 72% of sur-

vey respondents opposed the sell-out (APOYO 2002). As a result, Peruvian government backed out and halted the privatisation process until today, 2007.¹

The events described above are two examples of protest mobilisations which often fail and yet sometimes succeed, one wonders why? Scholars of social movement outcomes have suggested that the impact of movement's mobilisation is conditional on the environment surrounding the events (e.g., Amenta, Caren & Olasky 2005). In particular, it has been proposed that the support of public opinion and political allies, and structural factors such as the political regime explain the success of protest mobilisations (Burstein 1998, Giugni 2004, Amenta, Caren & Olasky 2005). Empirical research, however, have demonstrated that there is inconsistent support for these hypothesis and show that protests might still have an independent and substantial impact on policy-making (e.g., McAdam & Su 2002). The reason for incoherent results is seen in the inconsistent definitions and measurement, and the concentration on only a few policy issues and countries (Burstein & Linton 2002, Giugni 1998). Indeed, most of the scholars study the impact of protest mobilisation in developing countries, where structural conditions such as the specific political regime are rather stable (Ibid.). Thus, in order to contribute to the development of more robust theory on social movement outcomes there is need for broadening of the empirical domain. This becomes even more substantial in the light of argument that theories developed in the context of developed countries might not work similarly well when applied to developing countries (Boudreau 1996)². This article is meant to balance this deficiency by studying the new policy issues in a new context. Accordingly, I have chosen to examine the relationship between anti-privatisation protests and the process of privatisation in India and Peru.

The initiative to privatise state-owned companies has been an important part of liberal economic reforms and has led to the mobilisation of protests in a wide range of countries since the 1980s (Hall, Lobina & de la Motte 2005).³ However, studies explaining the path and extent of privatisation tend to pay very lit-

¹Note that Peruvian government have not managed to finalise the planned privatisation of the remaining parts of PetroPeru e.g. the second largest refinery (La Talara) where protests continued even after the sellout of La Pampilla. Moreover, in 2002, after halting the privatisation of Egasa and Egesur, Peruvian government sold another electricity company without any significant protests in the same region (Etecen-Etesur).

²The term "developed country" denotes here those states that have membership in the Organisation for Economic Co-operation and Development (OECD). Countries outside this organisation are certainly very different, but I make this bold distinction here and use the label "developing country" for all of them. The recent review by Burstein and Linton (2002) of articles examining the impact of interest groups published in prestigious sociology and political science journals between 1990—2000 demonstrated that only 3 out of 54 articles focused on developing countries to some extent.

³The term "privatisation" is defined here as government decisions regarding the total sell-out, minor sale or other form of restructuring a public sector enterprise so that it leads to the increased involvement of private financing in this sector of economy. Although reforms of the pension system, education or health care are equally important indicators of changed eco-

the attention to this struggle, and focus on the presence of economic crisis, pressure from international organisations, "learning process" on the part of political leaders or the role of the political system instead (Meseguer 2005, Busch & Jörgens 2005). Those few existing studies that do raise the issue of such mobilisation have, however, relied on indirect measures of opposition, used few empirical examples, or have not explicitly and systematically examined the impact of this form of public discontent (e.g., Druk-Gal & Yaari 2006, Madrid 2003, Murillo 2001, Robertson 2004, Kohl 2002, Chandler & Feuille 1991).⁴ Concurrently, the research on the outcomes of social movement mobilisation have rarely focused on the labor movement, which tends to be the major mobilising group for the struggle against privatisation (See also Burstein & Linton 2002). Hence, this study could benefit the first field of research by demonstrating the importance of citizens' voice in privatisation processes and the second research tradition by improving our knowledge on the consequences of labor movements mobilisation in developing countries.

The specific selection of countries, India and Peru, is not only related to the fact that these countries are often of little interest to scholars of social movements, but also includes three additional reasons. First, one has to be concerned with the variation of privatisation and any mobilisation against this process. And secondly, I aimed to keep some macro-structural factors affecting privatisation constant: the time period and the pressure of international organisations.⁵

In 1991, India and Peru faced significant economic difficulties, needed additional loans from the IMF and the World Bank, and announced their willingness to reform their public sectors almost simultaneously (Tunc 2005). The processes, however, differed. The government of India started slowly and moved towards full privatisation only after the right-wing coalition government came to power in 1998. Peruvian privatisation was enacted very quickly with the help of presidential decrees, and slowed down after increased public discontent and democratisation, beginning in 2000. Even the mobilisation against privatisation varied. Massive protest campaigns against the government's privatisation programs, which at their peak involved up to 50 million participants, were common in India. The opposition to privatisation in Peru was more quiescent in absolute terms. Challengers intensified their campaigns since 2000 to the extent that the president had to respond by declaring a state of emergency in unruly regions in 2002. The main demands of mobilising groups in both countries called for the postponement, halt, or reversal of privatisation,

conomic policy, these are omitted from this analysis because of their different character (See also Morris 1999).

⁴It is not surprising, as in the literature on political economy there are also a few studies that pay any attention to protests or demonstrations aimed at changing economic policy (Persson 2002).

⁵The detailed overview of privatisation and its economic or social consequences in both countries is beyond the scope of this article. Interested readers would find valuable information in Boehmer, Nash & Netter (2005), Gupta (2005a), Tunc (2005) and Torero (2005).

and governments responded with varying degrees of repression or concession. They either used police and military forces for stopping the actions, tried to "buy off" the trade unions who were mobilising the actions or eventually postponed or stopped the implementation of a decision to sell one or more public enterprises.

Third, the selection of countries is also related to results of previous studies, which argue that a mobilisation of social movements creates only very few options for altering public policy in the context of a patronage-oriented party system and restricted democracy (Amenta, Caren & Olasky 2005). Moreover, the impact of mobilisation activity is seen as minimal if one takes into account public support of the issue (Burstein 1998). By choosing to study India and Peru, I can hold the first structural variable constant, as both countries tend to have patronage rather than programmatic party systems (Chhibber 2001, Morgenstern & Nacif 2002). Still, the variation of two other factors — political regime and public opinion — would still be present. India is seen to represent a stable democracy, where general public opinion was against rather than in favor of liberal reforms such as privatisation.⁶ Peru, on the other hand, is a good example of an unstable political regime and public opinion on privatisation. It was a restricted democracy during 1992—2000 and the majority of Peruvian public did not disapprove of privatisation for at least the first five years of the reform i.e. 1991—1996 (Arce 2005, Carrion 2006). Hence, by combining these two cases of stable and varying structural conditions allows for a more robust test of theories suggesting that the impact of social movement mobilisations is conditional on its environment.

I begin by discussing the details of the theoretical framework, which takes specific interest in elaborating and combining the various mechanisms that are used to explain the relationship between protest mobilisation and policy change, and presents subsequent hypotheses. The second section describes the data and the operationalisation of variables, and introduces peculiarities of the method for empirical examination i.e. continuous-time event history analysis. Finally, I describe and discuss the results of several tested models, and show that the mobilisation of anti-privatisation protests had a direct impact on the privatisation process in India. The effectiveness of the struggle against privatisation in Peru was, however, related to the character of the current political regime, and not as related to public opinion as was expected.

⁶The stability of India's democracy varies due to Indira Gandhi's authoritarian rule between 1975—1977, and there are also significant regional variations (Kohli 2001, Varshney 2000). Still, the interest here is in politics at the federal level, and in comparison to Peru, India is certainly a stable democracy.

4.2 Argument and hypothesis

There are two major problems scholars of social movement outcomes have often struggled with: how to define the impact of mobilisation, and which mechanisms and factors explain this impact. I will begin by addressing the first problem.

4.2.1 Defining the impact of struggle

In contrast to the much studied civil rights movements which aimed to get their demands onto the political agenda, the struggle against privatisation is a reaction to a government's decision to initiate certain reforms in the public sector. Hence, the movement should be labeled as "re-active" rather than "pro-active" (See more in Kriesi 1995b).⁷ Consequently, the impact of anti-privatisation protests is defined here as the concession by government to challengers' demands to postpone or halt the initiated privatisation process.⁸ Such a definition corresponds to Schumaker's (1975) criteria of *government's policy and output responsiveness*.⁹ This refers to adaptation of a legislation or implementation of a policy which is congruent to social movement demands (Schumaker 1975). If those who are opposing privatisation had demanded a reversal of privatisation, then the responsive policy would have meant re-nationalisation, or a stop to all further sell-outs. However, the collected empirical data demonstrates that the demands raised by anti-privatisation groups varied and were less radical. They called for a postponement or halt of the process, and sometimes just demanded the inclusion to the decision-making process. Thus, I define a struggle against privatisation influential to the extent that the government responds to mobilisation by postponing the implementation of already initiated privatisation processes. Certainly authorities might "re-initiate" the process after a certain time period, but the first postponement would have created certain advantages for the members of the mobilising groups or broader society.¹⁰

⁷Note that this study also differs from those social movement studies that are interested in the impact of *social movement organisations* rather than the impact of their *mobilisation* (See also Soule & King 2006). The first would be similar to research already done by those who include trade union density into their analysis on privatisation processes (e.g., Dinc & Nandini 2005).

⁸It has been suggested that even the type of the policy issue the movement aims at changing might affect its chances for being influential (Giugni 2004). Although privatisation is an important part of economic policy and provides resources for funding a government's other programs, it is not a more high-profile issue than nuclear-energy policy (e.g., Kitschelt 1986) or old-age pensions (Amenta, Caren & Olasky 2005).

⁹Other types of responsiveness, as described by Schumaker, are "access responsiveness"; "agenda responsiveness"; and "impact responsiveness". There is no reason to study the two first types in relation to privatisation, because protests are reactions to the decisions that are already part of the government's agenda.

¹⁰Although public enterprises could retrench labor in a similar manner to private enterprises to improve its efficiency or close it down due to huge losses, private enterprises have less obligations to guarantee specific compensation. Therefore, I do not study Schumaker's "impact

Still, one wonders explain how could the mobilisation of social movements then become influential and affect public policy-making? I turn to these questions below.

4.2.2 Explaining the impact of protest mobilisation

The frequently stated critique towards the prior studies on social movement outcomes emphasises the lack of coherent theory and well-defined factors that could explain the impact of mobilisation rather than the mobilisation of the movement (e.g., Meyer & Minkoff 2004, Burstein & Linton 2002, McAdam & Su 2002). However, there seems to be an agreement on the importance of three sets of factors that affect social movement's potential influence on public policy: (1) action strategies; (2) dynamic context i.e. conditions that might even change after a mobilisation, e.g. support from political allies or public opinion; and (3) structural context i.e. more stable institutional conditions such as the current political regime or general cultural background (Meyer & Minkoff 2004, Giugni 2004, Giugni 1998, Amenta, Caren & Olasky 2005, Gamson 1975, Piven & Cloward 1977, Kriesi 1995*a*, Cress & Snow 2000, Gamson & Meyer 1996).

