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# Urban labour markets in the 21st century: Dualism, regulation and the role(s) of the State

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## Abstract

This paper is concerned with two questions: When and how does society at large (through State, intermediary organisations, labour unions, etc.) institute a set of supports to minimise schisms in the labour market?; How exactly do these schisms evolve in response to changing technical standards in industrial production and services many of which are increasingly globally regulated? This paper attempts to sketch some phenomenological features of urban employment in India to address these questions. First, it discusses dualism of the labour market to understand how the division of labour institutionalises certain rules for economy-wide use. Second, it contends that the State is torn between multiple goals and cannot be treated monolithically. Third, it explores how dualism within the labour market is affected by changing global technical standards and the newer forms of industrial relations that emerge. The argument is that for institutions to embrace both efficiency and equity a shared understanding of goals and procedural language is required between actors and a close attention to the everyday work process of organisations and individuals. Technical regulations and standards permeate industry in diverse ways and exacerbate existing tensions between varied State priorities and make more unclear the costs and context for distributing uncertainty and ensuring cooperation around issues such as training and insurance. The paper lists some salient features of the construction sector in Bangalore, India. Finally, it briefly discusses the relevance of this approach of dualism and institutionalisation in the face of technical standards for the Millennium Development Goals and Decent Work agendas.

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## Introduction: markets and states revisited

The trade-off between efficiency and equity aspects of labour markets is an old concern. This paper focuses on two questions: (1) When and how does society at large for example, or other intermediary institute a set of social protections and labour supports to minimise schisms in the labour market?; (2) How exactly do these schisms respond to changing technical standards many of which are increasingly globally managed and

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mandated? In other words, the exploration in this paper is of the ways in which urban labour market institutions emerge and evolve in the face of regulatory and technological changes and the ways in which these shape the corresponding scope of the State's role(s). It also reflects various challenges to the practice of economic development planning since the organisation of work can take on *ex ante* diverse forms. Furthermore, the world's construction sector is overwhelmingly nationally bound and highly localised, and so provides a compelling case to study nascent globalisation processes. The focus here is the increasing importance of standards in tipping a set of tenuous labour balances and an exploration of how social regulation emerges to contend with the global features of the economy.

In several respects the economy today is dramatically different from that of 50 years ago. However, a continuing challenge and an age-old problem—possibly an irresolvable issue—is that within the “development” endeavour, warring means and goals are evident in most spheres of economic activity. In industrialising contexts, where the State continues to have an important role to play, it finds itself especially torn between multiple known agendas: for example, of ensuring social security programs, health insurance and worker safety at the same time that it is preoccupied with increasing employment, supporting ‘flexibility’ and maintaining a strong international competitive presence in several sectors. If these were the only dilemmas needing resolution, life would be complicated enough. As this paper will argue, we need to abandon a static picture of the State choosing rationally between several alternatives and prioritising policy goals and instead look to a more dynamic (and admittedly complex) picture of the economy that makes economic planning much more challenging. One of the most dynamic of changes within this mix and comprising both national and international elements, is the phenomenon of global technical standards. These technical standards, I will argue, not only exacerbate existing tensions between varied State priorities, they also make much more unclear the costs and context for ensuring cooperation and increasing equity in labour markets. Their import is thus at least two-fold: they affect the microeconomic characteristics of the labour market through changing industrial organisation and divisions of labour; they also affect the more macroeconomic environment within which the State has several roles to play. Still, they also provide certain strategic opportunities for improving employment and working conditions. Even when technical standards may not themselves explicitly entail labour standards, but instead focus on materials or techniques, sufficient shifts in economic organisation may cause firms, non-profit organisations, membership-based organisations or the State to revisit issues of labour equity.

Fundamentally tied as it is to urban infrastructure and residential building activity, the construction sector exerts a powerful influence on the physical form, scale of investments and nature of work in the city. It has specific regional characteristics and, increasingly, has both domestic and global technical regulations to contend with. The challenge is to specify how acceptable working and living conditions might be possible at a time when new regulatory practices are in play. This paper is then concerned with these broad strokes of institutionalisation in the emergence of new ways of dealing with efficiency and equity concerns.

The discussion proceeds as follows: First, the paper focuses on economic dualism and its implications for how institutions emerge and evolve into formal rules for economy-wide use. The argument is that dualism requires an institutional understanding of risk distribution and social capital within the urban labour market as a *process*, not simply a functionalist outcome. Second, technical regulations and standards permeate industry in diverse ways and are aggravating tensions between several State roles while making less clear the costs and context for distributing uncertainty and ensuring cooperation in issues such as training and insurance. The case of Bangalore, India's, construction sector is explored through a sketch of its main characteristics. The focus here is the increasing importance of standards in tipping a set of tenuous labour balances. Finally, the paper returns briefly to the relevance of this approach in discussing the ILO's Decent Work agenda and the United Nations' Millennium Development Goals.

### **Dualism and a changing division of labour**

At the start of the 21st century almost half the world, over 3 billion people, lives in towns and city-regions. The problem of urban labour markets could be misinterpreted as a primarily structural challenge; once sufficient jobs are created, a little pull and push, and aggregate demand might conceivably manage to re-orient the urban dilemma. The reality is far different. Two influential real-world changes are sweeping our planet.

The first process has to do with urbanisation including extreme spatial and institutional changes to employment and welfare. The second process is the harmonisation of systems of production and services through global technical standards. The market for urban workers can be conceptualised as being at the core of this contested terrain, spatialised within city-regions, and institutionalised nationally and internationally in the ways in which production is carried out. The ways in which people learn about work, search for it, accept certain types of work and working conditions, are intimately tied to whether governance mechanisms can be crafted within a State, private or hybrid rubric to address crucial issues such as social insurance, skills, minimum wages, bargaining rights and infrastructure such as housing and transportation. The labour market is thus today a site of increased local, national and global uncertainties, exacerbated by several city-regions asserting new roles in economic and labour governance.

Most economic planning in industrialising countries continues to be conducted in a rationalist manner with strong assumptions about institutional and behavioural characteristics of both the urban labour market and its actors. However, dominant theoretical and empirical approaches to welfare regimes and social policies in developing countries have presumed away several micro-institutional features of both the labour market itself and the historical basis on which social programs have been established. There is evidence that even with countries with very similar structural features, noticeably different paths to social programs and welfare regimes emerge. At local levels, several innovative methods of risk-sharing and insurance have emerged worldwide (e.g. Lund & Srinivas, 2000). While a global social policy approach is attractive in its macro and international scales of reference (e.g. Wood & Gough, 2006), this paper asserts that urban labour markets are best comprehended as an intersecting set of several institutional processes that lead to specific forms of segmentation.

Indeed, we know instinctively and empirically that the labour market is an institution of deep cleavages. One version of this cleavage, visualises a primary and secondary labour market that endogenously combines several institutional divergences between one set of workers and another (Doeringer and Piore, 1971, 1975). While in the industrialised economies, various theses have been forwarded regarding how a segmented labour market arises and is tolerated within society, the approach has been that the inherent uncertainty associated with the economy drives a set of at least two distinct (dualistic) patterns in the labour market with one assured, more certain opportunities and benefits to one group, and fewer to another (Piore, 1980). Admittedly, internal labour markets have been contentious—mostly on the basis of what constitutes voluntary versus choiceless behaviour under regulation—with varied geographic and sectoral causes and diverse characteristics of the “informal sector”. This intra-firm and sectoral dualism is distinct from broader national level dualism whose repercussions are felt throughout the economy, and institutions form to maintain the distinctions between more and less protected labour (Piore, 1980). According to this approach, part of the workforce becomes increasingly insulated against uncertainties in demand, and planning procedures and State policies gradually internalise their needs. Furthermore, several features of unemployment can also be attributed to social and institutionalised characteristics of the labour market that result in dualism, rather than (as in neoclassical theory), to individual behaviour in both job search and human capital approaches (see Doeringer & Piore, 1971, 1975). Whether or not more flexible jobs at micro-level and labour deregulation at macro-level can sustain better prospects for firms and labour, is an issue of considerable debate galvanised in large part by varied US and European experiences characterised as “flexible specialization” which provided an alternative to mass production and its necessary production and consumption markets (Piore & Sabel, 1984).

