

DYNAMICS OF EMPLOYMENT RELATIONS SYSTEM IN ERITREA: A QUEST FOR RENAISSANCE

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1. THE PROBLEM

Since the 1980s, more particularly since a decade, the politico-economic map of the world has been changing rapidly. While this period witnessed a substantial withering away of communism from the world polity, a number of economic events took place the world over propelling the neo-imperialist initiatives like liberalization, privatization and globalization to buttress monopoly capital. Under the tutelage of pro-imperialist Thatcherism and Reaganomics, which were based on supply side economic policies (monetarism), there was a paradigm shift in economic policies all over the world with which the foundations of the welfare state got shaken vigorously (1). The new imperial order aimed at promoting the interests of the global monopoly capital through neo-liberal policies have profound consequences for democracy and society (2).

The most powerful wings of the monopoly capital, viz., the IMF and the World Bank, were assigned with the task of spearheading this new economic trajectory in the developing nations. The most important feature of the envisaged paradigm shift is the adoption of the stabilization program induced by IMF and structural adjustment program (SAP) induced by the World Bank. The former envisages reducing aggregate demand by cutting down government expenditure, and consequently budget deficit, where as the later aims at making the economy efficient and competitive in the long run through liberalizing the industry, foreign investment and trade policies and thus globalize the economy. Further, in order to facilitate sustained moves in this direction, new imposed agreements and structures (GATT and WTO) were engineered around these policies by the monopoly capital powers despite of increased opposition from the developing world.

All these moves of globalization are, thus meant for accentuating concentration of economic power and marginalization of the poor, both countries and people. Gaps in income between the poorest and richest countries and people will continue to be widened. With the increasing shocks of globalization steered by the global monopoly capital, there is a growing concern for the survival of the national economies and enterprises throughout the developing world, and Africa is no exception to it. Consequently, the developing world has become a prey to the influences of the monopoly capital and its pro-market policies (3). They started believing that the 'market mantras' like liberalization, privatization, globalization, restructuring and flexibility are the effective strategies to make their economies viable, efficient and competitive and initiated moves in that direction.

These moves by the developing nations will have serious social implications for their labor markets and employment relations systems. Because, once the development is oriented towards competitive markets and profit maximization becomes the dominant motive, labor would normally cease to be viewed as a resource of special significance (4) and hence becomes disposable liability ignoring the human implications of it. As a result, the age-old debate and controversy has been triggered once again on the issues like 'equity versus efficiency', 'flexibility versus fairness', 'quality jobs versus competitiveness', and 'labor standards versus job creation' among the social partners. Hence, it is the need of the hour to re-examine the questions such as whether the market propagated concepts like efficiency, flexibility, job creation and competitiveness are really hindered due to the state policies of promoting equity and justice in the labor markets? Whether the state policies governing the employment relations systems in developing nations tend to sacrifice equity for the sake of

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These moves by the developing nations will have serious social implications for their labor markets and employment relations systems. Because, once the development is oriented towards competitive markets and profit maximization becomes the dominant motive, labor would normally cease to be viewed as a resource of special significance (4) and hence becomes disposable liability ignoring the human implications of it. As a result, the age-old debate and controversy has been triggered once again on the issues like 'equity versus efficiency', 'flexibility versus fairness', 'quality jobs versus competitiveness', and 'labor standards versus job creation' among the social partners. Hence, it is the need of the hour to re-examine the questions such as whether the market propagated concepts like efficiency, flexibility, job creation and competitiveness are really hindered due to the state policies of promoting equity and justice in the labor markets? Whether the state policies governing

the employment relations systems in developing nations tend to sacrifice equity for the sake of efficiency and what are their implications? How to reconcile and integrate both for the sake of sustained growth and human welfare?

Against this backdrop, the paper examines the dynamics of employment relations system in Eritrea with a special focus on the State policies and apparatus aimed at promoting equity and efficiency. Eritrea is a new born Sub-Saharan nation that won its freedom after three decades of long struggle against the then Ethiopian rulers. It has aimed at promoting a democratic and just social order and building a viable economy on the ravages of long war through free-market economic policies. The paper is based on a research undertaken by the scholar on “Labor Policy, Labor Standards and Labor Relations in Eritrea” during 1997-98. The specific issues that are focused in the paper includes:

- Whether the overall political and economic environment in which the Eritrean employment relations system operates is conducive for the promotion of equity and efficiency in the labor market?
- Is there any tendency in the State policies to sacrifice equity and labor standards for the sake of economic renaissance?
- How effective is the State machinery in promoting equity and justice in the labor market?
- What is the locus and focus of Eritrean trade union movement towards promoting greater equity at work places and welfare of its members?
- How far did the market orientation and structural adjustment help in job creation, in income generation and its fair sharing and in the prevention and resolution of industrial conflicts?
- Is there any negative impact of globalization on the Eritrean labor market conditions and how effective is the affirmative action to neutralize such ill effects?

This paper is based on primary as well as secondary data. The secondary data were collected from the Ministry of Labor and Human Welfare, the National Confederation of Eritrean Workers (NCEW), and different industries including seven MNCs. To collect the primary data, interviews were held with the officials in the ministry, the NCEW, trade unions and workers of different industrial organizations. Observational visits were also made to have first-hand information on the employment conditions in different work places.