Unfortunately, only a few authors have explained how and why these factors could actually affect an impact by the movement (See e.g., Andrews 2004, Fording 2001, McAdam & Su 2002, Amenta, Caren & Olasky 2005). The probably most elaborated mechanisms which have been suggested are the processes of "threatening" and "persuasion" (Andrews 2004).¹¹ Although usually related to particular strategies of actions, i.e. disruptive versus peaceful protest, these mechanisms refer to the same process of information transmission, namely signaling. Mobilisation could be seen as a signal that informs policy-makers about any concession's contingent rewards and sanctions (Lohmann 1993, Potters & Winden 1990). Depending on the dominant strategy of action, the signal would then pressure or persuade the authorities to concede (Sloof & van Winden 2000). Generally, one could say that politicians could concede either in order to prevent further insurgency or by aiming at winning elections (See also Fording 2001).

The argument is based on the assumption that policy-makers are rational actors and their responsiveness to challengers' demands is related to the perceived costliness of prolonged mobilisation (Luders 2006). As most of the theories on social movement outcomes are developed in the context of democratic

responsiveness", which refers to the congruence between challengers' objectives and the long-term consequences of a government's decision (See also Schumaker 1975).

¹¹There is an interesting difference between the schools discussing policy changes. Social movement literature constantly omits the discussion of mechanisms that explain how a policy could be changed in the first place. Thus, they do not discuss the harmonisation of laws; coercive imposition (threat and conditional demands by international organisations or domestic actors) or diffusion and learning processes (Busch & Jörgens 2005). On the other hand, literature on policy changes rarely discusses the role of any citizens' other action than elections.

regimes, this costliness could be interpreted in terms of the opportunities for re-election (Lohmann 1993). Politicians evaluate the size or frequency of peaceful protests as a signal of an electorate's preferences, and act correspondingly (Ibid.). Disruptive strategies, on the other hand, are perceived as threatening and as creating higher costs for authorities (See also McAdam & Su 2002). Thus, mobilisation would be responded to with concession only if the costs for repression are higher or the benefits from continued policy are lower, than the perceived costs of mobilisation. Regardless of the political regime, a protest group has a higher probability of success if it creates, directly or indirectly, a situation where authorities perceive the costs caused by this struggle to be larger than the costs of accepting their demands (Luders 2006).

The costs of postponing an initiated privatisation are dependent on the particular case, although this might affect the state's budget and the government's trustworthiness in the eyes of investors (Megginson & Netter 2001). Costs caused by the protest struggle would, however, be dependent on the mobilisation strategies and the environment where the protests are mobilised. The last is very similar to the major argument of the mediation theory, which suggests that the impact of different social movement mobilisation strategies is dependent on political context. Briefly, it declares that in a favorable context any evidence of mobilisation might lead to policy change, while in a less favorable context challengers would have to use more assertive strategies (Amenta, Carruthers & Zylan 1992, Amenta, Caren & Olasky 2005).

The major problem with the mediation approach is, however, the difficulty of defining those factors that characterize the more or less favorable context and the more or less assertive strategies. Above, I made the distinction between peaceful and disruptive actions, but adherents to the mediation model define assertive actions as "those that threaten to increase or decrease the likelihood of political actors gaining or keeping something they see as valuable or to take over their functions or prerogatives" (Amenta, Caren & Olasky 2005, :521). This seems to equalise the level of threat posed by the campaign directed towards unseating the ruling party and a violent protest aiming at some new advantage for a mobilising group. In terms of the cost-benefit calculation, the first strategy relates to the perceived costs of lost re-election, while the second refers to the direct costs of instability and probable indirect costs of lost re-election (See also Luders 2006).¹²

Therefore, I would rather differentiate actions on the basis of the disruption they cause for the government and people living in the area. In the case of anti-

¹²The additional persuasion of authorities works through "invisible" actions i.e. lobbying, though it becomes more common to combine it with other forms of collective activities (Grossmann & Helpman 2001). Moreover, one should not neglect the mobilisation of counter-movements, whose actions might actually decrease the level of perceived costs for non-concession (Andrews 2004). Despite its importance, here it is left aside, because the major counter-movements involved in anti-privatisation struggles are business groups and they tend to use the above-mentioned invisible lobby that is hard to measure (See also Sinha 2005, Kochanek 1996, Morón & Sanborn 2004).

privatisation mobilisation, this disruption refers to the direct economic costs caused by strikes in the public sector or the disruption of public life through closing down public transport or hospitals. Following the argument of the mediation theory, one could expect that such costly action strategies are influential even in less favorable but not fully restrictive conditions.

Yet how to define the level of favorableness of a political context? One option is to differentiate between certain dynamic and structural conditions as suggested by prior research (Gamson & Meyer 1996). Amenta et. al (2005) combine these together and suggest that a favorable context is defined by the presence of a democratic system, programmatic party system, a bureaucracy supportive of a movement and a government open to this movement's demands.¹³ When bureaucracy or politicians are not supportive towards challengers' demands, the movement needs to use more assertive strategies. In the context of a restricted democracy and a patronage-oriented party system, however, the probability of altering policy is almost non-existent (Amenta, Caren & Olasky 2005). Although their definition of favorable context was closely related to the particulars of the policy of old-age pensions in the U.S., these conditions might even work in the context of privatisation processes. Especially as several empirical studies on privatisation have demonstrated that a government's willingness and capacity to reform their public sector is related to the political regime, party system, and the ideology supported by the ruling government (See review in Megginson & Netter 2001). Democratic countries with fragmented party systems and left-wing governments are slow reformers in comparison to authoritarian right-wing governments with a few parties (Bortolotti & Pinotti 2006).¹⁴

Recalling the above-discussed mechanism of the impact of social movement mobilisation, it is reasonable to suggest that policy-makers in a democratic system perceive the mobilisation against their reform initiative as costly in terms of the prospects of re-election. However, a government which is certain that such a mobilisation would not have an impact on its prospects of re-election would perceive the costs of this struggle as being much smaller. The last could be a case within both an authoritarian system or a restricted democracy.¹⁵ However, the government might perceive protests as a threat to the stability of its regime and act in order to minimise the effect of further insurgency (Fording 2001). Even if the costs of concession might be similar across regimes, the

¹³The first two factors correspond to "structural context", because are related to the relatively stable institutions. The final two, on the other hand, are part of the "dynamic context" because these could change after the mobilisation.

¹⁴There is also a study that suggests that privatisation is more common in democratic rather than authoritarian countries, but the authors do not provide any explanation for their contradictory results (See Biglaiser & Danis 2002).

¹⁵This is a very bold and pragmatic way to differentiate between varying degrees of democracy. The idea is to emphasise that in a restricted democracy the opposition has less opportunities for participating in election campaigns and contesting incumbents than in the full democracy (See also Collier & Adcock 1999).

costs of repression are smaller in restricted democracies, and one could expect that movement mobilisation is less influential than in the context of democratic institutions (See also O'Keefe & Schumaker 1983, Almeida 2003). Therefore, I hypothesise that, all else being equal:

An anti-privatisation struggle would have a higher probability of affecting the privatisation process within a democracy than in the context of a restricted democracy.

The role of the party system in facilitating the impact of social movement mobilisation is certainly dependent on the content of the policy of interest. Amenta et al. (2005) suggested that patronage-oriented parties dampen the impact of the old-age pension movement because they consider public spending programs to be negative as regards their interest. A postponed privatisation could be seen as both negative or positive for such a party. It might provide politicians with resources which are useful in an election campaign, but would also restrict rent-seeking opportunities within public sector enterprises.¹⁶ Still, above it was noted that privatisation policies might be rather related to the fragmentation of the party system. It is explained by the argument that fewer parties are more effective in resisting the pressure from various interest groups (Sorensen 1998, Chhibber & Nooruddin 2004). Accordingly, challengers might gain certain support from some influential members of the political elite i.e. obtain political allies. In general, politicians or parties become allies to social movements if they can relate movement goals to certain benefits, e.g. status or resource (Almeida 2003, Giugni 2004).

Consequently, some parties and politicians that are against privatisation because of ideological reasons or have an electoral constituency close to movement's supporters might easily act as movement allies in order to improve their own prospects of re-election. Previous studies on the outcomes of social movement mobilisation have for the most part examined issues where left-wing parties act as movement allies, but privatisation could also be opposed by nationalist parties objecting to foreign investors (Megyery & Sader 1996).¹⁷ Therefore, it is not reasonable to connect political allies with any ideology, but instead to suggest that some politicians or parties opposing privatisation could ally to anti-privatisation movements and support their demands inside the government. These allies could amplify any signal of discontent transmitted by protesters, and in this way affect the perceived costliness of mobilisation by other decision-makers. So, I hypothesise that:

¹⁶The last is often used as an argument in favor of privatisation (e.g., Boycko, Shleifer & Vishny 1996).

¹⁷Even the behavior of left-wing parties could vary. For example, in contrast to expectations, the Communist Party ruled West Bengal and Kerala (India) were not negative towards privatisation at the state-level, but clearly opposed it at the federal level (See also Essay I).

An anti-privatisation struggle has a higher probability of influencing a privatisation process if the challenger's demands are supported by political allies.

Finally, the proponents of the mediation theory have omitted one important factor from their discussion on favorable conditions — public opinion.¹⁸ In particular, following a normative perspective of the theories of representative democracy Burstein (1998) suggested that politicians in a democratic system should respond to public opinion and not to the mobilisation of small interest groups. While the mobilisation of protests only indirectly informs government on the public mood, public opinion polls provide a direct and more reliable signal regarding the politicians' prospects of re-election. Therefore, social movement mobilisation would not affect public policy directly but only indirectly, through the changing of public opinion (Burstein & Linton 2002). However, public might support a certain issue before the mobilisation of protests and this might even facilitate the mobilisation (Meyer 2004, Meyer & Minkoff 2004). Thus, there is probably a certain reciprocal relationship between these two factors and protests could inform policymakers on how salient the issue is for the public (Burstein 1998).