Nevertheless, for many so-called developing countries, the market metaphor tends to hide several characteristics of labour market development and the role of the State such that it remains under-investigated and under-theorised. We know little about the actual divisions of labour in specific sectors, whether efficiency and equity can be instituted alongside, how these respond to global pressures, and little about how “enabling” and “protecting” approaches such as social security programs, health insurance, training, etc., actually emerge in practice. In many respects, efficiency concerns have gone increasingly global with global sub-contracting arrangements, heightened rhetoric of competition and firms pushing for greater deregulation of labour markets, while equity concerns appear more constrained by a variety of national and local policy instruments and stringent territorial holds on the mobility of labour.

*Dualism and the divided city*

It should be increasingly evident that my interest in such issues is not confined to labour market processes alone as placeless institutions, they include the context and politics of the city in which the labour market is embedded. Cities and regions around the world have coalesced on several features of labour market behaviour and opportunities in diverse ways. Also of interest are the ways in which risk-sharing through insurance programs reflects several characteristics of economic and social behaviour that scholars often presume to be synonymous with “community”, an analytical feature of considerable interest in urban contexts. Divisions of labour and forms of dualism are thus closely tied to divisions within the city itself. Rather than workers as atoms within “the labour market” as a disembodied entity, we know that the urban labour market is determined in several ways by urban politics, various urban inter-sectoral sub-economies, and by aspirations of social mobility, among other concerns. We also know that rather than the factory as primary metaphor for labour organising, there is increasing evidence worldwide that the neighbourhood continues to be an important site of organising and identity formation and itself a sub-component of a broader, more vital industrial ecology. The emphasis in this paper on localised institutional processes of the labour market is far from lacking precedent. On the contrary, several important strains of political economy, most notably perhaps [Polanyi's \(1944\)](#) work on the spatial features of labour markets buttress this approach. Within such analysis, the existing form of labour markets, and the process of development of the labour market itself, are intimately tied to urbanisation, with land and labour emerging as commodities.

The city in this sense is doubly regulated in both the norms of work and local space, but perpetually shaped and reshaped by regulatory changes outside of its territory. For industrial sectors such as construction, these may be the points of in-flow of migrant workers, the fragmented and re-connected peri-urban and rural communities they come from, the location of the city's areas they live in and their contested use of public spaces for their interim (albeit dilapidated) housing. These changes may also include the contact points for hire and workers' intermittent glimpses and claims on the local city state's administrative apparatus.

Thus, whatever the causes of the dualism, to appreciate the workings of an actual urban labour market, we need an understanding of the relations between firms and other organisations within the city including state agencies, and of the ways in which technological developments affect economic development. In most economic studies, competition paradigms exert considerable influence in thinking about the mechanics of sectors. Fortunately, in several approaches there has been past and resurgence interest in cooperative and co-evolutionary frameworks to discuss inter-personal, inter-firm and institutional innovations that have implications outside the firm-centred industrial universe and beyond an industrial upgrading discourse (e.g. [Lambooy, 2002](#); [Sabel, 1982](#); [Sotarauta & Srinivas, 2006](#)). In the realm of work politics, these approaches open up several paths to discussing a changing division of labour and implications for industrial governance and decentralized decision-making. These alternatives involve new language and institutions to bring forth cooperative behaviour from workers, labour inspectors, city officials, union representatives and owners of firms among others. The institutional features of urban labour thus entail a menu of deliberative acts and a crafting of associational spaces to learn and exchange ideas (e.g. [Sabel, 1982](#)). These new organisations, associational relationships and seeking of legitimacy are a notable move away from rationalist exercises in economic planning. Indeed, the complexities of planning in this regard can be partly described through an understanding of the difference between policy intention and self-organising development that may show how reciprocal and adaptive behaviours by various actors emerge to craft resilient economies ([Sotarauta & Srinivas, 2006](#)). When we add to the mix immense social variation and value structures, the syntax of conversations and the modes by which conversations are initiated and learning and trust are sustained become critical. This is as important for institutionalisation of procedural rules within specific labour markets as for the language of identity and framing of context within which social policy costs are determined and enacted.

What this indicates is that instead of abandoning the discourse of the nation, we may need to pay ever closer attention to the ways in which localised economic governance of multiple economic and technological dualities is played out. Or, in the language of [Chatterjee \(1998, p. 57\)](#), “...the journey that might take us beyond the nation must first pass through the currently distributed zones within the nation-state, and that in fact a more satisfactory resolution of the problems within could give us some of the theoretical instruments we are looking

for to tackle the problems beyond.” This is particularly the case when we conceptualise governance of production and the State’s myriad roles and manifestations.

I turn now to broadly sketching several transitional features of the construction sector in India and new questions and approaches to how labour institutions function. The section begins with a discussion of global technical standards, a newer form of regulatory institution that has affected industrial manufactures and services.

### Global technical standards—regulatory harmonisation and unharmonised labour?<sup>1</sup>

Standards take on several forms—they can be public or private technical standards, *de jure* and *de facto* standards and the majority embody goals such as enhancing network efficiencies in certain sectors, health, safety and environmental standards. Some comprise representative international organisations such as the ISO which oversee both the process of standards-setting as well as the process of voluntary compliance. Estimates of standards in several sectoral and subject domains range from 100,000 to greater than 800,000 worldwide, with several hundreds more added every year (Hallstrom, 2004). Today’s “voluntary” standard has shown to gradually become institutionalised into part of a list of tomorrow’s required technical regulations.

Technical standards are thus a type of regulatory institution—with both voluntary and mandatory features. Embedded within broader production systems, they imbue greater uniformity of work, materials and management, and are examples of a particular form of economic institutionalisation (see Srinivas, 2005). Technical standards have become increasingly inseparable from the ways in which we produce goods and services. In practice, they appear to intensify policy and business pressures to adapt local production of goods and services to international norms, even when their local labour impact may be less clear. Unfortunately, the technical standards debate and that on global governance has thus far been primarily (and I believe overly narrowly) embedded in discussions of trade and the role of the World Trade Organisation (WTO). Indeed, the global value chains literature, focused on export manufacturing has to a large degree accentuated this trend with relatively less attention to the labour implications of standardisation. Indeed, as the construction sector demonstrates, the “upstream” trade-related end is certainly important, but the “downstream” domestic segment is the portion that showcases the particular processes exacerbated by global technical standards (Srinivas, 2005). This is especially germane when almost 90% of the construction sector worldwide is nationally based and highly localised. Thus globalisation is not a given fact, but an interesting process of both spatial product market expansion and the harmonisation of standards that can be studied in its several dimensions.