2. EQUITY VERSUS EFFICIENCY: AN OVERVIEW

The persistent and pervasive incidence of poverty, unemployment and social exclusion are bringing social turbulence in the developing nations. Coupled with this, increasing assaults of monopoly capital due to globalization on the developing economies have pressed the governments of these nations to re-examine their labor policy and employment relations systems in order to survive and become competitive. They are caught in a dilemma on how to reconcile the interests of both working class and the enterprises. To tilt the state policy in their favor, the social partners once again began to put forth the demands and counter demands for more equity and more efficiency. Clearly there exists a paradoxical situation here, where in, on the one hand there is a growing pressure to promote ‘equity’ in countries where rapid economic development is sought to be achieved with poor labor rights record (Indonesia, S. Korea, Singapore, etc.) and in some African nations like Kenya (5), Ghana (6), Zambia (7) and Nigeria (8). On the other hand, there is a pressure to drop protectionist barriers in the labor market in order to promote ‘efficiency’ in countries where justice is sought through protective labor legislation and state intervention in employment relations (India, Australia and some African nations).

At the same time there are certain manipulations on the part of the protagonists of free market to influence state policies in developing nations (9). They harped on slogans like 'increased efficiency', 'competitiveness', 'job creation' and 'sustained economic development' while making the case for a free labor market. Thus, the labor market related debate is dominated by themes such as 'secure versus sustainable jobs', and 'good jobs versus poor quality ones'. The choice between job security and income security is becoming increasingly harder. The conventional wisdom, which suggests that liberalizing labor market is necessary for the sake of better economic performance, is challenged by critiques like Boyer (10), by citing the reasons for worsening situation on the industrial front. The nature of industrial development, ownership, traditions, managerial culture, market conditions, nature of education and skill formation, population, technology, etc. were the major reasons for this situation rather than simply inflexibility in the labor market and protective labor legislation. Thus, it is naïve to believe that liberalization of labor market will promote efficiency of firms.

There are two ways how employers look at the problem of gaining efficiency, viz., offensive and defensive. The former envisages combining technological modernization with social progress, where as the latter banks on the retrograde measures like cost cutting by retrenchments, wage freezes, poor labour standards, etc. The defensive strategy is likely to jeopardize the chances of recovery (11). The creation of segmented labour markets and jeopardizing the welfare state in Europe are seen to be the two major evils of this defensive strategy (12). In this regard, Pollert (13) has rightly observed that excessive preoccupation with flexibility has hindered our understanding of the nature of structural change needed at enterprise level. In particular, traditional developments in economic down turns such as increased managerial prerogatives and intensified exploitation of labour are being sanitized by this pre-occupation with 'flexibility'. As Piganiol (14) has noted, restructuring does not necessarily mean redundancy or loss of acquired rights.

There is a growing consensus that downsizing focused solely on quick work-force reduction or poor labour standards to reduce costs may be a least effective method of recovery (15). Poor downsizing or poor standards can sap the employee morale and cause those with the best marketable skills to leave the firm. For an employment relations system to help in both economic development and democracy, the challenge lies in promoting their stability and flexibility so that the twin goals of both 'efficiency' and 'equity' are met. The pure efficiency model can be faulted for its long-term suppression of labour rights, which leads to conflict and to the destabilization of labour relations, as was the case in Korea and Taiwan as well as to weak trade unions unable to participate in workplace decision-making. Where as, the pure equity model can be faulted for the inability of their workplaces to meet flexibility needs to a changing environment (16).

In 1987 the UNDP declared, "Economic development should be the means and social development should be the goal". Thus the efficiency attained at the cost of equity can be considered futile. In this regard, ILO (17) stressed that "Principles of the rights at work provide the ground rules and the framework for the development; employment and incomes are the way in which production and output are translated into effective demand and decent standards of living. Social protection ensures human security and civil inclusion, and enables economic reform."

The preceding discussion reveals that there is an urgent need to make economies more efficient to meet the challenges of globalization and help sustained growth and job creation. At the same time, it is also not desirable to leave the matters for the entire discretion of the employers in the labour market. It may lead to exploitative conditions and undermine workers rights and social welfare. Thus, there is a need to harmonize the concerns of both labour and product markets and look at the issue not in terms of equity versus efficiency, but in terms of the promotion of equity and efficiency. As Jorgenson (18) has rightly observed that the new 'competitive' corporatism developed in several European countries during 1990s has successfully integrated both equity and efficiency through labour-management cooperation but not with the logic of deregulation and 'the wealth of firms'.

3. THE ENVIRONMENT AND PREMISES

While examining the effectiveness of the employment relations system of a country in promoting equity and efficiency in the labour market, it is imperative to understand under what political and economic conditions it is built and operating. The present state of affairs in the polity and economy of Eritrea can better be appreciated from its historical perspective. Eritrea got a long history of colonial rule for about a century under different regimes spanning from the Italian rule (1890-1941) to the British military care taking administration (1941-52), the Ethiopian rule under federation (1952-62) and under annexation (1962-74), and the Derg, the military junta (1974-91). Each regime has left its imprints on the polity and economy of Eritrea.

