THE IMPACT OF GLOBALIZATION ON LABOUR AND POVERTY REDUCTION: AN AFRICAN PERSPECTIVE

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ABSTRACT

Globalisation gained momentum in the 1990s as a negation of the protectionist international trade policies which had characterised the world prior to that. The main discourse in this paper is that contrary to orthodox theory that globalisation would lead to job creation and poverty reduction; globalisation has led to an increase in poverty levels, unemployment and a drop in living standards, especially in Sub-Saharan Africa (SSA). The second exposition is anchored on the premise that globalisation has taken the struggle between labour and capital, which is heavily skewed against the former, to a new level. Thirdly, the paper postulates the argument that there is a dialectical relationship between neo-liberalism and globalisation, i.e. neo-liberalism is the sine qua non for globalisation. Finally, we submit that the main drivers of globalisation are Multi-National Corporations (MNCs), while the main enablers are the World Bank, the IMF and the World Trade Organisation (WTO).

INTRODUCTION

Since the 1990s, globalisation, both as a concept and as a reality, has gained international currency. As Herbert Jauch has noted, governments, businesses, unions and community activists talk about it, but often attach very different meanings to the term (Jauch, 2011).

Many governments, global financial institutions like the World Bank and the IMF, and the Transnational Corporations (TNCs) claim that globalisation will ultimately improve the lives of people all over the world (Jauch, 2011). Globalisation promises a better tomorrow and harmony between the people of the world who are supposed to benefit from greater economic efficiency and increased wealth in the long run (Ruigrok and van Tulder 1995:1969 as cited in Jauch, 2011). These assumptions do not seem to be underpinned by any empirical evidence, especially in developing countries where millions of people still live under the poverty line of less than USD1 per day.

Globalisation refers to the multiplicity of linkages and inter-connections between states and societies that have emerged as the result of changes that occurred over the last 20 years (Jauch, 2011). These changes were mainly a response to the global economic crisis of the early 1970s and are driven by business interests to achieve maximum profits (Murray 2000: 7-8; ILRIG 1998:7 as cited in Jauch 2011). The current form of globalisation is essentially driven by economic considerations such as profit maximisation of international businesses. Globalisation as an economic force centres on: "…the spatial reorganisation of production, international trade, and the integration of financial markets" (Sideri, 1997:38 as cited in Jauch 2011). In short, globalisation simply refers to the liberalisation of trade and investment accompanied by companies' strategies to become internationally competitive as a means of profit maximisation (Jauch, 2011).

However, for the sake of *historical contextualism*, before we analyse the impact of globalisation on labour, it is imperative to put the struggle between labour and capital into a historical perspective.

A BRIEF HISTORICAL OVERVIEW OF THE STRUGGLE BETWEEN LABOUR AND CAPITAL

Since the days of the Industrial Revolution (which took place from about 1760 to sometime between 1820 and 1840) and the resultant introduction of the factory system, the relationship between labour and capital has always been asymmetric or skewed in favour of capital and at the expense of labour. As a matter of fact, the creation of trade unions in Britain in the 19th century which later spread to other parts of the world, was necessitated by the struggle between labour and capital. Simply put, the interests of labour and capital are, for the most part, diametrically opposed; the capitalists are mainly interested in issues of economic efficiency and profit, whereas the workers are mainly interested in issues of a living wage, equity, and social justice. This struggle is in fact all about striking the necessary balance between these two sets of opposing interests.

Therefore, trade unions have been formed out of the backdrop of capitalism and against capitalism and the accumulation process of the capitalist class, thus giving workers strength through solidarity. The various changes in the economic system, greater mobility, and localities open to business organisations and capital were fundamentally against trade unions and the fight for working class issues (Nepgen, 2008:26).

It was equally this dichotomy between labour and capital which led to the conception of communism or classless society which was mooted by Karl Marx and Fredericks Engels in the 19th century. The creation of a classless society was premised on the assumption that the "dictatorship" of the proletariat (working class), led by the Communist Party, would replace the "dictatorship" of the ruling capitalist class; thus leading to the abolishment of all classes. The creation of socialist states, led by the Communist Parties, which mainly came about after the Second World War (apart from the first Socialist State – the Soviet Union – which was created in 1917) was inspired and informed by this ideal.

THE COLLAPSE OF SOCIALIST STATES IN EASTERN AND CENTRAL EUROPE AND GLOBALISATION

The period from around the 1960s to the late 1980s was characterised by economic protectionism and trade barriers; and this was, to some extent, influenced by the bipolar world political and economic system which prevailed at that time. The world was divided between the capitalist bloc and the communist bloc. On the one hand, the capitalist bloc led by the US, was characterised by a free market economy and multi-party democracy, and on the other hand, the socialist or communist bloc, led by the then Soviet Union, was characterised by a command (centralised) economy and a one-party state at the political level. It is also worth noting that trade unions in these socialist countries were controlled by the Communist Party and did not have any independence, whatsoever.

