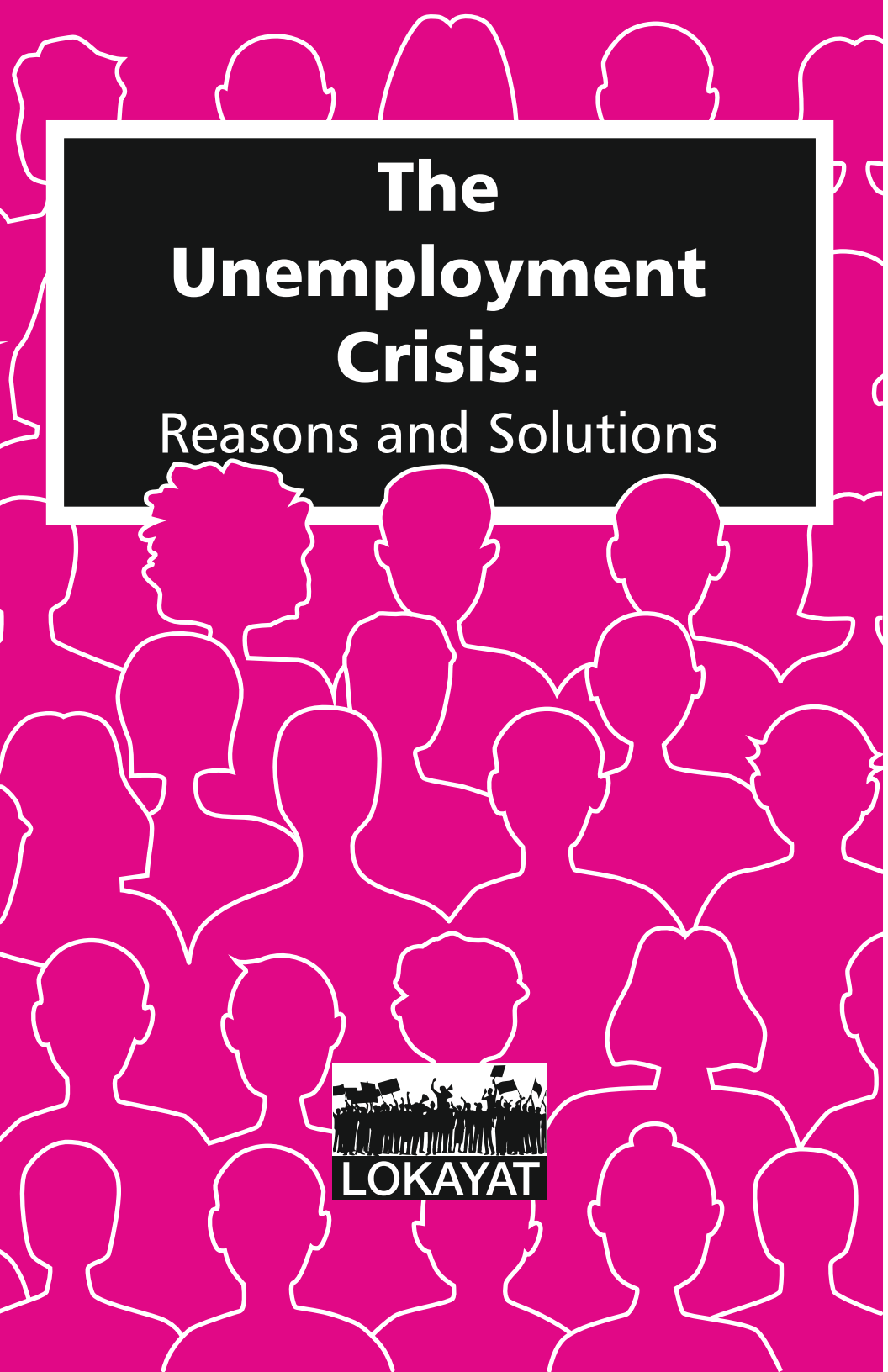
The Unemployment Crisis:

Reasons and Solutions



LOKAYAT

THE UNEMPLOYMENT CRISIS: REASONS AND SOLUTIONS

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Contents

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1. THE UNEMPLOYMENT DEMON

- *September 25, 2013: An unemployed 24-year-old youth, Manjit Singh, committed suicide by jumping into Sidhwan Canal in the city of Ludhiana in Punjab. Manjit came to Ludhiana to find a job after borrowing Rs 2.5 lakh from his parents, but was unsuccessful, and so was depressed.*
- *March 29, 2015: Jayanth, a 24-year-old unemployed MTech graduate, committed suicide by consuming poison at his room in Nagole, Hyderabad.*
- *April 4, 2016: Two sisters, Komal, 27, and Shilpa, 25, committed suicide by shooting themselves with their father's licensed revolver at their home in Bhuna in Fatehabad district of Haryana after failing to get jobs for a long time despite being highly educated. Komal had completed her MCom while Shilpa was an MBA.*

Bhagat Singh on Youth

Bhagat Singh in his epic essay *Youth* written in 1925 when he was just 17 years of age stated:

> Youthhood is the spring season of life. This is the age when human beings are delirious with joy. They are intoxicated as though they have drunk a thousand bottles. All the energies given to them by God burst out in innumerable streams. Youthhood is unrestrained like a drunken elephant, indomitable like the River Sonbhadra during rains, colossal like a tempestuous storm, delicate like the first buds of jasmine of recently arrived spring, unbridled like the volcano and sweet like the notes of Raag Bhairavi. Youthhood contains within itself the radiance of a luminous dawn, the lustre of a tender evening, the sweetness of a *sharad* (autumn) moonlight, the intense heat of mid-summer and the fierceness of midnight of the new moon day in the month of *Bhadon* (August–September). Youthfulness in the body of a human being is like a sword impatient to surge in the hands of a warrior. . . . The history of the world is filled with achievements of youth. . . . He is carefree like the rising tide of the sea. He is awesome like the first cry of the beginning of the battle of the Mahabharata, succulent like the long kiss of the first tryst, fearless like the dignity of Ravana and firm like the satyagraha of Prahlad. If

> you are looking for someone with a large heart, search the heart of youth. If you desire a self-sacrificing hero, ask the youth. . . . Youth is the outstanding example of the creativity of God. . . . His courage is amazing. His enthusiasm is boundless. . . . If he so desires, staying up through the night is his left-hand job. For him, the noon of the summer months is like the moonlight of spring, the ceaseless drizzle of the rainy season is like the shower of flowers during festivities and the silence of the cremation ground is like the chirping of birds in a park. If he desires, he can awaken society and humanity, save the country's honour, bring glory to the nation and overthrow the biggest empires. The threads of uplifting the downtrodden and galvanising the world are in his hands.

Bhagat Singh is not exaggerating one bit. Such indeed is the power of youth. The youth of any country have immense strength, inexhaustible energy, unlimited enthusiasm, prodigious creativity and infinite abilities! No wonder that any society concerned about its future development looks after its youth with loving care and affection, and seeks to harness their infinite energies for its development.

In our country, unfortunately, our policy makers who are immersed neck-deep in self-aggrandisement have cut both the hands of our youth and enfeebled them. Instead of harnessing the boundless energies of our youth for the development of our country, they have been rendered unemployed. Instead of having dreams in their eyes, shine on their faces and spring in their feet, crores of our youth who are unable to find meaningful and decently-paid jobs suffer humiliation, feel deeply frustrated and are engulfed by a sense of helplessness.

The Unemployment Crisis in India

The severity of the unemployment crisis gripping the country can be seen from just a few statistics:

- September 17, 2015: The Uttar Pradesh Government advertised to fill up 368 posts of peon in the State Secretariat. More than 23 lakh applications were received. Among those who applied were 255 PhD holders and 2.22 lakh engineers; thousands of candidates with Masters degrees in Commerce, Humanities and Sciences were also among the applicants. The minimum qualifications for the post were education up to 5th standard and ability to ride a bicycle. The job had a monthly salary of about Rs 16,000.[1]

- June 27, 2016: More than 9 lakh candidates applied for 14,000 constable posts in Madhya Pradesh. The applicants included 14,562 postgraduates, 9,629 engineers and 12 with a PhD degree.[2]
- January 31, 2017: The West Bengal Group–D Recruitment Board invited applications on-line for recruitment of 6,000 Group D personnel in various categories. More than 25 lakh candidates applied for these posts, including graduates, postgraduates and even PhDs. The job required an educational qualification of Class 7 and carried a salary of about Rs 16,000.[3]
- February 10, 2017: More than 92 lakh candidates appeared for the on-line examination conducted by the Railway Recruitment Board to fill up 18,000 vacancies in various categories in the Indian Railways.[4]

Manipulating Data

And yet the Government of India claims that unemployment rate in the country is very low. According to the *Economic Survey 2013–14* of the Government of India, the all-India unemployment rate in 2009–10 (as estimated by the National Sample Survey Office or NSSO) was only 2.0 percent. (The Labour Bureau estimates the unemployment rate to be higher, at 4.9 percent.)[5] This rate is comparable to, and in fact lower than, the unemployment rate in the developed countries.

The total labour force in the country (this is the number of people who are employed plus those actively looking for work) is roughly 490 million (estimate for 2013).[6] Of this, the Labour Bureau estimates that around 24 million are unemployed, while the NSS estimates unemployment to be even lower at only 9.8 million. These are obviously huge underestimates; the actual unemployment rate in the country must be many times more than these figures, because as many as 2.5 million young people are applying for a peon job in just a single state in the country!

One simple tactic used by official statisticians to play down unemployment levels in the country is by reducing the labour force. Note that the number of unemployed is the difference between the labour force and the number of people employed, also called the work force. Therefore, one simple way of reducing unemployment figures without increasing the number of employed is by reducing the labour force. This is precisely what India's official statisticians have done. According to official figures, over the period 1983 to 1993–94, India's labour force grew at 2.05 percent per annum, but during the period

1993–94 to 2009–10, it fell to 1.29 percent (Table 1). What can account for the sharp drop in the growth rate of those looking for work? Higher enrolment of youth in colleges would no doubt reduce the size of the labour force, but it would account for only a small fraction of the missing workers. The main reason for this drop is that many workers gave up looking for work because no jobs were available for a long time. They joined the pool of the so-called 'discouraged workers'. The discouraged workers are not included in the unemployed, nor are they included in the labour force, whereas actually they should be included in both.

Let us estimate the labour force in 2009–10 if it had continued to grow at the same rate as during 1983 to 1993–94, that is, at 2.05 percent per annum instead of 1.29 percent (that is, let us include the discouraged workers in our calculation). In that case, the labour force in 2009–10 would have been 528 million instead of 468.8 million, the total number of people unemployed would have gone up to 69 million instead of 9.8 million and the unemployment rate would have gone up to 13.07 percent instead of 2.09 percent!

Table 1: India: Labour Force, Work Force and Unemployment Rate[7]

(in million)

Year	*Labour force*	*Work force*	*Unemployment Rate*	*Period*	*Growth Rate of Labour Force*
1983	308.6	302.8	1.88%		
1993–94	381.9	374.5	1.94%	1983 to 1993–94	2.05%
2009–10	468.8	459	2.09%	1993–94 to 2009–10	1.29%

Even if we exclude the discouraged workers from our calculations, employment statistics of the Government of India have little meaning. Official statistics consider any person employed if he/she is engaged in 'gainful activities' during the period under study, even if he/she is selling peanuts and does not earn enough to eat two full meals a day. This leads to strange results. Commonsensically, having a job means that a person should be earning enough to be above the poverty line, especially in a country like India where the poverty line is so low that it is a measure of destitution. Even with such a low poverty threshold, the Planning Commission estimates that 21.9 percent people were living below this level in 2011–12.[8] One would therefore expect at least a similar percentage of the labour force to be unemployed. But the *Economic*

Survey 2013–14 estimates the all-India unemployment rate to be a mere 2.0 percent (NSSO estimate)! Evidently, going by the Government of India's criterion, one may be earning so little that he/she is considered to be below the official poverty line, and yet be considered employed. Such is the worth of the government definition of 'employment'.

Estimating Unemployment Levels in India

The only meaningful jobs in the country are what are called organised sector jobs. The organised sector includes all units with 10 or more workers if using power and 20 or more workers if not using power. According to official estimates, the organised sector accounts for only a small share—15.8 percent—of the total employment(Table 2).

Table 2: Formal and Informal Employment in India[9] *(in million)*

	2009–10
Total Work Force	460.2
Organised Sector Employment	72.9
of which:	
Formal Employment (1)	30.7
Informal Employment (2)	42.1
Unorganised Sector Employment	387.3
of which:	
Formal Employment (3)	2.3
Informal Employment (4)	385.1
Total Formal Employment (1+3)	33.0
Total Formal Employment as % of Total Employment	7.2%
Total Informal Employment (2+4)	427.2
Total Informal Employment as % of Total Employment	92.8%

The actual situation of organised sector employment is far worse than that suggested by this figure. Indian organised sector firms have adopted a systematic policy of replacing permanent staff with contract or temporary workers, and are also subcontracting out work to smaller units in the informal sector who are able to produce goods at much cheaper rates due to low wage costs. Consequently, the Planning

Commission admits that informal employment within the organised sector has been increasing and that today more than 50 percent of the organised sector jobs are informal jobs (Table 2).[10]

Therefore, total number of formal sector workers in the country, who have what the *Economic Survey 2015–16* calls 'good jobs'[11] where workers have at least some legal rights such as security of employment, minimum wages, sick leave, compensation for work-related injuries and right to organise, is a very small percentage of the total number of employed workers—they constitute just 7.2 percent of the total work force.

The remaining 92.8 percent workers are in informal jobs. These are jobs with very low wages / earnings. Many of these people do not earn even the minimum daily wage, which itself is barely subsistence wage. In 2004, the Indian Government constituted the National Commission for Enterprises in the Unorganised Sector (NCEUS) under Prof. Arjun Sengupta, to advise on issues related to the country's unorganised workforce. In its study, NCEUS set an overall minimum of Rs 20 per person per day in 2004–05 as its cut-off for defining the 'poor and vulnerable', and calculated that 77 percent of Indians earned below this cut-off![12] That's a mind-boggling figure.

Most of the people doing these informal jobs—such as fruit sellers selling a few dozen bananas on hand carts, peanut sellers hawking peanuts and other such snacks on bicycles, roadside hawkers selling clothes or other sundry items, scrap collectors collecting old newspapers and scrap from homes, graduates running tiny telephone recharge shops or driving autorickshaws for 12 hours every day, sales boys and girls going from house to house selling cosmetics / sarees / books, unorganised sector construction workers working in dangerous conditions at construction sites, farmers toiling day and night in an attempt to extract the maximum possible from their tiny holdings—should actually be considered as underemployed and included in the unemployed. The harsh truth is that in India, people do whatever work they can get, regardless of how low the wages / earnings are, for there is no alternative: there is no unemployment allowance for those without jobs. In the developed countries, people working part-time and desirous of full-time jobs are considered as underemployed and included in the number of unemployed. This is also the spirit of the Directive Principles of the Indian Constitution, which calls upon the State to endeavour to ensure for all workers a living wage that ensures a decent standard of life (Article 43). This means that of the 460 million workforce in the country in 2009–10, at least 30 or 40 or 50 percent or even 77 percent—the NCEUS estimate for the 'poor and vulnerable'—should be

considered to be underemployed and included in the unemployed. Add to this the number of people officially unemployed, plus the large number of discouraged workers, and unemployment in the country would reach stratospheric levels.

Such is the level of unemployment in the country!

The Pain of Unemployment

It is difficult to imagine the pain and torment of unemployed youth. They are at a time in their lives when their energies are boundless, when their spirits are just waiting to soar, when their extraordinary creativity is just straining to be unleashed—but because they are unemployed, they are not able to do anything, and so feel deeply depressed/frustrated/helpless. They suffer humiliation all the time. Shops filled with alluring but costly consumer goods, enticing cinema malls with highly priced tickets, tempting Starbucks and Barista coffee shops and fast-paced motorcycles tease them. Their parents, relatives and neighbours call them incapable, unsuccessful, good-for-nothing. The future appears bleak; life itself appears to be meaningless.

And so they immerse themselves in drugs and alcohol. Become followers of all kinds of devious religious gurus. Join criminal gangs. Dance in bars or sell their bodies to somehow eke out a living.

They are exploited by all kinds of unscrupulous elements. *Hridayasamrats* and sugar barons promise them jobs; others promise them a *vada pav* stall or a petty contract. They take advantage of the helplessness of youth and make them their lackeys for doing their double dealings, election campaigning, street fighting, etc. Caste leaders promise them reservation in government jobs or mobilise them in the name of protecting caste 'honour'. Communal, religious and fascist organisations take advantage of their frustration and get them to attack 'others' in the name of protecting 'religious dignity' or 'national pride'. And so tens of thousands of youth mobilise in the name of defending caste and religious honour; lakhs turn out for rallies demanding reservation in government jobs. They participate in huge numbers in processions taken out during every possible religious festival and in gatherings celebrating the birth anniversaries of great caste/community leaders, dancing late into the night to the beats of ear-shattering DJ beats. They become goons of fascist organisations and indulge in lynchings and mindless violence . . .

Unemployed youth either live life worse than death, or take out their anger on a society that has not given them an opportunity to live a meaningful life by indulging in criminal / anti-social / violent activities,

or commit suicide out of frustration. India has one of the world's highest suicide rates for youth in the age-group 15 to 29. Every hour, one student commits suicide in India; in the five years 2011–15, 40,000 students killed themselves. According to newsreports, a large number of these suicides were related to unemployment.[13]

2. MYTHS ABOUT UNEMPLOYMENT

Before we discuss the real reasons for this massive unemployment crisis facing the country, let us examine some commonly held beliefs about the reasons for this crisis.

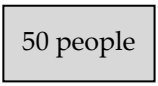
Discuss with any group of young people, whether educated or uneducated, and they come up with the same 2 or 3 or 4 explanations for the prevalence of unemployment in the country. These commonly held beliefs are all actually false. Nevertheless, most people have come to believe them, because our policy makers and intellectuals have been deliberately propagating them. These myths put the blame of unemployment on the youth themselves, or on society—in other words, the policy makers are not to blame for the lack of jobs in the country.

Myth 1: India's population is so large that it is not possible to provide everyone jobs.