During the longest spell (50 years) of the Italian rule, a substantial transformation has taken place in the Eritrean economy. This period witnessed the growth of urbanization, modern means of transportation and infrastructure facilities and the industrialization, even though they were primarily aimed at meeting the requirements of the Italian people living in Eritrea and the colonial army. The important cities like Asmara, Messawa, Assab, Mendefera, Adiquola, Decamhare were built during this period. Roads were laid down linking all the important towns in the country. Notably, a railway line was constructed between Asmara and Messawa through an inhospitable terrain. Two Strategic seaports at Messawa and Assab were also built. The industrialization too was initiated during the Italian rule albeit on a smaller scale. The Eritrean products such as textile, leather, tobacco and household utensils were found popular in many African countries. However, during this regime as Berhe Habte (19) has put it, a cruel racial discrimination policy similar to that of apartheid in South Africa was enforced upon Eritreans. Many parts of the city of Asmara were out of bounds for the 'natives'. Eritreans were treated as sub humans, collectively referred to as 'Moschi' or flies. In terms of employment, the only use the Italians had for Eritreans was as gun fodders in the colonial army, as providers of cheap labour in the plantations, and as housemaids and servants. Thus, the fruits of development were made not accessible to the Eritreans and any form of assertion of rights and collective action was out of question.

During the British caretaker military administration, which followed Italy's defeat in 1941, there was a revival of industrial activity in Eritrea. The Eritreans were made part of the economic activity and got employed in factories, railways and public offices. The British administration introduced some liberal policies in terms of improved educational activities and the freedom of association. The later engendered the formation of many political parties, including those that agitated for the Eritrean independence and helped workers to organize and confront the exaggerated colonial employment system. A labour office was also opened in Asmara and grievances of employees were handled on an individual basis. However, due to dismantling and sale of important installations by the British, severe economic crisis and unemployment were triggered during the end of its rule. It culminated into a massive strike by the workers of Eritrean Railways, first of its kind in the history of Eritrean labour movement. Ultimately, Eritrea was federated with Ethiopia in 1952 by UN resolution as an autonomous state ending the British rule in Eritrea.

Immediately then, the Eritrean workers formed the first national labour union on December 1, 1952 called the National Union of Eritrean Workers for Independence (NUEWI). The veteran leader of the Eritrean independence movement, Ato Woldeab Woldemariam, was elected as first president. Even though, the main focus of this union was on the protection of Eritrean autonomy, it worked for the improvement of labour conditions in Eritrea. The Eritrean economy of the 1950s was well developed compared to the economics of other countries in the region. But, the Haile Selassie regime strived to weaken the Eritrean economy by dismantling the factories and encouraging foreign investors to move investments south to Ethiopia. As a result, many industries were closed down and the workers, both skilled and unskilled were forced to seek employment outside the country. The trade union was closed down by the colonial regime by stating that its objectives are against the state and ultimately the union rights were withdrawn in 1957. The NUEWI had opposed the attempts at abrogation of the rights of association through different strikes. The simmering dispute between the unions and the Ethiopian government came to forefront in March 1958 when

unions called for a three day ‘General Strike’ by civil servants and the students. The government stiffly responded to the strike, killing eighty-eight people and detaining thousand of workers. Many of the union officers were detained and tortured, others were forced into exile.

As things became favorable to Ethiopia, the Eritrea was annexed as the 14th province of Ethiopia in 1962, ignoring the UN resolution. The Eritrean workers in Diaspora organized themselves and worked actively from exile in support of the armed struggle for Eritrean liberation launched by the Eritrean peoples Liberation Front (EPLF). The government enacted the “Labour Relations Proclamation” in 1964, giving workers the right to organize and bargain collectively and setting minimum working conditions. However, the powerful Italian industrialists in Asmara could manage the government officials and suppressed the trade unions. The Derg, the military junta that took power in 1974, brought the unions under its direct control by swiftly killing or imprisoning the union leaders and members who attempted to maintain autonomy. However, union leaders in exile and workers in Diaspora all over the world met in the liberated areas of Eritrea in 1979 and founded the National Union of Eritrean Workers, (NUEW) and actively supported the Liberation war. Ultimately in 1991, EPLF could succeed in getting Eritrea liberated from the Ethiopian rule. As a result of this long war of thirty years for the Eritrean liberation and for protecting the workers rights, the economy as well as society were deranged. Most of the factories were closed down, infrastructure like roads, railway line, etc. were dismantled and many families became orphans and destitute since every family lost their earning members in the war. By the time of liberation, there were 42 factories in public sector and 650 small-scale enterprises in the private sector working with out dated machinery, equipment and technology, resource inputs and traditional market. The society was facing with acute problems of poverty, unemployment, ill health, illiteracy and destitution. There were about 90,000 orphans and 45,000 disabled persons in the country. Out of its 3.5 million population, only 20% are literates. The labour market was highly unprotected and unorganized with inhuman labour conditions prevailing allover. Thus, it became imperative for the new government to promote sustained economic growth on the one hand and to promote social welfare and justice on the other, on a war footing.

Thus, it is clear that the Eritrean political environment is characterized by a single party system, with a strong leadership inherited with national sprit and commitment towards social justice and welfare. Where as, the economic environment is marked by a low level of industrialization, poor economic growth rate, weak industry unable to survive and compete, high incidence of poverty, unemployment, inflation and highly exploitive and inhuman labor market conditions. These economic conditions may constrain the success of both the government policy and the employment relations system in promoting equity and efficiency.

