

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.

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