Joseph Goebbels, Hitler's propaganda minister, is reported to have said: 'If you repeat a lie often enough, people will believe it.' Following in his footsteps, our country's establishment intellectuals have been propagating this myth about India's large population being responsible for the huge unemployment crisis facing the country. Once you come to believe in this argument, the policy makers are no longer to blame for the unemployment crisis. They can then claim—we are trying so hard to create jobs, but all our efforts are in vain, as our country's population is so huge. The blame then falls on us, the people—we are unemployed, because there are so many of us. The establishment propagandists have been so successful in their propaganda that probably 98 percent people in the country have come to believe it.

In fact, common people give this same argument about there being too many of us to explain our country's huge poverty and malnutrition levels too!

This myth can be debunked by a simple argument. Suppose there are two areas, A and B. A has an area of 10 sq km, and B has an area of 20 sq km. A has a population of 50, and B has a population of 80. Which is the area that has more population?



A: Area 10 sq km

B: Area 20 sq km

Most readers will immediately answer: A has more population. Why is that so, when the number of people living in B are more than in A? That is because the population density of A is more than of B. So, obviously, what matters is population density, and not population.

Let us now compare the population density of India with some other countries (Table 3). Except for India, all the other countries in this table are high income countries. India is classified as a lower middle income country (World Bank classification). Even though the population densities of these high income countries are more than or comparable to India, yet their unemployment and poverty levels are much less.

Table 3: Population Density of India and Other Countries[14] *(per sq km)*

Country	*Population Density*
Belgium	372
India	401
Israel	395
Japan	335
Netherlands	413
South Korea	513
Taiwan	651

Let us take a different type of example. In 2017, Brazil had a population of 208 million and a population density of around 25 inhabitants per square kilometre. These figures are way below the population and population density of the European Union (EU-28), whose population is 506 million and population density is roughly 116 people per square kilometre.[15] And yet, Brazil is facing double digit unemployment, while the average unemployment in the EU-28 is much lower, at 7.5 percent.[16]

Obviously then, it is not population that is responsible for India's unemployment crisis. Actually, if we examine this issue more closely, we will find that population growth and employment generation are not

adversely related, but complement each other. Greater the population, more is the production required—of food, soap, oil, clothing, housing, etc.—and so more will be the workers needed for producing all these goods. Society will also need more schools, hospitals, buses, etc.—all this means more jobs in all these areas too. Therefore, it is not India's large population or population density that is responsible for the huge level of unemployment in the country; the reasons lie elsewhere.

But the myth about overpopulation being the reason for our country's ills is so deep-rooted that many of our readers will still be finding it difficult to accept the above logic. Let us therefore take a look at another set of statistics. The argument about overpopulation comes across most strongly for resources—that our resources are limited, and obviously cannot sustain such a large population. This is used to justify the huge hunger levels in the country—the argument given is that we do not have enough arable land to produce enough to feed such a large population. Now, if we compare Indian and Chinese agriculture, we will find that though India has one-third the land area of China, our arable land is marginally bigger than China's. Yet, China produces 40 percent more wheat and rice than India, and China's fruit production is three times India's production![17] So obviously, we can produce much more foodgrains and pulses and fruits than what we are doing today, it is a question of policies. China's population is only little more than that of India. Yet, our godowns are overflowing with foodgrains, and we have become the world's largest exporter of rice! On the other hand, we have the largest number of hungry people in the world. Therefore, the terrible hunger levels in the country are not because of our large population, but because our people are too poor to buy foodgrains, and the government is not willing to distribute foodgrains to them at cheap rates and is more interested in exporting them.[18]

Myth 2: We are unemployed, because we are not capable enough.

This is another common answer given by unemployed young people, that they do not have a decent job because they are not capable enough. Most believe that this is why they have not been able to succeed in competitive examinations.

Ask them why are they doing a BA or a BCom or a BSc degree, which is not going to fetch them a job today, and why have they not taken admission in an engineering / management / medicine course, and they will reply that it is because they are poor and so they did not have enough money for paying the college fee.

Ask them why are they poor, and they will answer that it is because

their parents are not capable enough. And why are their parents not capable? Because they did not have money for a decent education. And why did they not have money for a decent education? Because their grandparents were not capable . . .

Isn't this argument—that we / our parents / our grandparents are responsible for our present fate—very similar to the *karma* philosophy propagated in ancient times by wily Brahmins to justify the caste system! We do not ask why has engineering / management / medical education become so costly? Why has higher education, and even good quality school education, become reserved for the children of the rich? Why is the government not spending enough on education, and instead is privatising education, because of which education has become a profit-making business? Instead of raising these questions, we blame ourselves / our fate for our inability to take admission in a good professional course that can get us a decent job.

In fact, even in our country, till the 1980s, higher education was almost entirely in the public sector and it was possible for children from the poorest sections to get educated in the best engineering and medical colleges in the country. The economic reforms that began in 1991 as a part of globalisation have resulted in gradual privatisation of higher education in the country.[19] We discuss this issue later in this booklet.

Be that as it may, today, even if one somehow manages to raise the money needed to take admission in an engineering or management college, the chances of landing a good job are not very high. According to the All India Council for Technical Education, out of the 8 lakh graduate engineers who pass out from technical institutions in the country every year, more than 60 percent remain unemployed![20] And many of those who do get a job get low-paid jobs. Similarly, an ASSOCHAM study found that only 7 percent of the graduates from the 5,500 Business schools in the country (excepting the IIMs and a few other B-schools) are employable; if at all they are able to get jobs, they earn less than Rs 10,000 a month.[21]

Myth 3: There are many jobs, but people don't want to work. They only want cushy arm-chair jobs.

Even if this is true, it is so only for the upper classes who are ashamed of getting their hands dirty doing manual labour.

On the other hand, the millions who migrate from villages to cities in search of work live in horrible conditions in slums and do the hardest and the most dangerous jobs. They work at construction sites or in roadside eateries or as loaders in market places or as autorickshaw

drivers or as contract labourers in factories. The upper classes, who believe that ordinary people in our country don't want to do hard work and so there is unemployment, forget that their luxurious houses have been built by the hard labour of these very ordinary people working long hours in the blazing sun, the highways on which their SUVs run have been built by ordinary people working under the open skies in hazardous conditions, the food on their dining tables comes from the backbreaking toil of farmers working night and day on their fields . . .

Myth 4: Reservations for Dalits, women entering the workforce, migrants taking over jobs for locals—are responsible for the unemployment crisis.

Many upper caste youth believe that they are not able to get jobs because of reservations for Dalits. Many men believe that they are not able to get jobs because women have started taking up jobs. Many believe that they are unemployed because migrants have stolen the jobs in their region / state.

Reservations

Any democratic and just society that believes in providing equal opportunities to all its members provides special facilities and opportunities for educational, economic and cultural growth to those sections of society who have suffered social and economic discrimination / oppression for centuries. The USA implements such policies, which are called affirmative action policies, to address long histories of discrimination faced by minorities (such as Afro-Americans) and women. In India, this took the form of providing reservations to seats in the various legislatures, government jobs and higher educational institutions for the historically deprived castes and tribes. Of course, providing reservations will not by itself end caste discrimination and bring into being a casteless society. But at least this much needs to be done to provide social and economic justice to those who were deliberately denied this in the past.

The belief among upper caste youth that the unemployment crisis is partly because of reservations is fundamentally misplaced. Eliminating reservations is not going to result in an increase in the total number of jobs available; at the most, what will happen is that some jobs that are today going to Dalits will be taken up by upper caste youth. But the total number of unemployed will remain the same.

Today, this opposition to reservations among the upper caste youth has taken a strange turn. The dominant castes in several states, such as

Marathas in Maharashtra, Jats in Haryana, Patels or Patidars in Gujarat, Gujjars in Rajasthan and Kapus in Andhra Pradesh are themselves agitating for reservations. They are demanding that their castes be included in the list of Other Backward Classes (OBCs), so that they too can take advantage of reservations in public sector employment.

Table 4: Total Government Employment (Centre+State+Local Govt.+Quasi Govt.) *(in lakh)*

Year	*Total Employment*
1991	190.6
2012	176.1

While all these dominant castes are today demanding a share of the 'reservation pie', the fact of the matter is, there is no 'pie' on the table. The total number of government jobs has decreased in absolute terms over the last two decades! As it is, total public sector employment in the country is only a small percentage of total employment in the country (just 4 percent in 2010, according to the *Economic Survey 2009–10*). More importantly, due to the policies of globalisation and privatisation being implemented in the country since 1991, this has fallen by 7.6 percent over the two decades 1991–2012 (see Table 4).[22] So, the various caste groups are demanding a share of the government jobs reserved for the historically most oppressed castes, when in reality, there are hardly any new government jobs, as public sector recruitment has reduced to a trickle. The government, instead of creating new jobs in the public sector, is reducing public employment—the vacancies arising out of retirement are not being filled, employment is being forcibly reduced by 'Voluntary Retirement Schemes', and several jobs are being contractualised.

Then why are these castes demanding reservation in government jobs? The reason is that employment generation in the private sector has collapsed. On the one hand, agriculture is in crisis, because of which the youth are seeking jobs outside the agricultural sector; and on the other hand, there are very few jobs available in manufacturing and other private sectors—and the few jobs available are insecure, contractual jobs offering very low salaries. Crafty politicians have taken advantage of this disenchantment among the youth to mobilise them along caste lines for demanding reservation for their respective castes in government jobs.

Jobs for Women

Many men even today oppose women going out of their homes for jobs and becoming economically independent. They argue that it reduces job opportunities for men; they also raise the issue that if women take up jobs outside their homes, who will look after their children and housework?

This is a typical patriarchal view, which considers a woman's independence to be immoral and believes that ideally her role should be confined to within the four walls of the house. It is only when a woman takes part in social production that she develops an independent identity in society, one that is different from her being someone's mother, sister, wife or daughter. It is only when a woman steps out of her home and becomes economically independent that her personality develops, she gains the freedom to develop her inherent potential and she develops the confidence to face the challenges of the outside world.

This tragic reality, that a majority of women in our society even today are still trapped within their family cages and do not go to work outside their homes, has actually affected society's development. Society has not been able to utilise their inherent brilliance and enormous capabilities for its growth. We need to support women in their struggle to step outside their homes and take up jobs and become economically independent. We need to raise the demand that the economic policies of our country should be such that all men and women desirous of jobs should be able to get decent, secure and well-paid jobs, rather than fighting each other for a share of the limited jobs presently available.

Invasion by Migrants

Movements against migrants have taken place in several states, including Karnataka, Punjab, Rajasthan and several North Eastern states, demanding reservation of jobs for the local population and that migrants return to their native states. In Maharashtra, the Shiv Sena and the Maharashtra Navnirman Sena have periodically organised agitations against migrants, especially from the states of Bihar and Uttar Pradesh, because of which migrant workers in the state have been victims of xenophobia, prejudice and violence.

What most people do not know is that most of the migrants to the big cities of these states are not 'outsiders', but people from other regions from within the same state. This fact comes out from the data on migration available from the Census of India. The Census collects migration data of two types—migration by birth place and migration by place of last residence. Census 2001 data shows that total number of

migrants by place of last residence in the country as a whole was 314 million (30.6 percent of the population). Out of these migrants by last residence, 268 million (85 percent) were intra-state migrants (those who migrated from one area of the state to another), 41 million (13 percent) were inter-state migrants and 5.1 million (1.6 percent) migrated from outside the country. So far as migration by place of birth is concerned, Census 2001 data shows that there were about 307 million migrants (29.9 percent of the population) under this category, of which about 259 million (84.2 percent) migrated from one part of the state to another, 42 million (13.8 percent) were migrants from outside the state while 6.1 million migrated from outside the country.[23] For the state of Maharashtra, a study based on NSSO data found that over 70 percent of migrants to the city of Mumbai were from rural or urban areas within Maharashtra itself.[24]

According to the 2011 Census, migrant population in India has been growing faster than the population growth in the country, because of which migrants constitute 37.8 percent of India's 121.03 crore population.[25] In other words, every third Indian is a migrant. The reason why migration takes place is because of unequal development. In the development model being implemented in the country today, known as capitalism, the more developed parts tend to develop faster than the more backward parts, because industrialists and investors prefer to invest in the more developed areas as costs here are lower and markets more developed. This results in more jobs being created in the more developed areas. Tragically, some of the most backward regions of India are also the most resource-rich regions of our country, such as Odisha, Chhattisgarh and Jharkhand—yet these regions are backward because investors prefer to invest in the more developed areas of the country. If therefore more jobs are available in the more developed cities of the country such as Delhi, Mumbai and Chennai or the southern states and Punjab, it is not because those living in these areas are more capable or hardworking as compared to those living in the more backward areas, but is a result of the development model being implemented in the country. Therefore, people living in the more developed areas should not have preferential access to these jobs, those living in the more backward areas also have an equal right to them.

False Propaganda

The real reason why dominant castes are fighting for reservations in government jobs, or why men feel that women have taken over their jobs, or why people are demanding reservations for locals, is that there is

an acute shortage of jobs. If 23 lakh people applied for 368 posts of peons, whatever be the proportion in which these jobs are given to locals / Dalits / Jats / women / men, 22 lakh 99 thousand and 632 people are still going to be unemployed; an overwhelming majority of the locals, a majority of the Dalits, a majority of the Jats and Yadavs, and a majority of the men and women who have applied for these posts are still going to be unemployed. Even if 100 percent reservation is given and all these 368 jobs are reserved for locals or for Dalits or for OBCs or for women, will it make any difference to the overall unemployment situation for any of these categories?

It is estimated that roughly 13 million young people enter the Indian job market every year.[26] During the decade 1999–2000 to 2009–10, a total of 130 million entered the job market in search for jobs. Of these, according to government data, only 63.5 million got any kind of jobs (see Table 9 below). However, all of these were informal or contractual jobs, that is, jobs without any kind of job security or legal rights. Formal employment as a whole actually declined over this decade![27] In other words, during this entire decade, no decent jobs were created. Not realising that there are no jobs, duplicitous politicians trick the youth into believing that 'others' have taken away their jobs, and so they attack migrants or mobilise in lakhs demanding 'reservations'.

Rather than fight the 'others', we all need to unite and demand more jobs! But for that, we need to understand why there are no jobs.

3. THE REAL REASONS FOR UNEMPLOYMENT

Feudalism vs Capitalism

We have got so used to seeing so much unemployment around us, unemployment is so ubiquitous, that we have come to believe that unemployment has been there forever. But that is not so. Unemployment is a product of capitalism. It was not there during the medieval period, when the social order, the legal–military–governmental system around which society was organised, was known as feudalism. In a feudal society, while poverty, destitution and oppression exist, there is no unemployment. Unemployment comes into being only with the birth of capitalism. Let us take a brief look at feudalism and capitalism to understand why unemployment is an inevitable result of capitalism.

The feudal system was present both in Western Europe and Asian countries like India and China. While the outer appearance of feudalism was different in Western Europe and India, like for instance in India it

took the form of caste, the essential principles, such as hierarchy and privileges based on birth, were the same in both places. Our discussion below is based on feudalism and capitalism in Western Europe, as that is where capitalism developed from within feudalism, eventually overthrew the feudal system, and fully developed.

Feudal society is a hierarchical or pyramidical society, with the king at the top, and the mass of peasants at the bottom. In European feudalism, the king owned all the land. He parcelled out this land to tenants-in-chief (these grants were called fiefs), who were normally called lords or barons, in return for which they swore their loyalty to the king, agreed to give him money (or a part of the taxes they collected from their fiefs) and provided him soldiers for fighting in his army. The king also gave land grants to the Church in return for its support to his rule. The peasantry were at the bottom of the pyramid; the lords leased out a part of their lands to the peasants, in return for which the peasants had to work on the lands of the lords for a certain number of days, and/or give a share of the produce on the lands worked by them. The peasants lived in village communities close to the manors of the lords and were generally not free but were tied to the land. These bonded peasants were also known as serfs. Apart from working in the fields, they also looked after the animals, repaired buildings, stitched clothes, and in general did all the manual work that their lord asked them to do. Apart from the peasants, there were also craftsmen in the villages like blacksmiths, millers and carpenters; most of them were also serfs. There were very few towns; there, craft production was carried out by master craftsmen and their assistants, who again were not free like the serfs in the countryside. Each craftsman owned his tools. The craftsmen were organised into guilds. Only guild members could produce and sell goods in the region. Guilds also set limits on how much each member craftsman could produce, thus restricting competition. On the whole, in feudalism, social and economic life was characterised by dominance of agriculture, and production was geared to meet immediate local needs (including those of the feudal landlords). Trade was limited, and the amount of money in circulation was small. As regards unemployment, while the labouring classes, that is, the serfs in the countryside and assistants to the master craftsmen in the cities, were not free, they also suffered no unemployment; this term was unknown in the middle ages.

In Western Europe, the growth of capitalism in the interstices of feudalism gradually undermined the feudal system, leading to its eventual overthrow and replacement by the capitalist system. This long and complex historical development took place over several centuries.

Discussing this is beyond the scope of this short essay.[28]

In contrast to the feudal system, characterised by unfree labour and no competition, the capitalist system is characterised by free labour and intense competition. Production geared to meeting local needs is replaced by production oriented towards maximising profits. Individual owners of capital employ hundreds and even thousands of free workers to produce goods, and then they indulge in intense competition with each other to sell them in the market and earn profits. An inevitable by-product of this is unemployment. Let us examine this in greater detail.

Capitalism and Unemployment

Capitalism is a system where individual owners of capital invest their money in a business (this can be of any kind, from a factory manufacturing goods to agriculture to trading, or it can be in a private school or hospital, or it can even be in speculation like investing in the stock market) to earn a profit, reinvest the original capital plus the profit (minus what they have consumed) to earn yet more profit, and so on.

The sole aim of production under capitalism is earning profits. Profits, more profits, maximum possible profits. Under capitalism, the aim of production is not satisfaction of social needs, but maximisation of profits. Thus, the aim of capitalists investing in healthcare is not to make it available to people at affordable costs, but to maximise profits, even if it results in healthcare becoming inaccessible for the poor; while the aim of those investing in education is not to provide good quality education at affordable rates to all children, but to maximise profits, even if it results in lakhs of children not being able to attend schools and colleges because of high fees, adversely affecting the very development of human society itself. Capitalists have no qualms about creating artificial scarcity of food to hike up food prices and earn super-profits even if it results in people dying of hunger; they have no scruples about manufacturing and selling illegal drugs to earn super-profits even if it leads to destruction of entire societies; they have no compunction about manufacturing and selling weapons of mass destruction even if it leads to genocide. And capitalists also have absolutely no problem with earning profits by indulging in speculation, that is, without investing in production and without creating any jobs—in fact, today, a significant part of the profits of giant corporations in the developed countries comes not from investment in manufacture of goods and services, but from speculative investments in the stock markets!