4. EMPLOYMENT RELATIONS SYSTEM IN ERITREA

For an employment relations system (ERS) to be effective, there should be a perfect match between the various components of it, which interact with each other in a given context and environment and produce certain effect. The major components of or role players in the ERS are the government, the employers and the workers and their organizations. The state of affairs within each component, their attitude and approach towards others and the nature of interactions and relations that exist between them are, thus forms the subject matter for close evolution in order help understanding the dynamics of ERS and its effectiveness in harmonizing the interests of both labour and management.

However given the context of Eritrea, it is difficult or even irrelevant to employ the same frame of western industrial relations analysis where the state as well as the social partners are of recent origin. There is a meager industrial activity characterized by small industrial units and not even two per cent of the population is engaged in organized industrial employment. State alone is the major employer by virtue of its public services and state owned enterprises. Most of the HRM initiatives are not even heard in Eritrean industry let alone practice, and the managerial practices are highly traditional (20). The government, in the given conditions, tends to play a major role in shaping up

and governing the ERS. Thus, a political-economy approach is found more suitable in understanding the dynamics of ERS in Eritrea with a major focus on government policy and the trade union movement.

4.1 The State Policy and Machinery

Historically, in most countries the government played a major role in shaping up the ERS irrespective of its ideology. It is more pronounced in an economy like Eritrea due to its historical legacy. Hence, a close evaluation is made here about the government policy, legislation and machinery.

4.1.1 The State policy

In a country where the polity is governed by the discipline and confidentiality inherited by its military back ground and single political party and single leader, it is very difficult to understand the real pulse of the public policies since no official policies will be defined clearly and made open to the public. Thus, an attempt is made to read the public policy on employment relations through the legislation, actions and inactions of the government on certain issues, informal discussion with labour officials and trade union leaders and the personal observation of the facts.

Soon after the liberation, the government has embarked upon a plan of economic revival and industrial growth by adopting 'free-market' policies with export orientation. These policies were aimed at industrial restructuring and revival on the one hand, and on the other hand, attracting of foreign investments to boost industrial growth by making conditions favorable to them. For this purpose, it assumed all controlling powers on every aspects of the national life to ensure order and stability in the society, including the labour market. In this direction, it contemplated to ensure certain minimum conditions in the labour market and enacted Proclamation No.8/91. This legislation was, by and large, an extension of the 1964 Labour Relations Proclamation of the colonial regime, which was originally aimed at containing the growth of free labour movement and ensuring of certain minimum labour standards. At the same time, the government has floated a central trade union called the National Confederation of Eritrean Workers (NCEW) by manning in it with ex-fighters and NUEW leaders based on their ranking in the liberation army and subordinated the entire trade union movement to it under the new Law.

The Proclamation No. 8/91 granted the right to organize a trade union where in 20 or more workers are employed in an establishment (rule 66-1), but there should be only one union in one organization (rule 66-2). The hierarchy of unions was contemplated (rule 67/5), where in lower trade unions shall be obliged to accept and implement the decisions of the higher trade union. There shall be industry wise federations and all basic trade unions in that sector have to become members of it (rule 68). The NCEW shall be the representative of all trade unions in the country (rule 68-2) and fifty per cent of the monthly income of all unions shall be contributed to the NCEW (rule77). In turn, the unions were granted with check-off powers and entitled to collect subscriptions at the rate of 2% of employees monthly salaries who gives an undertaking to that effect. However, the employees under Central Personnel Agency like public hospitals and government schools such rights of organization were denied. The law is silent on the issues like right to collective bargaining, right to strike and political rights. Regarding the international affiliation of trade union movement, it is allowed to affiliate only with the ICFTU.

Regarding the terms and conditions of employment and working conditions, certain provisions were incorporated in the proclamation. They cover the aspects like working hours, weekly rest, overtime, holidays, apprenticeship and the conditions of work for child and women workers. The conditions of employment of children were stipulated under the rules 6, 32-2 and 32-4. For regulating the employment conditions of women workers, an amendment (No.42/1993) to the Proclamation No. 8/91 was made by the government in 1993. The disciplinary and grievance procedures were incorporated under the rules 98 to 103 of Proclamation No.8/91. The law is flexible in employment and non-employment issues and stipulated only certain rates of compensation to be paid to the

worker in case of termination (rule 17-3 and 20-1&2). In the absence of specifying clearly the terms and conditions of employment, standards of health, safety and welfare to be followed at the workplaces, fixation of statutory minimum wages, constructing consumer price indices and collecting labour statistics, it can be inferred that the government policy is, thus inclined to let loose the employers to determine labour standards at their own discretion. Ironically, no single social security scheme was evolved by the state so far to provide succor for the ailing workers either in organized or in unorganized sectors.

On the labour-management relations' front, the State assumed custodian role and acquired controlling power on the social partners. Except grievance procedure, no other mechanism was stipulated under law to prevent industrial disputes. More particularly, there are no bipartite arrangements to govern the workplace industrial relations and to promote workers participation in management. The only mechanism that was provided is to settle the disputes through third party intervention. Even for this, a fluid mechanism, procedure and rules were provided under the law. The procedure is that whenever an industrial disputes is raised by the parties, the Labour Tribunal at the Ministry of Labour and Social Welfare will take up the case and in the first instance, it will try to settle the dispute through conciliation. If not resolved, it presides over and pass award. Even though, there is no official policy regarding the collective bargaining, it took coinage in certain organizations, however, may be on few peripheral issues. Unofficially, the government policy is against the right to strike, which has been steered through the NCEW. Absence of a single strike during the past one decade of its liberation in Eritrea despite many a trying situation in the labour market confirms this attitude of the government. Thus, the constraints placed on trade union activities and right to strike necessarily affect and restrict the free exercise of bargaining rights and development of bi-partite relations.

