

With the implementation of structural adjustment programmes (SAPs), the Indian industrial concerns in the private as well as the public sector have begun to retrench workers. The trade union resistance to this 'exit policy' is growing. The union strategy towards SAPs and their economic and social consequences is an issue being debated among Indian labour leaders and activists.

*Reproduced below is an essay, which has a direct relevance to the emerging Sri Lankan debate, from **Mainstream**, June 06, 1992.*

EXIT POLICY: AGENDA FOR TRADE UNIONS

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Structural adjustments in the form of exit policy is now on the agenda. The trade unions are against it. In the official camp it has become fashionable to accuse them of malicious 'anti-structural adjustment' drive. Any misgivings concerning the consequences of restructuring are branded as demonstrations against change, as 'status quoist' and the like. However, concern over the new economic policy pronouncement is a serious issue for the trade unions today. Simply to reject the accusations as absurd and ignore them is not, therefore, sufficient. The issue must be considered seriously, avoiding simplifications and biases and must suggest some alternatives.

It is obvious that the restructuring and the advance of the economy is, in itself, highly desirable. The productivity of the capital and labour should rise, as does the social wealth. The trade unions should also champion this cause. But when the restructuring is carried out through a liberalisation drive in the interest of international and private capital, in a society deeply imbedded with poverty, inequality, insecurity, the process of restructuring inevitably becomes the object of intense struggle. Attempts to heap the chief difficulties engendered by the restructuring on the shoulders of the working masses is the principal cause of this struggle, making it inevitable.

Firstly, the great negative social effects connected with it should be pointed out. There are several reasons for this. Structural adjustment has coincided with an intensification of general crisis of the developed world economy and polity. As a result, the social disruptions engendered by the adjustment has, as it were, been added to the difficulties ensuing from exacerbation of the economic crisis and has multiplied them.

The beginning of the structural reforms in Indian economy has been delayed due to a number of reasons, and thus the period of time for carrying it out has been compressed. That which under other circumstances would have taken decades has to be carried out in just a few months or years. The social consequences of the restructuring are, therefore, equally compressed.

The very scale of structural adjustments is proving to be extremely wide. It is embracing not only some segments of

the economy, but also its very core. This is not a matter of productivity, profit etc. of individual industry, but of fundamental changes in the very system of Indian economy. Correspondingly, not only the peripheral ranks of wage workers and intermediary groups are affected but also the very core of the working class.

Structural adjustment in the form of exit policy has mainly three effects. The first of these is the employment crisis. Its most serious form consists of a progressive drop in the number of people participating in the productive process.

The adjustment and its exit policy, which presupposes substantial cut in labour, must not be accomplished until the question of the labour force thus released is resolved. This in turn presupposes a special system for the redistribution of labour. This system may vary: institutionalised or informal, directive or indicative. Under any circumstances, however, it must ensure a high correlation between the release of labour force and the possibilities for job placement; wages be maintained, depending on the employment situation in the branch or in the industry as a whole; the retraining of labour force in accordance with the requirements of the new technologies; and so on. This is what the working people, their trade unions and political organisations should demand and follow up with concrete details.

There can be two groups of programmes that can ensure a readjusting or exit without being detrimental to employment. One of these is designed to solve primarily current problems, while the other stipulates transformations of greater depth. The first group of programmes can ensure a distribution of the existing volume of labour from the working peoples' point of view. Specifically, the current volume of employment should be maintained by shortening the working week, eliminating overtime without wage cuts, instituting longer paid holidays, raising the minimum working age by extending general and vocational education, lowering the pensionable age, and so on.

It should also be suggested that the first group of alternative programmes must be supplemented by a second one, envisaging the creation of new spheres of application of labour—primarily in the social sphere (education, culture,



rural development, environmental protection etc.) The fulfillment of these programmes requires greater intervention in the deep-running mechanisms of Indian society.

The realisation of the above-mentioned programmes entails a qualitative expansion of the public employment sector, with all its consequences. One precondition for this is that considerable funds be accumulated in the hands of state bodies and investment be decisively reoriented on the socially necessary labour intensive spheres of activity, as well as on the retraining of workers for employment in these spheres. But this can only be achieved, of course, in the course of an acute conflict - mainly on the political plane.

The second social consequence arises from the shifts it engenders in the structure of socially necessary labour and, consequently, in the labour force. A structural adjustment always presupposes the elimination of the old elements of the object to be transformed and the creation of new ones. Moreover, the more profound the readjustment, the greater the proportion of elements to be replaced.

The third type of consequence applies to the sphere of social security. In most of the cases, ruling circles try to find a way out of the financial crisis of the social funds by raising contributions. The proposed National Renewal fund is a case in point. This however, cannot produce any marked results. Employers, as a rule, resist any attempt to commit their contributions to the funds. IN the final count therefore, it comes down to a step by step deterioration in the

provisions for social assistance: the range of recipients of aid narrows, the funds are cut, etc. The National Renewal Fund is bound to be dismantled, unless regular measures are taken to provide finances for it. There can be different measures, but they can be effective only if they are based on the principle of tying the size of contributions into the funds to the benefits received by the government or the capitalists from the exit policy. In other words, restructuring on the basis of 'exit' must be transformed from a factor engendering a reduction of the social funds into a source for supplementing them.

The advocates of exit policy accuse trade unions of working against economic development and, consequently, against society. The true meaning of these accusations becomes obvious, however, if one asks some questions. If the exit policy is economically advisable, why should it bring benefits only to the owners and to the employees? Is a large mass of unused labour power profitable for society? Is society in a position to shoulder the burden of the maintenance of a large part of displaced workers, deprived of the opportunity to work? Would it not be more sensible to calculate the overall losses inflicted on the economy by the social disturbances engendered by mass laying off of millions of people? Answers to these questions are simple. The loss to society is inflicted not by those who try to achieve social and economic justice in the implementation of structural adjustment, but by those who, ignoring the effects, undermine the social foundations.

CONSULTATION, COMPROMISE AND CONSENSUS

Vinod Moonesinghe

On the fourth of June the clouds burst over the Colombo district. By dawn, the Colombo megapolis was inundated. 'The Water This Time' (to paraphrase that great newspaper columnist, Anuruddha Thilakasiri) thrust the issue of the environment under the collective nose of the elite, in the shape of floating debris and faecal matter.

For several weeks, the headlines of the national press displaced President Premadasa and Prabhakaran from the front pages in favour of Dr Obeysekera of the SLLRDC (better known by suburban residents as the 'Low Lying Corporation').

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What was never mentioned was the question of compensation for damage. Several thousands of people found their houses collapsing foundations subsiding, walls cracking due to the flood. These are poor people, their earnings lying in the Janasaviya bracket. The *Grama Sevakas* were apathetic about following up their claims for compensation. with good cause, as it turned out: the Government has still not paid compensation for last year's flood.

More matters are swept under the carpet as for instance, damage to the ecology caused by the uncontrolled filling up of marsh land. Where are the water retention areas? The residents of Marandan Kurunduwatte and Koswatte in Nawala, have been agitating for years to stop the filling up of the marsh between their 'wattes'. Opposite