If we assume that policy-makers evaluate the costs of protest mobilisation in relation to their prospects of re-election, then it is reasonable to expect that the signal of mobilisation would be amplified by the presence of supportive public opinion. If the policy opposed by the movement is not salient to the public, then it would not affect the results of election, and the impact of interest groups is dependent on its mobilisation (See also Burstein 2006, Agnone 2007). However, this mechanism works only in the context where elections are free and opposition has meaningful opportunities of contesting incumbents. In a restricted democracy or authoritarian system policy-makers might perceive the opposition the from broader public as threatening to the regime's stability rather than as prospects for re-election (See also Davenport, Johnston & Mueller 2005). In such a institutional setting a policy-maker might opt for altering public opinion with specific campaigns that are less costly than a concession to challengers' demands. Thus, the signal sent by mobilisation would be dampened as a result of this activity. In the event that challengers do not enjoy public support, the costs for repression are small, and the movement has less options of influencing policy. Thus, I expect that public opinion affects the way authorities respond to protests against privatisation and this is also conditional on the political regime. I hypothesise that:

An anti-privatisation struggle has a higher probability of influencing a privatisation process if challengers' demands are supported by public opinion within a democratic system.

¹⁸Although Amenta et al. (2005) include public opinion in their empirical analysis as a control variable, this not examined as a factor which could facilitate the impact of movement mobilisation.

Within a restricted democracy, supportive public opinion is expected to have an opposite impact i.e. decrease challengers' prospects of concession.

In sum, we have three hypotheses which suggest that the impact of social movement mobilisation is dependent on its dynamic (public opinion, political allies) and structural (regime) context.¹⁹ This seemingly obvious suggestion has become common in social movement literature (e.g., Giugni 2004), but few have combined the mechanisms which explain the impact of mobilisation to its institutional environment. Moreover, systematic empirical tests of such conditionality hypotheses are rare and the following analysis on basis of the data on anti-privatisation struggle in India and Peru attempts to diminish this deficiency.

4.3 The research design

4.3.1 Dependent variable— duration of privatisation process

The first studies on social movement impact that use quantitative methods of analysis had problems with incorporating time-dynamics into their models (e.g., Gamson 1975, Shin 1983) The recent turn towards the use of time-series regression or event history analysis has solved this problem, though there is need of a different research design (See e.g., Soule & King 2006, McCammon et al. 2001, McAdam & Su 2002, Amenta, Caren & Olasky 2005). As noted above, this study is interested in the factors that affect the duration of a privatisation process. Therefore, I discuss the variables within the framework of an analysis that is termed as survival or event history analysis (See more in Blossfeld & Rohwer 2002, Box-Steffensmeier & Jones 2004).²⁰ This means that the process of privatisation is seen as a survival-time of a public enterprise selected for privatisation. The mobilisation of anti-privatisation protests would then "treat" the enterprise with the aim of prolonging its life. A pro-privatisation government is, however, interested in the short life-span of the public sector enterprise. Thus, the mobilisation or "treatment" would be influential only if its goals are fulfilled and the enterprise remains in the public sector as long as possible.

¹⁹There are, of course, some other factors that also affect the influence of protest mobilisation, e.g. the organisations behind mobilisation (Andrews 2004). Due to the data constraints these will not be examined in here, although I could suggest that the major groups behind anti-privatisation struggle — trade unions, have similar organisational characteristics, but differ by size and party affiliation.

²⁰The particular character of a privatisation process allows us to use the continuous-time format of data-set. Another, discrete-time format has been more frequently used by social scientists due to data constraints. In a case when continuous data is available, there is no reason to aggregate the time of analysis to some specific discrete periods (e.g. year), because this might lead to biased estimates and inferences (Petersen 1991, Shellman 2004).

Hence, the dependent variable of this study is defined as the duration of the privatisation process of any public sector enterprise (PSE) that was included in the privatisation program by the respective government at a certain time-point (t_0).²¹ Such decisions were either publicly announced in relation to the budget speech (India), by acceptance of a particular presidential decree (Peru) or by formal acceptance of proposals made by specific state agencies promoting a privatisation process, i.e. Department of Disinvestment of India and Private Investment Promotion Commission of Peru (Proinversión 2005). Data for constructing the dependent variable was collected from the World Bank database on privatisation and official privatisation documents from the respective countries (For details see Appendix). The duration of the process ended on the day when the privatisation contract was finally signed or the observation period ended (t).²² The observation time lasted from 01.01.1991 to 01.01.2004 in India and from 01.01.1990 to 01.01.2005 in Peru. The difference in periods is related to particular country-specific events.

In India, the Congress Party-led government announced its liberal economic reforms in July 1991, and the privatisation processes began after that (Naib 2004, Kohli 2006). The end-point for India is related to the parliamentary election in 2004, where privatisation became a campaign-issue for the first time. Moreover, this was also the year when a Supreme Court declared striking by public sector employees illegal.

In Peru, Alberto Fujimori, who won presidential elections by arguing against radical pro-market reforms, announced these reforms only some months after his inauguration in 1991 (Stokes 2001). The Peruvian end-point was selected with the aim of having a maximum distance from the massive and violent protests against electricity privatisation in June—September 2002. President Toledo responded to this struggle by calling a state of emergency and stopping privatisation. In order to learn more about the long-term outcome of this decision and to not overestimate the impact of these actions, it was reasonable to prolong the observation period until the end of 2004.²³

²¹Due to the data-constraints this study covers only about 80% of enterprises involved in privatisation processes from both countries. In Peru, several enterprises were partitioned before privatisation, and in this case only those parts that formed the major part of the enterprise were included (See also Torero 2005).

²²Governments also closed several PSEs that they wanted to privatise. These cases are treated as equal to privatisation, because at the time t_0 the process was often declared as a sell-out rather than a liquidation, and workers mobilised against the closing process like they did against privatisation. The results of the analysis did not change while I controlled for closed PSEs.

²³The Peruvian government did not made any significant privatisation transactions in 2003, but it did finalise the sell-out of 2 companies in 2004 (Yuncan Hydroelectric Plant and Las Bambas Mines). There were also a few protests against the privatisation of the last enterprise.

4.3.2 Independent variables

Protest against privatisation

As an indicator of anti-privatisation struggle, we use a measure of concrete protest action that was mobilised against the privatisation of a concrete unit of analysis or the entire economic sector (e.g. electricity, water, oil-industry).²⁴

Protest data is obtained from the electronic news-database *Factiva*, which contains reports from many international news-agencies and all major Indian and Peruvian national newspapers. This source is oriented towards a business-interested audience and is therefore particularly suitable for collecting information on anti-privatisation struggles (See Appendix for the summary of protest data and details of data-collection).²⁵ I measure the protest at the time of its mobilisation and treat it as an event that intervenes in the duration of the privatisation process. Only protests that took place after the beginning and before the finalisation of privatisation are included in the analysis ($t_0 < t_p < t$, in which t_p denotes the time of protest). Although in several PSEs there were more than one protest, I assume that even one action informs policy-makers about the existing "anti-privatisation mood" and the challengers' capacity of further mobilisation. Hence, the protest variable is dichotomous and changes its value from 0 to 1 at the time of the protest.

This might lead to the underestimated impact of frequent actions or to the overestimated infrequent protests, but the used setup allowed me to avoid biased results caused by the inter-dependence of protest mobilisation and the risk of privatisation (See also Blossfeld & Rohwer 2002).²⁶ Additionally, by including the control variables for the economic sectors where protests were the most frequent (e.g., energy), it is possible to account for protest-prone PSEs to some extent.²⁷ As I lack precise information on the location of many protests, sector-dummies are also seen as accounting for the impact of protests that were

²⁴I have left out the cases of protest-threat e.g. when the strike was called off after negotiations with authorities and management. Although protest-threat are important signals, these do not demand much resources from the movement's side and are probably perceived differently from real actions. Furthermore, I have far less detailed information on threats than on the actual events.

²⁵Note that such media-based data on protest events could include a selection or description bias (Earl et al. 2004, Ortiz et al. 2005). I have tried to minimise these biases by combining the data from the electronic database with available reports from mobilising agencies, interviews and secondary literature (e.g., Remy 2005, Menon & Sanyal 2004).

²⁶The distribution of inter-dependent variables carries information on the failure process, which affects the results of the analysis. The occurrence of the first protest is, however, independent of the process duration, as the long-lasting privatisation process would not be the cause behind a workers' mobilisation initiative. The second protest, on the other hand, could only take place if an enterprise was not privatised after the first protest. As modeling such a process is much more complicated and the results harder to interpret (See e.g., Box-Steffensmeier & Zorn 2002), these options are left for further research.

²⁷In India had 46% (13) of PSEs more than one protest, while in Peru took repeated protests place in only 33% (8) of PSEs. However, most multiple events in India took place in finance and in Peru in the energy sector.

located close to the capital and might be perceived as more threatening than the ones mobilised in the remote areas. E.g. the majority of protests against reforms in the Indian finance sector took place in the city of Mumbai, and protests against the privatisation of ports were most frequent in the State of Kerala. In Peru, the pattern was same, as protests against the sell-out of mining companies were more common in the southern regions, and the majority of protests against the privatisation of oil or water companies took place in the capital (Lima).²⁸

Figure 4.1 presents the annually aggregated data on privatisation and protests in both countries. Without adjusting for country differences such as population or economy, this figure could be read as showing the general effect of protest mobilisation. There were many protests and few transactions in India, while there were few protests and many transactions in Peru.²⁹ However, these aggregate measures do not say anything about the potential impact the protest mobilisations have on the privatisation processes. For that purpose we need to look every reform initiative separately and apply event history analysis.

Democracy, public opinion and allies

The variable indicating the level of democracy is a simplified dichotomous measure which corresponds to a restricted democracy in Peru i.e. the time between April 1992 to January 2000. The starting point is determined by the *autogolpe* of president Fujimori in 5th of April 1992, when he used armed forces to dissolve the parliament (Congress) and Supreme Court, and suspended the Peruvian constitution (Carrion 2006). There is no agreement as to whether Fujimori's regime could be labeled "authoritarian" or just "neo-populist", as he did call for constitutional referenda in 1993 and had allowed parliamentary and presidential elections since 1995 (See e.g., Mauceri 1997, Weyland 2002).³⁰ At the same time, the government heavily restricted civil liberties and opposition lacked free and fair opportunities of political competition (Carrion 2006). Therefore, the regime falls under the label of "electoral authoritarianism" (Ibid.). The time of the transition to electoral democracy is

²⁸For control purposes, I also distinguished the more and less disruptive protests. Disruptive actions were defined by the presence of police violence, property damage, significant disruption of public life or a subsequent economic loss. Such events transfer a stronger signal of opposition, and could increase the threat perceived by policy-makers even in an initially less favorable context (McAdam & Su 2002, Amenta, Caren & Olasky 2005). Unfortunately, the variation of this variable was too low to use in interaction-models.

²⁹India used minority sales in the early 1990s and this increased the number of transactions. However, while India's government received 900 million US \$ for its minority equities in 49 PSE in 1991, it received twice as much for the full privatisation of 2 PSEs in 1999 (Naib 2004). Peru used mostly the method of full privatisation, but the number of transactions increased due to the sell of partitioned enterprises (Torero 2005).

