Labour's Role in a Developing Economy

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Labour has to make a choice: It can either insist on its rights by making higher and higher wage demands, ignoring the development of the country, the, well-being of the community, and the success of the Plan. Or, while, claiming its rights, it can perform its duties towards higher production, and fit its wage policy with the requirements of development, accepting the fact that the welfare of the nation demands some restraint upon its monetary benefits.

"Rights that do not flow directly from duty well performed are not worth having. They will be usurpations, sooner discarded the better".

Gandhiji in Hurujan, 6-7-1947.

INDIA is in the process of economic growth. Condemned to servitude for centuries, her economy till recently was geared to the band-wagon of another country, which exploited her for its own purpose. She was not allowed to, develop her own basic industries and to utilise fully the productive potential warranted by the existing state of technical knowledge. Her backward economy was marked by such features as the concentration of ownership of land by a few rich people, growth of commerce and trade in respect of consumers' goods, excessive dependence on exports of raw materials, inadequacy of transport facilities, subsistence peasant economy and the development of consumers or semi-raw materials industries with substantial foreign capital. Her agriculture suffered from a large mass of landless labourers living below the poverty line, on the one hand, and prosperous Intermediaries, absentee landlords and unscrupulous money-lenders, on the other.

After Independence, it became obligatory on the part of the State to devise ways and means to take the country on the path of economic development. The backwardness of our economy which had remained stagnant for the last few decades, offered a formidable challenge which had to be accepted. Out of this acceptance came the First Five Year Plan. It made proposals for initiation of institutional changes and for meeting certain urgent problems that had arisen out of the war and partition. It gave certain assurances to labour in recognition of its rights which had long been neglected. In return, it sought labour's co-operation in having more production. The Second Five Year Plan, though a continuation of the first plan, made the objectives of planning more clear. It affirmed that the benefits of economic development must accrue more and more to the relatively less privileged classes of society. The objectives of the plan were an increase in national income with consequent higher standard of Living, rapid industrialisation, particularly of basic and heavy industries, large expansion of employment opportunities, reduction of inequalities of Income and more even distribution of economic power. Labour, not only as a vital section of the community, but as the most important factor in production, is directly concerned in these objectives.

The plan's commitment to progress towards a socialist pattern of society follows the ideal for which our labour movement strived. It is, therefore, in the interest of our labouring classes to get the plan implemented successfully and to achieve their material well-being through such implementation.

Labour's Traditional Role

The labour movement and the trade union movement in India have grown as a response to the challenge thrown by the modern capitalist system. They have been a natural and inevitable reaction to the development of large scale industry. Modern industrialisation, with its impersonal character and loss of cordial relations between the manager and the managed created complex labour problems, which have been channelised through organised movements. Capitalist enterprise in India has naturally created a gulf between Capital and Labour, and this gulf has been widened so much during the course of industrial development that, at present, employers and employees are being viewed as two distinct classes with divergent interests. This divergence of interests has resulted in mutual distrust and suspicion, unhappy industrial relations, reluctance to negotiate on a voluntary basis and recourse to State machinery for settlement of disputes. Workers are not only not interested in higher productivity, but they do not mind obstructing the implementation of measures for higher production like rationalisation, production committees, work measurement studies, re-organisation of wage structure, vocational training schemes, production planning and control, simplification, standardisation and specialisation, proper maintenance of machinery and efficient plant lay-out. Workers' interests are mainly on the consumption side, as seen in demands for higher and higher wages and allowances, for more amenities, for less hours of work and for more rest-intervals. This has been the traditional role of labour, which has been strengthened by the concept of class-conflict. The worker demands a larger and larger share of the cake, without in any way striving for the enlargement of the cake. The employer has vehemently opposed this demand, because it eats straightaway into his profits. This struggle of getting the maximum spoils with minimum effort has adversely affected industry and, consequently, its two partners,... Capital and Labour.

Labour's New Role

The traditional attitude of labour of demanding an increasing share in the produce, without increased production, must be modified, if the country is to progress on the path of economic development. The traditional role of labour as an adversary to capital in the field of industrial relations may prove a serious hindrance in the process of economic growth. The concept of class-conflict has to be
India's urgent need of the day is rapid and balanced economic development which necessitates more production, more money for investment and more employment. Both industry and agriculture have to contribute to the national development and it may be necessary for both of them to lay some restraint on themselves—on wages and on profits. The changing nature of industrial and economic problems in an expanding economy necessarily shifts labour's emphasis from production to distribution—from simple problems like wage increases and better working conditions to complex problems relating to the distribution of national income, productivity, technological change, reduction of inequalities in income and distribution of economic power. Demands for betterment of working and living conditions of wage-earners should be fitted into the economic development of the whole nation and should not come in its way by causing material and industrial unrest. Any increase in workers' share in consumption through higher wage demands, without corresponding increase in production, would only stimulate inflation and hamper economic growth.

Pre-requisites

It may be necessary to fulfill certain pre-requisites conditions before labour is asked to make some sacrifices for the sake of national development. Firstly, the living standards of an appreciable proportion of workers, who are at present living below the mean subsistence line, must be raised at least to the minimum accepted level of living. Secondly, minimum standards of social security and welfare should be embodied in legislation and implemented in action. Thirdly, employers' profits should be adequately taxed to make available an appreciable amount for ploughing back in industry. The Second Plan proposes to reduce inequalities in income through progressive reduction of the tax system, though in actual practice, the system appears to be regressive, as evident from the latest budget measure. Fourthly, the role of the employee should be suitably revised and, if need be, with the changing problems of economic development. They should treat employees as co-partners in industry and should be willing to negotiate with them in a free and cordial atmosphere. All measures leading to higher productivity, including workers' participation in management, joint machinery, healthy trade unions, training and propaganda, should be actively pursued. The employers should also put restraints on profits. Lastly, the State's policy in labour matters should be reoriented. State intervention in labour matters should be avoided except in emergent and critical situations, and the State should normally concern itself with merely providing the machinery within which the parties can function effectively. The State should also implement a progressive labour policy in the public sector.

National-minded labour leadership has to play an important and difficult persuasive role in convincing the workers that they have a responsibility towards the national economic system as a whole and that it is in their interest that this system should be prosperous. So that with increased production as a basis for further improvements in the living standards, the cake to be distributed for consumption may be enlarged. This does not come in the way of the traditional objective of labour organizations to get higher wages for their members, but this objective should better be achieved from the production side, rather than from the consumption side, i.e. by co-operating with the employers and the State to secure an increase in production. This cooperation is necessary to give to the workers a proper share of the benefits of increased productivity and to raise their real wages and living standards. It may also be necessary to check technological unemployment caused by profit-seeking employers.

Conclusion

Labour has to make a choice: it can either insist on its rights by making higher and higher demands on industry, the well-being of the economy, the prosperity of the State and the success of the Plan; or, while claiming its rights, it can pursue its duties towards higher productivity, and its wage policy into the general interests of the people, accepting the fact that the welfare of the nation demands some restraint on its monetary benefits. The first is the traditional role, popularly accepted. The second is the new role, according to the necessities of economic development of the country.