After the collapse of the Soviet Union and its "satellite states" in Eastern and Central Europe in the 1990s, the multi-party political system and economic neo-liberalism won the day and gained international currency as the norm. Therefore globalisation came about and gained momentum, not only as a response to the economic crisis of the last century but was, to a certain extent, influenced by this new international political and economic order – i.e. unipolar world system as compared to the previous bipolar system - and re-configuration of international actors and factors which followed the collapse of socialist countries, chiefly in Eastern and Central Europe. The markets of the former socialist countries were now open to commodities from Western Europe, the US and other countries and some of these former socialist countries have been joining the European Union as well – where multi-party democracy and neo-liberalism are the bedrock norms.

Globalisation in the 1990s

As noted above, protectionist and state-centric regimes dominated international politics in the 1970s when ideological clashes between capitalist and socialist regimes in combination with the advent of the welfare state made economic protectionism an easy strategy to follow for many governments (Sholte, 2005:38 as cited in Nepgen, 2008:28). However, such measures did not facilitate global economic activity, and the wave of liberalisation following the end of the Cold War in the 1990s as well as the catalyst role played by the Bretton Woods financial institutions in this regard brought economic integration and cooperation to the forefront.

Since the 1950s, there has been, to a certain extent, an increase in the liberalisation of world trade, first under the auspices of the General Agreement on Tariffs and Trade (GATT), established in 1947, and now under the auspices of the World Trade Organisation (WTO) – the successor of GATT formed in 1995 (ANSA, 2007:88). However, as mentioned earlier, it was mainly in the 1990s that globalisation took a new and rapid turn.

Due to the economic situation many countries found themselves in after World War II and in some cases, owing to internal conflict and underdevelopment, the choice was an easy one: either open up local markets or stagnate economically, politically and socially (Nepgen, 2008:28). The architects of post-war economic governance saw it as pivotal to resurrect international trade. In order for this to happen, two mechanisms or institutions were needed. First, a lending facility that could provide funds for reconstruction, the World Bank, was needed. At the same time, a regulatory institution that would promote responsible appropriation of funds as well as short-term loans to countries experiencing balance of payments, the International Monetary Fund (IMF), would have to be created (Griffin, 2003:796 as cited in Nepgen, 2008:28). Another important institution in this regard is the World Trade Organisation (WTO) – as referred to above - which promotes and facilitates liberal international trade between states. The WTO advocates liberal macro-economic practices and creates linkages with other inter-governmental organisations such as the World Bank and the IMF (Negen, 2008:28).

It was, however, not until the 1990s that the wave of globalisation started to have a phenomenal impact. According to Macdonald (1997), during the 1990s, the new demands of international competition and dramatic advances in technology –the forces of globalisation – have changed substantially the nature and operation of "the market place", and how production is organised, in many industries across the world. Individual enterprises are now being required to innovate to provide "the right product, at the right price and time" (ibid).

The transformation from protectionist to liberal international trade and investment regime was needed in order to expand the global economic system and for industrialised nations to accumulate wealth. Global foreign direct investment (FDI) flows have increased remarkably in the last two decades but much of this is still concentrated in industrialised countries.

This move towards market orientation (liberalisation) in many countries has been evidenced by deregulatory policies by governments, including the reduction of tariff barriers, facilitating the flows of capital and investment, and privatisation of State-owned enterprises (Macdonald, 1997:5). In other words, liberalisation has been necessitated by globalisation (involving greater integration in world markets, and increased international economic interdependence). Both phenomena have been influenced by the significant growth in world trade and foreign direct investment in recent years, and by information technology which speeds up financial transactions and changes in production and services around the world. Globalisation has changed, and tremendously expanded, the boundaries of the market place. Therefore, the extent of information flows made possible by new technology is building inter-enterprise networks around the globe and this challenges the traditional boundaries of the enterprise (ibid).

The progressive easing of barriers to world trade encouraged a doubling of the share of imports in world GDP from 24 to 48 percent between 1960 and 2002 (ILO, 2006:8). As a result, economies are now much more interdependent and a decline in trade barriers induces shifts in comparative advantage, introduces new sources of competition into the multilateral system and poses adjustment challenges that vary according to countries' level of development (ibid). This intensified competition for global markets has led further to the international division of labour; with the developed countries still remaining, by and large, exporters of manufactured goods, while the developing countries (mainly in Africa) remain exporters of raw materials.

Arnold Nepgen (2008:16) has noted that globalisation has increased inequalities around the world, favouring a privileged few able to exploit the opportunities created by the economic liberalisation and the opening up of global markets around the world. While some workers are global, they constitute a very small part of the global workforce and they are a well-educated minority or elite, not really important to trade unions and their functioning (ibid).