The flip side of this is that the aim of capitalism is not creating jobs. The creation of jobs is a by-product of profit accumulation, the driving

force of the system.

Let us go back to the definition of capitalism. A capitalist invests money M to build a factory, buy raw materials, hire workers, all to produce a commodity C, which is then sold in the market for M′ amount of money, which is obviously more than its production cost M. The difference (M′ – M) is his profit. He consumes some of this profit, but the greater part is reinvested in production. Since total investment has increased, the volume of goods produced increases, which he then sells in the market to earn yet more profit. M–C–M′ leads to M′–C–M′′ to M′′–C–M′′′. And so on. In capitalism, there is no such thing as 'enough profits'.

The capitalist is not alone in the market. There are other capitalists too, manufacturing the same or very similar commodity. To sell his commodity in the market, he therefore has to compete with them. If he is not able to sell his commodity, his money invested in production gets stuck, and he runs the risk of going bankrupt.

In this cut-throat competition engaged in by the different capitalists, all seek to lower their production cost in order to defeat their competitors. And so, they employ the minimum possible workers, make them work long hours and strive to increase the efficiency and intensity of work, so as to extract the maximum possible production out of workers while paying them the lowest possible wages.

Cut-throat competition also compels the capitalist to mechanise and replace the old machinery in his factory with the latest available machinery. This enables him to increase productivity of labour. The new machinery also enables him to lay off workers, so that he is able to increase production with lesser number of workers. Those not able to employ the latest technology lose out in the competition and eventually close down, or their factories are taken over by the more successful capitalists.

Increased production with lower labour costs leads to a rapid increase in the profits of the capitalists and they become bigger and bigger. But this increased production does not benefit the workers. As it is, every capitalist seeks to employ the minimum number of workers and extract the maximum amount of work out of them. Therefore, there are always a large number of workers who are unable to find work and are unemployed; as we have mentioned earlier, the aim of capitalism is not to create jobs, but maximise profits of the capitalists. On top of it, the capitalist is continually seeking to introduce new technologies and expand production while at the same time reducing the number of workers in his factory. Therefore, while an expansion of capitalism and the setting up of new factories leads to an increase in the total number of

workers employed in the factories, workers are continuously getting thrown out of jobs too due to mechanisation in the factories. Therefore, expansion of capitalism does not lead to a reduction in the number of those unemployed.

Thus, while capitalism during its history of rapid growth during the past three centuries has led to a colossal increase in production, simultaneously, it has always been accompanied by massive unemployment. To put it differently, creation of unemployment is a necessary by-product of the capitalist system of production.

In fact, existence of unemployment is beneficial for capitalist profiteering. Capitalists take advantage of the huge mass of unemployed workers to lower wages and increase working hours and intensity of work of those employed in their factories. If the workers protest, go on strike demanding higher wages and better working conditions, they can be dismissed and replaced by unemployed workers willing to work at even lower wages. Therefore, this huge army of unemployed workers has also been called the 'reserve army of labour'—which the capitalists use to divide workers and lower the wages of those employed.

Capitalism: A System of Unequal Development

Capitalism is thus a system of unequal development. Capitalist development is always accompanied by a huge increase in the gap between the rich and poor. At one pole are the capitalists, whose wealth continually increases. And at the other pole are the huge mass of workers living in dire poverty. Those able to find a job work at barely subsistence wages, with the sword of retrenchment continually hanging over their heads. Along with them exists a huge army of unemployed workers, living in destitution, desperate to find work at any wage.

This was the situation in Western Europe a century after the industrial revolution took off in the mid-18th century. Production increased by several times in just a few decades. Thus, in Britain, the country where the industrial revolution first broke out, in the cotton textile industry (where the industrial revolution first began), output of cloth zoomed from 40 million square yards in 1785 to 2,025 million square yards in 1850. A key innovation that gave a huge fillip to the industrial revolution in the early decades of the 19th century was the railway. Once the railway was proven technically feasible and profitable in the 1820s, railway construction simply skyrocketed. In 1830, there were only a few dozen miles of railways in the world. By 1850, there were over 23,500 miles. The rapid growth of the railways created a huge demand for coal, iron and steel, for heavy machinery, for labour and for

capital. Within just two decades, 1830–50, production of both coal and iron trebled in Britain. In the 1790s, Britain was exporting an average of 272,000 tons of iron and steel; by the 1850s, the average was 12,251,000 tons.[29]

But the workers did not benefit from this massive increase in production. On the contrary, as the industrial revolution advanced, working hours increased to as many as 14, 16 and even 18 hours a day in the factories. The intensity of work increased, leading to increasing factory accidents, but there was no injury compensation for workers. The workers lived in horrific conditions, because of which mass epidemics of contagious diseases, such as typhus and cholera, often swept Europe; but workers got no sick leave, so were often forced to work even when sick due to poverty. Massive unemployment kept wages low; according to one study quoted by the renowned British historian E.P. Thompson with much approval, in almost all trades, one-third of the hands were fully employed, one-third partially employed and one-third unemployed throughout the year. Child labour was widespread, with children as young as five working in the factories and mines for twelve hours a day and more, because of which their limbs became crippled and backs deformed.[30]

Then what explains the improved working conditions of workers in Western Europe and USA today? These have not been granted out of generosity by the capitalist classes as they became wealthier, but have been won by the working classes after prolonged and intense struggles. The first concessions were won by the workers before the First World War, and then further concessions were won in the 1930s during the Great Depression. The capitalist classes conceded more welfare benefits during the 1960s, when the civil rights movement and the anti-Vietnam war movement threatened to go out of hand.[31]

Capitalism and Colonialism

The price for the industrial revolution and development of capitalism in Western Europe and USA and the accumulation of wealth by the capitalists of these regions was paid not just by the workers of these countries, but by the people of Africa, Latin America and Asia too. How?

Capitalism has always been a global system. The drive to accumulate profits is the very essence of capitalism. From the very beginnings of capitalism, capitalists have been more than willing to exploit the resources of other countries for this accumulation process. In fact, historians trace the origins of capitalism to the ocean voyages of

Columbus and others that opened up the Americas to plunder by the Europeans.

With that began a 400-year history of barbaric plunder without precedent in human history. Taking advantage of the superiority of their weapons, the Europeans conquered the Americas and plundered the gold and silver resources of that region. It is estimated that over the next 300 years, that is, from around 1500 to 1800 AD, they looted more than 150,000 tonnes of gold and silver (gold and silver have been converted into a single unit using the relative price of gold in terms of silver) from the mines of Latin America—this constituted more than 80 percent of the global production of these precious metals over this time span.[32] The price of the tide of avarice bearing down on this region was genocide of the indigenous population. The Europeans burnt down entire cities. They committed hideous atrocities on the native people—slicing off the heads of captured natives or the breasts of women for sport, feeding babies to dogs . . . The mining practices of the Europeans were so deathly that the life expectancy of the native population forced to labour in the South American silver mines was about the same as that of forced labourers at the Auschwitz concentration camp[33]—three to four months. It is estimated that this region had a population of between 70 to 100 million before the 1492 voyage of Columbus; a century and half later, it had been reduced to 3.5 million.[34]

After they had wiped out the native population, the Europeans took to raiding the West African coast, capturing the local people and shipping them to Latin America to work as slaves: first on the mines, and then when the mines got exhausted, to work on the sugar and cocoa plantations they set up on the fertile lands there. As the plantations expanded, the number of slaves shipped from Africa to Latin America expanded hugely. This slave trade continued for nearly 400 years starting from the early 16th century. During this period, it is estimated that at least 12 to 15 million captured Africans survived the ordeal of forced migration to work as slaves on the plantations in the Americas; the number of those who died while being forcibly enslaved and while being shipped across the Atlantic was probably several times this number—probably around 36 million to 60 million or even more![35]

The huge demand of manufactures from the Latin American colonies provided the demand that helped stimulate the industrial revolution in Western Europe; while the colossal plunder of the gold and silver from Latin America and the massive profits from the slave trade provided the huge amounts of initial capital needed for the industrial revolution to take off.

While European merchant adventurers were easily able to conquer the Latin American civilisations and use their superiority in ships and cannon to dominate trade with coastal Africa and capture Africans and ship them to the Americas as slaves,[36] when they reached India (and China), they found a society whose manufacturing and craftsmanship as well as trading ability and finance were not inferior, and in all probability superior, to that of Europe.[37] And so, till the 17th century, European traders had very little to offer to India in the form of goods. On the other hand, demand for Indian goods in Europe was huge; so European traders bought goods from India by paying with gold and silver plundered from Latin America.[38]

The industrial revolution gave the decisive edge to the Europeans over India, and enabled them to gradually colonise it during the 18th–19th centuries. It also enabled them to colonise the interiors of Africa, as well as establish economic control over Latin America after that continent had won independence from Spanish and Portuguese rule in the early 19th century. By 1878, European nations had spread their control (in Europe itself as well as in the colonies and ex-colonies) to 67 percent of the globe's land surface, from 35 percent in 1800.[39] These colonies of Asia, Africa and Latin America then provided Europe with the enormous quantities of raw materials as well as the markets needed for its industrial revolution to continue without interruption.

It is important to understand that these things that accompanied the rosy dawn of capitalism in Europe—the discovery of gold and silver in the Americas, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the conversion of Africa into a preserve for the commercial hunting of black skins and the beginnings of the conquest and plunder of India—are actually essential accompaniments of capitalist development. Capitalism is not just a system of unequal development. It is a global system of unequal development, in which the development of one region takes place at the cost of underdevelopment of others. As Eduardo Galeano poignantly wrote in his epic book *Open Veins of Latin America* about the reasons for the underdevelopment of Latin America (which hold good for large parts of Asia and Africa too):

> Our defeat was always implicit in the victory of others; our wealth has always generated our poverty by nourishing the prosperity of others—the empires and their native overseers.

While on the one hand the plunder of the colonies in the 18th–19th centuries financed the development of the capitalist countries,

simultaneously, it also led to the underdevelopment of these colonies. Underdevelopment does not mean absence of development, as eventually, in the second half of the 20th century, the colonies became free and began to develop. Underdevelopment means that their economies became crippled. The empires deliberately wrecked the agriculture and industry of their colonies and restructured them to meet the raw material and investment needs of the conquerors, strangulated their skills, destroyed their education systems, culture and traditions and imposed their foreign culture and language on them. This handicapped the development of the countries of Asia, Africa and Latin America when they attempted to carry out their industrial revolutions after winning freedom from colonial rule.[40] They continue to pay the price till today.

Development of Monopoly Capitalism

In Western Europe and the United States in the 19th century, the typical capitalist firm was a small firm. Competition between capitalists gradually led to the weaker firms being taken over by the stronger ones. By the turn of the century, this led to a profound change in the very nature of capitalism itself in these countries (which are today called developed capitalist countries): the small firm gave way to the giant corporation. The economies of the capitalist countries now came to be dominated by giant monopolies, which not only had an enormous capacity to expand production, but also were in a position to earn super-profits by forming cartels and manipulating prices upwards. And with the merger of banking and industrial capital, there arose in the capitalist world a new aristocracy of monopoly capitalists who presided over enormous pools of capital.

In the past too, competitive pressures, the incessant drive to accumulate more and more capital and the advantages of controlling raw material sources had spurred capitalists to reach beyond national borders. With the rise of monopoly capitalism, this competition among the developed capitalist countries to control sources of raw materials and markets of other nations became more intense. (This was the most important factor behind the race among these countries in the 19th century to colonise the world, discussed in the previous section.) Consequently, ever since capitalism entered its monopoly stage in the closing decades of the 19th century, export of capital in the form of foreign direct investment (FDI) has been accelerating.

By the late 1970s, the international operations of the monopoly corporations of the developed capitalist countries had expanded to such

an extent that they came to be known as multinational corporations (or MNCs). With the onset of globalisation in the 1980s (discussed later in this essay), the MNCs have become transformed into truly giant behemoths with operations straddled across the globe.

Monopoly Capitalism and Unemployment

As discussed earlier, capitalism is essentially a system where the owners of capital—that is, the capitalists—strive to earn more and more profits. For this, they invest their capital to produce goods, sell these goods in the market for a profit, and reinvest most of the profits to produce yet more goods to earn yet more profits. An essential factor for this cycle to continue without interruption is that the goods must be sold. But to maximise profits, capitalists strive to employ the minimum number of workers and pay them the minimum possible wages. This restricts the growth of the market, ultimately leading to a situation wherein capitalists are unable to sell their goods. The profit accumulation process thus breaks down. The capitalist system enters a crisis, also called recession.

During the period of small-scale capitalism in the 19th century, capitalism in Europe was being built virtually from scratch. Building up basic industries and constructing the infrastructure of roads, railways, canals and ports required enormous amounts of capital. The periods of crisis were brief, the economy quickly recovered, and it appeared that the opportunities for capital investment were virtually unlimited.

The transformation of small-scale capitalism into monopoly capitalism changed this situation. On the one hand, the basic industries had been built and infrastructure was in place. Therefore, investment opportunities were now limited. And on the other hand, the replacement of the small firm by the monopoly corporation meant that these firms now had enormous amounts of capital at their disposal; since they cartelised with each other to keep prices high, it meant that their investments earned very high profits; with mechanisation reaching very high levels due to the growth of giant corporations, this meant these firms could increase output very quickly. Under these circumstances, capitalism was faced with a new problem—where to get the large amount of investment opportunities needed to invest the growing pool of accumulated capital. Consequently, since the beginning of the 20th century, the developed capitalist countries have been faced with a crisis which is not of a temporary nature like the crises of the 19th century. Their economies are stuck in a condition of slow growth, high unemployment and excess (unutilised) capacity—what economists have

dubbed as 'stagnation'. It is not that they have not seen periods of rapid growth in the last century, but these have been due to special historical factors; the inner logic of the system propels it towards stagnation.

If on running their plants at full capacity, the goods produced do not sell, the giant corporations run their plants only at limited capacity and produce only that many goods that can sell. If they do not run their plants at full capacity, this also means that they do not need all the workers they have employed and so they lay off their excess workers. Consequently, unemployment rises. This results in a further fall in demand for goods. So corporations further reduce their investment, the unutilised capacity in their plants further increases and so they lay off yet more workers. And so on. In other words, stagnation leads to a further deepening of stagnation.

This problem first came to the fore during the Great Depression of 1929–38. Originating in the United States, it spread to not just the advanced capitalist countries, but the entire capitalist world. It caused drastic declines in output, as factories closed and mills and mines were abandoned. Between 1929 and 1932/1933, industrial production declined 47 percent in the USA, 41.8 percent in Germany, 31.3 percent in France and 33 percent in Italy. Recovery began in 1933, but even before full recovery had taken place, several economies experienced yet another severe downturn in 1937.[41]

It resulted in severe unemployment in almost every country of the world. In the advanced countries, the entire decade saw double-digit mass employment and at the peak of the crisis, it had climbed to a stunning 31.4 percent (in 1932).[42] In the USA, nearly 25 percent of the workforce was unemployed by 1933. It then gradually declined during the recovery of 1933–37 to 14.3 percent, which was of course still very high, but then the economy collapsed once again and unemployment rose to 19 percent in 1938.[43]

Great Recession and Unemployment

What brought the stagnation to an end was the Second World War. As John Kenneth Galbraith so aptly expressed it, the Great Depression never ended, it just merged into the war economy.[44]

After the war ended, the boom continued due to special external factors such as repairing war damage in Western Europe and new big wars such as the Korean War and Vietnam War, all of which provided huge investment opportunities. These factors began running out of steam and the economy began sinking into stagnation once again in the 1970s. Since then, the economies of the developed countries have

continued to slow down: in the USA, real GDP growth declined from around 4 percent a year in the 1950s–60s to around 3 percent a year in the 1970s–90s to 1.8 percent a year for the decade 2002–2012. The slowdown has been sharper in the European Union and Japan.[45]

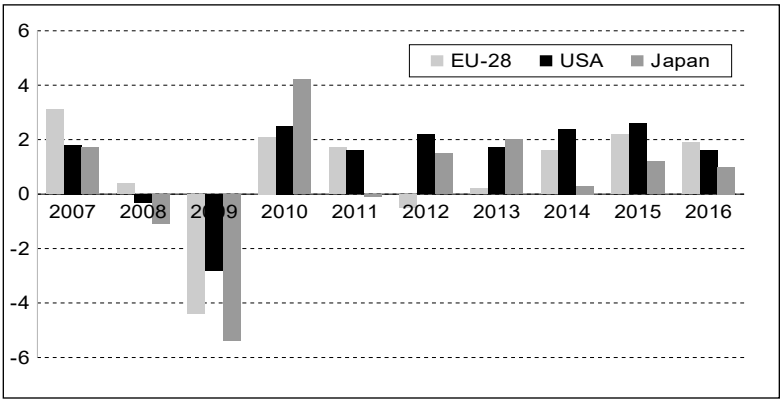
Fortunately for capitalism, just as the developed economies began slowing down in the 1970s, a new prop for their economies emerged that has prevented the stagnation from worsening—the financial explosion. With the markets saturated, the monopoly capitalists saw no point in investing further in the production of goods for mass consumption. So, they began investing in the financial markets. The financiers too were looking for new business. They quickly created all kinds of exotic financial instruments to absorb this massive inflow of capital—derivatives, options, securitisation, etc. Accompanying this was a huge boom in debt, as everyone attempted to make more money with borrowed money. It led to the creation of a giant financial bubble. Sooner or later, the bubble has to burst. Each time the bubble has burst, governments of the developed countries have poured in billions of dollars of public money to bail out their economies as well as to get the financial explosion going again.[46]

Obviously, this couldn't go on indefinitely; sooner of later, a financial crash of such severity had to happen that no matter how hard they tried, governments would fail in reviving the economy. This is precisely what has happened after the 2007–09 financial crash. The governments of the developed countries poured in trillions of dollars to bail out their economies. The US Government alone pumped in a mind-boggling $12 trillion to bail out the giant US corporations which had gone insolvent as a result of the financial implosion.[47] Yet, a decade later, the economies of the developed countries continue to be mired in recession, which is now being dubbed as the Great Recession (see Chart 1).