One approach used here is specifying the differences between “needs-necessitated” and “harmonisation-necessitated” standards as an analytical device as discussed in Srinivas (2005). Needs-necessitated standards can be taken as having two dimensions. In the first, “...technical standards evolve naturally in response to the needs of production and/or markets (e.g. cleaner production may in fact be cost-reducing the long-term, so manufacturers evolve into the higher technical standard, or the customer prefers coffee with less chicory so the manufacturer streamlines the process to a higher quality standard which comes to mean less chicory overall); the other where needs-necessitated refers to an implicit local “basic needs” basket and certain products and processes are standardized because of some social valuation of their public utility (e.g. commonly used edible oils are standardized for food quality and safety, pharmaceutical products come under strict scrutiny etc.). Note that in the case of voluntary standards, both public and private bodies have an important role to play in standards development and compliance.”

“On the other hand, harmonization-necessitated standards are used here to refer to technical standards required of manufacturers in order to participate in international trade of certain products and processes. As should be evident from the examples below, needs-necessitated and harmonization-necessitated standards are not necessarily incompatible. After all, harmonization-necessitated standards may also ensure that pharmaceutical producers come under the same scrutiny, thus benefiting both domestic and international customers. However, there can be instances where the two types of standards are less compatible: for example,

<sup>1</sup>This section draws heavily on an approach developed in Srinivas (2005).

when the technical standard in the domestic economy is considerably less rigorous or substantially different from that required in certain trading channels and harmonization requires considerable disruption to the domestic economy. This in turn may arise when the social valuations of public utility are considerably different in the domestic economy from elsewhere (which may arise for a variety of different reasons, some explored in *Convention* theory)." (Srinivas, 2005, p. 8).

A divergence or convergence between needs-necessitated and harmonisation-necessitated standards might occur for several reasons:

"1. Some domestic and national institutions for technical standards may co-evolve more than others with given international standards.

2. There is a significant heterogeneity of production systems within developing countries, and these link in different modes and intensities with both domestic and international standards institutions.

3. There is an influence of enterprises (particularly private ones) on domestic standards institutions.

4. Thus far, a very small number of enterprises from developing countries influence the technical standards creation in the international arena" (Srinivas, 2005, p. 10).

In other words, tensions become evident between what is local (whether 'good' or not) and international (whether 'good' or not). More comprehensively, as tools of regulating the productive world, technical standards as forms of voluntary or even mandatory institutions, embody a wave of seeming regulatory capitalism a way of managing capitalism through a specific division of public and private involvement as some have argued (Levi-Faur, 2005). We have an era where the State is involved primarily in "steering" while business firms are "rowing" i.e. there is a policy and practical separation of tasks in economic planning (Braithwhite & Drahos, 2000). This is in contrast to earlier periods where the State both "steered" and "rowed" (the "Golden Age" of Welfare capitalism), or where business did both. In these different regulatory phases of economic life, the State has different roles to play. Admittedly, the regulatory capitalism approach derives primarily from the history of today's industrialised nation's. There are potentially several possible alternate responses from the State and other actors in both steering and rowing. These depend quite strongly on the specific division of labour and several institutional factors that may shift the cost calculus for such steering or rowing. As I will discuss closer to the end of the paper, histories in industrialising contexts such as that of India raise several alternative schema to Western readings of "Fordist" welfare regimes.

Therefore, in thinking about regulating the regulations as it were, the question is not whether in absolute terms technical standards are "good" or "bad" (most have admirable goals), but exactly how they assist or hinder much more localised concerns of development, institutions and conditions of work (Srinivas, 2005). Fundamentally, technical standards imposed on firms induce costs. These may be costs of technical compliance, but more importantly include various uncertainties for firms associated with a new business learning environment and a changing division of labour. This "learning-by-proving" (Srinivas, 2006) induces new costs and opportunities for firms but also requires them to speak in new regulatory terms to a series of partners such as government regulatory and safety agencies, labour organisations involved in retraining workers, international watchdog agencies or certification groups, consumer alliances and so forth. This involves a 'learning-by-monitoring' (Sabel, 1994). By introducing ambiguity and cooperation into a regional framework, we step away slightly from the usual firm-based "regulations as costs" approaches. Technical standards manifest in both domestic regulatory institutions and production systems and the two are linked (Srinivas, 2005). One can anticipate certain challenges to development that emerge from several intermediate divisions of labour and market constructions that are difficult to determine ex-ante (e.g. Sabel, 1982) and which are structured by both formal and informal institutions, where the latter often exert more influence than the former (e.g. Assaad, 1993). An alternate framing of this would suggest that technologies are not the prime drivers of the secondary sector's dynamics. The division of labour is, since it emerges as a common feature of all firms in the secondary sector (Piore, 1980; Sabel, 1982). In essence, then, technical regulations and standards permeate industry in diverse ways and are churning more tensions out between multiple State roles (industrial competition, employment creation, health and safety, etc.) and at the same time making more unclear the costs and context for distributing uncertainty and ensuring cooperation among workers and organisations around issues such as training and insurance. As such, these standards not only are forcing several organisational shifts, they are constantly reframing the efficiency—equity cost calculus and the opportunities through which representative organisations claim to do so. While in earlier periods, more

traditional trade union organising might have struggled to retain a hold on the membership within specific types of manufacturing and services, various production pressures have increasingly whittled away at the scope of such representative organisations as has been extensively documented. In addition, as questions of administrative and fiscal decentralisation have re-emerged in the developmental agenda, urban development has increasingly provided several regional actors and organisations with new purpose and legitimacy in representing workers.

In sum, although in principle technological capabilities such as those involved in complying with and developing standards have the potential to allow workers into better paying and skilled jobs, trade alone is unlikely to be a major vehicle for development. Indeed “immiserising growth” is a damning prospect (Kaplinsky, 1998) and globalisation of product and process markets raises several governance questions (Humphrey & Schmitz, 2005). The perhaps unsurprising, but nevertheless unhappy news is that improvements in labour conditions may not necessarily match firm upgrading prospects. Long-term efforts at better understanding local development in both practice and scholarship are certainly required. As we will see next, the local features of the construction sector raise several questions for the assumptions of labour market behaviour, emergence of appropriate social policies, the role(s) of the State and selective processes of globalisation.

### *The construction sector—the work of city-builders*

As mentioned earlier, estimates are that over 90% of construction is still nationally bound, and highly localised, and so provides a compelling case to study nascent globalisation processes. Building activity—infrastructural and residential, public and private—is spurred by rapid economic changes. Low- and middle-income countries produce a smaller 23% of global construction output but a large 74% of the sector’s employment (ILO, 2001). While only a small fraction of the firms are international (mainly large multinational engineering and management firms), they remain immensely important in terms of investment potential. International labour mobility is significantly restricted and thus labour regulations and social protection costs could notably affect the workings of this sector (WTO, 1998). Because its technologies are vastly different between “developing” and “developed” countries and highly dualistic within the former, technical standards in construction also showcase labour and technology dichotomies. High-income countries with relative labour scarcity have depended heavily on pre-fabrication and great use of plant and machinery in the construction process. In industrialising contexts, the labour intensity of the sector is high and government procurement and government contract employment continue to play a major role.

Construction, city-building in literal terms, is one of the fastest growing but most accident-prone employment-intensive sectors worldwide and one that is directly correlated with the explosive urbanisation of many countries. It has historically been a major impetus for employment generation through labour-intensive public works projects.<sup>2</sup> The construction sector draws large urban investments and immense numbers of migrant workers into the city and is closely linked to economic growth.