THE WASHINGTON CONSENSUS

These neo-liberal policies were chiefly capsulated in the so-called Washington Consensus which is a set of policies that the US Government and the financial institutions based in Washington (World Bank and IMF) believed were necessary elements of "first stage policy reform" that all countries should adopt to increase economic growth. At its core is an emphasis on the importance of macro-economic stability and integration into the international economy, in other words a neo-liberal view of globalisation. The framework included:

- Fiscal discipline, i.e. strict criteria for limiting budget deficit;
- Public expenditure priorities which implies moving away from subsidies and administration towards previously neglected fields with high economic returns;
- Tax reforms that should include broadening the tax base;
- Financial liberalisation, meaning that interest rates should ideally be market-related;
- Exchange rates should be managed to induce rapid growth in non-traditional exports;
- Trade liberalisation;
- Increasing foreign direct investment (FDI) by reducing barriers;
- Privatisation of public enterprises should be placed high on the reform agenda;
- Deregulation or abolition of regulations that impede the entry of new firms or restrict competition (except in areas of safety, environment and finance);
- Secure intellectual property rights (IPR) without excessive costs and that should also be made available to the informal sector; and
- Reduce or roll-back the role of the state in the national economy (www.who.int accessed on 17th April 2015).

During the colonial period, trade policy in Africa, for example, was targeted to serve colonial interests: exports were meant to provide materials for European industries while imports consisted mainly of machinery for resource extraction and of manufactured consumer goods (ibid). After independence, most African countries adopted import substitution industrialisation policies with the hope of locally producing the consumer goods that were previously imported from the developed countries. Import substitution was thus seen as a way of enhancing economic development by reducing dependence on the western countries. Following the first decade of independence during which most African countries achieved high economic growth, a crisis emerged from the mid-1970s onwards – one of the main contributing factors here was the oil crisis of 1973. The oil crisis started in October 1973 when members of the Organisation of Arab Petroleum Exporting Countries or the OAPEC (consisting of the Arab members of OPEC, plus Egypt, Syria and Tunisia) proclaimed an oil embargo. This was in response to the US's decision to re-supply the Israeli military "during the Yom Kippur war." This led to high oil prices, disrupted supply and recession which affected the developing countries very badly.

Most African countries are heavily dependent on the export of raw materials (usually one or two commodities) for their foreign exchange earnings and the prices of these commodities fluctuate according to the dictates of the world market. In the 1970s, because of the reasons stated above, the prices of the export commodities started to fall, while the prices of the imports (mainly manufactured goods from the developed countries) were rising, thus leading to serious balance of payment challenges for many African countries. As a result, Structural Adjustment Programmes (SAPs) were imposed on desperate African governments and most of them have failed to achieve sustained economic growth and development as promised under the SAPs arrangements. Such policies have failed as clearly evidenced by the fact that more and more people are sliding into poverty, unable to improve their livelihoods.

The SAPs which were informed by the Washington Consensus, as referred to above, are economic policies for developing countries promoted by the World Bank and IMF since the early 1980s by the provision of loans conditional on the adoption of such policies (www.who.int accessed on 17th April 2015).

Under the SAPs most African countries began to substantially liberalise their trade through the ratification of bilateral and multilateral trade arrangements (ANSA, 2007:88). As a result, by the mid-1990s, imports and exports accounted for a sizeable part of many Southern African economies' gross domestic product (ibid). This has, unfortunately, not necessarily translated into the actual uplifting of the majority of Africans out of the "poverty-trap."

Mainstream economists and most governments believed that these neo-liberal policies based on "market forces" and international competitiveness would be the only way to solve the problems of underdevelopment in Africa, but this does not seem to be supported by broad-based empirical evidence.

THE MYTH OF ECONOMIC GROWTH AS THE ONLY MEASURE OF NATIONAL DEVELOPMENT

As Julio Godoy has noted (June 20, 2011), the high growth enjoyed by many African states during the 2000s has not led to poverty elimination. This is because the growth did not happen in the sectors where poor people work, as in agriculture, or in the rural areas where poor people live, or simply did not involve labour provided by poor people (ibid).

Over the last ten years or so, around 75% of FDI in Africa has been in oil-rich countries and in so-called extractive industries with few links with the rest of the domestic economy or with the poor people. As a result many African countries are trapped in a contradiction of resistant poverty despite high economic growth (Godoy, June 20, 2011).

This is partly the reason why the United Nations Development Programme (UNDP) has, over the last few years, been moving away from economic growth as the only measure of national development and more towards the Human Development Index (HDI). HDI is a statistical tool used to measure a country's overall achievement in its social and economic dimensions. The HDI has been influenced by the so-called Capability Approach of the Indian economist and philosopher Amartya Sen which asserts that a person's capability to live a good life is defined in terms of the set of valuable things like being in good health and enjoying a relatively good standard of living. This approach has come to be accepted as being broader, deeper alternative to the narrow economic metrics such as growth in GDP per capita.

THE ROLE OF MULTINATIONAL CORPORATIONS (MNCS)

MNCs remain the largest source of foreign direct investments (FDI), and the majority of these are located in the developed world. Their investments also largely remain in the developed world, as it is shown by the fact that in 1998, 92% of total FDI outflows came from developed states and 72% of the total inflows returned to these economies (UNCTAD, 1999 as cited in Nepgen, 2008:27). This trend marginalises developing economies and creates the foundation for inequality in these countries, which, in turn, has negative repercussions for the workers.