And so, unemployment has returned to haunt these economies on a scale not seen since the Great Depression years. In the USA, job creation has been slowing down since the 1970s—from around a 2 percent increase per annum in the 1970s–80s to less than 0.3 percent per year for the decade 2002–2012.[48] With the onset of the Great Recession, capitalists have sought to further squeeze labour—getting more out of them with less—in order to increase profits. Consequently, unemployment has soared. While the official unemployment rate has come down from the high of 10.2 percent reached in October 2009 to a better looking 4.3 percent in July 2017,[49] these numbers are deceptive as they do not include the part-time employed desirous of full-time jobs as well as the 'marginally employed' workers (defined as those who haven't looked for

work in the past four weeks). More importantly, they do not include the very large number of workers who have stopped looking for work out of frustration (whether in the last one year or more): according to one survey, 43 percent of the jobless said they had given up looking for work altogether.[50] Including all these, the unemployment rate goes up to 14.2 percent for July 2017.[51]

Chart 1: GDP Growth Rates of EU-28, USA and Japan, 2007–16[52]



Rising unemployment in the USA has been accompanied by: (i) decline in quality of jobs, with full-time workers being replaced by part-time workers; (ii) stagnation in real wages—real wages for all workers, corrected for inflation, have actually declined since the 1970s and are more than 10 percent below their level over 40 years ago; (iii) fall in real median family income—in 2015, it was still 2.4 percent below its peak reached in 1999.[53]

This has resulted in huge rise in poverty: about 15 percent of the population, 46 million people, live below the poverty level; close to half of them, or 20 million people, are relying on an income that is less than 50 percent of the poverty level; and over 100 million people, a figure that equals one-third of the U.S. population, are existing below twice the poverty income.[54] Wealth inequality in the United States is at its most acute level since the Great Depression years: the share of total household wealth owned by the top 0.1 percent families has risen from 7 percent in the late 1970s to 22 percent in 2012, while the share of the bottom 90 percent has fallen from around 33 to 23 percent over the same period.[55]

The situation is equally bad in Europe. Official unemployment statistics for EU–28 put the employment rate at 8.5 percent for 2016; but including the underemployed part-time workers and workers available to work but who have given up looking for a job, the unemployment

rate doubles to a huge 16.2 percent. In some countries like Spain and Greece, this figure is an astounding 38.5 and 33.9 percent respectively. Even for Britain, this figure is at a high of 17.3 percent.[56]

Poverty levels in Europe are astoundingly high. Last year (in 2016), in the EU–28, at least 122 million people—24.1 percent of the EU population—experienced at least some form of poverty: badly paying, part time job, inability to pay electricity and rent, or inability to eat decent, nutritious food.[57]

Globalisation

In the first two decades after the Second World War, most countries of Asia and Africa became free, following a wave of anti-colonial struggles. After winning freedom, most of these countries attempted to develop their economies along capitalist lines by implementing a model of supporting indigenous capitalist development. One of the essential components of this policy was limiting the penetration of foreign capital in their economies.

While this model is much maligned today, this was precisely the strategy adopted by the developed capitalist countries, from England and Germany to the United States, when they carried out their industrial revolutions in the 18th–19th centuries.[58] But when the 'developing countries' (a term used by official economists to describe the ex-colonies of Asia, Africa and Latin America, which creates the false impression that these countries are developing; actually, they should be called 'underdeveloped countries') attempted to implement this same model in the second half of the 20th century, their attempts failed! They failed, because an important component of the industrial revolutions of the developed countries was colonial loot. That provided them with the capital, raw material resources and the big markets needed for their industrial revolutions to continue without interruption.

On the other hand, when the colonies became free and attempted to carry out their industrial revolutions duplicating the Western capitalist model, they had no region to plunder to finance their industrial revolutions. On top of it, their own economies were totally devastated due to centuries of colonial plunder. Not just devastated, but crippled too, due to the policies of the colonial rulers. Therefore, within just two decades of winning independence, by the 1970s, the autonomous capitalist development models of most developing countries became crisis-ridden. As their development models sank into crisis, they began borrowing from the developed countries. Gradually, their foreign debt accumulated and eventually became unpayable.

To understand this, it is important to understand the difference between an internal debt and external debt for these developing countries. They can repay an internal debt in their domestic currencies, but not an external debt. Due to inequalities in world trade, international trade only takes place in the currencies of the developed countries, like the dollar, euro or yen. Therefore, when a developing country like India accumulates foreign debt, it cannot repay it in its domestic currency, in this case rupees. It has to be repaid in international currency, like in dollars. And if it does not have enough foreign exchange earnings to pay the service charges on this debt, it will then need to borrow dollars for this, leading to a further rise in its external debt, eventually pushing the country into an external debt trap.

This is precisely what happened with the developing countries. By 1982, the total debt owed by these countries to the developed countries had climbed to an astronomical $785 billion.[59]

This set the stage for the globalisation of the world economy. With the economies of the developed countries mired in stagnation—which basically means that their markets were saturated—the giant corporations of these countries were desperately looking for investment opportunities abroad. By the early 1980s, the developing countries had become deeply indebted to their Western creditors. It was now easy for the developed countries to arm-twist these countries into opening up their markets for inflow of foreign goods and capital. In the 1980s and 1990s, over 70 developing countries signed agreements with the World Bank (WB) and the International Monetary Fund (IMF) [international financial institutions that are decisively controlled by the developed capitalist countries], wherein they agreed to implement a 'Structural Adjustment Programme' (SAP) in return for a foreign loan to tide over their external debt crises.[60] One of the conditions of this SAP was that they open up their economies to inflow of foreign capital and goods.

When a foreign corporation enters a developing country, it brings in much needed foreign exchange (that is, dollars / euros / yen). But it invests to make profits, which it repatriates back to its parent country—this profit outflow is also in dollars / euros / yen. While a corporation brings in FDI once, it repatriates profits every year. As FDI inflows into the developing country increase, profit outflows in subsequent years rise at an even faster pace. Over time, the profit outflows exceed the FDI inflows. This forces the developing country to either further open up its economy to more FDI inflows, or take on yet more external debt. It is a vicious cycle, akin to a debt trap! Gradually, the foreign corporations and their governments come to acquire more and more control over the

economy of the developing country. This is the real essence of what is being glorified as 'globalisation' of the world economy.

Globalisation has had catastrophic consequences for the economies of the developing countries (which is why it is more accurate to call them underdeveloped countries). The developed capitalist countries and their corporations have once again succeeded in penetrating and acquiring control over their economies. All the gains made by the people of these countries since winning independence have been rolled back. The conditions imposed on these countries as a part of SAP have led to steep cuts in social sector expenditures and caused poverty and unemployment to soar to unheard of levels.

There is actually nothing new in this latest phase of global expansion of capitalism. As several perceptive scholars have pointed out, globalisation is only the third phase of capitalism's expansionism, the first being the conquest of Americas and Black slavery and the second being the industrial revolution and the colonial subjugation of Asia and Africa.[61]

Globalisation and Unemployment

In this new phase of global capitalist expansion, the world economy is characterised, at the top, by the growth of giant multinational corporations, and at the bottom, by a huge growth in poverty and unemployment. A handful of MNCs dominate the world economy and earn huge profits (we discuss the power exercised by MNCs over the global economy later in this booklet). And at the bottom are the working poor, living in abysmal conditions and facing a chronic insufficiency of decent employment: those lucky to find work earn very low wages, and face perpetual job insecurity due to the huge growth in unemployment in every country in the world (the only exceptions to this are countries like Cuba who have refused to bow before the power of MNCs, and now some small countries of Latin America like Venezuela and Bolivia where revolutionary governments have come to power). In fact, the MNCs use this growth in the 'global reserve army of labour' to worsen not just the conditions of labour in the developing but also in the developed world.

And so, unemployment has grown to shocking levels at the global level. According to figures put out by the International Labour Organisation (a UN body), the total size of the global labour force in 2011 was around 3,800 million people. Of this:

- Total employed workers (including part-time workers) = 1,400 million;

- Total unemployed workers (defined as those who have looked for work in the past few weeks) = 218 million;
- Total vulnerably employed workers (the huge number of underemployed, especially in poor countries, who have taken up whatever jobs are available because there is no unemployment allowance) = 1700 million;
- Economically inactive workers (discouraged workers) = 538 million.[62]

A significant number of employed are only part-time employed, and therefore should be included in the vulnerably employed. But since we do not have the break-up, let us consider them to be employed. On the other hand, the vulnerably employed and economically inactive workers are all actually unemployed; they have taken up whatever informal sector jobs are available, or have given up searching for jobs out of frustration, because of the terrible job situation across the world. The unemployed, vulnerably employed and discouraged workers total 2,400 million people. That means, of the total number of working age people in the world, that is, of the total number of people desirous for jobs, more than 60 percent are unemployed! Such is the scale of unemployment in capitalism's latest phase of globalisation.

Accompanying such shocking levels of unemployment are appallingly high poverty levels. It is estimated that 3 billion people in the world live in poverty, on less than $2.50 a day. This is actually a shamefully low poverty line—and yet nearly half the world's population lives below it. Of these people, more than 1.3 billion live in extreme poverty, on less than $1.25 a day.[63]

This has led to acute inequality at the global level. The richest 1 percent people in the world today own more than 50 percent of the global wealth, implying that they have more wealth than the remaining 99 percent of the people in the world. In 2015, just the 62 richest individuals owned more wealth than 3.6 billion people—the bottom half of humanity.[64]

According to a 1998 United Nations estimate, providing water, nutrition, education, basic health care and sanitation to all the poor in the world would cost $40 billion. Adjusting that for inflation, this would come to around $60 billion today.[65] That is peanuts for the world's richie rich. The rich have so much wealth (the wealth of the richest 62 individuals in the world totalled $1,760 billion in 2015[66]), the corporations on whose boards they sit have amassed so much profits, that if they want they can easily eliminate poverty in the world. Nay, they can easily go beyond that and provide good quality education,

healthcare, sanitation, housing and old age pension to all the people in the world—so much wealth has been created in the world under capitalism and monopoly capitalism. But if they did that, then they would be negating the very logic of capitalism—capitalism is all about profiting from the poverty and misery of ordinary people to make yet more profits. To repeat a point we have made earlier: capitalism is a system of unequal development. It is the inherent logic of capitalism that it leads to the accumulation of wealth at one pole, and simultaneously, the accumulation of misery, agony of toil, ignorance, brutality and mental degradation at the opposite pole. To eliminate poverty, destitution and unemployment in the world, we'll all have to unite and fight—to change the capitalist system that is oriented towards maximisation of profits of corporations, and replace it with an alternate system that is oriented towards the well-being of the common people.

4. UNEMPLOYMENT IN INDIA

Some Lesser Known Facts About India's Past

The Indian subcontinent till the early 18th century was one of the world's most developed regions. Europe caught up with it and became more developed because of its industrial revolution, financed by the barbaric plunder of Latin America and Africa. This made it possible for Europe to colonise and plunder India. It is British colonial rule that destroyed India and transformed this thriving civilisation into one of the world's poorest countries.

This would sound surprising to many of our readers who have come to believe the propaganda of the Hindu fundamentalists about India's past. They describe the late medieval period (the period from around 1200 AD to 1700 AD, that is, the period of the Delhi Sultanate and the Mughal Empire) as a dark age, during which the Muslim kings looted India, carried out large scale massacres of Hindus, destroyed thousands of temples, and so on.

The reality is the exact opposite. The advent of Islam and Muslims led to the intermingling of the diverse indigenous culture of the Indian subcontinent with Islamic culture. A new syncretic culture was born, resulting in great advances in the realms of art, literature, music, architecture, painting and the crafts. An important contributing factor was the policy of religious tolerance pursued by the kings of the Delhi Sultanate and the Mughal Emperors. This period also saw the birth of the *Bhakti* movement, which has been described by several scholars as

the Indian renaissance, when thinkers like Kabir, Nanak, Basav and Tukaram were questioning the feudal social system, including the caste system, social hierarchies and even the power of religion over the individual. These thinkers were not marginalised voices, but voices of powerful groups like the traders and artisans.[67]

This socio-cultural development was paralleled by considerable economic progress. During the period of the Mughal Empire, India was the world leader in manufacturing, producing 25 percent of the world's industrial output up until the mid-18th century.[68] The American Unitarian minister, J.T. Sunderland, has described the wealth created by India's 'vast and varied industries' in beautiful words:

> Nearly every kind of manufacture or product known to the civilised world—nearly every kind of creation of man's brain and hand, existing anywhere, and prized either for its utility or beauty—had long been produced in India. India was a far greater industrial and manufacturing nation than any in Europe or any other in Asia. Her textile goods—the fine products of her looms, in cotton, wool, linen and silk—were famous over the civilised world; so were her exquisite jewellery and her precious stones cut in every lovely form; so were her pottery, porcelains, ceramics of every kind, quality, colour and beautiful shape; so were her fine works in metal—iron, steel, silver and gold.
>
> She had great architecture—equal in beauty to any in the world. She had great engineering works. She had great merchants, great businessmen, great bankers and financiers. Not only was she the greatest shipbuilding nation, but she had great commerce and trade by land and sea which extended to all known civilised countries. Such was the India which the British found when they came.[69]

To give just one example about the development of Indian industry during the 16th–18th centuries, in terms of shipbuilding tonnage, the annual output of Bengal alone totalled around 2,232,500 tons, larger than the combined output of the Dutch (450,000–550,000 tons), the British (340,000 tons) and the North American (23,061 tons) shipbuilding industries.[70]

The reason for this social, cultural and economic development during the period of the Delhi Sultanate and the Mughal Empire was

that these Muslim kings had not come to colonise and loot India. They settled here, integrated with the indigenous culture which led to the development of a beautiful syncretic culture, and contributed to India's development, making India the world's most prosperous region.

This flourishing civilisation was destroyed by British colonial rule. The British had come with the intention of colonising India, and so after defeating the native princes in battle, they systematically went about plundering and raping India. They destroyed our vibrant industry and agriculture and turned our cities into ruins. Famines ravaged the land: one-third of the population of Bengal, or 50 lakh people, starved to death during the famine of 1769–70, there were another 20 such big famines during the 120 years from 1770 to 1890, and this sequence continued till the Great Bengal Famine of 1943 which devoured nearly 40 lakh people.[71]

It is the British who first came up with this fraudulent portrayal of history that projected medieval India as being under the despotic rule of Muslim kings who subjected Hindus to immense persecution. This provided them with a justification for their colonisation of India—that they had come to liberate Hindus from Muslim tyranny. Hindu fundamentalists have appropriated this distorted colonial history and shamelessly propagate it, as it helps to create the social conditions for implementing their agenda of transforming secular India into a *Hindu Rashtra*.

India Wins Freedom: Nehruvian Model

When India finally won freedom in 1947 to become a democratic republic, two centuries of colonial rule had made it one of the poorest countries in the world. Independent India's leaders led by Nehru were keen to duplicate the industrial revolutions of the developed capitalist countries, and that too at an accelerated speed, ignoring Gandhi's advice that the country should follow a model of people-centric development focussing on development of the village, re-vitalising agriculture and developing village-based industries—all essential to provide gainful employment to India's teeming millions.[72]

Though Nehru wanted to rapidly industrialise India, he wanted to do it along socialist lines, but was forced to compromise with the very strong pro-business right-wing lobby in the Congress, and so ultimately the economic development model implemented was a 'mixed-economy model'. Its most important 'socialist' element was the setting up of the Planning Commission. But apart from that, its other essential features—the public sector and the private sector, the Industrial Policy Resolutions

of 1948 & 1956 and restrictions on foreign capital inflows—closely followed the so-called 'Bombay Plan' proposed by a committee of Indian capitalists led by J.R.D. Tata and G.D. Birla.[73] In other words, the Indian capitalists too wanted the Nehru Government to: (i) impose restrictions on foreign capital and protect nascent Indian industry; and (ii) implement a 'mixed economy model'. While both these policies are being much derided today by establishment intellectuals, the fact of the matter is, in 1947, in the conditions prevailing in India in the immediate years after independence, the Indian capitalists themselves too felt that this was the best way to facilitate the development of capitalism in the country. And there was nothing esoteric about this policy framework; all developed countries had implemented similar policies during the early phase of their capitalist development. Alexander Hamilton, one of the founding fathers of the United States, is in fact credited with having first conceived the concept of 'infant industry protection' that laid the foundation for modern protectionism.[74]

It is possible that Nehru felt that with the Planning Commission deciding the orientation of the economy and with the infrastructural sectors all in the public sector, the economy would gradually advance towards socialism. The Second Five Year Plan was in fact called a socialist plan, and the Lok Sabha even passed a resolution in December 1954 saying that the objective of the government's economic policy was achievement of socialism. Looking back, it is obvious that Nehru was mistaken and the Indian capitalists understood capitalism much better. Despite his wishes, the economic plan implemented under Nehru's leadership laid the foundations for the development of capitalism in India. Nehru probably realised this towards the end of his life; he is reported to have told a friend, 'We must go back to Gandhiji's teachings. We should not have abandoned them.'[75]

In 1947, the Indian capitalists too preferred that infrastructural industries in areas like railways, roads, oil, telecom, heavy machinery and electricity be set up in the public sector, as they had neither the capital nor the technology needed to set up these industries, and without the development of these industries development of other industries was not possible. Furthermore, while the gestation period for projects in the infrastructural sector was long, returns on investment in these sectors were low. The capitalists preferred to invest their limited capital in the consumer goods industries where there were quick profits to be made. This was precisely the essence of the 'mixed economy model', which is why they supported it. And so, despite whatever Nehru might have wished, his economic model only led to the

development of capitalism in India. After Nehru's death, his successors were unabashedly pro-business, and development of capitalism accelerated in the country in the 1970s–80s.[76]

Limitations of Nehruvian Model

However, duplicating the industrial revolutions of the West was simply not possible for India. As discussed above, capitalism is a global system of unequal development. The Western countries had fertilised their industrial revolutions with colonial wealth: the wealth and markets of the colonies provided the initial stimulus for their industrial revolutions, and then as their industrial revolutions advanced, the colonies provided them the necessary raw materials and markets.