Unlike firms in industrialising countries that are in sectors such as processed food, apparel or pharmaceuticals and which adapt to trade-related technical standards for *exports*, construction shows different features. Being a sector which is primarily un-traded, the technical standards permeate the sector through the traded segment comprised of large domestic and multinational firms with significant capital outlays. While some construction labour is internationally mobile, the sector depends heavily on intra-national migrant labour. Thus, although construction itself is largely non-traded, its client sectors (such as manufacturing or tourism) may be heavily traded, pushing down costs and construction wages and benefits. Moreover, construction standards and regulations (even domestic ones) can also be exclusionary in terms of final products, making residential housing overly dependent on industrialised materials and unaffordable for

<sup>2</sup>In the words of the World Trade Organisation, “Construction is one of the oldest of all industries, retaining its role as a core economic activity from the early days of human civilization to this day. It not only provides the infrastructure for all other industries, but also constitutes one of the largest single sectors in the economy on its own. With its close link to public works and hence the implementation of fiscal policy, it has always been considered as a strategically important industry for creating employment and sustaining growth. For the developing economies, the construction sector carries particular importance because of its link to the development of basic infrastructure, training of local personnel, transfers of technologies, and improved access to information channels.” (WTO, 1998).



most low-income residents (Mabogunje, Hardy, & Misra, 1978; Schilderman & Lowe, 2002). This is certainly the case for the majority of construction workers in India who live in make-shift housing on-site. As discussed, the divergence or convergence between “needs-necessitated” and “harmonisation-necessitated” standards raises several questions for labour that have yet to be fully explored (Srinivas, 2005). This is especially true because some domestic standards bodies and large engineering and construction firms may, more than other firms, shift the tide of international standards adoption. Heterogeneity of size and type of production units and unique institutional contracts and traditions might mean that local needs of the enterprises vary. These may manifest in ICBO standardisation for construction and accreditation institutions and obstacles for poorer workers. These technical standards while providing some opportunities by lowering information and other costs, can nevertheless exact penalties from workers (especially women) who have little control over either training or the machines themselves. They also underscore the several incoherencies and complexities to describing the State’s several roles as industrial progenitor, health and safety regulator, industrial competitor and international negotiator. The local state has few natural alignments with the nation-state and central economic planning. Therefore several local roles need to be understood in both the regulation of the labour market and the framing of regional industrial policy. Finally, the incoherence of many international policies—especially that of the World Trade Organisation—regarding standards setting and diffusion is likely to continue to complicate the matter (Srinivas, 2005).

Dualism is probably never more evident than by contrast with the more formal end of the sector with larger construction firms which offer opportunities for better conditions and training.<sup>3</sup> Larger companies have tended to embrace standardisation and depend on capital-intensive and homogenised materials, machines, techniques and supplies—some with questionable relevance to the building needs of developing countries. However, this move away from high labour content to pre-fabricated and capital-intensive industry is far from inevitable; evidence indicates that labour-based methods with a judicious use of labour and equipment need not compromise rigorous standards and are often far more sustainable from a variety of standpoints. They can be particularly successful in maintenance and reconstruction projects (e.g. see ILO Employment-Intensive Investment program and IFP/CRISIS programs). What we do see is that under cost and time pressures for large projects, often with multinational firms, the skills requirements and social protection opportunities are higher, but the transition of workers from one type of work into corporatised forms of work is very poorly documented to date. It too, is mediated by contractors or other intermediaries and shaped by numerous informal institutions in areas of training, employer relations and relations between workers (Assaad, 1993). Whether and how corporatisation improves the lot of different types of workers in the informal economy remains an open question even today despite 20 years since the writing of Peattie (1987). The conditions under which certain types of gender-sensitive social protections are offered also remains open.

### *Construction activity in Bangalore, India*

There is a notable gap in what we know about how local state authorities (many with no explicit labour agenda) are to institute conditions of decent work within construction (see also Klink, 2006). This also implies that we face many missed opportunities in thinking about how informal work and construction projects for housing can craft inclusion within urban governance (e.g. Werna, 2001). For many industrialising countries, this may require more scholarly and policy effort in understanding their inherent dilemma in basing their industrial future on select readings of Western industrial history.

As an illustration, we can look to India to understand how standards have built on existing dichotomies within the labour market. In recent years, the 10th Indian Five-Year Plan, recognising the worrying consequences of India’s employment picture, indicated that various policy changes would be put in place for highly labour-intensive sectors (including construction) to address appropriate technologies (Planning Commission, 2002, cited in Papola, 2007). The technological specialisations of India and several countries have arguably emerged from industrial policies with capital-intensive bent, with imported technologies and these remain quite vulnerable to newer global regulatory trends. Today, only a very small fraction of firms in

<sup>3</sup>Mazumdar and Sarkar (2007) argue that Indian dualism is a characteristic of firm size profiles, but also that Indian productivity differentials at the two ends of the size spectrum are far more pronounced than historically has been the case in countries such as Japan.

industrialising countries are able to influence the creation of international standards. Certainly there have been some success stories of expanded market opportunities for those firms that can comply and even improve upon trade-related standards. This is especially important to sectors where public procurement and infrastructure options remain significant.

Nation-level dualism is also visible in labour statistics which show that 93% of all workers (agricultural and industrial) in India are in some form of informal employment with few formal guarantees to social protections, formalised wage bargaining representation through unions, or any unemployment benefits. In the non-agricultural sector, 86% of women and 83% of men are in informal employment (ILO, 2002). Therefore, for India and other countries where industrial employment growth in manufacturing has been levelling off relative to total labour availability, the technological impact on workforce participation, mobility and career advancement becomes vital, particularly for women workers. In general, informality and informal services activity is a highly differentiated set of economic categories among which not everyone is poor. Nevertheless, at the lower income levels, and for informal women workers, informality appears highly correlated with specific risks and vulnerabilities and at different stages of the life-cycle (Lund & Srinivas, 2000) and physical risks of various kinds (UNIFEM, 2005). Insurance and other risk-mitigation institutions thus run closely intertwined with both stabilising income opportunities and control over technologies and its organisation (Lund & Srinivas, 2000; UNIFEM, 2005). An absence of regulation over informal work can thus be as costly as excessive regulation of it (e.g. Chen, Vanek, & Carr, 2004).

The urban labour market challenges for Bangalore's construction should be seen against a backdrop of significant structural shifts in the Indian economy. While manufacturing employment in India had an annual percentage growth rates of 5.10% in 1972–1973 to 1977–1979 periods, it declined to 2.05% in the 1993–94 to 1999–2000 periods. In the same time-period, employment in construction grew from 1.59% to 6.61% (Papola, 2007) and is very conservatively estimated at almost 40 million people now, with women (unlike many other countries) being as high as 30–40% of the total.

The social diversity of the local economy is everywhere evident. Bangalore's construction sector is segmented into a large migrant community of Tamil and Telegu-speaking workers from neighbouring states and a growing migrant population from the North and North-East speaking Hindi, Bengali and Oriya. It is also segmented into castes and jatis. (LabourNet, 2006).

The dualism (indeed multiple segmentation of the sector) is evident in at least four sub-categories of workers visible in the city:

1. those who seek low-skilled full-time work in construction but who belong to the city-region;
2. those driven by economic necessity (especially severe droughts) to seek out full-time construction work in the city and who migrate in from more distant areas;
3. those who do construction work alongside other jobs and whose prime involvement with the sector is either seasonal or transitory;
4. those local or migrant workers who have a specialised set of skills (such as particular types of craftsmanship in stone masonry) who are attractive to the industry and actively sought out by firms. Increasingly, this category is migrant but scarce.