The principal focus of the changes taking place in response to globalisation is at the level of the individual enterprise. MNCs have had and will continue to have a key role in these changes. UNCTAD estimates that, globally, there are about 37,000 MNCs having over 206,000 affiliates. Over 90% of MNCs are based in advanced countries, with nearly half of all affiliates in newly industrializing and developing countries (UNCTAD 1994:3-5 as cited in Macdonald 1997:6).

MNCs are a major employer of labour. Globally, approximately 73 million persons are employed by these enterprises. This constitutes nearly 10% of paid employees engaged in non-agricultural activities worldwide, and about 20% in developed countries alone (UNCTAD 1994: xxii – xxiii as cited in Macdonald 1997:6). The World Bank (1995:62 as cited in Macdonald, 1997:6) states that MNCs employ in the order of 12 million workers in developing countries, but affects the livelihood of probably twice that number.

Available evidence suggests that larger MNCs generally pay more than local firms and at least match or exceed working conditions and other employment benefits in the local labour market (UNCTAD 1994:198-201 as cited in Macdonald 1997:6). A good number of MNCs are emphasising their social responsibility, which reflects itself in a basic commitment to workers' welfare and "guiding" the employment practices of subcontractors and joint venture partners (UNCTAD 1994:325-27 as cited in Macdonald 1997:6). The International Labour Organisation (ILO) through its Tripartite Declaration and other instruments, as well as the Organisation for Economic Cooperation and Development (OECD) through its Guidelines concerning Multinational Enterprises also reinforces the social responsibility of MNCs.

The MNCs relationships with trade unions are influenced both by labour management relations in their country of origin and circumstances in their host country. In general, it seems that MNCs prefer not to recognise trade unions or to bargain with them; but normally do so where it is required (e.g. by legislation) (Macdonald 1997:7). Where MNCs appear to be predisposed towards trade unions, it is usually towards unions based in the enterprise rather than industry-wide unions (ibid).

As noted above, MNCs are the primary driving force behind globalisation. They engage in foreign direct investment (FDI) and own or control productive assets in many countries (Frenkel and Royal 1996a:7 as cited in Macdonald 1997:5). MNCs create very complex international production networks which distinguish globalisation from simpler forms of international business integration in earlier years (ibid). As producers of global goods and services (notably, in the area of mass communication), centres of networks and large employers, MNCs have an impact extending far beyond urban centres in the countries in which they are located.

Over the last 40 years or so, trade in manufacturers has grown much faster than in primary goods (ILO, 2006:8). In 2003, for example, manufactured goods accounted for nearly 77 percent of world merchandise exports, fuels accounted for 8 percent and food and agriculture for 9.5 percent – compared to 64 percent, 12.4 percent and 16.5 percent respectively, in 1980 (ibid). This has favoured employment in countries that are able to compete in the markets for manufactures. This group consists mainly of countries that were already industrialised before the recent era of liberalisation, but has expanded to include some developing countries, most recently China (ibid). By contrast, most countries dependent on commodities for foreign currency earnings fared less well during the past two decades. Growth in this trade was slower, prices were volatile and – especially in the case of raw materials and fuel – the linkages to the domestic economy weak (ibid).

Foreign direct investment (FDI) has grown faster than trade in most years since 1990 (ILO, 2006:12). However, most FDI continues to go into the large markets of developed countries, but since the 1990s there has been a marked rise in FDI flows to the group of developing countries that has successfully focused on exports (ibid).

As indicated above, two-thirds of all inflows went to developed countries - mostly from other developed countries (ILO, 2006:12). Developing countries account for about one-third of all inflows but only around 10 percent of outflows (ibid). Increasingly China has come to dominate inflows of FDI to developing countries, while the US remains the main source of outward investment. One of the most striking features of world FDI is the concentration on a relatively small number of home and host countries. In the 2002 -04 periods, 15 of the top 20 countries for FDI outflows were also in the top 20 for inflows (ibid). The top five developing economy recipients – China, Hong Kong, Brazil, Mexico and Singapore – accounted for over 60 percent of total flows to developing counties (ibid).

GLOBALISATION AND EXPORT PROCESSING ZONES (EPZS)

EPZs are not a new phenomenon and, according to the ILO, the first zone was set up in 1929 in Spain (Jauch, 2002:102). It was, however, during the 1970s that EPZs started to mushroom, mostly in low – and middle-income countries of Latin America, the Caribbean, and Asia and, to a certain extent Africa (ibid). A common characteristic of EPZs is the provision of special incentives to attract (mostly foreign) investment for export production. These incentives range from tax holidays, duty-free export and import and free repatriation of profits, to the provision of infrastructure and exemptions from labour laws. However, there are differences in the way countries set up and operate their EPZs. Some operate as fenced-in zones, others are single factories that have been awarded EPZ status (export processing units – EPUs) and others are part of industrial parks or special economic zones (ibid). These differences have resulted in great difficulty in establishing the exact number of EPZs and EPZ workers world-wide. Available data indicate that there are between 200 and 850 EPZs, employing between 4 and 27 million workers (ibid).