In contrast, when India began its industrial revolution, not only did it have no colony to plunder, its own economy had been devastated due to two centuries of British pillage. British colonial rule had deindustrialised the country and ruined its flourishing cities. The cities got depopulated as the ruined artisans returned to the villages, increasing the pressure on the villages. Meanwhile, British extraction of high revenue from agriculture drove our villages to penury. These factors combined to ruin our once-flourishing villages too. Famines stalked the land, killing lakhs of people every year. All this together completely destroyed India, once famed as the jewel of the world during the Mughal period. Additionally, British colonial rule also rendered our social fabric very fragile. It exacerbated the depth and scope of our caste system. Worse, it also gave birth to the demon of communalism, ultimately leading to the tragic partition of the country—whose syncretic culture had once been the cynosure of the entire world.

British colonialism thus not only obstructed our natural, indigenous development, it crippled it. Therefore, the attempt of India's post-independence leaders led by Nehru and our leading capitalists like Birla and Tata to rapidly industrialise India along the lines of the Western capitalist countries was bound to fail, and that is precisely what happened.

Even within these constraints, the limited capitalist development possible in India was throttled due to the failure of independent India's leaders to empower the people by investing in education, health, nutrition and gender equality, which would have unleashed the inherent potential of the people. One important reason for the rapid development of the East Asian countries during the 1960s–70s (apart from the aid provided to these countries by the USA for geopolitical reasons) was that their governments invested heavily in providing education, health and other welfare benefits to their people.[77]

Despite Nehru's attempts to build socialism, the strong right-wing lobby in the Congress ensured that no serious attempt was made to eliminate medieval backwardness—religious backwardness, casteism and patriarchy continued to hobble the creative power of the masses. Little land reform was done, and the large mass of peasantry continued to wallow in desperate poverty. This seriously limited the growth of the market in the countryside. With focus on growth of large industries, industrial growth was also not sufficiently employment generating to create a significant increase in demand.

By the end-1970s, the Nehru model was in crisis. The Government of India then increased its external borrowings from the developed countries to revive economic growth, but this entrapped the economy in external debt. Gradually the debt accumulated: the debt in dollar terms quadrupled during the 1980s, from around $20 billion in 1980 to more than $80 billion in 1990.[78] By the end of the 1980s, the country was well and truly caught in an external debt trap—we were borrowing from abroad to pay even the service charges on our previous debt.

Globalisation of Indian Economy

The developed capitalist countries, who not very long ago were the imperial masters of the entire underdeveloped world, were looking for just such an opportunity. India's external debt crisis provided them with a golden opportunity to bring the Indian economy back under their hegemony, so that they could once again control its raw material resources and exploit its markets. They now put on hold fresh loans to the Indian Government, demanding that it first restructure the economy and remove all restrictions on inflow of foreign capital and goods.[79]

With foreign loans drying up, India's foreign exchange reserves plummeted to just $1.2 billion by end-December 1990. By early 1991, the Indian Government was entrapped in a situation wherein, if it wanted to avoid external account bankruptcy (which was an essential condition for remaining within the global capitalist framework), it had no option but to accept the demands of its international creditors.[80]

1991: Globalisation Begins

The Nehruvian model of capitalist development had sharply polarised Indian society. Society was split into two camps. In one camp were the capitalists, big farmers, big traders, politicians, bureaucrats, smugglers, dealers, distributors, blackmarketeers, mafia, etc.—the parasites. They comprised less than 5 percent of the population. In the

other camp were the working people, the students and youth, and the pro-people intellectuals—the ordinary folk. These were 95 percent of the population. It is the first camp which controls political power in the country. Most mainstream political parties serve only its interests.

The capitalist classes now came to the conclusion that in order to expand their profit accumulation, they must abandon their dream of independent capitalist development and open up the economy to foreign investment and imports. And so they decided to accept the conditions imposed by the developed capitalist countries, dismantle the Nehruvian model and remove the controls imposed on inflows of foreign capital and goods.

Elections to the Indian Parliament were held in May 1991. In July 1991, the minority Congress Government of Narasimha Rao–Manmohan Singh came to power at the Centre. It immediately signed the WB–IMF's 'Structural Adjustment Programme', pledging a thoroughgoing restructuring of the Indian economy in return for a huge foreign loan to overcome the foreign debt crisis. The most important conditions imposed on India as a part of this SAP were:[81]

i) **Free Trade:** Removal of all curbs on imports and exports.

ii) **Free Investment:** Removal of all restrictions on foreign investment in all sectors of the economy.

iii) **Reducing Fiscal Deficit:** Reducing government expenditure to bring down the fiscal deficit to near-zero, and for this, reducing subsidies to the poor, including food, health and education subsidies.

iv) **Free Market:** No government interference in operation of the market. This means:

- Privatisation of the public sector, including essential services like drinking water, health, education, etc.;
- Removal of all government controls on profiteering, even in essential services.

It is this 'restructuring' of the Indian economy at the behest of the country's foreign creditors that has been given the grandiloquent name, *globalisation*. This has been accompanied by the propagation of an economic doctrine popularly known as *neoliberalism* that claims that human well-being can best be advanced by free markets, including privatisation, free trade and deregulation.

Globalisation is the consensus policy of the entire Indian ruling

class. And so, ever since 1991, while governments have kept changing at the Centre, globalisation of the Indian economy has continued unabated. All the four budgets of the new BJP-led Government at the Centre make it obvious that despite its rhetoric of *Swadeshi* or indigenous development, it is implementing the WB-dictated economic reforms at an even faster speed than the previous UPA Government.

Bonanza for the Rich

Globalisation has led to a huge inflow of foreign capital and goods into the Indian economy.

The Indian elites are euphoric about globalisation. India's big capitalists are becoming junior collaborators of foreign corporations; others are benefiting through dealerships, sub-contracts, etc. Privatisation of the public sector, including essential services like drinking water, education and health, along with removal of all controls over profiteering, has led to a huge rise in corporate profits. Hoarders and blackmarketeers are having a field day—as laws controlling their activities have been relaxed in the name of freeing the markets. Due to financial liberalisation, the speculators have never had it so good.

Consequently, the wealth of India's elites has increased at a brisk pace. The number of billionaires in India has seen a meteoric rise over the last two decades. In the mid-1990s, there were only two Indian billionaires with a combined wealth of $3.2 billion. Today, the country boasts of 101 billionaires, with a collective net worth of $325.5 billion. That amounts to Rs 21.1 lakh crore, or one-eighth of India's GDP for 2017–18.[82]

Globalisation and Employment Situation in India

Let us now discuss the impact of globalisation on the ordinary people. We first discuss its impact on the subject matter of this booklet, employment.

Ask any college student about the benefits of globalisation for the Indian economy, and he/she will immediately answer that the entry of foreign corporations is leading to the creation of jobs in the economy. All economics text books in the country teach this; all academicians and intellectuals also assert this.

Before we examine the impact of entry of foreign corporations on employment, it is important to understand the nature of these corporations whom we have given an unfettered entry into the Indian economy.

Multinational Corporations

We have discussed in the previous chapter the origin of what are called Multinational Corporations or MNCs in the developed capitalist countries in the decades after the Second World War. The world economy today is dominated by a relatively few giant MNCs. A MNC is a giant corporation, which, though it has its management headquarters in one country, operates in several countries. The majority of the world's MNCs are headquartered in the rich nations—the United States, European Union and Japan.

Globalisation has enabled these MNCs to spread their tentacles into each and every country throughout the globe. They have become so big that they are now bigger than entire countries! A study made by the anti-poverty charity Global Justice Now found that in 2015, of the 100 biggest economic entities in the world, 69 were corporations (measured by their corporate turnover) and only 31 were countries (measured by their government revenues). The combined revenue of the 10 biggest corporations was more than the combined taxes raised by the bottom 180 countries.[83]

Since they are so big, competition with them is simply not possible. Therefore, when MNCs enter a country, they quickly gobble up the local corporations (or the latter become their junior partners). Consequently, only a few MNCs today dominate each and every economic activity at the global level, be it manufacture of automobiles or semiconductors or medicines, or be it retail or transportation or information technology, or be it banking and finance, or be it the various sectors of agriculture, from seed and pesticide manufacture to wheat and rice production. Note that here we are not talking of a few firms dominating a particular economic activity in a particular country but their dominating that economic activity at a global level. The same MNC operates in twenty or fifty or more countries, and along with a handful of other such MNCs, dominates global production in that particular sector. To take an example, today five multinational firms produce nearly half the world's motor vehicles, and the ten largest firms produce 70 percent of the world's motor vehicles.[84]

Some more examples:

- The world's top 10 semiconductor makers account for more than half of the global market.[85]
- Ninety percent of the global music market is accounted for by just 5 corporations.[86]

- Fifteen companies dominate the world's pharmaceutical industry and account for 50 percent of the global sales revenues (in 2016).[87]
- Just 2 companies, Coca-Cola and Pepsico, account for 60 percent of the global non-alcoholic beverage market.[88]
- Just 2 corporations supply most of the world's large commercial jets: Boeing Co. and Airbus Industrie.[89]
- The world's top 10 seed companies control 75 percent of the global commercial seed market (2011);[90] the top 10 pesticide firms control 95 percent of the $44 billion global pesticide market (2011); and 10 corporations control 55 percent of the global fertiliser market.[91]
- In the animal pharmaceutical industry, the top 10 companies control 76 percent of the world veterinary pharmaceutical market.[92]

The power wielded by these giant corporations over the global economy is best illustrated by a single statistic: the combined revenue of the top 500 corporations in the world is of the order of 35–40 percent of world GDP![93]

MNCs and Employment Generation

The MNCs are so huge, they have so much capital at their disposal, that they are able to employ the latest labour-saving technologies to produce an enormous amount of goods with very few workers. And so MNCs create very few jobs. In 2015, the world's 500 biggest corporations (the Fortune Global 500) generated $27.6 trillion in revenues, which equalled roughly 38 percent of the world's GDP. Yet, they employed a mere 67 million people worldwide,[94] which is just 1.7 percent of the global labour force. [The global labour force totalled nearly 4 billion people in 2015.[95]]

Globalisation and Employment Generation in Private Sector

This is precisely what is happening in India too. While globalisation has led to an increase in the country's GDP growth rate, it has not led to an increase in employment generation. The foreign corporations entering the Indian economy are creating very few jobs. But at the same time, they are destroying many more jobs than they are creating, as their entry is forcing many companies, especially the small companies, to close down, while the big Indian private business houses are being forced to restructure their operations, reduce their workforce and replace permanent workers with contract workers.

That big corporations are not creating large number of jobs in India is admitted even by Arvind Panagariya, the Vice Chairman of India's

Niti Aayog and a staunch supporter of globalisation. According to statistics given by him, two decades after India began globalisation, in 2009 only 10.5 percent of India's manufacturing workforce was employed in large firms having more than 200 workers, while 84 percent was employed in firms with less than 50 workers.[96]

Additionally, the neoliberal economic reforms have also pushed India's agriculture into deep crisis, so much so that employment generation in this important sector that accounts for half of India's employment has slowed down to near zero (we discuss this in greater detail below)!

Globalisation and Public Sector Employment

The WB-dictated SAP imposed on India demands that the Indian Government privatise public sector enterprises and also reduce investment in welfare services such as education, health and agricultural extension and privatise these services. This has led to a drastic fall in public sector recruitment. Public sector employment in the country continuously increased in the decades after independence, from 70.5 lakh in 1961 to 190.6 lakh in 1991. But with the beginning of globalisation, this has got reversed. Public sector employment [including every form of government—Central, state, local government as well as quasi-government (public sector enterprises, electricity boards, road transport corporations, etc.)] over the period 1991–2012 has fallen in absolute terms, from 190 lakh to 176 lakh. This decline has taken place in every sphere of economic activity, from manufacturing, construction and transport to community, social and personal services.[97]

Globalisation: Net Impact on Employment in India

With very little job generation taking place in the private sector, and jobs declining in absolute terms in the public sector, the net result of the neoliberal economic reforms has been a slowdown in employment growth rate in the country.

This is borne out by employment growth rate figures for India. NSSO survey data show that employment growth rate (even with the government's fudged figures which consider all underemployed people in 'involuntary employment' as employed) has been decelerating ever since the economic reforms began. The compound annual growth rate (CAGR) of employment in the country fell from 2.44 percent during the period 1972–73 to 1983, to 2.04 percent during the period 1983 to 1993–94, 1.84 percent over the period 1993–94 to 2004–05, to an abysmal 0.12 percent during the period 2004–05 to 2009–10. This slowdown has taken

place despite globalisation having led a sharp acceleration in the country's GDP growth rate (see Table 5).

Table 5: Total Employment, Employment Growth Rate and GDP Growth Rate, 1983 to 2009–10[98]

	Total Employment (in million)	*Period*	*CAGR*	*GDP Growth Rate (at constant 1999–2000 prices)*
1983	302.76	1972–73 to 1983	2.44%	4.7%
1993–94	374.45	1983 to 1993–94	2.04%	5.0%
2004–05	457.46	1993–94 to 2004–05	1.84%	6.3%
2009–10	460.22	2004–05 to 2009–10	0.12%	9.1%
		1999–2000 to 2009–10	1.49%	
		1993–94 to 2009–10	1.30%	

Employment growth during 1999–2000 to 2009–10 was 1.49 percent per annum, lower than any previous ten-year period.[99] And employment growth for the entire post-reform period, that is, for the 16-year period 1993–94 to 2009–10, was only 1.3 percent per annum. So the reforms, in spite of high GDP growth, have completely failed to deliver on the employment front.

It is estimated that in India, the total number of new people who enter the job market every year in search of jobs is around 13 million. That means that during the 16 years from 1993–94 to 2009–10, a total of 208 million people entered the job market. The NSSO data given in Table 5 indicate that of these, only 86 million or 41.3 percent got any kind of jobs.

And of these, only a very few got factory jobs! According to the *Annual Survey of Industries*, the principal source of industrial statistics in India, total employment (workers plus sales and supervisory and managerial staff) in all of India's registered factories (both small and large scale industries combined) increased by only 3.01 million during this 16-year period (Table 6). This means only 1.5 percent of the total people who entered the job market during these 16 years got any kind of

factory jobs. In other words, despite the massive entry of foreign corporations into the country since the beginning of globalisation in 1991, very few factory jobs have been created. The total number of people working in factories two decades after globalisation, in 2010, was only 11.72 million, or 2.5 percent of the total official workforce in the country of 460 million (Table 6).

Table 6: Total Number of Employees in Registered Factories, 1993–94 to 2009–10[100] *(in million)*

	Total Factory Emp.	*% of Total Workforce*
1993–94	8.71	
2009–10	11.72	2.5%

5. TYPES OF JOBS CREATED IN GLOBALISATION

After this brief overview of the employment scenario in India, let us now examine in greater detail the impact of globalisation on employment generation in various sectors of the economy and what are the types of jobs being created.

Globalisation and Agriculture

While the contribution of agriculture to the country's GDP has come down by half over the period 1983–84 to 2010–11,[101] from the point of view of livelihoods, this continues to be the most important sector. Of the total workforce in the country, 53 percent people depend on this sector for their livelihoods (in 2009–10) (see Table 9).

Table 7: Average Growth Rates of Area, Production & Yield Under Foodgrains, Non-Foodgrains & All Crops[102]

	Foodgrains			*Non-foodgrains*			*All crops*		
	Area	*Prod.*	*Yield*	*Area*	*Prod.*	*Yield*	*Area*	*Prod.*	*Yield*
1950–51 to 1989–90	0.61	2.61	1.60	1.22	2.97	1.08	0.79	2.66	1.37
1990–91 to 2004–05	–0.07	1.64	1.27	1.03	2.81	1.39	0.25	1.96	1.29

As a part of the SAP conditionalities imposed on India, the World Bank has demanded that the government eliminate subsidies given to agriculture and 'free the market'. And so, for the past more than two decades, successive governments have been reducing public investment in agriculture, cutting subsidies given on major inputs needed for agriculture (such as fertiliser, electricity and irrigation subsidies), gradually eliminating output support to agriculture (in the form of public procurement of agricultural produce), gradually phasing out subsidised credit given to agriculture (by public sector banks) and allowing imports of heavily subsidised agricultural produce from the developed countries into India.[103] This multi-pronged onslaught on Indian agriculture has pushed this sector into deep crisis. In all important indicators that measure the performance of agriculture, be it area or production or yield, of foodgrains or non-foodgrains, the contrast between pre-globalisation and post-globalisation periods is quite stark (see Table 7).

The deepening agricultural crisis, which is a consequence of globalisation policies, has led to a huge increase in rural indebtedness. The most extensive survey of farm households to date conducted by the NSSO in 2012–13 found 52 percent of the total agricultural households in the country to be in debt. The average debt is Rs 47,000 per agricultural household, in a country where the yearly income from cultivation per household is only Rs 36,972.[104]

The policies of the Modi Government have only worsened this crisis. It has made a complete U-turn on its 2014 election promise to provide farmers Minimum Support Prices (MSP) that would ensure them a 50 percent profit over cost of production, with the result that MSP for many crops is even below the cost of production. There is complete silence on the issue of strengthening public procurement of farm produce. At the same time, input subsidies to agriculture, such as fertiliser subsidy, have been further reduced.[105] Despite the worsening debt crisis, the Central Government has refused to waive farm loans (finally, farmers' movements across the country forced some states to waive these loans). It would have cost the government at the most Rs 3 lakh crore,[106] while benefiting crores of farmers across the country. On the other hand, during the three years the Modi Government has been in power, public sector banks have waived loans given to big corporate houses to the tune of Rs 1.87 lakh crore;[107] additionally, they have also restructured loans of the 'high and mighty'—which is a roundabout way of writing off loans—again to the tune of several lakh crore rupees.[108]

Table 8: BJP Government Allocation for Agriculture Related Sectors, 2014–17[109] *(Rs crore)*

	2013–14 Actual	*2014–15 Actual*	*2015–16 Actual*	*2016–17 RE*	*2017–18 BE*
Ministry of Agriculture and Farmers' Welfare	25,479	25,917	22,092	48,073	51,026
Ministry of Finance: Interest subsidy on short term farm credit	6,000	6,000	13,000	–	
Ministry of Rural Development	61,162	69,817	78,945	97,760	107,758
Ministry of Water Resources	1,057	5,480	6,862	4,756	6,887
Dept. of Fertilisers	67,362	71,011	73,026	70,031	70,033
Total	161,060	178,225	193,925	220,620	235,704
GDP	11,236,635	12,433,749	13,675,331	15,251,028	16,847,455
Total Agriculture related Spending as % of GDP	1.43%	1.43%	1.42%	1.45%	1.40%

Most importantly, government spending on all agriculture related sectors (agriculture, rural development, water resources and fertiliser subsidy) as a percentage of GDP has actually fallen—from an already low of 1.43 percent during the last year of the previous government and the first year of the Modi Government to 1.40 percent in the 2017–18 BE (Table 8). This, for a sector on which more than half the people depend for their livelihoods! In absolute terms, the government allocation for all agriculture related sectors totalled Rs 1.68 lakh crore in 2017–18 BE. In contrast, the government has given tax concessions to the rich to the tune of Rs 5.5 lakh crore every year during its three years in power![110] Had it wanted, it could have easily reduced this and doubled or even trebled its investment on agriculture.