³⁰Note that this new constitution did not allow for the re-nationalisation of already privatised enterprises (Teivainen 2002), which certainly decreased the probability of success for any movement demanding the reversal of privatisation processes.

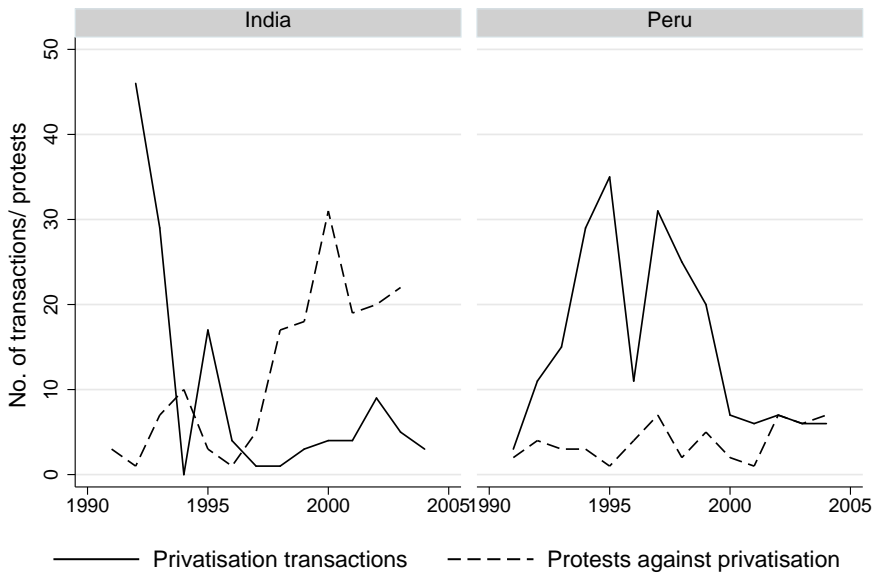


Figure 4.1: Annual aggregates of privatisation transactions and protests against privatisation in India and Peru, 1991—2004.

very approximate, but the year 2000 denotes the time of collapse of Fujimori's regime (Arce 2005) and the increased popular mobilisation against corruption and liberal reforms (Grompone 2005). Hence, the time-varying variable denoting a restricted democracy equals one during the period of 1992—2000 (See all measures and data-sources in Appendix). Certainly, for those PSEs that were included in the privatisation program after January 2000, this variable does not change. Despite a short moment of authoritarianism in the 1970s, India has managed to keep a stable level of democracy for five decades (Kohli 2001). Thus, there is not reason to measure and include this variable to the analysis on the Indian privatisation process.

Even the variable denoting public opinion on privatisation is constant in India and varies in Peru. There are three major reasons for that. First, there is very little information on public opinion on privatisation in India, but quite a lot for Peru. Second, those few existing data-sources suggest that citizens' attitudes towards privatisation have been negative rather than positive.³¹ In Peru, on the other hand, people were positive towards privatisation since 1991 and the discontent arose along with worsened economic conditions in 1996 (Weyland 2002, Kikeri 1998). During 1992—1995, around 60% of Peruvians

³¹In 1996, 34% of the respondents to the nation-wide survey opposed privatisation, while 23% supported it and an entire 42% did not have any opinion regarding the issue (Mitra & Singh 1999). In 2004, the proportion of proponents remained at a level of 24%, but the opposition had increased to 48% (Yadav 2004).

clearly approved privatisation, but the measure declined to 40% in 1996—1997 and has been 30% since 1998 (Carrion 2006).

The third reason for not studying the role of public opinion in India is more theory-driven. Previous studies suggest that the role of public opinion is important for policy-making only if the issue is salient and could affect elections (e.g., Burstein 2006). In contrast to Peru, where privatisation was a heatedly debated issue in election-campaigns (Stokes 1996), liberal economic reforms were rarely of interest to the majority of India's electorate (Suri 2004).³² Only in 2004, when the governing party emphasised economic reforms in its election-campaign and lost the subsequent parliamentary elections was it suggested that people took the stand against liberalism, though others argued that the situation was more complex (See also Wilkinson 2005).

Again, the situation in Peru was quite different. Two presidential candidates, Fujimori in 1990 and Toledo in 2001, promised to avoid any significant privatisation in order to win more votes, though they both initiated a process soon after the inauguration (Taylor 2005). Thus, to examine the impact of public support to anti-privatisation demands systematically, I use a dichotomous measure that refers to the time when the majority of Peruvian public did not approve of privatisation.³³ Public opinion variable is time-dependent and its value changes when the attitude towards privatisation changes. Although public opinion does not change overnight, the above-described opinion polls allow for the suggestion that the majority of Peruvians became negative towards privatisation beginning in June 1996.

Finally, to examine the effect of political allies I use another dichotomous variable. It indicates whether any member of the government or highly positioned regional politician has publicly opposed the privatisation of a particular PSE or its respective economic sector. Although politicians might oppose privatisation unofficially, such information is not available and one has to rely on the information available in media and parliamentary discussions (See Appendix for data sources). In contrast to previous variables, this measure varies only in India, because in Peru it either did not vary much in reality or the public information on politicians' opposition to privatisation in Peru was inadequate.³⁴ For example, the opposition towards privatisation among regional leaders became evident only in 2000 and it peaked in 2002, when several lead-

³²One reason is certainly the fact that politicians avoided any discussion on privatisation and replaced this with the word "disinvestment" until early 2000. Moreover, the issues related to the rising Hindu-nationalism could have appeared as more alarming (Varshney 1999).

³³The reason for dichotomising the naturally continuous variable is related to the difficulties with determining the concrete time-points of the change in public opinion and the inconsistency of the accounts on public opinion (e.g., Weyland 2002, Stokes 1996, Arce 2005, Conaghan 1995).

³⁴It is suggested that president Fujimori did not favor privatisation as a form of economic policy, but was willing to use it to minimise the power of Peruvian trade unions (Manzetti 1999). Stokes (2001:69) suggests that representatives of IMF and World Bank almost convinced Fujimori of the necessity of the "neo-liberal shock" he promised to avoid in the election campaign.

ers supported mass-demonstrations against electricity privatisation in southern Peru (See more in Rosas 2005).

In India, on the other hand, various members of the government opposed privatisation regardless of the general policy of their pro-privatisation coalition.³⁵ There was particular opposition to the sell-out of public sector enterprises under their own jurisdiction and constituency (Sapat 1999, Dinc & Nandini 2005). Regional leaders i.e. Chief Ministers of State, often opposed the privatisation of PSEs owned by the federal government and located in their region, but that did not stop them from privatising enterprises owned by their own State government (Sridhar 2003, Sridhar 2001). Although the support of the political elite might change during a privatisation process, I lack necessary data and therefore the variable on political allies is measured as time-invariant.

Control variables

The literature on social movement impact, as well as that on privatisation, suggests that the ideological leaning of the governing party and political instability play significant roles for the impact of social movements and economic policy. In Peru, these periods coincide with the Fujimori government, and no additional variable is needed. In India, however, one has to account for the time between two particularly close national elections (1996, 1998) and the fact that left-wing parties were part of the governing coalition during this period. Although many enterprises were included in the privatisation program during this period, the left-leaning government finalised only a few processes (Ghuman 1999). Only after the right-wing nationalist Bharatiya Janata Party (BJP) formed the government in 1999 did the Indian privatisation account significantly improve (Naib 2004). Hence, the time-invariant variable denotes those Indian PSEs that were inserted into the program between 1996 and 1998.

Other included control variables control for the impact of economic factors, which are shown to affect the pace of privatisation (See more in Bortolotti & Pinotti 2006, Boehmer, Nash & Netter 2005, Murillo 2002). Some public sector enterprises have high debts or heavy losses, and that might slow down the privatisation processes (Megginson & Netter 2001).³⁶ Thus, an additional dichotomic variable denotes whether an enterprise has continuously had heavy losses or bears a heavy debt burden (Sources are presented in Appendix).³⁷

³⁵Interestingly, even Left Parties did not take much institutional action against the economic reforms initiated by the Congress Party in the early 1990s, as they were more afraid of the rising power of the Hindu-nationalist party (BJP) (See Varshney 1999).

³⁶Some previous studies also use the measure of the size of the enterprise to account for the effect of more technical processes or a eventual opposition of employers (Ramamurti 2000, Biglaiser & Brown 2003). The first factor is incorporated here using sector-dummies, and for the second I have a more precise protest variable.

³⁷Certainly, the economic situation of an enterprise might change, but I lack relevant data on the enterprises that were included in the privatisation at its early phase.

Similarly, some economic sectors are easier to sell than others (Ramamurti 2000), and therefore the analysis includes several control-variables that refer to the most typical sectors under privatisation in respective countries. These are services (electricity, water, communications), heavy-industry (India) and mining (Peru). It is important to note that public utilities such as water and electricity are perceived by the public as very important, and opposition to the sell-out of these sectors is higher than e.g. manufacturing.

The type of privatisation or the amount of equity the government plans to sell can also influence the process of the privatisation (Bortolotti & Pinotti 2006). The corresponding time-invariant variable denoting the proportion of the government's equity for sale is therefore included as an additional control variable.³⁸ Moreover, the management and politicians have occasionally agreed to include workers into the privatisation process, and sell them a proportion of the enterprise's equities under market value. This was more common in Peru than India, and the opposition to privatisation among Peruvian workers clearly declined as a result of this procedure (Caro 2002). Hence, a time-independent variable which denotes the percentage of the equity sold or reserved for workers in every unit is included in the following analysis.³⁹ Last, the finalisation of a privatisation process is also dependent on the country's macro-economic factors, as a macro-economic crisis might increase the government's willingness to sell PSEs as fast as possible (Ramamurti 2000). Therefore, I use the annual financial risk index, compiled of several economic indicators, as an additional control variable (See Appendix for details). It refers to the level of risks involved with financial investment into the country, and it is measured at the time the PSE was inserted into the privatisation process.⁴⁰ Table 4.1 summarises the variables discussed above and specifies its expected impact on privatisation.

4.3.3 Analysis technique

The event history analysis allows us to examine the "survival" of a PSE or the duration of the privatisation process by estimating certain risks or hazards of privatisation. Such a hazard rate describes the risk of privatisation a PSE has at some time t , given that it has not been privatised before. All described independent variables are expected to influence this risk and for estimating the size of their impact, I use the Cox proportional hazards model (See more

³⁸There is a lack of data on governments' initial ownership in the majority of the enterprises that were privatised, and therefore I cannot account for the relative change in government equities.

³⁹Parts of shares were also sold to workers in India (e.g. the oil sector), but this was less frequent and there is a lack of full records on this measure for non-privatised enterprises.