The idea of establishing "export processing zones" (EPZs) has found support among many developing countries over the last few years, notably in Africa. This development is linked to the increasing acceptance of globalisation and neo-liberal policies across Africa, for example. Attempts to become internationally "competitive", to move towards export-led growth, and structural adjustment programmes (SAPs) now characterise most African countries, and most governments regard EPZs as a suitable strategy to find a niche in the global economy (Jauch, 2002:101). The World Bank regards the introduction of EPZs as a signal of a country's departure from import substitution towards an export-oriented economy (ibid). EPZs are thus seen as a first step in the process of liberalising trade and integrating national economies into the global economy.

The governments of Southern Africa are, for example, justify EPZs by claiming that they will bring foreign investment, new industries and jobs to their respective countries. Zimbabwe, Namibia, Malawi and Mozambique are some of the countries in the region that have passed national EPZ laws (Jauch, 2002:101). The job-creating potential of FDI – where EPZs are perceived as important vehicles in that regard – is one of the main reasons cited by governments for policy changes to attract investment. However, this has led to concern that countries may weaken labour protections as an incentive to inward investors. With the introduction of EPZs the danger of increasing downward pressure on labour standards always exists. There is, for example, no robust evidence that low-standard countries provide a haven for foreign firms.

When Namibia passed the Export Processing Zones (EPZ) Act in 1995, the government argued that both local and foreign investment in the first five years of independence had been disappointing and that EPZs were the only solution to address the high unemployment rate. The EPZ Act went as far as suspending the application of the Labour Act in EPZs which was regarded as necessary to allay investors' fear of possible industrial unrest (Jauch, 2008:1). Namibia's trade unions on the other hand opposed the exclusion of the Labour Act as a violation of both the ILO conventions and Namibia's Constitution. After lengthy discussions, a compromise was reached which stipulated that the Labour Act would apply in the EPZs, but that strikes and lock-outs would be outlawed for a period of five years (ibid).

By 2001, Namibia still had not managed to attract any large production facility through its EPZ programme. In 2001 the then Ministry of Trade and Industry announced that it had succeeded to snatch up a project worth N$ 1 billion (US$ 143 million) ahead of South Africa and Madagascar. This was how the Malaysian clothing and textile company – Ramatex – came into the picture and they set up shop in the country in 2002. This investment was achieved by offering even greater concessions than those offered to other EPZ companies, such as corporate tax holidays, free repatriation of profits, exemption from sales tax etc. By bringing in the parastatals that provide water and electricity (Namwater and Nampower) as well as the Windhoek Municipality on board, the Ministry put together an incentive package which included subsidised water and electricity, a 99-year tax exemption on land use as well as over N$ 100 million (US$ 14.3 million) to prepare the site including the setting up of electricity, water and sewage infrastructure (LaRRI, 2007: 2-4). This was justified on the grounds that the company would create 3000 – 5000 jobs during the first two years and another 2000 jobs in the following two years. The company's decision to locate production to Southern Africa was motivated by the objective to benefit from the Africa Growth Opportunity Act (AGOA) which allows for duty free exports to the US from selected African countries who meet certain conditions set by the US government. The cotton that was used at this textile plant was also imported duty-free from West Africa.

At the height of their operations in Namibia in 2004, Ramatex employed about 7000 Namibian workers and about 1000 Asian workers (LaRRI, 2008:3). Following retrenchments in 2005 and 2006 (including the closure of one of its subsidies), that number dropped to 3 400 (including 400 Asian workers) in early 2007 and further to about 3000 by the end of that year (ibid). However, on 6th March 2008 Ramatex closed shop in Namibia arguing that they were making losses during their close to ten years of operation in the country. If the above statistical trends are anything to go by, then it is very clear that Ramatex was all along planning to phase out and to eventually close down its Namibian operations.

Prior to the closure, Ramatex was also notorious for unfair labour practices and bad working conditions. A study of Ramatex carried out by the Labour Research and Resource Institute (LaRRI) found widespread abuses of workers' rights. These included forced pregnancy tests for women who applied for jobs; non-payment of workers on sick leave; very low wages and no benefits; insufficient health and safety measures; no compensation in case of accidents; abuse by supervisors; and open hostility towards trade unions etc. (LaRRI, 2008:2).

Globalisation and poverty reduction in Sub-Saharan Africa

The Overseas Development Institute (IDI) in their Working Paper 299 of 2009 has divided the "drivers and maintainers" of poverty in Sub-Saharan Africa (SSA) into two categories: socio-economic factors (such as risk and vulnerability and low capabilities) and political economy factors (such as non-developmental politics, corruption and the 'resource curse') (Handley et al, 2009: VI). It is very interesting to note that globalisation is not regarded as a key contributing factor to poverty in SSA in this study. It would be too simplistic and too much of a sweeping statement to argue that globalisation has been the only contributing factor to poverty in SSA; but equally, to argue that globalisation has not contributed to the increase of poverty levels on the continent is too far-fetched. Despite of and, to some extent, because of SSA's involvement in the global economic system over the last twenty years or so, poverty on the continent has, by and large, been increasing instead of decreasing.