Caste and language continue to play an important role less for construction as a whole, especially in certain sub-segments within the building trades, and also for information exchange and recruitment. As one might surmise, these multiple categories of workers not only have particular socio-spatial and political ties to the city, their labour force participation is varied as well. The different forms of transience that migrant construction workers experience deserve further attention (Jhabvala & Subrahmanya, 2000; Srinivas, 2002). The work contracts and division of labour are instituted through the *maistri*-who acts as labour intermediary and contractor. The *maistri* acts as information source not just for job availability, but also in the absence of other institutional mechanisms as a source of (sometimes exploitative) dependence for information on insurance programs, market trends and training. Caste and familial ties continue to be important in the relationship of worker to *maistri* and to the types of work availability. Various studies document how women are especially circumscribed by norms of construction worker "gangs", often mediated through men in the family and only indirectly linked to the *maistri*.

The diversity of worker types is not reflected in much diversity of working conditions. They are uniformly quite dismal. Unlike home-based work where some modicum of control exists for the worker over job and family priorities, little is reflected in the lives of manual construction workers. For most, worksites offer minimal or no amenities, and living conditions on work-site lack clean water, toilets or sanitary cooking facilities for the family. Many women often work until late in their pregnancies carrying heavy loads on their heads, they often suffer falls from scaffoldings and precarious ladders, and receive little training for alternative jobs that may be less hazardous or promise better wages. Considerable child labour exists correlated with women's work status in the sector, due to low entry barriers and the migratory nature of work. Living on work sites, women face unsafe conditions and their children are exposed to chemical and physical hazards and have little access to health or education. For migrants, temporality has its own challenges in registering workers, instituting benefits and expanding programs (Jhabvala & Subrahmanya, 2000; Srinivas, 2002). The problem is compounded by the fact that both national and state governments are among the largest employers of construction workers. There is some scattered evidence that privatisation of public sector holdings and the increased use of contract labour has made the government implicit in the abuse of day labourers in construction and in violation of the government's own legislation regarding conditions of work and minimum benefits.

The success of Bangalore's computer services has certainly augmented a construction boom and the sector offers relatively higher wages compared to surrounding regions. This, combined with severe drought and lack of employment prospects in surrounding agricultural areas, has caused large surges in inflows of migrant labour in Bangalore. This has occurred at a time when the city is experiencing numerous political cleavages around industrial development and urban governance (Benjamin, 2000). It has over half a million construction workers by all accounts, almost 10% of the population, raising urgent questions for regionally sensitive labour policies, urban governance and services to assist workers. In India, this is a rapidly growing sector and among the least regulated in terms of work contracts and working conditions (Vaid, 1999). Sector supply chains are starkly technologically dualistic: heavy machines, capital-intensive technologies, high technical qualifications and automation at the "upper" end, highly arduous, labour intensive and hazardous work at the "lower" end in trenches or precariously balanced on scaffolding.

The economic slowdown of growth in industrialised countries appears to have forced many of their large engineering firms to look overseas for new construction markets. Trade instruments, GATS especially, have worked towards the opening of this sector, and increased competition has affected not only architectural and design firms, but also engineering and physical construction firms. This competition has spilled over into countries such as India where the sector is surging in employment opportunities but thus far under rather loosely regulated conditions. For smaller international firms, sub-contracting arrangements in Bangalore have proved to be attractive options while India's mid-size to large firms are open to joint ventures as well as overseas expansion.

At the same time, India's need for greater labour-intensive technologies has grown. Yet, underscoring some of the tensions between needs-necessitated and harmonisation-necessitated standards, older building architecture styles and materials are under some pressure to modernise, increasingly so with the advent of new styles of concrete and glass "Silicon Valley" attempts boosting the city's high-tech image, and the presence of both foreign and Indian large engineering and design firms. Although labour-intensive and "green" have been shown to bond together in many instances with traditional styles of building, the skills and work organisation that underlie such techniques are in danger of being lost. Some alternatives exist and have been tried outside Bangalore, but have faced problems of diffusion (e.g. Venkatarama Reddy, 2004). Several state government and central public sector organisations exist to encourage, train for, and supply "appropriate" building technologies. Yet, across the country there has been a gradual replacement of older styles of building, more traditional contractual terms for workers, and lineages of skills transmission particularly for masons. There has also been a noticeable absence of institutional foundations for new systems of training for such building crafts. The relationships between family work, skills transmission and male roles also appear to hinder women's participation in better-paying positions (Anand, 2000). Thus for several reasons, it appears that a more environmentally sustainable and socially embedded set of technologies is becoming scarce. This debate has not been seriously considered since Gandhi's stance for village industries based on labour-intensive technologies and the forays of the "appropriate technology" movement of the 1970s

when technology transfer from industrialised nations was shown to be problematic at best. A focus in Bangalore on technologies of building construction (e.g. at the Indian Institute of Science's Centre for Sustainable Technologies) has mostly adapted to rural conditions. The failure of the Indian technology relevance debate for urban employment has arguably had repercussions on job availability and has further strained industrial relations between unionised and non-union workers in many states. There is also many evidence that unions have acted country-wide as selective pressure valves for non-union workers in entry to new jobs and in limiting training to certain specific types of mechanisation. Nevertheless, it appears that at least in principle, several possible responses to the labour–technology–technical standards triangulation exist. These alternatives are emerging in newer industrial relations where costs and risks are being spoken of in newer language, and changed divisions of labour approximate entry points into the discourse for new (non-traditional) labour organisations.

### “New” industrial relations—establishing the bounds of State and market

In Bangalore (Karnataka state), unlike several other cities and states in India, there has been relatively little recent headway in State-sponsored health insurance and training programs, despite (or because of) an immense construction boom. In fact, in the worst cases of reformist Indian urban policies, the betterment of urban conditions has usually translated into a “clean-city” campaign, often a severe burden on workers that depend on urban space, materials and storage. Urban/municipal authorities in either ‘cleaning’ the city or periodically attempting to paternalistically assist these workers, have often resorted to “shut-down” campaigns of unsafe/unsanitary sites resulting in serious wage losses to workers. Regulation and congestion of public spaces within the city have also limited the contact points that designate the informal labour market meeting ground of contractors and workers. The impact of Bangalore's computer services and the life-sciences although small in employment, is large in construction investments and in real-estate speculation, further worsening the pressures on land and construction, even while increasing actual employment by most accounts. High levels of sub-contracting have led to variable quality and high levels of rework of detailing for workers. Price under-cutting is rampant and labour is “sweated”, often through direct exploitation by the *maistri* and there appear limited ways to ensure minimal labour standards (LabourNet, 2006). Yet, across regions in India, there has been a differential success rate for compliance, an agreement from business and workers alike that sustained training may be necessary and a push for sector-wide social insurance and better wages. This varying regional success has yet to be satisfactorily explained.

Several organisations interact with construction workers in the city today. Some of these organisations are private firms as employers, but many of them are hybrids, labour unions or non-profits (“NGOs”—LabourNet and the Brigade Group from the private sector firm amongst them). As a backdrop to these newer organisations, the Indian industrial relations picture has changed. Traditional unions for whom wage-bargaining was the central focus have given way to an array of organisations, unions amongst them, trying to attract new members, bridge functions to formerly excluded groups, or simply attempting on a case-by-case basis to help workers make ends meet while assisting in their training or job search. The central government has also been involved with instituting a series of health and safety awards for labour standards within the sector, and a multiple-organisation effort has been underway with the National Committee on Construction Labour as a vehicle for addressing new regulatory and social protection concerns across the country. Although Indian social security is technically mandated by Article 32 of the Constitution, a very limited extension to the population exists, in large part due to the Article's cautious fiscal wording.<sup>4</sup> A district-based strategy by various central organisations to increase coverage shows some promising possibilities. The Employees' Provident Fund Organisation has launched an Unorganised Sector Workers' Social Security program. Ironically, despite the pressing needs, current budgets remain unutilised. The Tenth Plan's allocations for new initiatives in social security have remained unused, and a crisis of implementation, governance and planning structures seems evident (HomeNet and ISST, 2006). The deregulation of the insurance sector has also substantially increased private sector programs for life insurance for example,

<sup>4</sup>“The State shall, within the limit of its economic capacity and development, make effective provision for securing the right to work, to education, and public assistance in case of unemployment, old age, sickness, disablement and other cases of undeserved want.”

but runs the risk of derailing initiatives for more broad-based social insurance and affordable health insurance.