As if this was not enough, on November 8, 2016, PM Narendra Modi all of a sudden announced the demonetisation of Rs 500 and Rs

1,000 notes. This decision, announced just when the kharif crop was being harvested and the sowing for the rabi crop was about to begin, only further worsened the conditions of small farmers across the country, as the agricultural sector is overwhelmingly dependent on cash transactions.[111]

Two decades of battering by hostile policies and the worsening debt crisis have pushed the hardy Indian peasants into such despair that they are being driven to commit suicides in record numbers. The total number of farmer suicides in the country since 1995 crossed the 300,000 mark in 2014. It is the largest recorded wave of such deaths in history.[112]

The first year of the Modi Government (2015) saw the number of farmer suicides in the country recording an increase of 40 percent over the 2014 figure.[113]

Result: Fall in Agricultural Employment

Because of the worsening agricultural crisis, employment generation in this sector has virtually collapsed. Total employment in agriculture during the period 1993–94 to 1999–2000 actually fell from 242.5 million to 237.7 million, then rose over the next five years to 258.9 million, before falling again over the next five-year period to 244.9 million. The net result is that over the 16-year period 1993–94 to 2009–10, total agricultural employment has increased by just 2.4 million, or one percent (see Table 12 below).[114]

Where are the Industrial Jobs?

Conventionally, the economy is divided into three sectors: agriculture, industry and services. 'Industry' is divided into: (i) manufacturing; (ii) mining; and (iii) electricity, gas & water supply. (Construction is sometimes included in industry, and sometimes in services. We have included it in services.)

The industrial sector, and within that, the manufacturing sector, was expected to create the maximum number of jobs due to globalisation and the entry of foreign corporations. These hopes have been totally belied. According to the Planning Commission, the total number of jobs created in all sectors during the 16-year period 1993–94 to 2009–10 was 85.8 million (see Table 9). Of these, the total industrial jobs created were only 8.4 million, of which 8.2 million were manufacturing jobs (9.6 percent of jobs created). This means that of the 208 million persons who entered the job market in search of jobs during this 16-year period, only 3.9 percent got jobs in the manufacturing sector.

Table 9: Share of Employment in Various Sectors[115] *(in million)*

Sector	*1993–94*	*1999–2000*			*2009–10*		
	Total	*Total*	*Org.*	*Unorg*	*Total*	*Org.*	*Unorg*
Agriculture	242.5	237.7	5.5	232.2	244.9	2.7	242.1
Manufacturing	42.5	44.1	13.1	30.9	50.7	16.0	34.7
Mining & quarrying	2.7	2.2	1.3	0.9	3.0	1.9	1.1
Electricity, gas & water supply	1.4	1.1	1.0	0.1	1.3	1.1	0.1
Construction	11.7	17.5	4.6	12.9	44.1	13.0	31.1
Trade, hotels & restaurants	27.8	41.3	2.9	38.4	49.7	3.9	45.8
Transport, storage & communications	10.3	14.6	4.2	10.4	20.0	4.9	15.1
Finance, insurance, real estate & business activities	3.5	4.9	2.4	2.5	9.6	5.3	4.2
Public admn. & defence	32.1	10.5	9.7	0.8	9.5	9.5	0.0
Community, social & personal services		22.9	9.9	13.0	27.7	12.6	15.1
Total Services	85.4	111.7	33.2	78.5	160.4	49.2	111.3
Total	374.4	396.8	54.1	342.6	460.3	70.9	389.3

The actual job situation in the manufacturing sector is far worse than that suggested by the above figures. The manufacturing sector conjures up the image of a modern sector with relatively high labour productivity and high wages. But that is not so! A majority of the manufacturing jobs are in the unorganised sector. As Table 9 shows, during the decade 1999–00/2009–10, a total of 63.5 million jobs were created (in all sectors), of which 6.6 million jobs were created in the manufacturing sector. Of these:

- Only 2.9 million jobs were created in the organised sector. This was only 4.6 percent of the total number of jobs (63.5 million) created during this period.
- The Planning Commission admits in its Twelfth Five Year Plan

document that during this decade, no formal jobs were created.[116] In fact, the total number of formal jobs declined. This means that all these 2.9 million manufacturing jobs created during this decade must be informal jobs.

- The unorganised manufacturing sector employs 70 percent of the workforce in the manufacturing sector. These jobs are in tiny units or in home-based manufacturing, such as workers making papads or rolling bidis in their own homes—in the diction of our government, these jobs are also 'manufacturing jobs'. Be that as it may, this sector is being decimated due to globalisation policies such as ending of reservations for small units and decline of low interest bank credit for the small-scale sector. Therefore, employment generation in this sector has slowed down. In this sector, 3.8 million jobs were created during the decade 1999–00/2009–10 (6 percent of total jobs created).

Globalisation and the Services Sector

The construction sector is where the maximum job creation has taken place since the reforms began, accounting for 32.4 million or more than one-third of the 85.8 million jobs created during the 16-year period 1993–94 to 2009–10. Let us take a closer look at the kind of jobs being created in this sector.

During the decade 1999–00/2009–10, a total of 26.6 million jobs were created in the construction sector. The majority, 18.2 million, were in the unorganised sector, while 8.4 million were organised sector jobs. This increase in organised sector employment is probably due to large-scale projects by big corporations involving the construction of airports, metros, highways and expressways, urban flyovers, private ports and housing projects. But none of these were formal jobs! Taking advantage of the lax labour laws in the country, construction companies simply do not employ formal workers these days. Unorganised/informal workers in the construction sector work in terrible conditions, devoid of medical facilities, disability compensation, education for children and decent housing. And yet, 42% of the jobs created in India's globalising economy during this decade when GDP growth had accelerated to nearly 9% per annum were such jobs!

The other area that has seen significant job creation since the beginning of the economic reforms is the sector of 'trade, hotels and restaurants'. This sector accounted for 21.9 million, or a quarter (25.5 percent) of the total jobs created during the 16-year period 1993–

94/2009–10. Under globalisation, employment in this sector has grown so rapidly that this sector must have become a larger employer than manufacturing by now. And what is the nature of these jobs? 'Trade' includes all sorts of petty vendors, while 'hotels and restaurants' includes horribly low-paid jobs in tiny roadside tea shops and eateries.

'Services' also includes the important sector of education, which is grouped under the heading 'community, social and personal services'. This latter area saw an increase of 4.8 million jobs during the decade 1999–00 to 2009–10. Of these, 3.4 million jobs were created in education, and most were organised sector jobs.[117] Obviously, most of these jobs must be in the private schools and colleges mushrooming across the country due to the rapid privatisation of education taking place under globalisation. While most of these organised sector jobs are called formal jobs, in reality, most teaching jobs are now contractual, as government recruitment of teachers has virtually come to a stop, and the contract teachers employed in private teaching institutions are often paid less than half the salaries of regular teachers. They have no job security and are often paid only 10 months a year, that is, they are not paid for the two months the schools and colleges close during summer.

But What About the IT Sector?

But what about the Information Technology (IT) sector? This is the area that is supposed to be creating millions of jobs, and that too, well-paid jobs. But that is only media hype. The IT sector is composed of two segments: software sector and information technology enabled services (ITES)—this latter also includes the business process outsourcing (BPO) industry. The total number of jobs created in the IT sector during the decade 1999–00/2009–10 was only 2 million—this is only 3 percent of the total jobs created during this decade (63.5 million).[118]

The IT sector comes under 'services', and is grouped under the heading 'Finance, Insurance, Real Estate and Business Activities'. This category also includes the sectors of media and entertainment. While this category has created decent or high-paid salaried jobs during the decade 1999–2000 to 2009–10, the total number of jobs created in this entire category (including the IT sector) during this decade was only 4.7 million. This was 7.4 percent of the total jobs created during this decade. Of these, 2.9 million jobs were organised sector jobs.

To Conclude . . .

To summarise, of the roughly 130 million people who entered the job market seeking jobs during the decade 1999–2000 to 2009–10, only

63.5 million got jobs. Of these jobs created, more than 75 percent were informal sector jobs, in sectors like:

- Agriculture: 7.2 million jobs were created—with agriculture in deep crisis, these are obviously involuntary or distress jobs;
- Construction: 26.6 million jobs;
- Trade, hotels and restaurants: 8.4 million jobs;
- Informal jobs in the organised manufacturing sector: 2.9 million;
- Jobs in tiny units and home-based manufacturing: 3.8 million.

Calling these jobs is actually shameful. Most of these people should actually be considered as unemployed—they are doing these horrible jobs because they have no option, there is no unemployment allowance in the country and so people take up whatever jobs are available, however terrible be the working conditions and however low be the wages.

Employment Scenario in 2009–10

To get an idea of the kind of job situation being created under globalisation, let us now take a brief look at the kind of jobs that people were doing in 2009–10 (see Tables 9 and 10):

- 53 percent were employed in agriculture (244.9 million out of 460.3 million);
- 3.5 percent (16 million) were employed in the organised manufacturing sector, of which:
  - 1.2 percent (5.4 million) were jobs with formal contracts; the remaining 2.3 percent (10.7 million) were informal jobs, with low pay and without any job security, liable to be dismissed anytime, and with little or no other benefits like compensation in case of injury, paid leave, sick leave, and so on;
- 7.5 percent (34.7 million) were unorganised manufacturing sector jobs—very low-paying jobs in tiny units, or home-based manufacturing.
- 9.6 percent (44.1 million) were construction sector jobs; of these, even though 13 million were organised sector jobs, only 0.58 million was formal employment and more than 95 percent was informal employment. This means more than 98 percent of the workers in the construction sector were in unorganised / informal employment—these are amongst the most horrible and dangerous jobs in the country.

- 10.8 percent (49.7 million) jobs were in the sector of 'trade, hotels and restaurants'; only a small proportion of these, 3.9 million, were organised sector jobs, but again, most of these too were informal jobs, only 0.64 million were formal jobs.[119] In other words, nearly 99 percent of the jobs in this sector too are informal or unorganised sector jobs, where people work 12 to 15 hours every day, seven days a week, with no social security.

Table 10: Formal and Informal Employment in Organised Sector, 2009–10[120] *(in million)*

Sector	*Organised Employment*	*Formal Employment*	*Informal Employment*
Agriculture	2.74	0.13	2.62
Manufacturing	16.09	5.36	10.73
Mining & quarrying	1.86	0.92	0.94
Electricity, gas & water supply	1.14	0.89	0.24
Construction	13.0	0.58	12.43
Trade, hotels & restaurants	3.89	0.64	3.25
Transport, storage & communications	4.88	2.73	2.15
Finance, insurance, real estate & business activities	5.34	3.45	1.89
Public admn. & defence	9.45	8.15	1.30
Community, social and personal services	12.6	7.87	4.74
Total Services	49.16	23.42	25.76
Total	70.99	30.72	40.29

The above constitute 85% of the total jobs in the country. Such are the overwhelming majority of jobs available under globalisation—low pay, insecure jobs with no social security benefits.

The remaining 14.5% (66.8 million) were jobs in 'finance, insurance, real estate & business activities', 'public administration & defence', 'community, social and personal services', and 'transport and

communications' sectors. Of these, probably half or more were formal jobs with decent pay and some job security (including the 2.3 million employed in the much hyped IT sector—a mere 0.5 percent of the country's workforce in 2009–10).

Job Situation Worsening Under Modi Government

The acceleration of neoliberal economic reforms under the Modi Government has led to a further slowing down of employment generation in the country.

Table 11: Employment Growth in 8 Labour Intensive Sectors[121]
(in lakh)

	Employment Growth, full year
2009	12.56
2010	8.65
2011	9.30
2012	3.22
2013	4.19
2014	4.93
2015	1.35

The Labour Bureau of the Government of India carries out quarterly surveys of organised sector employment for eight labour intensive industries (textiles, leather, metals, automobiles, gems & jewellery, transport, IT/BPO and handloom/powerloom) to get a rough estimate of job generation in the organised sector. During the three years from 2009 to 2011, these sectors were producing on average 9.5 lakh new jobs every year. Since then, organised sector employment growth has gradually slowed down, and has virtually collapsed during the first two years of the Modi Government. During the first year of Modi's rule (January–December 2015), job generation in these 8 sectors collapsed to an all-time low of 1.35 lakh jobs (Table 11). The government panicked, and to pump up the data, expanded the number of sectors surveyed from 8 to 18. It dropped industries like leather where jobs were declining due to the government's sectarian agenda, and expanded the scope of the survey from only manufacturing sector industries to include key service sector industries such as construction, retail trade, education, healthcare, restaurants and consultancy. Despite this, the job generation data for 2016 has shown only a marginal improvement—new jobs generated in

these 18 sectors increased to only 2.31 lakh in 2016. This is still only 25 percent of the organised sector jobs generated in the eight labour intensive industries during 2009–11.[122]

That was for 2016. Employment generation must have further slumped this year, and may even have turned negative, first due to the disastrous policy of demonetisation announced by PM Narendra Modi on November 8, 2016, and now due to the rollout of the GST, both of which have hit the informal sector hard that accounts for more than 92 percent of the total employment in the country.[123] The CMIE estimates that roughly 1.5 million jobs were lost post-demonetisation during the four month period from January to April 2017.[124]

'Make in India'

Let us now analyse PM Modi's slogan, *Make in India*. This slogan has been much hyped by the media. Most ordinary people believe this to be another example of Modi's commitment towards creating jobs; they have innocently accepted the government propaganda that Modi's invitation to foreign corporations to 'Make in India' will create millions of jobs and will lead to development of the country. If foreign corporations are so good, why did we drive them out?

To understand the implications of this slogan for the common working people of India, it is necessary to recall some aspects of the global economy that we have discussed above.

As discussed in Chapter 3 above, just like India in 1991, several other developing countries had also got entrapped in an external debt crisis in the 1980s–90s and had signed SAP agreements with the WB–IMF to implement neoliberal reforms and open up their economies to foreign capital inflows. But this only led to a worsening of their foreign exchange crises. Total external debt of these so-called 'developing countries' zoomed from $510 billion in 1980 to $1,200 billion in 1990 to $1,970 billion in 2000 to $4,830 billion in 2012.[125] All of them are therefore desperate to invite FDI, or in other words, invite MNCs of the developed countries to invest in their economies.

The labour costs in the developed countries are much more than in the developing countries. And so, MNCs are keen to shift their production from the developed countries to the developing countries to take advantage of this difference in labour costs and maximise their profits. With all developing countries competing with each other to invite FDI, the MNCs are in a position to dictate terms for investing in these countries—they are demanding that they relax their labour laws and environmental laws, so that goods can be produced in these

countries at the lowest possible costs. And the developing countries are bowing before their dictates.

The result is that workers in these developing countries are working for developed country MNCs at dirt wages. Thus, in the international garment industry, in which production takes place almost exclusively in the developing countries, direct labour cost per garment is typically around 1–3 percent of the final retail price! Wage costs for an embroidered logo sweatshirt produced in the Dominican Republic are around 1.3 percent of the final retail price in the United States, while the labour cost (including the wages of floor supervisors) of a knit shirt produced in the Philippines is 1.6 percent. Labour costs in countries such as China, Indonesia, Vietnam, Cambodia and Bangladesh are even lower than this.

To give a different type of example: in 1996, a single Nike shoe consisting of 52 components was manufactured by subcontractors in five different Asian countries—South Korea, China, Indonesia, Thailand and Vietnam. The entire labour cost for the production of a pair of Nike basketball shoes retailing for $149.50 in the United States in the late 1990s was 1 percent of this, or $1.50.[126]

Chinese Model of Development

The developing country that has succeeded in attracting the largest amount of FDI flows from the developed countries is China. MNCs have shifted production to China in such a big way that it has come to be known as the global manufacturing hub. The essence of Modi's slogan, *Make in India*, is that he is seeking to make India a more attractive destination for MNCs to invest as compared to China. To understand what this means for India, let us take a look at the reality of China.

After Deng Tsiao-Ping consolidated his hold over power in China in the 1980s, he implemented market reforms and opened up China to foreign, especially US, MNCs. Simultaneously, privatisation of public sector enterprises and destruction of collective farming and village enterprises led to massive destruction of livelihoods. Around 30 to 40 million workers were rendered unemployed due to privatisation of State-owned enterprises, and dissolution of communes and village-level enterprises led to forced migration of more than 120 million peasants to the cities in search of work.[127] This provided MNCs with a huge pool of cheap labour: wages in China are only 4 percent of the wages in the USA, and 3 percent of the wages in the European Union.[128] And so, MNCs have shifted production from the developed countries to China in a big way. What we know as exports from China are actually goods

made by foreign MNCs based in China. For instance, China is known as the world's biggest supplier of information and communications technology goods. But in reality, most of these goods are produced by developed country MNCs who have shifted their production bases to China: MNCs accounted for about 87 percent of China's high-tech exports in the beginning of 2006.[129]

Another important feature of this global system of production centred around MNCs is that these corporations are careful not to concentrate their entire manufacturing in one country. They manufacture different parts of a product in different countries, depending upon which part can be produced at the cheapest rate in which country. In the complex global supply lines of MNCs, China primarily occupies the role of final assembler of manufactured goods. The different parts and components are produced in different countries, imported into China where the final assembly is done, and then the final commodity is shipped from China to the developed countries. In this global supply-chain system, China is more the world assembly hub than the world factory.[130]

Let us illustrate this with an example. Apple subcontracts the production of the component parts of its iPhones to local companies in a number of countries. From there, the parts are shipped to Foxconn's (a Taiwanese multinational) factory in Shenzhen, China for final assembly. And from there, they are exported to all over the world, including the United States. In the Foxconn factory in Shenzhen, 300,000 to 400,000 workers eat, work and sleep under horrendous conditions. They are compelled to do rapid hand movements for long hours for months on end, so much so that they find themselves constantly twitching at night. Despite the massive labour input of Chinese workers in assembling the final product, wages in the factory are so low that their work amounts to only 3.6 percent of the total manufacturing cost of the iPhone. In 2009, it cost Apple about $179 to produce an iPhone, which sold in the United States for about $500. Of this $179, the assembly cost in China was only $6.50; the remaining $172.50 was the cost of parts produced in other countries.[131]

This global supply-chain has terrible consequences for working conditions of workers, as the threat of the factory shifting production to a neighbouring country is always hanging over their heads. Consider the example of Meitai Plastics and Electronics Factory in Dongguan City, Guangdong in China. There, 2,000 workers, mostly women, assemble keyboards and computer equipment for Microsoft, IBM, Hewlett-Packard and Dell. The young workers, mostly under thirty, toil while

sitting on hard stools as computer keyboards move down the assembly line, one every 7.2 seconds, 500 an hour. A worker is given just 1.1 seconds to snap each separate key into place, repeating the operation 3,250 times every hour, 35,750 times a day, 250,250 times a week, and more than a million times a month. Workers work twelve hour shifts seven days a week, and only get two days off in a month. Chatting with other workers during work hours can result in the loss of half a day's pay.

