

“The Face You Were Afraid To See”

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Amit Bhaduri's ideas have again disturbed the neo-liberals. His *“The face you were afraid to see”* has called forth serious criticism (Abhirup Sarkar, *Ananda Bazar Patrika*, Dec 15, 2009).

It is conceded by the critics that globalization may lead to a curtailment of employment now, but it is proposed that this instant loss and consequent hardship be accepted in the interest of a bright future. Neo-liberal friends usually assail the Marxists for their belief in a rosy future. Now, the future seems to be their own refuge. Marxists would be less than human if they now refrained from pointing out that Keynes, while assailing the idea that inflation would control itself without government intervention, said : ‘The long run is a misleading guide to current affairs. In the long run we are all dead’.

In Singur, for example, the neo-liberal story was that the loss of livelihood of 10,000 share-croppers, labourers, vendors and others of their ilk was the “collateral damage” which should be accepted as a social price for the burst of industrialization which was to transform the Singur region in future. Whatever else happens in the future, one has to concur with Keynes in the matter of these 10,000 people. They will certainly be dead.

The same hoary “trickle-down” theory invoked by the big guns of economics in the case of Singur is again uncorked to justify this touching faith in the future. Two points are put forward this time.

1. Even if mechanisation leads to a fall in employment and the demand for labour in the short run, the surplus profits arising from technological advance, and investment and re-investment will, in the long run, lead to growth and employment. A parallel is drawn with what happened in the Industrial Revolution.
2. The fall in employment is illusory and there is actually a shift from the organized to the unorganized sector, new jobs being created there with increase in wages, too.

The present critics concede Amit Bhaduri's observations on the general trend of corporate policy towards labour and employment, - to keep prices competitive, productivity is increased by the induction of more efficient technology and labour shedding—labour cost is thereby reduced. As a result of globalization, there is the opportunity before the Tatas of today, and the imperative, to sell competitively on the world market, and this consequently entails a labour shedding technology which allows a Rs 1500 cr automobile factory to be run with 700-800 workers. But, because neo-classical economics is insensitive to history, the critics fail to see that as the production process becomes more and more capital-intensive over time the whole process of absorption of labour in industry from agriculture and

artisan-based manufacture undergoes a sea-change between the Industrial Revolution and today's era of old capitalism.

What about new investment? There was a lot of talk about new investment in ancillaries. The automobile industry itself estimated (2008) the number of jobs in ancillaries generated per job in a passenger car factory to vary between 5 and 6—another 4000 jobs.

So, the Singur car factory could have generated a total of 5000 jobs, all told, and that's it. On the other hand, the number of people, who lost their livelihood because 5 fertile mouzas of agricultural land were given away to the Tatas, would come to 10,000. In any case, employment for 5000 is practically irrelevant, 12 lakhs are added every year in West Bengal to the number of people capable of doing productive work. What is required is a whole new ball-game. Come, tell the 12 lakhs a year about “trickle-down”.

What about re-investment? Sarkar himself has to quote Amit Bhaduri's example of compulsive labour shedding in the same factory as time goes on. Tata Steel increased its production in 2005 to 5 times that in 1991, and, in the same period, almost halved its workforce from 85 to 46 thousand, achieving a 10-fold rise in productivity. So, there will be growth sans employment in the corporate sector, not growth and employment.

And what about the bright future, in general, to be conjured from the beloved “trickle-down”? For example, people were told stories of some future time when the land around Singur would be resplendent with business and industry, townships alight and bustling with economic activity. Of course, these were lies. Big, corporate industry in the era of old capitalism generates few new jobs and squeezes existing jobs in the quest for productivity and profit. The Tatas have been in Jamshedpur for 100 years, and for many years in Orissa. Yet, Bihar (and Jharkhand) and Orissa remain persistently within the last three ranks of the poorest states of the country.