In the restructuring process of its economy, the State wishes to shed its responsibility of running the public enterprises and contemplated to close down or privatize all the state owned industrial units as early as possible. For this purpose, it has set-up a high-powered body i.e., Eritrean Board of Privatization Agency in 1993. The policies and activities of the Board were kept confidential and caused much anxiety, frustration and anger among the public sector workers. Even, the respective trade unions or the NCEW were not involved in the restructuring and privatization process. There were 42 factories in the public sector and about half of them were closed down resulting in retrenchment of more than 3500 workers. Out of the remaining, eight factories employing about 3000 workers were sold-out to the private people at throwaway prices and liberalized labour conditions. More particularly, it took a decision to eliminate all fringe benefits in the privatizing companies (21). The Government undertook no affirmative action. At the best, it entered agreement with the purchasers that no employee will be retrenched, even though they can affect changes in nature of work and conditions of employment. Regarding the remaining public enterprises also, the government is eagerly looking for the purchasers. Thus, the entire restructuring process has been handled in a hasty manner without involving the trade unions and caused frustration among the labour. It is in the words of a senior paper student (22) "that the workers in the public sector units are in anguish and frustrated mood and the policies of the Board are forcing them to prepare for another bloodshed in Eritrea".

4.1.2 The Machinery

In order to give coinage to its policy and legislation, the Labour Department was setup within the Ministry of Labour and Social Welfare. The Labour department is headed by the Director General and consisting of three wings which deals with the inspection and labour relations, employment, and social security, each headed by a Director. Again, the inspection and labour relations wing consisting of inspection and labour relations units with two separate heads and the employment wing is also divided into two units viz., labour market information and the employment exchange. The same set-up is also found at the different Zobas (regional offices) and it is divided into six Zobas and further into Sub-Zobas. Thus, on the whole, the structure of the labour department seems to be reasonable to deal with the various segments of the labour market.

But, the problem is with the manner in which the labour department has been manned and their adequacy and competence. Like all other government departments in Eritrea, the labour department was also manned entirely with ex-fighters, based on their cadre in the liberation army rather than their suitability and competence for such posts. The use of ‘spoils system’ in manning the labour department has been severely hampering its functioning, since the culture of war discipline is not suitable for nurturing of democratic workplace employment relations. Moreover, it has resulted in an anomalous situation where in the more qualified person is placed at the lower level and the less qualified at the higher based on their rank in the liberation army and causing personality conflicts. For example, Director Generals of the Labour as well as Social Welfare Departments are having only 12th and 11th grade education respectively in comparison to the higher qualifications (M.A. and B.A.) held by their subordinates. The particulars about the educational background of the officials in the Ministry are presented in table 1.

TABLE 1. EDUCATIONAL BACKGROUND OF THE OFFICIALS AT THE MINISTRY OF LABOUR AND SOCIAL WELFARE, THE GOVERNMENT OF ERITREA

Head Office	Educational Level							Total
	1-8	9-12	12+1	Uni.Inco	Diploma	B.A.	M.A.	
Dept. of Labour	--	8	2	2	1	5	1	19
Dept. of Social Welfare	--	16	3	2	2	3	--	26
Support Staff	--	5	--	--	--	7	--	12
Total	--	29	5	4	3	15	1	57
Regional Office (Zobas)	58	77	1	1	5	1	--	143
Grand Total	58	106	6	5	8	16	1	200

Source: Ministry of Labour and Social Welfare, Government of Eritrea.

It can be inferred from the table 1 that the average educational level is very low (11th Grade) among the labour officials which is adversely affecting their competence both in evolving suitable labour market policies and their implementation. This situation can be attributed to the fact that almost all of them are ex-fighters who have discontinued their education and joined the liberation war. However, the government has contemplated to improve their education by sponsoring them to different educational programs (23). Coupled with these things, the labour department is also suffering with inadequacy of staff at the field level resulting in an inadequate check on the erring employers as well as dismal performance in the collection of labour statistics.

The preceding analysis makes it clear that in Eritrea, like in most of the African and developing nations (24), the working class movement and struggles were considered as a valuable tool in the struggle for dependence till the acquiring of freedom. But, later it was perceived as a threat to domestic order, efficiency and attracting of foreign funding and investments. There is a notable willingness on the part of the State to subordinate the interests of labour to its national development plans by acquiring controlling powers on the trade union movement. The floating of NCEW as a part of its centralized national political power structure and vesting in it all the powers to control trade unions can be viewed as a step in that direction. The terms and conditions of employment incorporated under the law were aimed at ensuring certain minimum standards rather than ensuring equity and justice in the employment relations. The third-party intervention has become the major stay of the policy in governing labour-management relations rather than development of bipartite relations. The labour machinery falls short of required suitability, adequacy and competence. As a result, the employers are placed at their free will in determining the labour market conditions.

