

The Idea of Welfare State and Globalization

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ABSTRACT

Globalization is there for the sake of society and for the growth and betterment of the society people and milieu. Change is a law of nature in the span of life every single person has its stages of elevation and degradation. Socio-economic changes are more or less relative concepts. When we talk about globalization its prospects are vague and glittery, but the other side of coin is rather dusky. Comparative studies suggest the darker as well fairer side of anything.

Social justice and globalization have troubled relationship. Different groups of the society relish different flavor of it. Economic differences create huge social barriers the case of India is also not different. The rain of globalization hardly showered the vulnerable group. According to Rawls if rich of society are growing richer it doesn't affect the welfare of poor. Under this preview the impact of globalization generated employment and purchasing power to the skilled ones but the unskilled people remained pathetic. The unskilled labors and farmers of India emerged as unorganized lobby and projected the personification of classism.

The very group of unskilled labors and farmers are the cause of low per capita income and single digit growth rate in India. To establish the scattered lobby of unorganized population is big challenge in front of policy makers and government itself. The main prospect of this paper is to look into the impact of globalization on social justice to establish the welfare state.

Key Words: Socio-economic, Social justice, Globalization.

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INTRODUCTION:

Globalization conveys many meanings and things emphasizing a global rather than a national context. It is something like a process by which it redefines the world affairs especially in relations between states. In other words it is the process of increasing interconnectedness between societies such that events in one part of the world have effects on peoples and societies far away.

As an economic term, globalization allows the acceleration of the international connections in the global economy. The word also accesses cultural convergences, with the help of media and internet etc. According to Ronald Robertson, it includes some sense of comprehension of global politics and the emergence of a subjective identity of living in a single, relatively small planet.

Globalization and interactions of economies have had substantial impacts on the economies of both developed and developing countries. Growth and development were the main prospects of globalization. Here the question pop ups that if the impact of above said have had the desirable momentum. Does the process of industrial revolution and diversification of labor force in non-agricultural sectors in developing countries like India had been accelerated by the new wave of globalization?

IMPACT OF GLOBALIZATION IN INDIA:

The process of globalization was enabled in India through economic policy changes. The belief behind this major change was that globalization would contribute to achieving accelerated economic growth in India and help in creating employment opportunities by favoring labor-intensive growth inasmuch as India is believed to have a comparative advantage in unskilled-labor-intensive production. Did the expected effects take place? The answer is partly 'yes' and partly 'no'. The favorable effect of globalization on economic-growth probably did take place, though this may have occurred with a lag and was confined to certain sectors of the economy. But, in terms of inducing a labor-intensive growth path in India and thus creating a lot of employment opportunities, globalization did not achieve much success.

In the first ten years following the large-scale trade and foreign investment liberalization initiated in 1991, there was no marked increase in the trend rate of economic growth in India. The trend rate of growth in real GDP (Gross Domestic Product) was about 5.0 per cent per annum during 1980-81 to 1990-91, which increased to about 5.6 per cent per annum during 1990-91 to 2000-01.¹ However, there was significant acceleration in economic growth in the 2000s.² The trend rate of growth in real GDP

accelerated to about 7.4 per cent per annum in the period 2000-01 to 2010-11, 3 and if we consider the period 2003-04 to 2010-11, the trend rate of economic growth was about 8.2 per cent per annum (well above the trend growth rate in the 1980s and 1990s).⁴ Indeed, India is poised to become the fastest growing economy in the world in the near future, overtaking China in terms of the rate of economic growth.

LABOR IN INDIA:

A majority of labor in India is employed by unorganized sector (unincorporated). These include family owned shops and street vendors. Above is a self-employed child laborer in the unorganized retail sector of India. Maximum percent of India's working population is part of the unorganized sector. In local terms, organized sector or formal sector in India refers to licensed organizations, that is, those who are registered and pay sales tax, income tax, etc. These include the publicly traded companies, incorporated or formally registered entities, corporations, factories, shopping malls, hotels, and large businesses. Unorganized sector, also known as informal sector or own account enterprises, refers to all unlicensed, self-employed or unregistered economic activity such as owner manned general stores, handicrafts and handloom workers, rural traders, farmers, etc.

Labor in India refers to employment in the economy of India. In 2012, there were around 487 million workers, the second largest after China. Of these over 94 percent work in unincorporated, unorganized enterprises ranging from pushcart vendors to home-based diamond and gem polishing operations. The organized sector includes workers employed by the government, state-owned enterprises, and private sector enterprises. In 2008, the organized sector employed 27.5 million workers, of which 17.3 million worked for government or government owned entities. Many issues plague unorganized labor. India's Ministry of Labor has identified significant issues with migrant, home or bondage laborers, and child labor.

STRUCTURE OF LABOR IN INDIA:

India's Ministry of Labor, in its 2008 report, classified the unorganized labor in India into four groups. This classification categorized India's unorganized labor force by occupation, nature of employment, specially distressed categories and service categories. Unorganized sector, also known as informal sector or own account enterprises, refers to all unlicensed, self-employed or unregistered economic activity such as owner manned general stores, handicrafts and handloom workers, rural traders, farmers, etc. The

unorganized occupational groups include small and marginal farmers, landless agricultural laborers, share croppers, fishermen, those engaged in animal husbandry, beedi rolling, labeling and packing, building and construction workers, leather workers, weavers, artisans, salt workers, workers in brick kilns and stone quarries, workers in saw mills, and workers in oil mills.