⁴⁰Even other factors, for example the annual inflation-rate, could be used in describing the macro economic situation. These variables are, however, very much correlated with the indicator of financial risk and the inclusion of inflation rate did not change the results of the analysis significantly.

Table 4.1: *Variables included in the analysis for Peru and India respectively and their expected impact*

	Peru	India
Protest (t)	+	+
Public support (t)	+	
Restricted democracy (t)	-	
Political allies		+
<i>Conditional variables</i>		
Protest (t)·Restricted democracy (t)	-	
Protest (t)·Public support (t)	+	
Public support (t)·Restricted democracy (t)	-	
Protest (t)·Political allies		+
<i>Control variables</i>		
Proportion of shares for privatisation	+	+
Proportion of shares for workers	-	
Mining or heavy industry companies	+	+
Services (electricity, water, telecom)	+	+
Financial risk (t)	-	-
Loss-making enterprise		+
Years of electoral instability		+

Notes: + positive impact; - negative impact from a movement's point of view; (t) time-varying variable

in Box-Steffensmeier & Jones 2004).⁴¹ While the estimation of coefficients with other models of event history analysis demands the specification of the baseline hazard, the Cox model allows for leaving it unspecified. This makes it very suitable for cases where one cannot pre-determine the distribution of the studied processes' duration (Blossfeld & Rohwer 2002). This is also the case with a privatisation process, as there is no clear theoretical suggestion on how the risk of privatisation should behave. The estimated regression coefficients are often presented in the format of hazard ratios and indicate the amount by which the risk of privatisation is multiplied for each unit increase in the related covariate.⁴²

The interpretation of the hazard ratio is straightforward — a ratio more than 1 refers to a higher risk of privatisation or a shorter privatisation process, and a ratio less than 1 refers to a prolonged privatisation process. It is important to note that the major difficulty in using this Cox model is related to its assumption of proportional hazards. This means that estimated hazard ratios must be proportional over time. E.g. if the risk of privatisation of PSEs with protest mobilisation is twice less than the risk of PSEs without any protest, then this proportional difference should remain the same during the entire observation period. As ignoring this assumption would lead to biased results (Box-Steffensmeier, Reiter & Zorn 2003), I used the appropriate tests available in Stata 9.0 for guaranteeing that all presented models satisfy the assumption of proportional hazard ratios.⁴³

4.4 Results and discussion

I start by examining two simple models which show whether there is any difference in the impact of anti-privatisation mobilisation in two selected coun-

⁴¹The general model for describing the hazard rate is the following:

$$h(t) = h_0(t) \exp[\beta'X],$$

where h_0 is the unspecified baseline hazard, β' denotes regression coefficients and X refers to independent variables that might be either time-variant or time-invariant.

⁴²The standard errors and t-tests are still based on the estimated coefficients rather than on hazard ratios. As I have split the data set based on the time of protest, the change of public opinion and political regime, robust standard errors were calculated for every covariate and are presented in the Appendix, together with their respective coefficients.

⁴³The decision was made on the basis of a Schoenfeld residual test for each covariate and Harrell's rho test for the entire model (See details in Box-Steffensmeier & Jones 2004, StataCorp 2005). As several enterprises were privatised at the same time-point, an Efron method of time approximation was used to account for the problem of tied-events (Ibid.). Although Cox models do not have any goodness-of-fit measure similar to OLS, one could use the Chi-square test and graphical evaluation of Cox-Snell residuals (Blossfeld & Rohwer 2002). In all presented models the Chi-square statistic was significant at 99% level of significance.

tries.⁴⁴ These are applied to a pooled data set and all economic control variables are omitted because of the high correlation with respective country variables. However, the comparison would not be reasonable if one omits the change in the Peruvian political regime, and therefore this variable is included for control purposes. Moreover, this specific analysis requires also some variation of regime variable in India. Therefore the regime-variable denotes the change of the government even in India, i.e. it changes its value when the right-wing Hindu-nationalist party (BJP) formed a coalition government in March 1998. This government was certainly not as restrictive towards civil rights or political opposition as Fujimori's regime in Peru, but refers to the radical change in Indian economic policy, and is in that respect comparable to Fujimori's reform-mindedness (See also Ghuman 1999).

Model 1 in table 4.2⁴⁵ shows the predicted risk of privatisation with protest mobilisation, controlling for country of origin and government change. Results suggest that protest mobilisation does decrease the risk of privatisation of a PSE i.e. the process would be significantly prolonged with at least one protest. However, country and regime variables also have a significant impact. Privatisation would generally last longer in India than in Peru and the pro-privatisation government i.e. Fujimori presidency in Peru or BJP-rule in India has an accelerative impact on the process.

To test whether the historically strong ties between Indian trade unions and major political parties from left and right might improve the impact of Indian anti-privatisation mobilisation, I included an interaction variable for protest and its country of origin.⁴⁶ However, Model 2 in table 4.2 shows that such interaction effects are non-existent and this is also described in figure 4.2.⁴⁷ The graph describes how the proportion of PSEs that were included in the pri-

⁴⁴Models are specified as follows:

$$h(t) = h_0(t) \exp[\beta_1 P(t) + \beta_2 Peru + \beta_3 Regime(t)] \quad (4.1)$$

$$h(t) = h_0(t) \exp[\beta_1 P(t) + \beta_2 Peru + \beta_3 P(t) \cdot Peru + \beta_4 Regime(t)], \quad (4.2)$$

where $P(t)$ refers to time-varying protest variable, $Regime(t)$ refers to the time of Fujimori government in Peru and the BJP government in India. See details on measurement and sources in table 4.11 in Appendix.

⁴⁵See Appendix, table 4.6, for respective hazard rates and robust standard errors. Although I am more interested in the potential prolonging or accelerating impact of independent variables rather than the size of the effect, the substantial meaning of hazard ratios is fairly simple: e.g. the inverse of it demonstrates how many times longer the unit survives in the presence of independent dichotomous variable than it would in the absence of this factor.

⁴⁶The Cox model has no intercept, as this is absorbed into the function of baseline-hazard. Still, the interpretation of interaction effects is similar to OLS models (See more in Box-Steffensmeier & Jones 2004).

⁴⁷This graph was derived by using the parameterised Cox model with the log-logistic distribution, as it allows for generation of smoother pictures than the proportional Cox model (See also Box-Steffensmeier & Jones 2004). Estimated coefficients did not differ significantly between models, and therefore the estimated survival functions would also look similar.

Table 4.2: *The risk of privatisation in India and Peru (pooled data).*

	Hazard ratio	
	Model 1	Model 2
Protest (t)	0.49***	0.44
Peru	3.10***	3.12***
Protest (t) · Peru		1.16
Fujimori or BJP rule (t)	2.44***	2.39***
Log-Likelihood	-806.2618	-806.2236
N	426 (255 Peru; 171 India)	
No. of failures (sold PSEs)	177 (140 Peru; 37 India)	
No. of subjects (PSEs)	253 (156 Peru; 97 India)	

Notes: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

privatisation program declines depending on the value of respective independent variables. And as suggested by table 4.2 above, PSEs in India tend to "survive" longer than PSEs in Peru and protest mobilisation prolongs the privatisation process in both countries to a similar extent.

The most interesting aspect in Figure 4.2 is, however, the proportional difference between the survival-lines for protest and the political regime in Peru. The impact of protest mobilisation seems to be dependent on the character of the political regime, as protests "lift" the survival of PSEs in a democratic context more than in the context of a restricted democracy (compare the distance between dotted and solid lines with the one between the dot-dashed and dashed lines). This provides some support to the proposed hypotheses, which suggested that the impact of protest would be dependent on the political regime. The lack of interaction effects and the significant direct impact of anti-privatisation protests indicates that the outcome of such mobilisation is rather robust even in such divergent contexts as India and Peru. However, the hazard ratio for the country variable had substantial and significant effects on the duration of a privatisation process, and therefore I continue with the analysis separately for each country. As the degree of democracy and public opinion changed notably only in Peru, we can test the hypothesis on the role of the political regime and public support for the challengers' demands only with the help of Peruvian data.

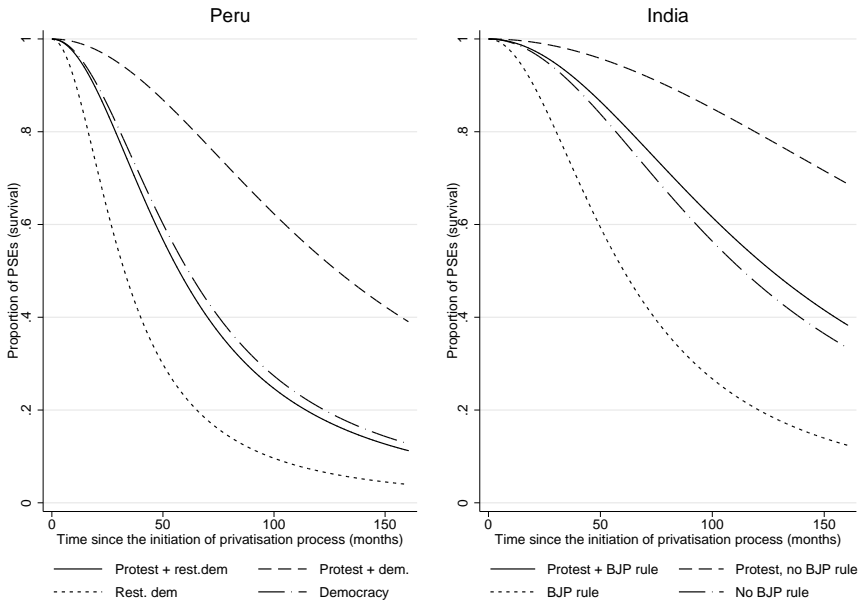


Figure 4.2: The duration of privatisation process differs by country, political regime and protest mobilisation

4.4.1 The role of political regime and public opinion

To examine the impact of anti-privatisation mobilisation conditional to public opinion and political regime in Peru, I use three fairly similar models.⁴⁸

⁴⁸Note that the variable denoting a macro-economic situation is modeled as time-dependent in order to incorporate the effect of improved economic conditions and satisfy the proportional hazards assumption.