4.2 The Working Class and Trade Unionism

In the absence of census data either for entire population or for the labour force, it is very difficult to describe the working class in Eritrea and the rate of unemployment and underemployment. Even it is difficult to estimate the total work force either in urban or in rural and formal and informal sectors. However, as per an estimation, there are about 700,000 people considered as labour force between the age of 18 and 55 (25). Out of this, 65 per cent are rural and 35 per cent are urban. It is also estimated that about 25 per cent (61,000) of the urban labour force are engaged in the informal sector, while in the rural labour force about 20 per cent are engaged in rural non-form employment. Thus, there are about 184,000 workers considered to be in the urban formal sector that constitutes the target population of this study. The Eritrean labour force is characterized by illiteracy and ignorance, low skills, poor incomes and living standards, coupled with honesty and commitment and poor organizing capacities which make them susceptible for easy exploitation.

The Eritrean trade union movement is characterized by low unionization, hierarchy of unions with centralized powers, meager geographical coverage of membership with concentration at Asmara (71%), Assab (16%) and Messawa (8%), limited coverage of economic activity, staggered growth of membership and base unions over the years and the poor quality of leadership at the base union level who are inept in handling the labour matters and collective bargaining. Whatever state of affairs now exist in Eritrean trade union field are, by and large of state contribution. The hierarchy of unions stipulated under the law resulted in a situation where the base unions are weak, the industry federations are insignificant and the confederation is very strong but subordinated to the State. This situation is not conducive for the growth of democratic workplace industrial relations. There is also a stunted growth in the number of base unions and their membership since they are hovering around 150 and 17,000 respectively during 1993 and 1998. This is mainly because the TUM could not penetrate into the new areas and newly established firms, both native and MNCs and the unorganized sector. This reflects the absence of necessary vigor in the trade union movement. The particulars relating to the number of base unions and their membership under five federations are presented in table 2.

TABLE 2. FEDERATION-WISE NUMBER OF TRADE UNIONS AND THEIR MEMBERSHIP IN 1998

Sl. No.	Federation	No. of Base Unions	Membership		
			Male	Female	Total
1.	Food, Drinks, Hotels, Tourism, Agriculture and Tobacco workers Federation (FBWF)	38	1,993	1,253	3,246
2.	Mining, Chemical, Iron and General Workers Federation (MCGWF)	39	3,274	669	3,941
3.	Service Industry Workers Federation (SIWF)	33	1,399	379	1,778
4.	Transport and Communication Workers Federation (TCWF)	23	3,050	527	3,577
5.	Textile, Leather and Shoe Workers Federation (TLSWF)	21	1,467	3,532	4,999
	Total	154	11,183	6,360	17,541

Source: Organizing Department, NCEW.

According to the table2, there are 154 base unions in Eritrea under 5 industry federations and one confederation with a membership of 17, 541 workers in 1998. Again, the trade union activity is heavily located in the textile and leather sectors, where the big industries are operating. The women workforce participation is significant (36%) in Eritrean trade union movement, particularly in the TLSW and FBW Federations. Because, the major chunk of women workforce in the country works in the textiles, tanneries, shoe making, hotels and bars, breweries and flour mills.

The economic power of the base unions is also weak since they have to part with half of their income with the NCEW. Thus, they could not undertake many activities for educating their members and to protect their interests. Where as, the NCEW is having enormous funds at their disposal, which accrued from the base unions, foreign grants and the ILO support schemes. Therefore, one would expect a rigorous activity on the part of the NCEW to educate and organize its members and fight for their cause. But, ironically an overwhelming majority of the workers (92%) are feeling that its activities are moderate to very low (26). In no single MNC, the NCEW could organize a trade union despite of its unified strength. However, the NCEW has contemplated to enhance its activities in near future pertaining to collective bargaining, enlarge its membership base, improvement in working conditions of its members through brining pressure on the employers, promotion of educational standards of its members and organizing social programs including cooperatives. For this purpose, it is trying to improve its financial base by actively involving in some business activities like operation of cinema and clubs and constructing a conference hall to rent with the financial assistance from the Norway workers union.

On the whole, it can be said that the Eritrean trade union movement lacks necessary vigor in protecting the interests of workers. The highly centralized movement is not conducive for the strengthening of grass-root organizations. The government has, thus succeeded in seeing that the trade union movement could not become a possible source of political opposition to the ruling elite and that its orientation is supportive of official policies of economic development rather than defending the interests of the working class. Thus, the NCEW is trying to engage otherwise by undertaking business activates such as running cinema, clubs and the conference hall.

4.3 The Employers and Their Organizations

Despite hectic privatization moves, the State remained as a major employer by virtue its remaining public enterprises and service organizations. Since it is clear from the earlier analysis that the attitude of the government towards its employees is that of undermining and subordinating their interests and rights to its development plans, here discussion is limited to the private sector employers only. There are about 2090 private sector small scale and medium sized firms operating in the country, apart from about a dozen MNCS.

Most of the small and medium enterprises (SMEs) are single owner firms, some are partnership firms and very few are sharing companies. The total investment in these SMEs is about Nakfa 580 million and most of them are labour intensive. They employed about 11,000 workers who's educational and skill levels are very low with about 71 per cent of them are having below 5th grade education. The management of these firms is vested in the owner-managers who are unaware of modern management techniques and quite naturally use primitive human resource management practices. It is quite evident from a study (27) that the most of the employees (65%) in these firms were recruited from casual applicants, majority (64%) of them were selected on the strait job offer basis, which is followed by another 12 per cent through simple interview. The training methods confined to on the job self learning (100%) and coaching by the supervisor (76%).

