



STRUCTURAL ADJUSTMENT PROGRAMME AND CHANGING NATURE OF WORK AND EMPLOYMENT WORLDWIDE

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Abstract

The nature of work and employment structure has changed in the world with changes in the nature of economic system, technology and division of labour. The influence of information technology, automation, international division of labour and transnationalization of economic, political, social, and cultural relations have introduced flexibility in our production system today. The rise and development of scientific management (Taylorism and Fordism) could no longer solve the problem of overproduction, industrial conflict, and alienation of workers. The post-fordist or high-trust system of industrial production has tried to solve these problems by introducing flexibility and group production systems. The labour process theory as explained by Marx and Braverman have contributed much in explaining the labour process at work in the capitalist production leading to changes in the composition of work-force. Later on Henry Braverman has noticed a separation of manual and mental labour. The concept of 'work' in the industrial society took a dramatic change after the introduction of the idea of post-industrial society by Daniel Bell. In fact the policy of Structural Adjustment Programme has introduced privatization of production process. It leads to a freeze in public employment. The organized private sector employment also seldom grows because of the low level of private investment and high capital intensity. Most of the unemployed fall back on the low productivity informal sector. The organized sector also takes full advantage of the surplus labour situation by opting for contract and casual labour and for putting-out systems that avoid establishment costs and make it easier for them to offload surplus workers.

Key Words: *Changing Nature of Work, Employment, Public Sector and Structural Adjustment Programme.*

I

The nature of work and employment structure has changed in the world with changes in the nature of economic system, technology and division of labour. The influence of information technology, automation, international division of labour and transnationalization of economic, political, social, and cultural relations have introduced flexibility in our production system today. The rise and development of scientific management (Taylorism and Fordism) could no longer solve the problem of overproduction, industrial conflict, and alienation of workers. The post-fordist or high-trust system of industrial production has tried to solve these problems by introducing flexibility and group production systems. In a context of liberalization of market forces and deregulation of capitalism, competitiveness has now become the only mantra having disregard for the social institution and social compromise that were developed during the golden era of capitalism. The Fordist labour processes did provide certain rights and material benefits to the workers. At least in the core capitalist countries, workers had job and better pay, welfare services and could join trade unions. In that 'golden' period, the emergent of Welfare State had contributed to the rise of a 'safety net' to catch those who fell through the formal wage-earning structure of capitalist society. But under the 'disorganized capitalism', the flexible production strategy calls for creation of small batches of goods for particular needs rather than standardized products for mass market. Modern technology and production processes have introduced the notion of 'lean and thin' organization with high productive skill and competitiveness. Technological innovation accompanied by the free movement of finance capital has been a boon to business, but it is not always beneficial to workers. Because the new technology with its labour saving capacity has made several workers redundant and forced those still required by the organization to adapt with the changing work environment.

II

The labour process theory as explained by Marx and Braverman have contributed much in explaining the labour process at work in the capitalist production leading to changes in the composition of work-force. According to Marx, the introduction of scientific management to the production process through new technology enables the employees to increase production and to substitute permanent workers with casual, women and unskilled workers. Marx has referred to a general law of capitalist accumulation through which capital progressively concentrates and centralizes in the hands of the gigantic industrial enterprises at the expense of primarily the petty traders. On the other hand, there occurs a disproportionate employment of constant capital as compared to variable capital or labour. This produces a relative surplus population through the displacement of labour and causes the rate of profit to shrink. The falling rate of profit is a law of capitalist development that occurs with the increasing introduction of machinery to speed up production. The ratio of constant capital (machinery etc.) to variable capital (Wages) is called the composition of capital. According to Marxian analysis, it is the law of capitalist production that with the increase of composition of capital the rate of profit should fall, unless the rate of exploitation is increased sufficiently. In the third volume of *Capital* Marx has argued that the growth of large scale investment in banking



system and the emergence of corporation have begun to transform the social structure of capitalist society following the general law of capitalist accumulation. In the process of such transformation Marx has foreseen the rise of new classes like managers, technical employees and white-collar workers. He, however, believes that the extension of capitalism would lead to the proletarianization of the white-collar workers because the division of labour in the workforce and the growth of public education would depreciate their value. Marx's prediction about the displacement of labour and proletarianization of even white-collar workers has become almost a reality in today's world.

Later on Henry Braverman has gone beyond Marx in constructing a theory of social structure from the analysis of the capitalist labour process. Braverman has noticed that within the capitalist labour process, the division of labour brought about by scientific management and in particular Taylorism fostered a separation of manual and mental labour. The introduction of more advanced form of machinery also leads to deskilling and fragmentation of work on the one hand and the creation of an apparatus of 'conception' (mental labour) on the other. He has shown that deskilling really establishes itself only in the period of monopoly capitalism, when firms were sufficiently powerful to crush the craft workers' resistance. Deskilling and perfect competition among firms are the two important conditions of market despotism that is responsible for the transformation of capitalism over time. The distinguishing objective of 20th century Marxism has been to dissect the politics, economics and culture of this new form of capitalism. Braverman also documents the movement of capital into service industries. As capital conquers one sphere after another, old jobs are destroyed and new jobs created. The movement of labour, and thus the shaping and reshaping of the occupational structure follow the law of capital.