Meitai workers are locked in the factory compound four days of each week and are not allowed to take a walk. The food consists of thin, watery rice gruel in the morning, while on Fridays they are given a chicken leg and foot as a special treat. Fourteen workers share each dorm room, sleeping on narrow bunk beds. They are given small plastic buckets to haul hot water up several flights of stairs for a sponge bath. They do mandatory unpaid overtime cleaning of the factory and the dorm. For such food and room, 35 percent of the wages are deducted.[132]

The enormously long hours worked under hazardous conditions in China is taking its toll in terms of industrial accidents. According to official data, there were 282,000 work-related accidents in China in 2015, in which 66,000 workers died.[133]

Beneficiaries of the Chinese Model of Development

The biggest beneficiaries of this octopus-like global system of production are of course the giant corporations of the developed countries. It has enabled them to further consolidate their control over the global economy and increase their revenues and profits. The combined revenue of the world's largest 200 corporations has gone up from 25 percent of the world GDP in 1983 to 27.5 percent in 1999 and 29.3 percent in 2005.[134]

The secondary beneficiaries are the Chinese capitalists, who own the subsidiaries to whom developed country MNCs have subcontracted out their production. The leading Chinese capitalists are closely related to senior government and Communist Party officials. In 2005, China had 250,000 dollar millionaire households (excluding the value of primary residence), who together held 70 percent of the country's wealth.[135]

India: Relaxing Labour Laws to Entice MNCs

Through its slogan *Make in India*, the Modi Government is seeking to entice MNCs to invest in India, promising them conditions in which they can produce here at cheaper rates than China / Bangladesh / Vietnam, and thus make higher profits. For this, it is dismantling our labour laws, so that MNCs can employ contract workers and hire and

fire them at will. It is also making it virtually impossible for workers to form unions. This will enable MNCs to pay workers rock bottom wages, increase intensity of work to inhuman levels and force them to work 10–12–14 hours without any overtime payment. Several state governments, especially in BJP ruled states, have already relaxed their labour laws. Thus, in Maharashtra, in February 2017, the state government notified changes in the Contract Labour Act, exempting units with less than 50 workers from the purview of the Act. The Act regulates working conditions, including the payment of wages on time. It also mandates the provision of holidays, hours of work and terms.[136]

On the other hand, to impart the necessary skills to our youth so that they are ready for employment in the assembly lines of the MNCs as per their needs, Modi has given the slogan *Skill India*. The aim is not to provide the youth education, but impart to them the necessary skills so that they can become cogs in the corporate wheel. The Draft National Education Policy 2016 released by the Human Resource Development Ministry promises several initiatives in this direction.

This is going to further worsen an already terrible employment situation in the country.

6. INDIAN ECONOMY IN DEEP CRISIS

Internal Crisis

Globalisation has not only led to appalling levels of unemployment in the country, it has also pushed crores of ordinary people down to fourth world immiseration. The acceleration of neoliberal economic reforms under the BJP is further worsening this crisis. Some statistics:

i) Worsening Poverty

The *Economic Survey 2015–16* admits that share of informal employment in total employment remained above 90 percent throughout the period 2004–05 to 2011–12.[137] This implies that these workers do not even get the legal minimum wage (which itself is barely subsistence wage), let alone other facilities to ensure a dignified existence including health, education, housing, sanitation and safe work conditions. With such a huge percentage of the population spending 12–15 hours a day to somehow earn the bare minimum needed to barely stay alive, poverty levels in the country are obviously going to be very high.

Like for unemployment statistics, the thick-skinned bureaucrats

sitting in India's Planning Commission have done a whitewashing job for poverty figures too. Their figures show that poverty levels in the country have fallen from 37.2 percent in 2004–05 to 29.8 percent in 2009–10, and then within two years to 21.9% in 2011-12![138] A closer look reveals their trickery: the Planning Commission has deliberately lowered India's poverty line to the shamelessly low level of Rs 27.2 per day in rural areas and Rs 33.3 per day in urban areas (for 2011-12).[139] In other words, our poverty line does not measure poverty, but destitution. Basing herself on the original definition of poverty line accepted by India's Planning Commission in the 1970s, wherein all people unable to access 2200 / 2100 calories per day in rural / urban areas are considered poor, the noted economist Utsa Patnaik has made estimates of the number of people in the country who are living below this poverty line using data from the NSSO surveys of 2004–05 and 2009–10. Her estimates show that:

- In 2004–05, the percentage of people in rural India unable to access 2,200 calories was 69.5 percent; this percentage had gone up to an appalling 75.5 percent in 2009–10!
- 64.5 percent of the urban population was unable to reach 2,100 calories energy intake in 2004–05; this figure too had gone up to 73 percent in 2009–10![140]

To most people fed on a daily diet of media propaganda that India is rapidly growing and is an emerging superpower, these figures would appear to be an exaggeration. But these distressing figures are borne out by other surveys too:

- We have mentioned earlier that the National Commission for Enterprises in the Unorganised Sector (NCEUS), established in 2004, estimated that 77 percent Indians lived below Rs 20 a day.[141] This figure is in fact more than Utsa Patnaik's estimates for poverty in 2004–05.
- India is one of the world's worst performing countries in providing its citizens two square meals a day. The *Global Hunger Index*, a report published by the International Food Policy Research Institute, ranked India at 100 out of 119 countries in its latest report released in 2017.[142]
- Data from the National Family Health Survey–4 (2015–16) show that 38.4 percent of children under the age of five suffer from chronic malnutrition, because of which their growth is stunted (low height for age).

ii) Cuts in Welfare Expenditures

As it is, the Indian Government's social sector expenditures were low. As a part of the conditions imposed by the World Bank, they are being further reduced.[143] The resulting fall in quality of our social services is being used as an excuse by the Government of India to privatise them. This has further worsened the conditions of the poor, as they are being forced to pay exorbitant amounts for even essential services like education for their children and healthcare:

- The neoliberal educational reforms have wrecked the government school system. This has created conditions for a huge boom in private schools in the country; government data show that today, more than 35 percent children in the country are studying in private schools.[144]
- Because of very low public healthcare expenditures, majority of the people are forced to go to private hospitals, and they are so expensive that they push more than six crore people into poverty every year.[145]
- Because of the government's unwillingness to spend on providing clean drinking water to people, the bottled water industry has become one of the fastest growing businesses in the country.[146]

External Crisis

Despite paying such high costs, because of the inherent logic of globalisation[147], the country's foreign exchange crisis continues to get worse. Our external debt crossed $485 billion in June 2017, making India one of the world's most indebted countries.[148] The Indian economy has become totally dependent on foreign capital inflows, including both foreign direct investment inflows and speculative capital inflows, to stay afloat. All the glib talk about our large foreign exchange reserves is meaningless; as we have shown elsewhere,[149] our foreign exchange reserves are much less than our 'vulnerable external liabilities' (foreign capital that has come into the country that can leave the country very quickly). This means that if foreign investors decide to pull out their money from India—which they can do at the tap of a computer key—our foreign exchange reserves are simply insufficient to prevent the economy from once again plunging into foreign exchange bankruptcy, similar to what happened in 1990-91. Therefore, the claims of our country's leaders and establishment intellectuals that India is on its way to becoming an 'economic superpower' is absolute nonsense.

Such is Globalisation

Such then is globalisation. It is not going to transform backward and poor India into a developed country like Sweden, Japan or the United Kingdom—there is absolutely no possibility about that. On the contrary, it has made us into one of the most indebted countries in the world, pushing our economy firmly into the clutches of foreign corporations and speculators.

Globalisation has led to a sharp rise in the wealth of India's uber rich. According to Credit Suisse, India's wealth increased by $2.284 trillion between 2000 and 2015. Of this, the richest 1 percent cornered 61 percent and the top 10 percent claimed over 80 percent. The remaining 90 percent mopped up the leftovers.[150]

No wonder that the rich are euphoric about globalisation. And so their propagandists, who are eulogised by the sycophantic media as the country's leading intellectuals and academicians, remind us daily that the country is one of the world's fastest growing economies.

But so far as the poor are concerned, the conditions imposed by the WB–IMF—that are designed to maximise the profits of the criminal multinational corporations of the developed countries and India's big corporate houses—are having devastating consequences on their lives. They are destroying employment and livelihood opportunities and have pushed crores of people into destitution.

This has made India one of the most unequal countries in the world. In 2000, India's richest 1 percent held 36.8 percent of the country's total wealth; in 2014, when Modi came to power, this figure had gone up to 49 percent; and in just 2 years, by 2016, this figure has gone up to a staggering 58.4 percent, according to a report by Credit Suisse Group AG, the financial services company based in Zurich. The richest 10 percent haven't done too badly either. Their wealth increased from around 66 percent in 2000 to 80.7 percent by 2016. In sharp contrast, the bottom half of the Indian people own a mere 2.1 percent of the country's wealth.[151]

7. SOME PROPOSALS FOR CREATING JOBS

The point we are trying to make is: unemployment is not because there is too much population in the country, or that people are not skilled enough, or that people do not want to do hard work. If you do not have a decent, well-paid, formal job, it is not because you are not capable, or you are not educated enough, or because your parents were

too poor to give you good schooling. The reason is that there are simply no decent, formal sector jobs. And the reason why there are so few good jobs with some job security, the reason why there is so much unemployment in the country, is because of the inherent logic of capitalism and capitalist globalisation. This is also why unemployment is a problem gripping every country in the world that is implementing capitalist development policies.

Once we understand this, once we understand the economic logic of capitalist globalisation, we will realise that we are unemployed not because of the 'other'—that unemployment is not because the minorities or Dalits or women or people from outside our state have taken away 'our' jobs—but because the system is not oriented towards generating jobs. Once we well and truly realise this, only then, instead of mobilising against the 'other', 'we' will unite with the 'other' and unitedly raise demands that challenge the logic of the economic system and will truly lead to job creation and decent jobs for all.

We give below some examples of the kind of demands we need to raise.

i) Increase Spending on Agriculture

As discussed above, Indian agriculture is in crisis because of the neoliberal economic reforms. Because of this crisis, which is pushing thousands of farmers to commit suicide every year, employment generation in agriculture has fallen to near zero. To bring the agricultural sector out of this crisis and stimulate job creation in this vitally important sector, the government needs to make farming profitable by:

- reducing input costs by increasing subsidies on fertilisers, electricity, water, etc.;
- providing output price support;
- increasing public investment in agriculture—which is absolutely essential for agricultural growth; and
- taking big bang steps to tackle the debt crisis gripping Indian farmers by waiving all their debts, including debts to private moneylenders, and ensuring availability of institutional credit to them at subsidised rates.

In other words, the government needs to increase public investment in all agriculture related sectors. This has fallen to a very low 1.4 percent of GDP under the Modi Government (see Table 8). This needs to be at

least doubled or trebled. Where will the money come from for this? We discuss this issue later in this chapter.

This will reverse the decline in Indian agriculture and bring back employment generation to at least the pre-globalisation levels. Had employment generation in agriculture during the post-reform years continued at the same rate as during the period 1983 to 1993–94 (when CAGR was 1.51 percent, see Table 12), total employment in agriculture would have gone up to 308 million by 2009–10 instead of 245 million. In other words, instead of the net 2.4 million jobs created during the 16-year period 1994–2010, 65.5 million jobs would have been created in the agricultural sector—an additional 63 million jobs!

Table 12: Agricultural Employment, Pre- and Post-Reform Years[152]
(*in million*)

	Agricultural Employment
1983	207.23
1993–94	242.46
1999–2000	237.67
2004–05	258.93
2009–10	244.85

ii) Create More Government Jobs

Lakhs of youth are mobilising across the country demanding reservations for their castes—when there are no government jobs! They are all fighting for a slice of the public employment 'cake', when there is no cake on the table.

Instead, we all need to unite, across castes and communities, and demand more government jobs. To make an estimate of how many government jobs can possibly be created in India, let us compare the number of government jobs in India with that in the USA and other developed countries, per lakh of population.

Unlike the propaganda being daily fed to us by our politicians and bureaucrats, public sector employment in India is not high; on the contrary, it is very low when compared to the developed countries, all of whom are unabashedly free market economies (see Table 13). An important reason why public sector employment in the developed countries is high is because of their high social sector expenditures.

The USA has one of the lowest levels of public sector employment

(per lakh of population) among the developed countries. Even we take this as the level that India should reach, that is, if India is to have the same number of public sector employees per lakh of population as the USA, then India's public sector employment would have to increase to at least 88.9 million.[153] Presently, there are only 17.6 million public sector employees in India. This means an additional 71.3 million jobs would be created—that too, decent, formal jobs!

Table 13: Public Sector Employment per Lakh of Population[154]

Sweden	15,070
France	8,760
USA	7,220
India	1,430

An important reason why India has such a low level of public sector employment is because of the very low level of social sector spending by the Government of India, because of which our social sector services are in a terrible state. India's social sector expenditures (6.7% of GDP) are not only much below that of the European Union (29.5% of GDP), but are also way below the level of the countries of Latin America and the Caribbean (18.6% of GDP).[155] Most developed countries have a very elaborate social security network for their citizens, including universal health coverage, free school education and free or cheap university education, old age pension, maternity benefits, disability benefits, family allowance such as child care allowance, allowances for those too poor to make a living, and much more. Governments there spend substantial sums for providing these social services to their people, which therefore also requires that they employ a large number of people in the social sectors (such as school teachers and healthcare professionals) to provide these services to their population.

Therefore, instead of fighting amongst ourselves on the basis of caste, religion, region and so on, let us unite and demand that the government should increase its social sector spending from the 7 percent at present to at least 15 percent, and create more public sector jobs. That would create at least a few crore jobs. Creation of such a large number of public sector jobs will lead to the creation of at least as many private sector jobs if not more, as the creation of so many well-paid jobs in the public sector will give a big boost to demand and will therefore lead to a huge increase in private sector production—as Keynes had pointed out several decades ago.

Mainstream economists will call our proposal ludicrous. Even many of our readers will say it is nonsensical. Well, let us give an example to explain the eminent feasibility of our proposal.

Recruiting Teachers for a Genuine Right to Education Act

It is well-known that school education in India is in a terrible state. The Twelfth Plan (2012–17) admits that the drop-out rate at the elementary level continues to be very high, at 42.39 percent. Even for those going to school: more than 50 percent of the primary schools in the country are single, or at best, two teacher schools; and 57 percent of the primary schools function with 3 classrooms or less. Implying that a single teacher is teaching two or three different classes at the same time in a single room in a majority of the primary schools in the country! Given this state of our schools, is it any wonder that a survey found that 52 percent of Class V students were unable to read Class II–level text, and 49 percent could not solve simple two-digit subtraction problems (that they are expected to learn in Class II)!

Education is fundamental to development. How can a country develop without providing for free, compulsory, equitable and good quality school education to all its children? And as is well-known, this is only possible through public funding; private sector will only invest for profits. No wonder that all developed countries made provision for this in their budgets and ensured its implementation in the very initial stages of their development.

Let us calculate the number of additional teachers that would need to be recruited in Maharashtra state for providing good quality school education compulsorily to ALL children.

Elementary Education

- The total number of school teachers in Maharashtra is presently 7.3 lakh (as in September 2015).[156] Of this, roughly 4 lakh are in elementary schools and the rest are in secondary schools and above.
- More than half the primary schools in the country are presently single-teacher schools. Therefore, for good quality education, the total number of elementary school teachers in Maharashtra would need to increase from this figure of 4 lakh to at least 5 lakh, if not more.
- The drop-out rate for elementary education is around 42 percent. This is the drop-out rate for Class VIII; let us assume that drop-out rate gradually increases up to this level from Class I to VIII.

Therefore, assuming that the government takes serious steps to send all children to school and also ensures that they remain in school up to Class VIII, the number of additional elementary teachers that would be needed would be: [(5x100/58 – 5) / 2] = 1.8 lakh. This means the total number of elementary school teachers would need to go up to 6.8 lakh.

- But for good education, it is not enough to have just one teacher per classroom. The number of students must also be less—the number of students per classroom in countries which are known to have good school education for their children is not more than 20. The number of students per classroom in Indian schools is much more than this, probably 40 or 60 or even more. Therefore, if we want good quality education for all our children, the number of teachers would need to be at least doubled. That would call for increasing the number of elementary school teachers to at least 13.6 lakh.

Secondary Education and Above

- Total number of teachers in Maharashtra in these schools (Class IX to XII) = 3.3 lakh.
- The drop out rate for secondary education is 49 percent, and is even higher for higher secondary and above. So, for compulsory education for all children up to Class XII, the number of teachers in secondary and higher secondary schools would need to at least double, that is, go up to at least 6.6 lakh.
- In secondary and higher secondary schools, the number of students per classroom is even higher than elementary schools. For good quality education, this needs to be brought down to not more than 20 students per classroom. For this, the number of teachers in these schools would need to at least double, that is, increase to 13.2 lakh if not more.

Therefore, the total number of school teachers in the state of Maharashtra would need to go up to at least 26.8 lakh, from the 7.3 lakh at present. That would call for the recruitment of at least 19.5 lakh school teachers.

And if so many school teachers are recruited, that would call for a big increase in the number of associate staff, from clerks to laboratory assistants to peons and so on. So many schools would need to be constructed, furniture made, school textbooks printed, and so on. This would lead to a big increase in jobs in all these industries. The recruitment of so many school teachers and associate staff in schools

would lead to a big increase in the demand for consumer goods and so there would be much job creation in these industries too.