$$\begin{aligned}
 h(t) = & h_0(t) \exp[\beta_1 P(t) + \beta_2 PO(t) + \beta_3 RESDEM(t) + & (4.3) \\
 & + \beta_4 PO(t) \cdot RESDEM(t) + \beta_5 PRIV + \\
 & + \beta_6 TOWOR + \beta_7 MINE + \beta_8 SERV + \beta_9 FR(t_0) \cdot t]
 \end{aligned}$$

$$\begin{aligned}
 h(t) = & h_0(t) \exp[\beta_1 P(t) + \beta_2 PO(t) + \beta_3 RESDEM(t) + & (4.4) \\
 & + \beta_4 PO(t) \cdot RESDEM(t) + \beta_5 P(t) \cdot PO(t) + \beta_6 PRIV + \\
 & + \beta_7 TOWOR + \beta_8 MINE + \beta_9 SERV + \beta_{10} FR(t_0) \cdot t]
 \end{aligned}$$

$$\begin{aligned}
 h(t) = & h_0(t) \exp[\beta_1 P(t) + \beta_2 PO(t) + \beta_3 RESDEM(t) + & (4.5) \\
 & + \beta_4 PO(t) \cdot RESDEM(t) + \beta_5 RESDEM(t) \cdot P(t) + \beta_6 PRIV + \\
 & + \beta_7 TOWOR + \beta_8 MINE + \beta_9 SERV + \beta_{10} FR(t_0) \cdot t],
 \end{aligned}$$

where P(t) refers to time-varying protest variable, PO(t) to the time-varying variable on public support to challenger's demands, RESDEM(t) to the years of a restricted democracy, PRIV to the amount of state's shares proposed for a sale, TOWOR to the amount of shares offered to

The first, Model 3, focuses on the direct impact of protests, while the following ones test the presence of interaction between protest and public opinion (Model 4), and protest and political regime (Model 5).⁴⁹ To control for the impact of economic and industry specific variations, these models also include several control variables: percentage of equities sold to workers, the amount of government equity on sale, the macro-economic situation, mining and service sector. The control for mining is related to the historical strength of the trade unions in this sector (Balbi 1997). Reforms in the service sector, on the other hand, are often very technical and slow and therefore it was necessary to control for the effect of this sector.

It is also important to recall that public opinion became clearly negative towards privatisation in 1996 and there was restricted democracy between 1992 and 2000. As it was suggested, the impact of public opinion is probably related to the political regime and therefore all models include an interaction variable referring to this relationship.⁵⁰

Results, presented in Table 4.3, demonstrate that mobilisation against privatisation has a substantial prolongation impact on the process of privatisation. Public sector enterprises where at least one protest took place tend to survive longer than similar enterprises without protests, even if we control for the effect of public opinion and political regime. Thus, in contrast to what Burstein and Linton (2002) suggest, the inclusion of public opinion on the salient issue does not cancel out the role of protest mobilisation, at least in the case of privatisation policy in Peru. The interaction variable for regime and public opinion in Model 3 suggests that in a restricted democracy, public opposition to privatisation had a "lethal" effect on the duration of a privatisation process. It seems reasonable that the Fujimori government opted for "fast sales" as soon it realised that public discontent with the process might even grow. However, public opposition to privatisation after the fall of Fujimori's presidency did postpone the finalisation of initiated privatisation processes significantly. Although it is suggested that Fujimori, as a populist president, used public approval of his presidency for justifying his *autogolpe* and radical reforms in the early 1990s, this was not the case with privatisation later on (See also Conaghan 1995, Carrion 2006).

Moreover, Fujimori used various poverty alleviation and schooling programs, financed partially by privatisation revenues, to increase his

workers, MINE to the enterprises in the mining sector, SERV to the enterprises in the service sector, and $FR(t_0) \cdot t$ to the time-varying variable of financial risks.

⁴⁹Note that in order to satisfy the assumption of proportional hazards and account for a changing macro-economic situation, I have multiplied the financial risk variable by time. This is a common method for incorporating continuous time-dependent variables into the Cox model (Box-Steffensmeier & Jones 2004). Financial risk rate increased i.e. the investment environment improved in both countries during these years and the improving macro-economic conditions could have accelerated the privatisation process.

⁵⁰An analysis without such an interaction demonstrates even stronger effect of political regime variable and has poor model fit.

Table 4.3: *The risk of privatisation in Peru*

	Hazard ratio		
	Model 3	Model 4	Model 5
Protest(t)	0.43**	0.46*	0.06**
Protest(t)·Public support(t)		0.89	
Protest(t)·Restricted dem.(t)			10.19*
Restricted democracy(t)	2.32*	2.34*	1.89*
Public support(t)	0.19***	0.19***	0.14***
Public support(t)·Rest.dem.(t)	5.61***	5.56***	7.30***
% of shares to workers (centered)	1.01***	1.01***	1.01***
Privatised equity	0.36**	0.35**	0.38**
Mining sector	0.52***	0.51***	0.47***
Services (electricity, water, telecom)	0.24***	0.24***	0.24***
Financial risk(t_0)·time	1.001***	1.001***	1.001***
Log-Likelihood	-561.521	-561.503	-558.258
N		317	
No. of failures (sold PSEs)		140	
No. of subjects (PSEs)		156	

Notes: *** p<0.01; ** p<0.05; *p<0.1

popularity in constituencies where it was significantly low (Graham & Kane 1998). Another reason why public opinion, in general, did not affect the privatisation undertaken by the Fujimori government is related to the guerrilla violence in the country. In particular, several studies suggest that the majority of Peruvians supported Fujimori despite his economic policy and because of his successful fight against the terror created by the left-radical guerrilla groups Sendero Luminoso and Tupac Amaro (Holmes & Gutierrez de Pineres 2002). The significant direct impact of restricted democracy which substantially increases a risk of privatisation well describes the situation in the early 1990s. Although Fujimori won the presidential election in 1990, his party did not have the majority in the Congress, and many of his reforms were interrupted or stopped by the opposition (Arce 2005). Only after April 1992 was the president able to use his decrees for privatisation and that also led to faster processes (Torero 2005).

Continuing with Models 4 and 5, one could see that there is only some support for the hypothesis on the conditional impact of protest mobilisation. The presence of public support to challengers' demands i.e. discontent with privatisation does not seem to amplify the impact of protest mobilisation as suggested. The coefficient for interaction effect is not significant at any acceptable level. The reason is the previously discussed relationship between public opinion and political regime, as Model 5 shows the significant effect of protest mobilisation conditional to political regime. Thus, the risk of privatisation decreases if protests against the process are mobilised within a democratic environment and the privatisation process of PSEs with at least one protest under conditions of restricted democracy becomes significantly shorter.

As the public opposed privatisation since 2000, though not in 1991—1992, it is probable that some of the shown impact of protest mobilisation is the indirect effect of public discontent with privatisation. This is presented also in figure 4.3 and one can easily note the difference of protest impact during the two regimes. While the distance between the lines representing the survival time of PSEs with protest mobilisation (dashed) and PSEs without any protest (solid) is rather small under a restricted democracy, it is significantly larger under a democratic system.

However, there are also two outliers in this analysis — the oil-company PetroPeru and SEDAPAL, Lima's water and sanitation enterprises. The privatisation of both enterprises was indeed postponed by Fujimori and this was only partially related to the mobilisation of protests against privatisation.⁵¹ Al-

⁵¹In order to understand the mobilisation of labor movements in Peru, I have made held interviews with the representatives from all of the major trade-unions in Peru during the period of January-March, 2005. One interesting aspect that came out of these interviews was the perceived influence of oil- and port-sector unions. While other union leaders mentioned only failures, the representative of the oil-sector union perceived their anti-privatisation struggle to be successful despite partial failure in 1996—1997 when government sold major parts of the PetroPeru. Unions continued mobilisation was probably one reason for the non-privatisation of the remaining state properties (See also Sanchez 1999).

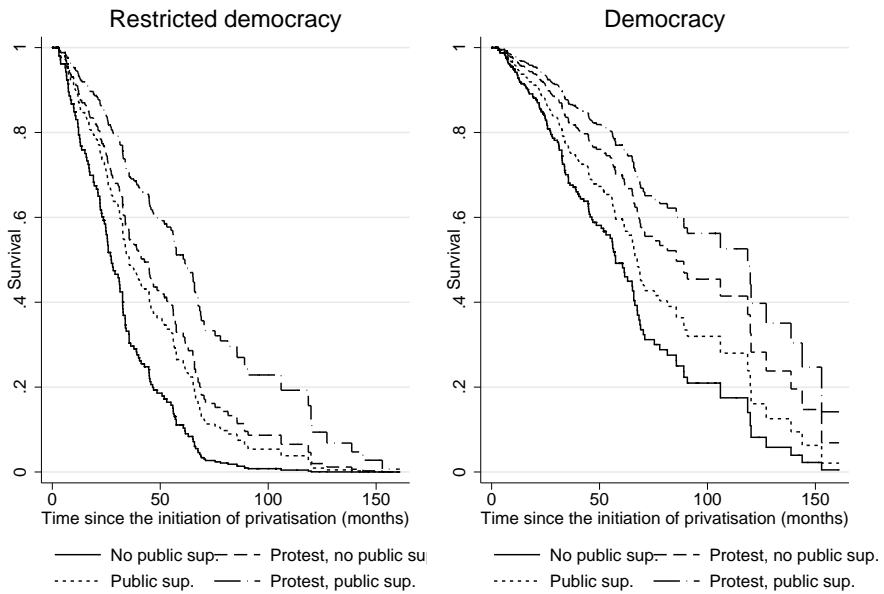


Figure 4.3: The duration of privatisation process in Peru depends on the character of political regime, public support of challengers' demands and the mobilisation of anti-privatisation protests.

though the government had prepared SEDAPAL's reforms with the help of the World Bank since 1991, the plan was postponed by Fujimori due to a perceived threat of losing votes in the presidential election in 1995 (Alcazar, Xu & Zuluaga 2002). In 1997, the plan was declared to be "shelved" (Hall 1999), and was then taken up by the Toledo government in 2001. The process was finally canceled after new protests (Bergara & Pereyra 2005). Although Fujimori's government managed to sell off smaller parts of the oil-company PetroPeru in the early 1990s, the sell-out of its major refinery and oil-fields was postponed until 1996—1997 due to a mobilisation of oil-sector trade unions and opposition from the Peruvian military (*Peru's populist privatisers* 27.10.1997).⁵² Thus, one could say that the military appeared to be an ally for the challengers of oil-privatisation, though their motivation was probably more related to the risks in security than to job-security and concerns about public control over state resources. High level political allies were also hypothesised to amplify the impact of protest mobilisation, and to test it systematically. I move further to the example of India's privatisation.

⁵²In 2004, the Peruvian parliament passed a law which excluded the further privatisation of PetroPeru and all oil exploration and production activities.