On the other hand, Kerala's Welfare Funds in several sectors have refashioned over the last few decades the relationship between State–Employer–Employee into one where worker and State are more directly linked for welfare benefits. These have since been duplicated in several states and across sectors. The last decade has also seen a mushrooming of diverse insurance and training programs across the country emerging from trade unions like the Self-Employed Women's Organisation (SEWA) and cooperatives such as Working Women's Forum (WWF). There have also been health programs for surgery such as that of Narayana Hrudayalaya, the State's own Employment Guarantee Schemes, and programs for designated urban and rural workers. These programs, many of which were initiated and monitored by non-State actors, have nevertheless continued to be dependent on State participation and guarantees of various kinds. Moreover, the distinction between more traditional divisions and costs of social insurance and training may be metamorphosing under a rapidly shifting industrial base. Organisations such as LabourNet, SEWA and WWF appear to be re-constituting in novel ways the relationship between social protection and skills, both in showing that different line agencies and organisations do not necessarily need to separate these tasks, and that wage bargaining need not be the primary mechanism by which worker goals are set and costs are shared.

There are additional important recent signs of change. The prospect of building national institutions to reduce risk and increase social well-being is improving. In 2005, the National Commission for Enterprises in the Unorganised Sector, albeit with a limited term and mandate, put forward the proposed contents of a future Bill on the Unorganised Sector Workers Social Security Bill 2005 as well as the Unorganised Sector Workers (Conditions of Work and Likelihood Promotion) Bill, 2005. Simultaneously however, the pressure on local municipal bodies is increasing dramatically. Large international organisations, including the World Bank are lending substantially to urban governments and indirectly increasing several tensions between State functions, many of these infrastructure projects ironically employing several thousand construction workers. Privatisation of services and decentralisation of fiscal and implementation mandates have also contributed to Indian middle-class urban residents expecting more of their municipal governments. Significant health problems such as dengue and the plague in Indian cities have also contributed to greater involvement of both municipal administrators (with mixed results and intensity) and NGOs in dealing with services sectors of cities. Diverse organisations have called for increasing provision of social security measures to be built into the budgets of urban local bodies and the regional (state) governments as well. These would include specific benefits such as life and health insurance, asset insurance, protection of working children and the involvement of urban administrators as well as state labour departments in assuring working conditions.

As this paper goes to press, an ambitious new initiative has been announced by the central government, many years in brewing under these new industrial relations pressures. This initiative attempts to provide minimum social security coverage (health insurance, pensions, but no unemployment insurance coverage) for over 300 million workers, in notable part driven by changes in the construction sector. It remains to be seen how the State's several roles can accommodate this swing in the pendulum towards social protection against the vagaries of a market economy. It also remains unclear how the norms for the pendulum's continued oscillation are determined and diffused by further divisions of labour.

### **Fordism to flexibility and unclaimed futures: refashioning the analytic State**

In Polanyi's understanding of an embedded economy, social relationships and place are at the core of how wage-dependence and the institutionalisation of labour markets arose (Polanyi, 1944, 1957). According to him, in the extreme case when labour is entirely commodified, i.e. wage-dependent, the mythical self-regulating market can never arise because society instinctively acts to erect social protections to protect the vestiges of society. De-commodification then refers to one foundation upon which social policy in the traditional welfare state is constructed because the state supposedly steps in to prevent complete wage-dependence.

We thus never quite escape the questions raised at the start of this paper: when and how does society respond to institute social protections and how do these approaches change under technological changes such as technical standards? These intermediate (and open-ended) forms of economic organisation and changing divisions of labour beg the question of how economic planning is to be done, how sustained representation

and redistribution can come about in more localised contexts, and how actors plan for an uncertain cost calculus. We have thus far seen that newer technical standards in the built environment are shaping several older forms of economic organisation. The global value chains literature has been somewhat diffident about the implications of firm upgrading for improved labour conditions. At the same time, there have been important questions raised about whether global labour standards can be imposed in meaningful ways when the desperation for any minimal paying employment is itself an integral feature of several economies and especially of women's work (e.g. [Kabeer, 2004](#)).

Numerous advisory off-shoots of the Washington Consensus continue to label as costs social programs that deal with these labour market uncertainties, which further complicates the matter. Fundamentally, that discourse has assumed that welfare-enhancing measures such as access to health and broader social insurance are over-burdensome cost to firms and to a necessarily receding State. With training, the debate has been slightly different, posing the issue more of long-term investments, what can be called the human capital approach. Even when treated as human capital investments, the possible mechanisms of cooperation within the economy have been all but ignored except in terms of trade unionism, but here too, most descriptions have focused primarily on wage bargaining and less on other types of non-union based economy-wide collective action. In either case, there has been an uneasy and tacit set of assumptions by different actors regarding how to share the responsibility for social protection, mitigate risks, and sustain the transmission of skills within the economy. In general, no obvious convergence of institutions has emerged to cope with differing and noisy claims of labour and other identities across the industrialising world. Moreover, despite the framing of employment as a national economic problem, large countries such as India, Brazil, Russia and China see noticeable variations across the country, deeply embedded in specific regional governance cultures and industrial sector histories.

In general, the local State's role is far less clear in India. The country has lacked a broader set of supports to small and medium enterprises in several urban sectors. Unlike the possibilities of real services that emerged in some of the European industrial districts ([Brusco, 1992](#); [Piore & Sabel, 1984](#); [Schmitz & Musyck, 1994](#)) there has been no self-evident mechanism in industrialising countries today by which municipal supports to industrial development are to occur save central state planning (although some regional success stories have been documented). The innovative local solutions of municipalism rather than welfare capitalism to support regional industry became visible in Europe. Other than through public sector company towns and the activities of some enterprising local governments, this type of real service and municipalism was evidently a struggle in post-independent industrial India. Today, it is only evident sparingly across the country. A hypothesis requiring greater study is whether production of effectively goods and services in India did not achieve certain scale, division of labour and use of machinery in sufficient numbers to warrant social and real services of these types and whether India's regulation of small-scale industry nullified such possibilities.

While productive services were often absent, welfare services have also been patchy. Labour experiments such as employee-owned firms and sectoral redistributive mechanisms such as Welfare Funds have been innovative but not unvarnished or widespread successes in India. Moreover, historic forms of work and pre-independent institutional contracts for work were significantly different from European history and cannot easily be separated into "traditional" and "modern" dichotomies for either the division of labour or machinery ([Roy, 1999](#)); gender aspects of this work also had distinctive local features. For urban services work and those in dense textile and other agglomerations, neighbourhoods and caste links served to historically diffuse the obvious insecurities and lack of formal welfare regimes in all but a minor portion of the working population (e.g. [Simeon, 1995](#)). Perhaps the core of these divergences from the Anglo-American experiences is the sequencing of the nation and state that ex-colonies were forced to deal with. Social policy had no clearly delineated timeline for emergence from labour organising or the buy-in of middle classes. Moreover, employment policies and anti-poverty programs after independence were aggressively planned from the Centre. Since then, the discourse on urban poverty by leading Indian and international development agencies has remained quite depoliticised in many respects, and inattentive to power, conditions of co-operation and the pace of institutional change.