III

The concept of 'work' in the industrial society took a dramatic change after the introduction of the idea of post-industrial society by Daniel Bell. A variety of terms, however, have been coined to describe the new social order supposedly coming into being, such as the information society, service society or knowledge society. The sense that we are moving beyond the old forms of industrial developments has led many to introduce terms including the word 'Post' to refer to the changes. According to Bell, the post-industrial society increases the importance of the technical components of knowledge and makes the intellectuals (scientist, technocrats, professional, etc.) powerful. He notes the following five dimensions of components of the post-industrial society

1. Economic sector: The change from a goods producing to a service economy.
2. Occupational distribution: The pre-eminence of the professional and technical class.
3. Axial principle: the centrality of theoretical knowledge as the source of innovation and of policy formulation for the society.
4. Future orientation: The control of technology and technological assessment.
5. Decision-making: The creation of a new intellectual technology.

In Bell's analysis the blue color workers employed in the factory or workshop is no longer the essential type of employee. Michael Burawoy, however, has argued that due to crisis of over-production and crisis of profitability, a new kind of capitalist despotism has emerged. He calls it hegemonic despotism which is a 'rational' tyranny of capital mobility over the collective worker. He notes that the fear of being fired is, of late, replaced by the fear of capital flight, plant closure, transfer of operations and plant disinvestments. Two set of conditions, in particular, are responsible for this new political order in the workplace. First, it is now much easier to move capital from one place to another. Second, the hegemonic regimes cannot tie the interests of workers to the fortunes of their employers. The advanced capitalist states have stripped the labour out of power by withdrawing protection and allowing fragmentation of the work process. Concepts like quality circles signify management's attempts to invade the spaces created by workers under the previous regime and to mobilize consent to increase productivity. The reemergence of informal practices like casualization and feminization of labour, sub-contracting, rise of small workshop etc. have led to what Portes and Walton called 'Peripheralization of the core'. Rising employment, together with the spread of part-time work have created what Gorz called a 'non-class of non-workers' alongside those in stable employments. The spread of micro-technology has further reduced the number of full time jobs available.

Thus, the nature of work and labour-capital relation under capitalism has taken a dramatic shift in recent times. Today we have moved from the concept of lifetime employment to lifetime employability, from individual to team, from employee as a servant to employee as a partner, from directing to employment, from loyalty to competence, and from permanent to contract. These changes, introduced first in Britain and USA were later incorporated under the name called 'SAP' by the two Bretton Woods institutions. The globalization of capital, following such programmes has introduced several changes in policies and prescriptions involving several aspects of human life in almost all the countries of the world.



IV

Structural Adjustment Programme (hereafter cited as SAP) was developed in response to two oil crises in 1973 and 1979-80, which were crucial for massive economic upheavals of the world. The sudden and steep rise in oil prices created an unforeseen opportunity of growth for a group of oil exporting countries. A huge amount of wealth became concentrated in the hands of the Organization of Petroleum Exporting Countries (OPEC), but they failed to invest such amount of wealth in their own countries due to lack of proper infrastructure. As a result, the petro-dollar was re-cycled back to lockers of different international banks. This again created a new situation, the international banks were now flush with funds and were willing to lend to anybody. The developing and less-developed countries were induced to borrow from these banks to overcome their balance of payment crisis. Within a few years, an enormous amount of loan was dishes out by these banks to a large number of countries, mostly poor and backward. The current phase of Structural Adjustment Programme as a loan package was, thus, introduced by the two Bretton-Woods Institutions (IMF and World Bank) from 1980.

At the same time the wave of privatization had spread all over the world, especially in UK and USA under the leadership of Margaret Thatcher and Ronald Reagan. Thatcher in her second tenure initiated a process called 'Thatcherism' in economic matters through privatization of public companies. The privatization of public sector enterprises had created a radical change in the industrial scenario and labour policy of the world. Thatcher's argument towards privatization was that, it would create healthy economic competition in place of unwidely and ineffective public bureaucracies and reduce public expenditure. Similarly, United States Agency for International Development (USAID) had played the leading role in spreading privatization around the world under the Presidentship of Ronald Reagan. Their logic was that increased reliance on private enterprise, individual initiative and entrepreneurship, the encouragement of competition and reliance on market forces to guide economic progress is essential for sustained and equitable growth.

The wave of privatization and the inevitable debt-crisis of different countries of the world gravely undermined the international banking system with a high and increasing risk of large-scale default on the part of the less developed country borrowers. At this stage IMF stepped in, offered fresh loans with the understanding that, with the support, loan repayments to private international banks would be continued. Such loans were tied to stabilization and structural adjustment conditionalities. The other motive consistent with rich country's self-interest could be the urge to find markets in the less-developed countries, especially for the multi-national corporations based in USA and other European countries. Actually IMF and World Bank imposed some conditionalities which reflect their common market-oriented approach. The three main components of Bretton-Woods Institution's conditionalities sought to achieve liberalization, privatization and globalization, which are described in short, as the 'LPG' model of development.

The structural adjustment programme has attempted to make the concept of public sector redundant. In SAP two types of issues are raised regarding public sector units. First, how many public sector units can be transferred to private hands to make them more efficient. Secondly, how the remaining industries in the public sector can be made more efficient and less burdensome for the Government. As for the first issue, it is evident that in the privatization programme, concern for bringing down fiscal deficit has made the state sell mainly those public sector units which are running well, but which also have a good demand in the market. On the other hand, units that are not performing well and might possibly benefit by being transferred to private ownership, generally fail to find buyers, partly also because the domestic capital markets are unwilling to fund such transfers and the Government continues to run these at a loss. In this case, Government has tried to avoid the shutdown of these sectors immediately, though in the long run it may be forced to do so.

Thus the policy of structural adjustment leads to a freeze in public employment. The organized private sector employment also seldom grows because of the low level of private investment and high capital intensity. Most of the unemployed fall back on the low productivity informal sector. The organized sector also takes full advantage of the surplus labour situation by opting for contract and casual labour and for putting-out systems that avoid establishment costs and make it easier for them to offload surplus workers.

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