The internationally-accepted measurement of poverty is the United Nations Development Programme (UNDP) Human Development Index (HDI) which is a composite measure of three dimensions of human development: (i) life expectancy, (ii) educational attainment and (iii) standard of living, measured by income in terms of its purchasing power parity (UNDP, 2006:263 as cited in Handley et al, 2009:1). According to the Organisation for Economic Co-operation and Development (OECD)'s conceptualisation, poverty should be regarded as a multidimensional philosophical category, defined as interlinked forms of deprivation in the economic, human, political, socio-cultural and protective spheres (ibid). According to Handley et al (2009:1), poverty can be defined as a sense of helplessness, dependence and lack of opportunities, self-confidence and self-respect on the part of the poor.

The ODI study further indicates that HID scores in most countries of SSA have stagnated or declined since 1990, leaving the region as the poorest in the world (Handley et al, 2009:1). As a matter of fact, 28 of the 31 low human development countries are in SSA (UNDP, 2006:265 as cited in Handley et al, 2009:1). Since 1990, income poverty has fallen in all the regions of the world except SSA, where there has been an increase both in the incidence and absolute number of people living in income poverty (Handley et al, 2009:1). This translates to some 300 million people in SSA – almost half of the continent's population – living on less than US$1 a day (UNDP, 2006:269 as cited in Handley et al, 2009:1).

In terms of income inequality (a contributing factor to poverty), SSA is one of the most unequal regions in the world. The average Gini coefficient is 47.4 and the poorest 20% of the population earn only 5.3% of total income (Handley et al, 2009:5). Drawing on the evidence from Nigeria, Moeletsi Mbeki (2009:21) in his controversial book, Architects of Poverty, argues that the number of Nigerians living below the poverty line increased from 19 million in 1970 to 90 million in 2000. This increase was accompanied by a massive rise in inequality. In 1970 the top 2 percent of the population earned the same income as the bottom 17 percent, but by 2000, the income of the top 2 percent was equal to that of the bottom 55 percent (Bindsal and Subramanian, 2004: 77-89 as cited in Mbeki, 2009:21).

It is important to note that poverty levels in SSA have, by and large, been on the increase despite the rosy picture which the international financial institutions and other advocates of neo-liberalism have been trying to paint over the years. The myriad of international policy instruments like the Structural Adjustment Programmes (SAPs), which were later changed to Poverty Reduction Strategies (PRSs) as well as the Millennium Development Goals (MDGs) did not seem to have borne the desired results in terms of poverty reduction on the continent. The majority of the people who are affected by poverty in SSA are the urban working poor (the under-employed), the informal sector operators/employees, the unemployed and the rural poor. There is therefore a close correlation between poverty and income and we can equally conclude that poverty as a policy issue should be analysed within the broader context of labour as a policy area.

THE RESPONSE OF LABOUR TO THE CHALLENGES POSED BY GLOBALISATION

Labour is at a disadvantage in the global political economy. There is no global market for labour, as there is for goods and services. Labour is not mobile like capital because the former is subjected to the borders of the nation state and its own financial limitations. As Castles and Miller (1993:265-266 as cited in Tjihenuna, 2012:103) have noted "prospects are slim for significant increased legal migration flows to western democracies over the short to medium term." There is some room for highly-skilled labour, family reunion and refugees, but not for the resumption of massive recruitment for low level jobs. In the case of the migration of highly-skilled professionals from Africa to the Western countries, this has contributed significantly to brain-drain. Moeletsi Mbeki, for example, has noted that according to the World Bank's estimates, about 20 000 African professionals leave the continent every year to look for greener pastures elsewhere (Mbeki, 2009:30).

Many companies use information technology and other strategies to focus on the demands of international (and domestic) "niche" markets in a way which is contributing to a growing "individualisation and de-collectivism of labour" (Macdonald 1997:5). This leads to multiskilling, automation as well as the creation of home-based and part-time employees etc. As a result of this, workers - especially in developing countries - are being fragmented and they find it very difficult to organise their collective voice.

It therefore stands to reason that globalisation has disturbed the status quo between "capital" and "labour" in most countries, in the sense that capital is significantly more mobile in an open international environment, while labour remains relatively immobile (Macdonald, 1997:6). This can place "labour" at a relative disadvantage, in the sense that "capital" can now employ "labour" in different countries, at lower cost and on a basis which can prejudice the continuing employment of workers in the originating country (ibid).

While poor countries scramble for foreign direct investment, huge global companies pick those with the fewest barriers to entry, the cheapest labour, the fewest labour unions, the most docile working class, and the right mix between an educated and uneducated workforce (Nepgen, 2008:23).

The biggest problem of labour is to organise an international voice to deal with the challenges of globalisation. The international trade union movement represented by different international unions has been divided and in general lacks the capacity to deal with globalisation. One cannot organise an international collective bargaining platform or call for an international strike, for example.