Thus, despite its continued dominance in several debates of development, there remains of course, the question of whether the ideal-type Fordist production system remains a sensible benchmark against which to judge any economic or social system in industrialising countries. Both national institutional context and global

institutions that regulate production and work are dramatically different today. In addition, the scholarly interest in regions and urbanised city-regions emerged in industrialised economies under very different circumstances. That particular set of urban and regional crises over labour markets and industrial vitality emerged in several European, US and other sub-economies, aggravated in large part by the oil crisis of the 1970s. Posed as a series of mini-crises of slowdown in industrial production and declining manufacturing job growth, the sought-after economic revitalisation required new regional mechanisms for cooperation and building trust. “Flexible specialization” as an alternative to mass production has been at least a point of discussion (Piore & Sabel, 1984).

The problems of many industrialising economies, however, are acute and substantially different from problems and discourse of democracy and industrialisation within industrialised economies. These differences are not, in any case, based on a staged or a catch-up’ framework.<sup>5</sup> Rather, they must derive from a different understanding across and within countries, especially of the role of the State, and how democracy is manifested. For urban labour, a critical difference is arguably the variety of ways in which the division of labour is premised not on a “reserve army of labour” but social norms about “pre-industrial” communities, women among them, who can sustain—for diverse reasons—dualism within the economy. As such, the nature of Indian work contracts (implicit or otherwise) and the assumed divisions of labour given new machines, standards or cost structures look quite different from the standard (i.e. Anglo-American) industrial labour model.<sup>6</sup> The associational forms of representation, bargaining, exclusion and democracy also emerge in a new light with a different segmentation of labour institutions for political participation from that of politics or European or American discourses of “civil society”.

For societies historically outside of the Anglo-American model of labour relations (and pre-dating their post-colonial labour relations heritage) this industrial cooperation may not intuitively match the trade union collective bargaining format, or even the expected Weberian dissociation between family and firm. The ties of Fordism to assumptions of the worker’s life-cycle also show breakdown in numerous ways when applied to women’s work (Esping-Andersen, 1999) especially in industrialising countries (Lund & Srinivas, 2000). This is particularly evident in countries such as India where a series of changes in labour markets has taken place (Deshpande Alakh, Karan, & Sarkar, 2004; Papola, 2007), greatly compounding the challenges of insecurity. The status of women’s work has also been eroded in many respects, raising alarm for gender dimensions of access and equity (UNIFEM, 2005; Chen et al., 2004). The global feminisation of labour (Standing, 1999) demonstrates that neither wage nor more traditional welfare measures have kept up with productivity increases in labour-intensive manufactures or services. Add risks of loss of assets and gendered life-cycles to the mixture and the picture of increased productivity pressures in the absence of basic welfare measures becomes alarming.

One could thus visualise the State—especially the developmental state—as responding to a series of institutional and structural changes within the economy. In this problematic conceptualisation, as the percentage of the workforce within industrial employment increases the State gradually substitutes for alternative institutions and establishes new mechanisms for worker protection, new training programs, or at least encourages these. However, this logic of industrialism has been shown to have shaky historical foundations. Furthermore, labour welfare in history has emerged in complex ways and “flexible specialization” raises several new challenges for welfare regimes if we assume welfare regimes to be endogenous to the economic production system and regulation to be a core element of production (e.g. Piore & Sabel, 1984; Myles, 1990). Moreover, the expected dualism pertaining to the distribution of uncertainties and insecurities within a capitalist economy is compounded within an industrialising country by several additional tensions of family, community, a more limited role for the State, and a visible absence of State-instituted programs of social protection. On a day-to-day level, it also requires us to understand how more nuanced understandings emerge for city residents of the State by selective, at other times random and

<sup>5</sup>They share some common characteristics across countries about the ways in which industrialisation builds on a ‘pre-industrial’ working ecology and social norms within it. These are not simply ‘soft’ issues of political economy and State–market relations; they drive ‘hard’ issues such as wages, rates of unionisation and costs of insurance premiums.

<sup>6</sup>Even if we acknowledge the varieties of industrial labour systems that exist in the Anglo-American system, it remains a contention that a relatively narrow reading of ‘Western’ industrial history by scholars interested in development influences the interpretation of cause and effect and sequencing of social protection, training systems and labour inspectorates.

oftentimes distasteful, daily engagement with the State sphere. Importantly, quite unlike a firm which primarily contends with the employed or contracted worker and is solely concerned with efficiency and productivity issues, the regional lens requires us to explore alternative institutions concerned with efficiency as well as equity on a wider scale and more inclusive of the local work ecology. The ways in which cooperative behaviours emerge between individuals and organisations thus have profound implications not for some theoretical economic equilibrium but in very real terms for institutional evolution in the region. These may include the changing forms of formal/informal work contracts, ties between family and worksite, expectations of training, and the mechanisms by which the State (or family, firm, neighbourhood or caste, among others) mediates the provision of social protections. Thus dualism requires an understanding of risk distribution and social capital as a *process*, not simply a functionalist outcome. This includes the development of procedural language, shared understanding of goals and a close attention to the everyday work process of organisations and individuals.

Accordingly, for economies industrialising today, the assumptions of the State's roles is more diffuse, in part because of Partha Chatterjee's claim of nation/state sequencing and because of extremely diverse sets of associational relationships that the State has not entirely replaced. In India, for example, these may continue to be based on caste/religion, family and neighbourhoods (especially within "slums"). The Weberian extrapolation of eventual separation of work and family may not necessarily hold true here in the same manner. Society is not understood here in simple opposition to the State; the ways in which people craft social protection and training programs rebels against any simple discursive analysis of State-society based on a somewhat arbitrary boundary between the two, leaving both "social capital" and "civil society" as problematic categories for social dialogue and social protection research. It is difficult for us to sustain the idea that a changing division of labour should automatically elicit (any) substantial and meaningful response from the State if we acknowledge that several competing claims exist on the State's legitimacy and that contradictions exist in its arbitrariness in settling between multiple possible outcomes. The State is not monolithic and analytically it would be unhelpful to treat it as such. When the division of labour is itself shifting, the bounds of State action—whether to increase efficiency and productivity, health and safety or representation—become less clearly intertwined with new organisational forms. Indeed, new divisions of labour presuppose new forms of association (if not necessarily new forms of solidarity) and thus create different organisational relationships to different arms of the State. While national social insurance programs may be one ultimate goal, State-sponsored, non-profit and corporate schemes for insurance and training have emerged in different regions, driven by varied political and economic causes. Importantly, while these instances of action reflect multiple discourses situated away from the nation-state as the sole vehicle and interpreter of labour market participation and rights, the State remains an institution of ultimate recourse, but not necessarily one that can alone define the bounds of the market. These newer industrial relations swept out of the factory and into city homes, streets and neighbourhoods depending on the type of work, necessitate a closer look at the division of labour under technical standards and the incursions of these divisions of labour into State territory and the spatial context of the city.

With this language in mind, I will return briefly here to the relevance of the explicitly institutional approach advocated here for markets and State in order to discuss the Millennium Development Goals and Decent Work agendas.

### **Achieving the millennium development and decent work goals**

The ILO defines the four pillars of the Decent Work agenda to be rights at work, Employment, Social Protection and Social Dialogue. The ILO (1994, 1996, 1999) defines Social Dialogue as "...all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers' organizations), with or without direct government involvement. Concertation can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or at enterprise level. It can be



inter-professional, sectoral or a combination of all of these. The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work.”