Nearer home is Hindusthan Motors' Uttarpara factory, where the Birlas have been making cars for 60 years. Here, even in 1998 there were 9954 jobs. In 2007, within ten years, the number of jobs more than halved to stand at 4500. The surrounding localities of Uttarpara and Makhla stagnate. After 60 years there are no signs of flourishing townships. The future is no less dark. The Birlas had been allowed by the government of West Bengal to occupy 744 acres for the factory at throwaway rates. Of this, 314 acres remained unutilized for long. Finally, the Birlas have sold this chunk to a big promoting company for building a residential complex (Campaign material of *Gana Udyog*, Uttarpara). The future of Singur would have been no different. In fact, this is a world-wide phenomenon - there is no recovery for employment in the long run : between 1960 and 2000 the OECD countries showed fluctuating figures for employment in industry with a well-defined secular trend of decrease. The critics' promise of suffering today and jobs tomorrow doesn't work out in practice.

The critics have some cheek comparing this stagnation with the Industrial Revolution which was an eruption, no less, changing and, indeed, transforming society rapidly. Looking only at the employment aspect in the UK (Peter Evans and Sarah Stavetieg, *The Changing Structure of Employment in Contemporary China, February 10, 2009*), one sees that employment in agriculture was overtaken by that in manufacturing and the change in quality from agriculture to industry was almost complete by the first half of the 19th century.

Year	Agriculture	Manufacturing	Services
1800	40 percent	20 percent	30 percent
1820	30 percent	30 percent	30 percent
1860	20 percent	30 percent	40 percent

(It may be noted that manufacturing after giving employment at ~35 percent level for almost 100 years started to fall again, since 1960. Agriculture continued to dwindle, and the losses in both these great sectors were mopped up by services which showed a sharp rise.)

The total work-force is increasing but there is considerable fluctuation. The annual rate of increase fell from 2.1 percent between 1983-94 to 1.9 percent between the post-liberalisation years of 1994-2005 (Arjun Sengupta Commission, August 2007). It was 2.7 percent between 2000-05 (K Sundaram, EPW, July 28, 2007).

In post-1947 India, in almost 50 years, from 1960 to 2006, the share of agriculture in the total workforce fell from 73 percent to 56 percent (Sankar Acharya, *Business Standard*, December 25, 2009). But, manufacturing has not absorbed the people blocked out. The proportion of the work-force employed in manufacturing reached barely 12 percent in 2008, services accounting for 28 percent (Index Mundi, Dec 18, 2008). While industrial employment increased between 1999-2000 and 2004-05 at the rate of 6 percent per annum, formally organized industrial employment fell at the rate of 1 percent per annum, decreasing from 18 percent of the total industrial employment in 1998 to 10 percent in 2004. (Sankar Acharya, *ibid*)

86 percent of the total employment generated in industry between 1999-2000 and 2004-05 was in the unorganised non-formal sector while almost the whole of the remaining 14 percent was generated in the informalised section of the organised sector (Kalyan Sanyal and Rajesh Bhattacharya, EPW, May 30, 2009). This is the content of point number 2 of critics like Sarkar. It is a product of globalization, the forcing of workers into jobs without social security benefits like provident fund and the other benefits won by generations of struggling workers. As a product of the magic word 'globalization' informalisation may be dear to the heart of the neo-liberal, but one fails to see how it advances the case of the critics. Indeed, if employmentwise the organised corporates are a negative factor and their only contribution is a meagre 16 percent of the informal sector, Amit Bhaduri has already won his case on employment when he wants to ignore the

corporates and concentrate directly on expansion of the home market via local industry, feeding and fed by local markets, demand being powered by schemes like the NREGA, a demand and a market based on the working people and not on executives, professionals, and the top salaried bracket, a market essentially of the bicycle and not the private automobile.

Sarkar says that wages have even increased in sections of the informal sector. Does Sarkar really think this is the principal aspect of work in the informal sector? The overall picture is one of low wage rates, lack of job and social security, no amenities and no leave. Arjun Sengupta found that 79 percent of workers in the informal sector had a daily consumption expenditure of Rs 20 or less. Also, there is a definite decline in the growth rate of wages for both urban and rural casual workers (K Sundaram, *ibid*). The real wages of adult male rural casual labourers increased between 1983 to 1993-94 at the rate of 2.5 percent per year, which rose to 3.6 percent between 1993-94 and 1999-2000, and declined to 1.8 percent between 1999-2000 and 2004-05. For the case of adult male urban casual workers, these values change to 1.5 percent, 3.1 percent and -0.4 percent, that is there is actually a decrease in wage rates between 2000 and 2004. Finally, only 0.4 percent of the workers in the unorganised sector enjoyed PF or some such social security benefit.□

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