At the same time, these employers are likely to be more interested in a "fast buck" and expect abnormally high profits, as it is a general phenomenon among small entrepreneurs in developing countries. Thus, the burden of all the inefficiency and greed falls on the workers, who are forced to work for wages below the subsistence level and under the inhuman working conditions. The MNCs, which are here in Eritrea to avail the advantage of cheap labor, are very much inclined to curtail the democratic rights of their workers. Notably, no single MNC in Eritrea has allowed the formation trade unions in their organizations, irrespective of their national origin (28).

Regarding the employer' organizations, no one is formed so far neither at the national level, nor at the regional or industry levels. There is only one chamber of commerce in the nation's capital, called Asmara Chamber of Commerce whose members are, more or less traders and businessmen but not the industrial employers. Its primary interest is to secure concessions from the government in relation to the import trade they undertake rather than influencing the internal economic activity.

Thus, there are no prospects for promoting social dialogue on the basic issues in the labour market and the determination of such issues are, by and large, left to the discretion of individual employers.

5. THE ERS AND LABOUR MARKET CONDITONS

Whatever conditions exist in the employment relations system in a country, they will certainly have a significant bearing on the labour market conditions. Here an attempt is made to assess the impact of ERS on the labour market conditions in Eritrea. The major areas of impact are the wages, conditions of employment, safety and working conditions, democracy at work place and industrial relations.

5.1 Wages and Benefits

'Wage' constitutes an important problem of labour-management relations and a cause of concern for both labour and management. The wage system reflects the amount of equity that exists in the ERS and the imperfections in the employment market. It also speaks about the attitude and fairness of the government and the employers towards the working class in a country. Since the surplus labour market conditions are quite common in most of the developing nations, which pronounce exploitative conditions, the major responsibility falls on the state to regulate them in order ensure equity and protecting the interests of labour and curtail exploitation. The government policy in Eritrea, by and large, confirms its attitude of sacrificing the labour interests for the sake of 'efficiency' and economic development. Because, the government abstained from evolving any wage regulation policy, determining the statutory minimum wages and constructing the consumer price indices. Coupled with these, it is also curtailing the workers rights, particularly the right to strike through the NCEW, which resulted in weak bargaining power. Thus, there exists a condition, which is more favorable to the employers and resulted in fixing the wages that are below the subsistence level.

The wages of the workers in the organized industry varies significantly from organization to organization. They range from Nakfa 200 to 300 in better-placed enterprises and from Nakfa 150 to 250 in others, however both are below the minimum standards. There exist no periodical wage revisions in Eritrean work place except one in 1997 during a period of eight years (1991-98). Even this was also done in a traditional manner since there are no consumer price indices. Moreover, the real purchasing power of the working class eroding fast during recent years due to the galloping inflationary tendencies in the economy. As a result, the workers and their families are suffering from malnutrition, ill health, poor housing, poor social life and illiteracy. Most of the workers families are living in single room tenements due to the exorbitant house rents prevailing in Asmara where there prevails no privacy of life.

These problems have pressed the workers to send their wives and children to work in much more exploitative conditions in the unorganized sector in order to supplement their income and survive. This situation is resulting in increased child labour problem and associated ills. It is also resulting in social maladjustments, because most of the young girls are choosing employment in bars and restaurants as a better alternative to the informal sector jobs. These bars and restaurants are more or less prostitute centers and hence exposing these children to the attendant risks associated with it. These bars are widely prevalent in Asmara. Regarding the benefits, the system of payment of bonus does not exist in any of the organizations. No canteen facility is provided in any organization that supplies food items at subsidized rates. Even, the uniforms also had to be purchased by the workers on their own in most of the factories. On the whole, the fringe benefits that are normally provided by the modern industry are totally non-existent in Eritrean factories and workplace.

5.2 Conditions of Employment

Even though law has stipulated certain conditions of employment regarding pay rolls and contract of work, termination and retrenchment, hours of work and night work, weakly rest and holidays, conditions of work for women and young persons, and apprenticeship, they are honored more in their violation, rather than their implementation by the Eritrean employers. Most of the employers do not maintain pay rolls to avoid attracting of law and terminates their workers at their will and wish by manipulating the article 17(2) of Proclamation No.8/91(29) relating to reasonable and unreasonable retrenchments. There were 55 such cases reported to the Labour Department in 1998 from Zoba Mackel alone, of which 41 (75%) cases were decided in favour of workers and only 8 in favour of employers (6 pending), which confirms the attitude of employers. The stipulated conditions of work for women and young persons and apprentices were never honored and they were exposed to high risks. The overall picture is that they try to violate the law, as far as possible regarding the conditions of employment which can be clearly seen from the large number of violations detected in 896 establishments by the Inspection Wing of the Labour Department as shown in Table 3.

TABLE 3: DETAILS OF LAW VIOLATION CASES DETECTED BY THE INSPECTION WING, DEPARTMENT OF LABOUR DURING 1996.

Sl. No	Nature of Violation	No. of Cases Detected	Action taken	
			Advise	Warning
1.	Safety & Accidents	1363	1083	280
2.	Health & Hygiene	849	700	149
3.	Wages & Overtime	144	96	48
4.	Hours of Work & Night Work	15	4	11
5.	Weekly rest & Holidays	207	139	68
6.	Pay rolls & Contract of Work	276	202	74
7.	Conditions of Work for Young persons	20	15	5
8.	Conditions of Work for Women & Maternity	394	316	78
9.	Apprenticeship	88	68	20
	Total	3356	2623	733

Source: Inspection Wing, Labour Relations Branch, Department of Labour, Ministry of Labour and Social Welfare, Government of Eritrea.