Therefore, if the Government of Maharashtra decided to implement the spirit of the Constitutional provisions and provide compulsory and good quality education to all children up to Class XII, this would mean the creation of at least 19.5 lakh teacher jobs and a few lakh clerical jobs in schools, and also lead to the creation of several lakh private sector jobs. So much job creation, in just a single state in the country!

And it is not just education, but all welfare services, that are in a terrible state in our country. Therefore, we are not at all exaggerating when we estimate that if the government indeed decided to provide good quality essential services to all people in the country, it would lead to the creation of several crore jobs.

But Where Will the Money Come From?

Our readers will say—that is all ok, but where will the money come from for all this? Neither the Indian Government, nor the Government of Maharashtra, has enough money to implement this.

That the Indian Government has no money is a myth, propagated by the government and its propagandists. The reality is, the Indian Government has been doling out subsidies to the rich to the tune of several lakh crore rupees every year. To give one stunning example:

- Successive governments at the Centre have been giving tax concessions to the country's corporate houses and super-rich every year, for the last several years, ever since the economic reforms began. Over the 12–year period 2005–06 to 2016–17, these tax write-offs total a mind-boggling Rs 53.1 lakh crore![157] This amount is two and a half times the Union Budget outlay for 2017–18.

Apart from this, other concessions being given to the rich include loan write-offs, handing over control of the country's mineral wealth and resources to private corporations in return for negligible royalty payments, transferring ownership of our profitable public sector corporations to foreign and Indian private business houses at throwaway prices, direct subsidies to private corporations in the name of 'public–private–partnership' for infrastructural projects, and so on. These transfers of public wealth to private coffers would also total several lakh crore rupees.[158]

So, if the government indeed wanted to increase its spending on the social sectors, it can easily do so by reducing the enormous subsidies being given to the rich.

Apart from this, another way in which the government can raise money for increasing welfare expenditures is by indulging in deficit financing! The theory, that high levels of fiscal deficit relative to GDP will adversely impact growth, is humbug. John Maynard Keynes, one of the greatest economists of the 20th century, had debunked it long ago. He had argued that in an economy where there is poverty and unemployment, the government can, and in fact should, expand public works and generate employment by borrowing, that is, enlarging the fiscal deficit; such government expenditure would also stimulate private expenditure through the 'multiplier' effect. All developed countries, when faced with recessionary conditions, have implemented Keynesian economic principles and resorted to high levels of public spending and high fiscal deficits.[159] The reason why Arun Jaitley and his predecessors in the finance ministry have been harping on the need to reduce India's fiscal deficit is because it is a condition imposed on the Government of India as a part of the World Bank-dictated SAP, whose sole aim is to run the economy for the benefit of giant foreign and Indian corporations.

All these measures would make available sufficient money with the government to make huge increases in its expenditure on agriculture and the social sectors. That would lead to a big increase in agricultural jobs, as well as create several crore government jobs.

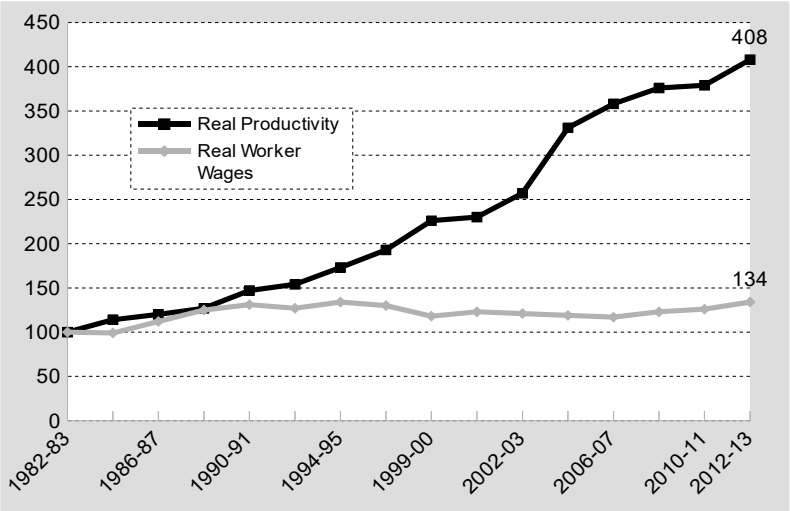
iii) Create More Jobs in the Private Sector

We have given statistics to show that job creation in the Indian factory sector has slowed down considerably. Total number of jobs created in all of India's registered factories over the 16-year period 1993–94 to 2009–10 was only 3.01 million. With the result that only 2.5 percent of the total workforce in the country in 2009–10 was employed in factories, and this includes both small and large factories! The Niti Aayog, the government's policy think-tank, recently admitted in a report that the few jobs being created in India's manufacturing sector are mostly being created in small-scale industries. Consequently, small firms employing less than 20 workers contributed 12 percent of the manufacturing output in the country, but employed 72 percent of the country's manufacturing workforce (in 2010–11). Similarly, in the service sector, a 2006–07 NSSO survey of service firms found that the 650 largest enterprises accounted for 38 percent of the output of this sector, but employed only 2 percent of service workers.[160]

As it is, large firms employ less workers due to high mechanisation levels. Now, taking advantage of the recent steps taken by the Government of India to introduce hire-and-fire policies in industry, they

are retrenching permanent workers and replacing them by contract workers. While these contract workers are often forced to work longer hours than permanent workers, they are paid much less and they also have no social security. Therefore, the increase in productivity has not benefited workers. Data from the *Annual Survey of Industries* shows that while real productivity of workers in the three decades to 2013 has increased at an annual average of 7 percent, real wages of workers have been virtually stagnant, increasing at an average annual rate of 1 percent only between 1983 and 2013 (Chart 2).

Chart 2: Productivity and Wages in Indian Industry, 1982–83 to 2012–13[161] *(1982–83 = 100)*

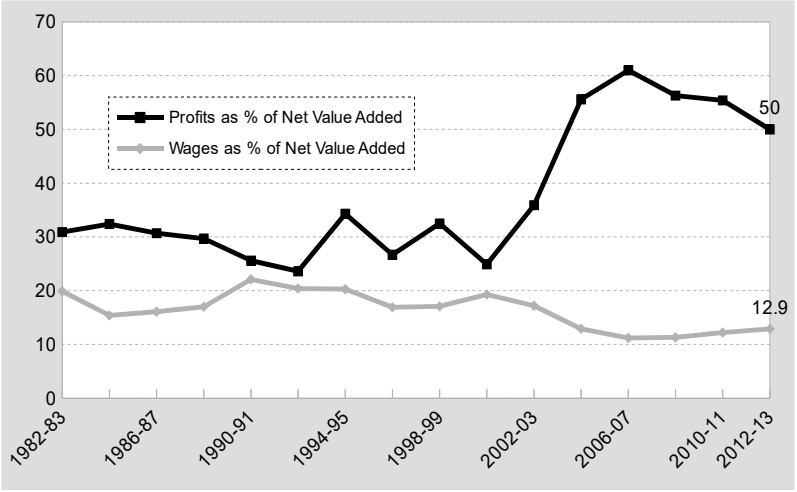


This has resulted in a huge rise in profits for the capitalist owners of these firms; they have almost exclusively cornered the gains resulting from the rise in productivity. This can be clearly seen from Chart 3 which shows that:

- Wages as percentage of net value added in industries have actually fallen from 30.9 percent in 1982–83 and 25.6 percent in 1990–91 to 12.9 percent in 2012–13;
- On the other hand, profits as percentage of net value added have risen sharply during the post-reform period: from 19.9 percent in 1982–83 and 22.1 percent in 1990–91 to 50.0 percent in 2012–13.

These are average figures for all industries. Obviously, the large-scale industries must be earning even higher profits and paying out lower wages than these averages.

Chart 3: Profits and Wages as % of Net Value Added in Indian Industry, 1982–83 to 2012–13[162]



Such being the huge profits being made by large-scale industries, let us come together and demand that large factories increase the number of workers employed by them by reducing working hours by half, that is, to 4 hours per day (without reducing wages). That would result in a doubling of the number of workers employed in large-scale factories. Once again, orthodox economists would call our proposal ridiculous, claiming it would lead to large-scale industries suffering huge losses, forcing them to shut down. But as we can see from Chart 3 above, in 2012–13, while wages as percentage of net value added were only 12.9 percent, profits as percentage of net value added were 50 percent. Therefore, if wage costs for large-scale industry doubled, they would not be driven into loss, they would still be making considerable profits—their profits would still be 37 percent of net value added. Furthermore, since employment would increase, it will lead to an increase in demand, and so large industries which today are working at much below full capacity (capacity utilisation in Indian industry is at around 72 percent today[163]) will be able to increase production and improve capacity utilisation, leading to further rise in profits.

There are 16 million employed in the organised manufacturing sector. Of this, around 30 percent or 5 million are employed in large-scale industry, according to Niti Aayog.[164] Doubling employment in large-scale industry would therefore lead to the creation of around 5 million jobs, and more via the multiplier effect.

8. LET US JOIN HANDS TO CHANGE THE SYSTEM

These are only medium term solutions to the unemployment crisis. The root cause of the unemployment crisis is the capitalist system itself. It is this production system that is responsible for the unemployment crisis gripping India. It is a system that is oriented only towards maximising profits for the owners of capital and not for providing meaningful jobs to the people. Depending upon the demand in the market, the capitalists produce only that many goods as can be sold for profit, and accordingly, employ the minimum number of people required for producing these goods, paying them the lowest possible wages. When demand falls, they kick out the workers not required. A large mass of workers are deliberately kept unemployed; this 'reserve army of labour' is used to lower the wages of the employed workers.

In this system oriented only towards maximising profits, the workers are mere pawns. When needed, they are employed by the capitalists; when not required, they are thrown out.

In the long term, we will need to change this capitalist production system itself, and bring in its place a new system, whose basic orientation would be the happiness and well-being of the common people, a system whose every member would have the birthright to a meaningful job, a steady income, good quality education and healthcare, a decent home and security in old age.

It is possible to build such a system! Building another world is possible! This is actually happening in some countries of Latin America, such as Venezuela, Bolivia and Nicaragua. In these countries, powerful people's movements have won power through democratic means and are implementing an alternate economic model, oriented towards providing jobs to everyone and improving the living standards of the poorest of the poor. It is of course a tough struggle, as the local capitalist classes backed by the ruling classes of the developed countries are trying their level best to overthrow these revolutionary governments through economic sabotages, assassination plots and multimillion-dollar funding to extremist right-wing opposition groups. Nevertheless, these governments have made significant strides in implementing alternate policies. Thus for instance, in Venezuela, the revolutionary Bolivarian Government is using its revenues to massively increase social sector expenditures and provide adequate means of livelihoods to the people instead of transferring them to the coffers of the rich:

- The Venezuelan Constitution guarantees free education to all citizens up to university undergraduate level. The government has

put in strenuous efforts to ensure that this guarantee does not remain only on paper; additionally, it has also launched programmes to educate all its adult citizens who have not completed basic schooling and is even providing them the opportunity to purse higher education if they so wish.

- The government has undertaken several initiatives to provide free / affordable healthcare to all the Venezuelan people. Hundreds of community medical surgical centres, medical diagnostic centres, rehabilitation rooms and high technology centres have been set up across the country, including in the remotest areas. To meet the shortage of doctors, it has launched free medical education programmes to train thousands of young people imbued with a spirit of social concern as doctors.
- It has set up a chain of shops throughout the country that provide essential commodities to the poor at prices 60–80 percent below market rates.
- It has launched a 'mission' to provide good quality houses to all Venezuelans at subsidised rates; the poor are provided these houses free. To improve the standard of living of the people, they are also being provided essential household appliances and furniture at very cheap rates.
- To provide security to senior citizens, the government has rolled out a programme to provide a pension equal to the national minimum wage to all senior citizens in the country. The minimum wage has been raised significantly to provide a decent standard of living.
- The government has taken numerous initiatives to provide people with decent livelihoods both in the rural as well as the urban areas. Across the country, people have taken the initiative to form collectives, with the full backing of the government. These collectives, known as communal councils, are organs of self-governance, one of whose important aims is to promote grassroot democracy, that is, involve the ordinary people in the running of the country. One of the tasks of these communes is to take up projects in production and distribution, partially funded by the government, oriented towards providing livelihoods to the people as well as improving their quality of life. Thousands of such communal councils have been formed in Venezuela.

If people in Venezuela and Bolivia are striving to build a new system, so can we in India! In fact, this was precisely the dream of our nation's founding fathers, when they fought to free our country from British colonial rule. Their dreams are encapsulated in our Constitution's Directive Principles, which call upon the State to strive to build an egalitarian society, make provision for providing good quality education, health care and nutrition to all citizens, and strive to provide all citizens meaningful work and a living wage that ensures them a decent standard of life and full enjoyment of leisure.

Dear friends,

We must stop being sceptics, dream of a better future, believe that it is possible to change the world. Yes, *Another World is Possible*! But to make it a reality, we must start our own small struggles. We also need to participate in the local struggles being waged by people all across India on their specific demands, be it struggles of farmers for waiver of farm loans, or struggles of youth demanding jobs, or struggles of students demanding reduction in college fees, or struggles of factory workers demanding increased wages, or struggles of unorganised workers demanding better working conditions, or struggles of teachers demanding that they be made permanent, or struggles of women against violence, or struggles of Dalits against caste atrocities, or struggles for protecting Constitutionally guaranteed rights of dissent, freedom of religion, etc. While participating in these struggles, we will need to gradually increase the consciousness of people that the root cause of all these injustices against which they are fighting is the system of capitalist globalisation, and that they need to advance the aims of their struggles to fight and change this exploitative system itself.

Gradually, as the consciousness of people advances and they come to understand the real reason for their problems, these different struggles will unite into a powerful nationwide movement whose aim will be to democratically come to power and change the present economic system and replace it by a new system that organises economic activity not for the maximisation of profits of capitalists, but to meet the needs of people to lead decent, fulfilling, secure, and to the extent possible, creative lives.

About Us: Lokayat

It is in keeping with this perspective that a few years ago, we started this forum, *Lokayat*. Since its inception, Lokayat has been organising seminars, talks, film screenings, song concerts, street campaigns, street plays, poster exhibitions, solidarity hunger fasts and rallies–dharnas to

make people aware of the real reasons behind the deepening economic crisis gripping the country—the neoliberal economic policies being pursued by the government at the behest of the WB–IMF, and motivate them to unite and raise their voices in protest. The issues that we have been raising in our various campaigns include: the deepening agricultural crisis; the worsening unemployment crisis; dilution of labour laws; reduction in government expenditures on welfare services like education, healthcare and even drinking water and their gradual privatisation; the disastrous effects of permitting 'FDI in Retail' on small traders, farmers and consumers; the gradual steps being taken to privatise public sector insurance companies and banks; displacement and destruction of livelihoods of common people in the name of development; the dangers of Genetically Modified Foods and the surreptitious attempts being made by the government to introduce them in the country; the horrifying consequences of nuclear power plants on human health and environment, made so evident by the Chernobyl and Fukushima nuclear accidents; the deepening crisis of global warming which is now threatening the very existence of human civilisation; the passage of draconian laws to give police virtually untrammelled powers to repress democratic protests; etc.

From the beginning, Lokayat has worked together with other progressive forces in several united fronts. However, of late, apart from the crisis created by globalisation, Indian society is facing another serious crisis, that of fascism, the twin brother of globalisation. The rapid growth of fascist forces in the country is threatening the very conception of India as a secular, democratic and socialist republic as visualised by our country's founders and enshrined in the Constitution of India. To fight the twin dangers of capitalist globalisation and fascism, it is important that all progressive forces who share the values of the Indian Constitution join hands. Hence, in 2014, Lokayat decided to affiliate with the Socialist Party (India). Unlike the mainstream political parties, the Socialist Party (India) has consistently opposed globalisation and communalisation and has not made any unprincipled compromises to somehow form coalitions and win political power. Lokayat is also actively associated with 'We the Socialist Institutions', a platform formed by several socialist organisations from all over the country to fight the fascist threat facing the country. As a part of the activities of this platform, Lokayat played a key role in organising an all-India conference of socialist youth organisations on January 21–22, 2017 in Pune, and since then, is making serious efforts to unite progressive and socialist youth groups across the country and bring them together on a single platform.

In a new initiative to fight the twin dangers of fascism and globalisation, Lokayat has joined hands with several other progressive groups of Pune to form a *Samvidhaan Jagar Abhiyaan Samiti* (Committee to raise consciousness about the Constitution). Under this banner, we are organising a series of programs across Pune, including workshops, rallies and awareness campaigns. The aim of this campaign is to debunk the false nationalism being propagated by the BJP–RSS. They have reduced nationalism to shouting slogans like *Bharat Mata ki Jai*, putting up large size national flags in Universities and playing the national anthem in cinema halls before the start of every movie. We are campaigning among people that true nationalism, love for the nation, means not just respecting the national anthem and the national flag, it also means loving the people of the country and upholding the spirit of the Indian Constitution. In this context, we have decided to focus on two issues:

i) Making people aware of their Constitutional duties outlined in Article 51A of the Constitution, that call upon the citizens
   a) to cherish the noble ideals that inspired our freedom struggle, including the values of freedom, equality, democracy and secularism; and
   b) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities.

   Upholding these ideals and values is what true nationalism really is.

ii) Making people aware that the Constitution also contains directives to all future governments regarding the policies that they need to pursue. These are included in Part IV of the Constitution, also called the Directive Principles. Dr Ambedkar had emphatically declared on the floor of the Constituent Assembly that these principles are named thus because they 'should be made the basis of all executive and legislative action that may be taken hereafter in the matter of the governance of the country.' The Directive Principles direct the State to strive to:

   - build an egalitarian society; ensure that there is no concentration of wealth; ensure that all citizens have the right to an adequate means of livelihood that ensures them a decent standard of living; ensure availability of adequate healthcare and nutrition to all citizens without discrimination; and, provide equitable and good quality education for all children.

Dear friends, if you would like to know more about us, or participate in our activities, you may contact us at any of the addresses given on the last page of this booklet (page 88).

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164 See Endnote 161.

If we don't fight
If we don't continue the fight
Then the enemy bayonets
Will finish us off
And later,
Pointing towards our bones,
They'll say:
These are bones of slaves
Of slaves.

LOKAYAT

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