4.4.2 The role of political allies

Previous studies suggest that "high-positioned" politicians have had a significant role in India's privatisation process due to the prevalent system of political patronage (Dinc & Nandini 2005). To test whether the opposition to privatisation by the political elite cancels out or amplifies the impact of anti-privatisation protests, the following two models were applied to the data on India's privatisation.⁵³

The first, Model 6, examines the direct effect of anti-privatisation protests while the second, Model 7, includes also interaction effects for protests and political allies. In addition to independent variables of interest, both models include the time-invariant controls for political instability and enterprise specific variables. Results are presented in Table 4.4. The first column, Model 6, shows that protest mobilisation and political allies have an expected and significant impact on a risk of privatisation. Protests decrease the risk of privatisation even if we control for the role of political allies and control variables. Similarly, if the privatisation of an enterprise was opposed by some high-level politician, such as a Minister or a regional leader, then it "survived" longer than PSEs without that kind of opposition.⁵⁴

Among the control variables there is an interesting unexpected effect of the amount of sold equities. This refers, however, to the fact that the Indian government chose to sell many large PSEs through minority sales, and these processes took more time due to technical reasons (Naib 2004). Similarly, the time of electoral instability decreased a risk of privatisation. Even if privatisation was not a decisive issue for any of the Indian elections, policy-makers were aware of the electorate's negative attitude towards such reforms and opted for

⁵³Models are specified as follows:

$$h(t) = h_0(t) \exp[\beta_1 P(t) + \beta_2 PA + \beta_3 INST + \beta_4 LOSS + \beta_5 PRIV + \beta_6 HI + \beta_7 SERV + \beta_8 FR(t_0) \cdot t] \quad (4.6)$$

$$h(t) = h_0(t) \exp[\beta_1 P(t) + \beta_2 P(t) \cdot PA + \beta_3 PA + \beta_4 INST + \beta_5 LOSS + \beta_6 PRIV + \beta_7 HI + \beta_8 SERV + \beta_9 FR(t_0) \cdot t], \quad (4.7)$$

where $P(t)$ refers to time-varying protest variable, PA to the time-invariant variable on the support from political allies, $INST$ to the time-invariant variable denoting whether the enterprise was inserted in the privatisation program during the ears of left-wing government and electoral instability, of years of restricted democracy, $LOSS$ to the variable denoting whether enterprise has heavy debt burden, $PRIV$ to the amount of state's shares proposed for a sale, HI to the enterprises in the sector of heavy industries, $SERV$ to the enterprises in the service sector, and $FR(t_0) \cdot t$ to the time-varying variable of financial risks.

⁵⁴In my previous study on protest impact in India, the effect of political allies was shown as insignificant (Essay II). The difference of these results is explained by the inclusion of context-related control variables (years of instability, macro economy), as well as the time-varying character of protest mobilisation. An analysis without any contextual variables provides similar results even here, and therefore just strengthens the argument on the importance of contextual factors.

Table 4.4: *The risk of privatisation in India*

	Hazard ratio	
	Model 6	Model 7
Protest (t)	0.33**	0.31**
Political allies	0.45**	0.43**
Protest (t) · Political allies		1.23
Instability (1996-1998)	0.42**	0.41**
Loss-making enterprise	0.57	0.56
Privatised equity	4.00**	4.02**
Heavy-industry	1.58	1.58
Services (electricity, water, telecom)	1.90	1.98
Financial risk (t_0) · time	1.01**	1.01**
Log-Likelihood	-128.4755	-128.4432
N		166
No. of failures (sold PSEs)		36
No. of subjects (PSEs)		96

Notes: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

reforms during more "quiet" times. The last is even referred to as "reforms by stealth" (Jenkins 1999).

However, we were also interested in the conditional impact of protest mobilisation and suggested that the existence of political allies would amplify the success of an anti-privatisation struggle. Model 7 confutes this hypothesis, as the hazard ratio for interaction effects has unexpected value and falls short of statistical significance. These results in Table 4.4 also allow for the argument on the probable reciprocal relationship between allies and protest mobilisation (Model 6), but do not support mediation theory in respect that political allies are necessary for any protest impact (Model 7). The opposition to privatisation among high-positioned members of India's political elite does not affect the impact the protests have on the duration of a privatisation process. Such an outcome is similar to the weak interaction effects of the ecology movement and its allies found by Giugni (2004).⁵⁵

On the other hand, Amenta et al. (2005) have demonstrated that the mobilisation for old-age pensions was more influential under the rule of the Democratic rather than Republican Party in the U.S. The party system in India is, however, much more fragmented and patronage-dominated than the one in the U.S. (Chhibber 2001). Therefore this difference in the impact of political allies is not surprising. Furthermore, close ties between trade unions and major political parties in India help to improve the effectiveness of anti-privatisation mobilisation in general. The mobilisation of their "own" trade union was probably perceived as more threatening than the protest organised by unions affiliated with the opposition party (See also Mukherji 2004). This heterogeneity of political allies and groups mobilising anti-privatisation protests would explain the lack of clear and significant interaction effects shown here.⁵⁶

4.5 Conclusion

To summarise, this study has shown that protest mobilisation against privatisation has a substantial impact on the process of privatisation, though it is conditional to political context. Although protesting did not guarantee that a public sector enterprise would always remain public, mobilisation was sometimes responded to by concession in terms of the postponed process, that in

⁵⁵These findings, however, could be related with the misspecified model, as Giugni includes only interaction and no original variables into the model. Moreover, no other control variable that could have affected the policy-making in these countries were used in Giugni's analysis.

⁵⁶It has to be noted that these results might also be affected by specific "selection bias" in my data. Notably, I lack information for those PSEs that were never inserted into the privatisation program because of the opposition of some Minister or as a result of labor mobilisation. For example, in 2004 the Railway Minister, Laloo Prasad Yadav, threatened to resign if any steps towards privatisation of railways were taken (The Times of India, 05.06.2004). Still, the use of a pre-process protest control variable had no significant impact on the results (not shown, but available upon request).

turn provided unions with better bargaining-opportunities or allowed the public to fight for more reasonable service prices. Thus, we could support the major argument of mediation theory and suggest that theories developed in the context of industrialised democracies function reasonably well even in very different settings. Peru and India are both countries with a weak, patronage-oriented party system, which has been shown to dampen the impact of social movement mobilisation in the U.S (Amenta, Caren & Olasky 2005). My results, which present the influence of protest mobilisation in India and Peru, demonstrate that even the role of contextual variables depends on the particular policy-issue of interest (See same in Giugni 2004). Although studies on privatisation have not directly examined or theorized the role of protest mobilisation against this policy, many scholars do note that workers' opposition is an important factor in this process (Murillo 2002).

Social movement literature, on the other hand, discusses the mechanisms that allow us to explain this impact. In particular, it is suggested that the mobilisation of collective action transmits a signal that informs policy-makers about the costs and benefits related to the specific policy of interest. Decision-makers' response to challengers' demands is then related to the balance between the perceived costs of the continued mobilisation, repression and a concession to raised demands. The evaluation of these costs is related to the strategies used by social movements and the particular political context. On the basis of studies on privatisation and social movement outcomes, it was hypothesised that such context is determined by political regime, public opinion and support from high-level politicians. Concretely, it was suggested that protests against privatisation are more influential under democratic regime, in the case that majority of the public disapproves privatisation or if the process is opposed by some high-positioned members of the political elite.

Results that were obtained with the help of event history analysis clearly supported the hypothesis on the role of institutional conditions. Mobilisation against privatisation was certainly more influential in a democracy rather than under a restricted democracy. Public support to challengers' goals, on the other hand, did not amplify the impact of their struggle independently to the political regime. Still, public opposition to privatisation decreased the risk of privatisation under democracy i.e. when it could affect the elections results. The massive demonstrations and public opposition to the privatisation of electricity enterprises in Peru, which eventually halt the process provide clear examples of the successful protest mobilisations examined in this study.

An additionally interesting result in respect of previous studies on the impact of social movement mobilisation is the presence of protest impact even in the control for public opinion on the salient issue. This shows that the impact of collective action and the impact of public opinion might involve different mechanisms. While public opinion is a clear signal of the prospects of re-election, protests involve additional information on the threat to stability and the direct costs of the continuing mobilisation. Although in a democratic

context one expects the government to follow the opinion of the majority, people might not have a clear view on such a technical processes as privatisation. Therefore the disruption of people's everyday lives and economic loss caused by striking or demonstrating public sector employees could decrease the risk of privatisation, even in cases when the authorities have incomplete information on the concrete opinions of their electorate. This last was the case in India.

The process of privatisation in India was also related to the opposition from certain high-level politicians. The heterogeneity, lack of co-operation and strong political affiliation of Indian trade unions are probably all explanations to why I did not find expected support of the hypothesis on the strengthening effect of political allies. The mobilisation against privatisation in India is organised not only by left-wing unions but also by labor organisations affiliated to right-wing nationalist parties. The outcome of such actions, is therefore more related to the characteristics of mobilisation strategies than the allies those groups have among high-level politicians. In order to study the role of political allies more explicitly, one should probably make clearer difference between policy-makers who have same goals with the movement and those who really support the mobilisation of collective action.

Results of this study should not be generalised to other movements without caution. Even if most of the examined protests were non-violent, anti-privatisation struggle caused devastating economic loss for both governments and disrupted often public life. The mobilisation of such protest is therefore perceived by authorities as more threatening and harmful than for example a peaceful protest aiming to stop the implementation of a law with negative impacts on the environment. Still, similar movements that manage to create significant economic damage in the context where public is either supportive or almost ignorant towards the issue at stake, would probably be similarly effective to the struggle against privatisation in examined countries. More studies that examine the impact of different interest groups in diverge political and economic context are certainly necessary for further understanding of the outcomes of social movement mobilisation. This would also benefit the development of a more nuanced and robust theory on the outcomes of social movement mobilisation.

Appendix 1. Protest-data collection

The database on anti-privatisation protests in India and Peru is created by the author on basis of information gathered from the web-based news-database *Factiva*⁵⁷, the paper form of Peruvian newspapers (La Republica, Gestion, El Comercio) during the period of 1990—1995, Indian and Peruvian trade union archives and interviews with union' activists and secondary sources i.e. articles on privatisation processes in both countries. The data search in *Factiva* was undertaken using all available sources in the database. For India the command was "*(disinvestment OR privatisation OR restructuring) AND (protest OR strike OR resist OR oppose)*". Even the name of particular enterprises was used for searches. For Peru the command was "*(privatization OR privatizacion OR privatisation OR privatise) AND (protest OR protesta OR demonstration OR demonstracion OR huelga OR paro OR marcha OR riot OR strike)*". The search was restricted to news published between 01.01.1990 to 31.12.2004. A code-book and the database are available upon request from the author.