Some scholars (mainly in developing countries) believe that the organisation that has the capacity to take the debate around global unionism in a new direction and advance the ideals of national unions on a global level is the Southern Initiative on Globalisation and Trade Union Rights (SIGTUR); which is mainly a Southern initiative (Nepgen, 2008:48 as cited in Tjihenuna, 2012:123). SIGTUR is committed to global social movement unionism but also to finding solutions for national constituencies' problems (ibid). At the Sixth SIGTUR Congress in South Korea, three commissions were set up to research the restructuring needed in the areas of manufacturing, the public sector, and international institutions. Their findings were incorporated into what is now known as the Seoul Declaration (Harrod and O' Brien, 2002:200 as cited in Tjihenuna, 2012:123).

In most developed countries, blue collar workers have almost been eradicated, and with the bulk of new jobs being created in the service industry there is a growing gap between low-skilled and highly skilled labour (Nepgen, 2008:39). Information technology has decreased the demand for unskilled labour, either employing computer systems to do the same job or outsourcing the same job to 'profitable' areas of the world. These are areas where labour costs are less and union influence lower (ibid).

The developing world has begun what can be termed the 'competitive state', or rent seeking behaviour where they create favourable trading conditions within their national economies with adverse effects on the labour force (ibid). The competition between the Namibian, South African and the Madagascar government to attract Ramatex (a Malaysian-based textile company) to their respective countries, as referred to above, is a case in point. The consequences which Namibia had to bear, after having "successfully" snatched that multi-million dollar investment opportunity, were too ghastly to contemplate.

As firms move their activities and investments to favourable environments, states become entangled in a bid to attract such ventures; the result is global competition, not just between firms, but also between countries that have become commodities in themselves. Cerny (1996:131 as cited in Tjihenuna, 2012:103) has noted that: "…by increasingly promoting the transnational expansion and competitiveness of its industries and services abroad, and competitiveness of its industries and services abroad, and competing for inward investment, the state becomes a critical agent, and perhaps the critical agent in globalisation itself."

The technological changes in the labour market, have led to further diversification of the labour movement, as well as increasing the uncertainty and helplessness of unions (Thomas, 1995:24 as cited in Tjihenuna, 2012:104). The informalising of labour has tended to give companies more power to allocate workers less privileges and rights, thereby optimising their own position at the expensive of workers (ibid). With temporary employee structures, a company can dismiss workers without prior notice as contracts have sub-clauses protecting the firm. With more diversification within the labour conditions, it becomes more difficult for unions to make their members identify with each other and form cohesive issues to engage in with the companies (ibid).

In developing economies, there is often an expanding informal sector where 'work' does not imply regular hours, a regular income, or even a fixed working place. Street vendors, domestic workers, illegal immigrants, and migrant farm workers can all fit into such a category; they all fall outside traditional work structures and pose a challenge to unions (Nepgen, 2008:40). Trade unions have to find ways in which they can incorporate these workers; this is often the fastest growing sector in the developing world, however, it is usually regarded as too big, too complex or too diverse to organise (Gallin, 2002:244 as cited in Tjihenuna, 2012:104). A good example is found in Brazil where the Landless Workers' Movement (MST) was found out of dissatisfaction with the land ownership in the country, and has grown to include informally employed urban workers to become the main opposition to the government and a catalyst for social change (Antunes, 2001:456 as cited in Tjihenuna, 2012:104). This is a good example of social movement unionism with strong grass-roots democracy and activism.

There is a growing realisation that it is only through broad-based alliances between trade unions and other civil society organisations that sufficient momentum can be gained to provide not just critique but viable alternatives, based on social research, so as to be able to stimulate the debate that would challenge the neo-liberal status quo that is advocated by the international financial institutions like the World Bank and IMF. As noted earlier the relationship between capitalism and labour has always been a conflicting one, since it is the goal of any capitalist enterprise to reduce production costs, including labour costs, in order to make a big profit. In a fully-integrated and global market system, various options are open to advanced capitalist companies in their quest to reduce costs and optimise efficiency. Strategies concerning labour include the following:

- Downsizing or subcontracting certain parts of the businesses that can be performed in areas with lower labour costs;
- Adopting new and innovative labour strategies such as temporary labour, part-time workers, and by automating certain tasks and functions; and
- Obtaining permission from their labour force to apply stricter conditions of work and payment in return for furtherance of their employment (Castells, 200:254 as cited in Tjihenuna, 2012:103).

It is very clear that new strategies have been developed in order to respond to the pressures of global competition. The chief aim is to reduce labour costs and limit labour's power by organising workers in different and innovative ways around the numerous jobs performed in the production process. Just-in-time, lean production, job rotation, multi-skilling and flexible employment patterns are said to provide more autonomy and responsibility to workers but have instead created underemployment, informal employment structures and job insecurity for most workers (Eder, 2002:173 as cited in Tjihenuna, 2012:104).

THE INTERNATIONAL LABOUR ORGANISATION (ILO) AND THE DECENT WORK AGENDA

The only international organisation that had some capacity, albeit very limited, to deal with the impact of globalisation on labour, is the ILO. The ILO Constitution makes provision for a tripartite structure, bringing together representatives from government, employers and workers. Therefore the ILO is the only UN Specialised Agency which gives the workers a global platform.