A separate category based on nature of employment includes attached agricultural laborers, bonded laborers, migrant workers, contract, and casual laborers. Another separate category dedicated to distressed unorganized sector includes toddy tappers, scavengers, carriers of head loads, drivers of animal driven vehicles, loaders and unloaders. The unorganized labor category includes service workers such as midwives, domestic workers, barbers, vegetable and fruit vendors, newspaper vendors, pavement vendors, hand cart operators, and the unorganized retail. The unorganized sector has low productivity and offers lower wages. Even though it accounted for over 94 percent of workers, India's unorganized sector created just 57 percent of India's national domestic product in 2006, or about 9 fold less per worker than the organized sector.

INCOME INEQUALITY IN INDIA:

When integration of markets occurs that leads to more inequality in the labor markets. Especially in India there is a dual challenge here of developing skills on the one hand and using skills on the other since skills that are not used are lost. As per labor Bureau Report 2014, the current size of India's formally skilled workforce is small; approximately 2%. As per studies conducted by NSDC (National Skill Development Corporation) for the period between 2013 and 2022, there is an incremental requirement of 12 million skilled people in the non-farm sector. The current capacity for skilling is grossly inadequate and needs to be speedily scaled up to meet the needs of the country.

When integration of markets occurs that leads to more inequality in the labor markets. Foreign firms' capture the domestic market i.e., threat of imports and possibility of entering foreign markets via exports are two immediate impacts of such integration. Entering into foreign markets also gives new opportunities, good wages, and employment. But this affects the high income group and low income group differently i.e., the distribution of wages for employed workers becomes more unequal. Those facing the import threat will have to accept lower wages to maintain their jobs while those having an export possibility will face an improvement in their trade.

Basic infrastructure of the city - social security, education and health, transport, housing, water supply and sanitation- start responding to the wealthy minority. For example, infrastructure projects based on the principle of public-private partnership or privatization, including those for water supply and sanitation, increase the cost of living for the poor and yet altogether exclude the poorest.

Moreover, the vast majority of low-skilled workers in industries or industrial zones, services, and the informal sector, congregate at the fringes where systems are inadequately developed, or the areas in mega-city that are environmentally stressed or hazardous. Thus, even though the overall poverty in mega-cities may show a decline over time, the fact is that vulnerability of such population continues to be high.

UNDERDONE PURCHASING POWER:

According to Bhalla, the productivity gap sharply worsens when rural unorganized sector is compared to urban unorganized sector, with gross value added productivity gap spiking an additional 2 to 4 fold depending on occupation. Some of lowest income jobs are in the rural unorganized sectors. Poverty rates are reported to be significantly higher in families where all working age members have only worked the unorganized sector throughout their lives.

Given its natural rate of population growth and aging characteristics, India is adding about 13 million new workers every year to its labor pool. India's economy has been adding about 8 million new jobs every year predominantly in low paying, unorganized sector. The remaining 5 million youth joining the ranks of poorly paid partial employment, casual labor pool for temporary infrastructure and real estate construction jobs, or in many cases, being unemployed.

JUSTIFIED DISTRIBUTION OF WELFARE AND DEVELOPMENT:

According to Professor Marshall, the essential characteristics of the welfare state are its intense individualism and collectivism. The former confers on the individual an absolute right to receive welfare and the latter imposes a duty on the state to promote and safeguard the whole community which may transcend the aggregation of individual claims. It is considered that welfare state has not rejected the capitalist economy but gives it only qualified approval since there are some elements in civilized life of greater importance which can be attained only by restricting markets. In other words welfare state

accepts a modified form of capitalism by retaining two basic elements--private property and the profit motive.

Welfare state and development are closely related as means and ends respectively. In other words, when the end of social organization is welfare of whole people of the state that state is a welfare state and the end is development. However, after the introduction of globalization the new development has become a challenge to welfare. In recent years, the relative insulation or the national embeddedness of welfare state has been increasingly challenged by a set of developments under the globalization. The impacts of globalization on states are alarming. Globalization, is a process through which nation state is becoming more open to influences that are supra national. These may be economic, cultural, technological, or political in nature. As far as the welfare state is concerned the focus has been economic globalization which has been seen as curtailing the policy making autonomy of nations and putting pressure on social protection and social standards. The system of social protection which enjoyed was a part of old orders of state socialism with its ideological commitment to economic security and collective consumption.

CONCLUSION:

The economic growth is good so far it stimulates economy by cash inflow or indirectly supports investments by subsidies. The financial burden of government/public must be rationally distributed so that it raises income and generates savings. Principles of distributive justice are therefore best thought of as providing guidance for the political processes and structures that affect the distribution of economic benefits and burdens in societies.

A welfare state is a community where state power is deliberately used to modify the normal play of economic forces as to obtain a more equal distribution of income of every citizen. To ensure the minimum standards of income, eliminate social insecurity in the state. Some Youth leadership training program and skill like under water preservation, organic farming, traditional knowledge, etc. may be conducted by government, corporates, NGOs, and powerful localities and educationists for the betterment of the society. Because the flow of nature is always from higher to lower, being helpful and benevolent is good for the sake of humanity. This will be globalization in true sense.

सर्वे भवन्तु सुखिनः सर्वे संतु निरामयाः

सर्व भद्राणि पश्यन्तु मा कश्चिद् दुःख भाग्वेत ।

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