Although the majority of protests targeted national governments, in India a strict distinction was made between actions against the federal and the state governments' policies. The use of a web-based news database which has multiple sources should minimise the probable media bias toward larger events, but will certainly not guarantee the inclusion of all protest actions. A test comparing the "paper-based" and "web-based" news for Peru in early 90s showed that around one third of smaller events were not reported in the *Factiva*. These protests were mostly with local importance. On the other hand, comparing my data to the only available protest data collection in Peru, done by DESCO⁵⁸, demonstrated significant concurrence. Unfortunately, due to language and time constraints, a similar control has not been done for India. Due to the size of India, one would expect that the amount of missed events is larger than in Peru. Following example describes one of the Peruvian protests, more on India's anti-privatisation struggle can be found in Essay I and II:

In August 1999, the workers of the state-owned railway company Enafer Peru stopped the rail-transport to Peru's most known tourism site — Machu Pichu. Workers all over the country held the strike against the privatisation of Enafer Peru. The action was disruptive not only for hundreds of (mostly Western) tourists, but workers clashed with police that were sent to stop the illegal action. The enterprise was sold a month later.

⁵⁷Published on the www.factiva.com. This covers over 500 news-wires all around the world; local news-wires from 152 countries and key newspapers from the New York Times to papers like The Hindu, The Economic Times of India, The Gestion and El Comercio. The data-base, however, does not include local newspapers .

⁵⁸Centro de Estudios y Promoción del Desarrollo (DESCO) has collected protest data in Peru since the 1980s. Unfortunately, the data until 2000 is available only in the aggregated format, i.e. 1990, 1995—2000. Still, similarly to this study DESCO reports the increase in mobilisation since 2000 (See more in Remy 2005).

Appendix 2. Additional tables

Table 4.5: *Descriptives of anti-privatisation mobilisation 1991–2004*

	India	Peru
Main location for protests	Delhi, Maharashtra	Lima, south
Main strategies	strikes	strikes
Average protest size	758 767	39 814
Average duration in hours (SD)	18.9 (27.1)	24.0 (16.9)
Main sectors	bank, telecom	oil, electricity
No. of unspecified (general) acts	38	12
No. and % of disruptive acts	14 (8.9)	10 (18.8)
Total no. of included protests	154	53

Note: If to include actions against State governments in India, then protests against electricity privatisation were the most frequent even there.

Table 4.6: *Comparative risk of privatisation in India and Peru (Hazard rates)*

	Hazard rate (Robust std.error)	
	Model 1	Model 2
Protest (t)	-0.707 (.235)**	-0.811 (.428)
Peru	0.893 (.193)***	0.872 (.204)***
Protest (t)· Peru		0.146 (.501)
Fujimori or BJP rule (t)	1.133 (.313)***	1.138 (.311)***
Log-Likelihood	-806.2618	-806.22363
N	426 (255 in Peru; 171 in India)	
No. of failures (sold PSEs)	177 (140 in Peru; 37 in India)	
No. of subjects (PSEs)	253 (156 in Peru; 97 in India)	

Notes: *** p<0.001; ** p<0.01; *p<0.05

Table 4.7: *The risk of privatisation in Peru (Hazard rate)*

	Hazard rate (Robust std.error)		
	Model 3	Model 4	Model 5
Protest(t)	-0.84 (.35)**	-0.78 (.46)*	-2.80 (1.1)**
Protest(t)·Public support(t)		-0.11 (.66)	
Protest(t)·Rest.dem.(t)			2.32 (1.1)*
Restricted democracy(t)	0.84 (.46)*	0.85 (.46)*	0.63 (.39)*
Public support(t)	-1.65 (.62)***	-1.64 (.62)***	-1.96 (.57)***
Public support(t)· Restricted democracy(t)	1.72 (.65)***	1.71 (.66)***	1.99 (.61)***
% of shares to workers	0.001(.003)***	0.01(.003)***	0.01(.003)***
Privatised equity	-1.01 (.41)**	-1.02 (.42)**	-0.96 (.42)**
Mining sector	-0.65 (.20)***	-0.66 (.19)***	-0.75 (.21)***
Services	-1.42 (.34)***	-1.43 (.34)***	-1.39 (.34)***
Financial risk(t_0)·time	0.001(.0002)***	.001(.0002)***	.001(.0002)***
Log-Likelihood	-561.521	-561.503	-558.258
N		317	
No. of failures (sold PSEs)		140	
No. of subjects (PSEs)		156	

Notes: *** p<0.01; ** p<0.05; *p<0.1

Table 4.8: *The risk of privatisation in India (Hazard rate)*

	Hazard rate (Robust std.error)	
	Model 6	Model 7
Protest (t)	-1.09 (.61)**	-1.17 (.68)*
Political allies	-0.80 (.39)**	-0.84 (.42)**
Protest (t) · Political allies		0.20 (.80)
Instability (1996-1998)	-0.86 (.37)**	-0.88 (.38)**
Loss-making enterprise	-0.55 (.39)	-0.58 (.40)
Privatised equity	1.38 (.60)**	1.39 (.60)**
Heavy-industry	0.48 (.41)	0.50 (.41)
Services	0.64 (.63)	0.66 (.63)
Financial risk (t_0) · time	0.005 (.001)**	0.005 (.001)**
Log-Likelihood	-128.4755	-128.4432
N		166
No. of failures (sold PSEs)		36
No. of subjects (PSEs)		96

Notes: *** p<0.01; ** p<0.05; *p<0.1

Table 4.9: Descriptive statistics and correlation matrix of variables in models predicting risk of privatisation in Peru, 1990-2004

Variable	N	Mean	Std. Dev.	1	2	3	4	5	6	7	8
1 Protest (t)	317	.139	.346	1.000							
2 Public support (t)	317	.322	.468	0.114	1.000						
3 Rest-democracy	317	.662	.474	-0.061	0.020	1.000					
4 % of shares to workers (centered)	317	-.041	12.73	-0.066	-0.118	-0.009	1.000				
5 Privatised equity	317	.893	.224	-0.069	0.046	0.081	0.029	1.000			
6 Mining sector	317	.278	.449	0.077	-0.035	-0.1236	0.009	0.203	1.000		
7 Services (e.g., water)	317	.151	.359	0.085	0.086	-0.052	-0.006	-0.342	-0.262	1.000	
8 Financial risk (t_0)	317	29.83	3.28	-0.045	0.403	0.063	-0.094	-0.025	-0.1467	0.218	1.000
9 Duration (days)	317	1794.07	1224.11	0.263	0.219	-0.189	-0.102	0.101	0.231	0.112	-0.231

Table 4.10: Descriptive statistics and correlation matrix of variables in models predicting risk of privatisation in India, 1990-2003

Variable	N	Mean	Std.Dev.	1	2	3	4	5	6	7	8
1 Protest (t)	166	.199	.400	1.000							
2 Political allies	166	.506	.501	0.069	1.000						
3 Instability (1996-1998)	166	.506	.502	-0.051	0.1324	1.000					
4 Loss-making enterprise	166	.313	.465	-0.043	-0.1121	-0.034	1.000				
5 Privatised equity	166	.333	.295	-0.156	0.189	0.1488	0.117	1.000			
6 Heavy-industry	166	.422	.495	-0.089	0.063	-0.059	0.344	0.081	1.000		
7 Services (e.g., water)	166	.114	.319	0.011	-0.288	0.015	-0.039	-0.204	-0.307	1.000	
8 Financial risk (t_0)	166	38.03	1.754	-0.067	0.019	-0.176	-0.011	-0.143	-0.043	0.156	1.000
9 Duration (days)	166	1872.23	819.50	0.303	0.262	0.356	-0.079	-0.054	-0.070	-0.127	-0.556

Table 4.11: *Variables, measurement and sources*

Variable	Description	Sources
	All measured during 1991-2004	
Privatisation of PSEs	- the date of initiation (t_0) - the date of finalisation (t_{end}) - duration in days ($t = t_{end} - t_0$) - whether PSE privatised (or closed) or not privatised (censored)	World Bank; India= Ministry of Disinvestment, Naib (2004); Peru = FONAFE, Proinversión,
Government share	- the % of state owned shares for sale	Torero (2003)
Workers' share	- the % of shares offered to workers	Torero (2005)
Economic sector	- the economic sector of the PSE	
Protest	- whether there was at least one protest against privatisation of the PSE [0;1], time-varying, is 1 if ($t_i \geq t_{protest}$)	Factiva database, see Appendix 1
Political allies (India)	- whether any member of government or any Chief Minister of State publicly opposed the privatisation of PSE [0;1]	Factiva database; Proceedings of the Parliament of India
Public support (Peru)	- whether the majority of public opposed privatisation [0;1], time-varying, equals 1 if $t_i \geq 06.1996$	Weyland (2000) Apoyo (2002)
Regime	- government change [0;1], time-varying, for India is 1 if BJP rules (03.1998) for Peru is a restricted democracy	Mooij (2005)
Restricted Democracy (Peru)	- restricted democracy [0;1], time-varying; is 1 if $04.1992 < t_i < 01.2000$	Carrion (2006)
Financial Risk Index	- measured in year a PSE was inserted in the program (t_0) [50...0] low-high	Political Risk Services
Loss-making (India)	- whether PSE was loss-making or had severe debts [0;1]	BIFR's Annual reports

Note: Detailed information on sources is in table 4.12

Table 4.12: *Utilised online data sources*

Source & Address
(1) World Bank Database on Privatisation Transactions http://rru.worldbank.org/Privatization , retrieved in 2004-2007 http://www.fdi.net/documents/WorldBank/databases/plink/soceco/12india.htm data retrieved in 2003 http://www.fdi.net/documents/WorldBank/databases/plink/soceco/11peru.htm data retrieved in 2003
(2) Factiva database accessed through Uppsala University Library http://www.factiva.com , data retrieved in 2002-2007
(3) Department of Disinvestment, Ministry of Finance (India) http://divest.nic.in , annual reports retrieved in 2003-2007. it hosts also Reports of the Disinvestment Commission (1997-2002) http://www.divest.nic.in/comm-reports/reports-main.htm , retrieved in 2004.
(4) BIFR= Board for Industrial & Financial Reconstruction (India) http://www.bifr.nic.in , data retrieved in 2003-2007.
(5) Parliament of India (Lok Sabha and Rajya Sabha) online proceedings http://loksabha.nic.in and http://rajyasabha.nic.in , retrieved in 2003-2007.
(6) FONAFE= Fondo Nacional de Financiamiento de la Actividad Empresarial del Peru http://www.fonafe.gob.pe , annual reports retrieved in 2006-2007.
(7) Proinversión= Agencia de Promoción de la Inversión Privada—Peru http://www.proinversion.gob.pe , retrieved in 2006-2007.
(8) Political Risk Services http://www.prsgroup.com , data retrieved in 2006.
(9) Labour Bureau, Government of India http://labourbureau.nic.in , annual reports retrieved in 2004-2007.
(10) Independent Media Center archives (http://india.indymedia.org , data retrieved in 2004.

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