Shortly after its creation in 1919, the ILO adopted key conventions and recommendations related to labour relations which have played a key role in the international labour law debate. Issues such as the eight-hour working day, freedom of association and the right to collective bargaining, non-discrimination employment, and child labour have been instituted and enforced by ILO Conventions and ratified by member states thus making it customary International Law.

Despite the fact that ILO Conventions and Recommendations contain noble ideals, the organisation has, to a large extent, been marginalised and excluded from key policy choices made by other international organisations due to the increasing importance of capital and investment to states and the perceived need for further integration of markets. Organisations like the WTO, IMF, and the World Bank have created an increasingly liberal system of global governance, thus ignoring the need for a regulatory organisation that can raise concerns about the negative impacts of economic liberalisation and employment restructuring (Wilkison, 2002: 217 – 218 as cited in Tjihenuna, 2012:120).

There is a growing feeling that the dignity of work has been devalued; that is seen by prevailing economic thinking which regards labour simply as a factor of production – a commodity – forgetting the individual, family, community and national significance of human work (Report of the Director General at the 95th Session of the ILO, 2006: x). The absence of work, the quality of work, voice at work, continued gender discrimination and unacceptably high youth unemployment are all at the heart of and connects with the ILO's mandate.

It was thus in response to the impact of globalisation on labour, that the ILO came up with what has come to be known as the Decent Work Agenda. The Decent Work Agenda seeks to provide a framework for peace and stability, development with prosperity and social justice in the world of work. It also aims at restoring the link between what it refers to as 'the real economy' and the global financial systems, create room for a good corporate social image, restore the nexus between markets and their political and social contexts and provide a framework for a new conscience that gives the global economy a human face (ILO, 1999). It calls for explicit policies and interventions in four main areas: recognition of, respect for and protection of basic human rights of people at work; the promotion and provision of opportunities for full, productive and decently paid employment; broad-based social policy and social protection; and sustained social dialogue involving all social partners representing employees, employers and the government (ibid). At an Extraordinary Summit of the African Union held in Ouagadougou, Burkina Faso, in September 2004, specifically to address the challenges of poverty, unemployment and underemployment in the Continent, the AU endorsed the Decent Work Agenda. The Report of the Director-General on the Decent Work Agenda in Africa: 2007 – 2015, which informs the different Decent Work Country Programmes (DWCPs) on the continent, was also submitted at the 11th African Regional Meeting held in Addis Ababa in April 2007. It presented three areas of focus:

- Linking the Decent Work Agenda to the Millennium Development Goals and wider agenda;
- Shaping ILO support to the Ouagadougou follow-up through a decent work policy portfolio for Africa within a framework of time-bound targets; and
- Reinforcing the ILO's Africa constituents, i.e. helping African social partners to organise and exercise their voice as real actors of the economy and thus making decent work a national reality (Report of the ILO Secretary-General at the 11th African Regional Meeting, 2007).

As Jean-Michel Servais notes, in an age of globalisation the regulation of industrial relations at the international level is an essential task, as the lowering of frontiers is leading to the internationalisation of law (Jean-Michel Servais as cited in Labour Education 2006: VI). Therefore in the era of globalisation, with all the challenges it poses, the standard setting system of the ILO is, despite its weaknesses, the best-developed and most widely accepted response (ibid). However, there is a need to revitalise and promote the authority of the ILO's supervisory mechanisms in enforcing the adherence to and implementation of the international labour standards. The main challenge facing the ILO when it comes to the enforcement of International Labour Standards is the lack of capacity or mandate to impose sanctions on the offenders – be they member states or private companies. This lack of mandate on the part of the ILO is obviously ham-strung by the notion of the sovereignty of states as equal subjects in International Law which puts a limit to the interference of states and international organisations in the internal or domestic affairs of other states.

CONCLUSION

The last twenty years have seen changes that have resulted in a multiplicity of linkages and inter-connections between states and societies. These changes were mainly a response to the global economic crisis of the early 1970s and are driven by business interests to achieve maximum profits as countries started to move away from earlier protectionist policies. These changes have come to be known as globalisation. The globalisation wave was underpinned by neo-liberal trading and investment policies as companies, mainly Multi-National Corporations (MNCs), were seeking to maximize their profits.

The key drivers of these neo-liberal policies were the World Bank, IMF and WTO. In the case of the developing countries, which were experiencing serious economic problems in the 1980s and 1990s, Structural Adjustment Programmes (SAPs) - which were influenced by the Washing Consensus - were offered as conditionalities before these countries could qualify for IMF loans. The SAPs came under strong criticism and were later changed to Poverty Reduction Strategies (PRSs). However, neither the SAPs nor the PRSs seem to have produced the desired results, i.e. employment creation and poverty reduction – especially in Sub-Saharan Africa (SSA) where poverty levels seem to have either remained the same or even gone up (in some cases). Therefore the assumption that globalisation would lead to greater prosperity does not seem to be supported by any empirical evidence, especially in developing countries where millions of people still live under the poverty line of less than USD1 per day.

Globalisation has not only led to the drop in living standards in many countries in SSA but also to the widening of the gap between the rich and the poor in these countries; as well between the developed and developing countries – especially in SSA - in general.

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