I began this paper by discussing the institutional underpinnings of dualism in the labour market and paid special attention to economic planning in the face of uncertainty. We also discussed the fact that empirically there are several new industrial identities, organisations and claims on social protections. Processes of cooperation, trust and competition become important to lay bare the workings of the labour market as well as its gendered features.

Of course, a brief mention here cannot possibly do justice to the vast efforts invested by diverse people in the MDGs and Decent Work ideal-types. However, some possibilities for further empirical inquiry come to mind in both endeavours. First, despite goals ranging from poverty and ill-health reduction to gender equality and technology development, the Millennium Project has almost entirely veered away from engaging with labour markets and industrial relations. Second, the Millennium Goals have not taken into account an explicitly sectoral approach to understanding institutional change. Unless the processes by which people engage with labour institutions are explicitly dealt with, many of the goals seem impossibly distant and strangely apolitical. In the case of the ILO’s Decent Work agenda the approach is indeed more procedural and institutional. However, it too has been strangely silent on the need for a more differentiated understanding of local (not nationally aggregated) labour markets, neighbourhood and other types of organising in relation to social divisions within the city, multiple levels and types of State governance, and alternatives to Anglo-American styles of labour relations. Fundamentally, it lacks clarity about how different institutions overlap, are reformulated within new divisions of labour, and assumes a State that is mostly without fragmentation. The self-organising versus directed behaviours of the labour market and of local economic development policy remains at best unclear in the Decent Work approach. The relation of local actors to the division of labour is largely unspecified, and the national labour market prescriptions are assumed to be simple aggregates of local actors’ behaviours. These are strong assumptions for new industrial relations and new divisions of labour.

The existing frameworks for social dialogue and its expected linkages to social programmatic and policy outcomes is beset by several difficulties associated with indicators, type of representation for the informal economy, and whether collective bargaining rights necessarily lead to social protection policy at national level. This appears to be the case across several countries (e.g. Kuruvilla, 2003). From a social protection and gender standpoint, actors and processes are at best unclear although several promising empirical realities emerge. Several newer organisations and collaborations are developing health insurance, job-shop information and training programs, basing the cost and participation in such programs on localised divisions of work, worker behaviours and rhetoric of solidarity. Costs of uncertainty and challenges of economic planning must in turn include attention to cooperative behaviours, caste and social relations and issues of identity. These admittedly are harder to quantify under strict terms of fiscal consideration. The analytical challenge is the link to a better understanding of the local urban economy as something other than simply a decentralised sub-unit of national institutional frameworks.

This discussion of dualism and regulation, the role(s) of the State and questions regarding the onset of social protection is more than simply an interesting analytical device; it has several useful features which have many intellectual antecedents:

- (a) *Local economies*: Returning to a Polanyian interpretation of local markets, it is more sensitive to locality and the social embedding of the economy in specifying norms of redistribution. Industrial divisions of labour are related in several interesting (but ex-ante ambiguous) ways to discussions of decentralization, and economic planning.
- (b) *Role(s) of the State*: It provides us a way to better analyse and partly reconcile the tensions in the varying roles of the State at both local and national levels. In so doing, we can better theorise how “decency” in labour equity becomes institutionalised. The State as monolith in describing Decent Work is neither empirically correct nor theoretically helpful.
- (c) *Economic and social identity*: The approach to institutionalisation is critical to an understanding of how people behave individually and within various (sometimes competing) social identities. This has important regional economic planning implications for uncertain futures and for the need to find shared language to communicate and cooperate. This may be less relevant in the Anglo-Saxon frameworks for smaller nations

or those with common linguistic boundaries, but becomes highly critical to economic modeling in the case of countries such as India, where regional disparities are vast, the “informal” economy overwhelmingly dominates, and industrial relations are premised on diverse political factors.

- (d) *Gender and collective action*: It also has several additional advantages for the study of gender especially because Polanyi’s initial analysis of both social protection and labour markets is without gender clarity (Beneria, 2005). Like any other market, the labour market is a peculiarly gendered and spatial institution. If gender is itself an institutionalised construct and not having a one-to-one relationship with biology, then we might have greater traction in understanding “women workers” as more than simply all women who work. Research shows that women experience economic dualism in several ways (Beneria, 2005; Kabeer, 2004; UNIFEM, 2005). Social capital’s procedural basis is at question, especially for gendered relations that require us to investigate under what conditions certain categories of women workers come together and when they do not (Lund and Srinivas, 2005). Importantly, this approach diverges significantly from the dominant functionalist framing in development policy-making today of social capital as an “input” to all supposedly good economic relations.
- (e) *Risk and collective behaviour*: The approach here also allows greater probing of the collective action assumptions as the division of labour shifts under technical standards. These collective action facilitators of risk distribution and shared costs remain critical, especially when mediated by intermediary organisations. Analytically, they become necessary to build broader collective public goods such as welfare regimes without requiring a theoretical base constructed solely on public choice theory and rational actor assumptions.
- (f) *Extra-tripartite institutions*: From an economic planning and policy standpoint, it is central to understanding how social dialogue emerges outside of traditional ILO tripartite structures (employers, employees and governments). Social protection (especially social insurance) is then both figuratively and literally risk mitigation and sharing and several empirical cases worldwide demonstrates that a variety of actors and underlying governance frameworks are involved in this process. Thus, rather than social protection as an *output* of a prior social dialogue process with the (monolithic) State as central player, an analysis centred on institutional uncertainties and dualism suggests that social dialogue and social protection are both *processes* dependant on associational behaviour within a *specific* division of labour.
- (g) *Market construction and bounds of exchange*: Finally, by investigating the workings of a specific local labour market and mechanisms to effect social insurance and training in the face of technological changes and regulatory norms, we can learn about how the market itself is constructed. Thus, rather than seeing social protection as primarily picking up and protecting what the market leaves unresolved and insecure, social dialogue and social protection as a process gives us greater intellectual traction in clarifying where the market actually begins and ends, i.e. social protection processes define the bounds of market exchange, rather than the other way around.

While the strength of the Decent Work approach is that it embraces industry-focused perspectives alongside normative conventions and recommendations, the tripartite structures of the ILO tend to bind the investigations to a nationally instituted language of industrial relations and sequencing of institutional changes that may have questionable authenticity in many parts of the world. Its heavy dependence on a nation-state approach wars against data from urban and regional economics and industrial organisation. They showcase the multiple ways in which industrial development has distinct localised processes of institutionalisation. Furthermore, for both the MDGs and Decent Work efforts with the approach to supporting “self-help” of workers and non-profits, there is some danger in romanticising these in a liberal discourse of resilience under uncertainty by off-loading considerable costs onto very low-income workers and to women. In the case of insurance programs and training, this cost burden can be literal: continued over-dependence on wages as sole buffer against destitution, unavailability of sustaining work, too-high costs of vocational training as well as unaffordable premiums and unenforceable insurance regulation.

Finally, as this paper has argued, there remain considerable gaps in our understanding of how the State as contested terrain remains. It includes multiple and conflicting functions, several overlapping levels of governance, and alternate forms of (gendered) industrial relations. The bounds of the nation-state have not disappeared with the advent of global harmonisation instruments. Indeed, it would be misguided to view the

workings of the dualistic urban labour market in terms that entirely neglect the territorial and institutional bounds of nationality. However, it is clear from the changing divisions of labour and re-negotiated State–market relations, that at much localised levels of labour market behaviour, one is likely to sustain far greater freedom of discourse and empirical investigation than those of industrial development exclusively bound by aggregated features of the nation-state.

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