5.3 Safety and Working Conditions

In Eritrean workplaces, safety is not at all a concern for employers as it can be visualized from the above table 3. During 1996 alone, there were as many as 1363 cases of violations detected by the labour department, of which, in the case of 280 warning letters were issued which speaks about the gravity of the problem. This situation is resulting in heavy number of accidents taking place every year. There were as many as 5,454 accidents took place resulting in death of 7 workers and inflicting another 14,667 workers who got injuries during 1997-98 alone, of which 9832 are male and 4,835 female. Thus, it confirms that the women workers are placed in high-risk conditions in comparison to their relative numerical strength. These accidents have resulted in a loss of 12,716 man-days. During the same period, in Zoba Mackel alone, 1332 workers got involved in accidents resulting in the death of 6 persons. The nature of injuries in the case of remaining accident victims is: serious injuries –29; fractures and limb related injuries-223; skin burning and related – 524; eye injuries-76; and other injuries-474 (30).

Regarding the working conditions, it is observed that most of the workplaces are unhealthy and unhygienic in relation to the cleanliness, ventilation, lighting, drinking water supply, etc. More particularly, inhuman conditions prevailed in tanneries, shoe making and textiles. The employers seem to have not bothered about these pretty things in their greed for more profits. In certain cases, they themselves are not aware of the things to be done. It is also clear from the table 3 that, there

were as many as 849 cases booked during 1996 relating to health and hygiene, of which 149 cases were of serious nature where the warning letters were issued. Thus, it can be said that the overall picture of safety and health in Eritrean firms is undesirable.

5.4 Workplace Democracy and Industrial Relations

Workplace democracy implies a situation wherein employer recognizes the workers rights and give them a due share in the decision making process at least in determining employment related matters. These rights include right to organize, right to bargain, rights of participation and even the right to strike. Denial of these rights coupled with adverse employment conditions may result in adverse industrial relations and give rise to industrial disputes. The pertinent matters that speak about work place democracy and the nature of industrial relations are the grievance redressing system, joint consultative forums and workers participation in management, trade unionism and collective bargaining, and the industrial disputes their causes and methods of resolution.

5.4.1 Grievance Procedure

Since there is no compulsion under the law, a formal grievance procedure and machinery are not found in most of the Eritrean organizations. However, where there is collective agreement, grievance procedure is stipulated there. Even in these organizations too, it is confined more to the paper rather than practice in most of the cases. A simple and fluid procedure is followed in handling the grievances of workers. The general procedure is that the aggrieved employee or his union presents the grievance to the immediate foreman, if not resolved, to the personnel manager and then to the manager. If the manager does not resolve it, the case is brought to the notice of the labour office by raising an industrial dispute. The labour tribunal first tries to settle the dispute through conciliation. If agreement could not be reached, it will pass the decision (award). Again, there is a right to appeal to the Aweraja Court or High Court. However, due to the authoritarian and negative attitude of the employers, the grievance procedure is not followed by most of the employers, which resulted in ever-growing number of individual industrial disputes from year to year, which can be seen from table 4.

TABLE 4. DETAILS OF INDUSTRIAL DISPUTES AND METHODS OF RESOLUTION

Year	Total No. of Disputes	Individual	Collective	Methods Resolutions			
				Conciliation	Award	Closed	Pending
1992	1009	993	16	705	127	177	-
1993	1141	1126	15	1097	9	35	-
1994	2873	2858	15	2389	84	400	-
1995	4698	4679	19	4189	105	404	-
1996	10820	10665	155	9895	273	482	-
1997	17762	17482	280	16602	208	488	464

Source: Labour Relations Unit, Dept. of Labour, Ministry of Labour and Social Welfare, Government of Eritrea.

5.4.2 Joint Consultation and Workers' Participation

Joint consultation through bipartite forums like Works Committees and Works Councils may promote an understanding between the labour and management and prevent industrial disputes. But, in no single organization they are found in Eritrea including MNCs. In most of the cases, lack of awareness on the part of the employers about these things and in the case of others lack of willingness to share information and powers with the workers deterred the Eritrean employers to institute such mechanisms.

5.4.3 Trade Unions and Collective Bargaining

Organizing a trade union and undertaking collective bargaining are the basic rights of the workers that go a long way in establishing democratic workplaces. As things stand, there were only 154 base unions organized in entire Eritrean industry. This speaks about the poor trade union rights enjoying

by the Eritrean workers. It is mainly because, in most of the small firms as well as MNCs, the employers are very hostile towards trade unions and using all their energies to see that no trade union is organized in their organization. These employers resort to victimization of workers for their involvement in trade union activities by termination. It is quite evident from the ever growing number of individual industrial disputes from year to year, of which majority are pertaining to the terminations on the grounds of indiscipline.

The practice of collective bargaining has not yet picked-up momentum in Eritrea. There were in all only 62 collective agreements so far reached between trade unions and employers since 1992. Out of these, as many as 29 were concluded during the 1997-98 only. More over, most of these agreements are renewal in nature in the same organization and mostly they are in public sector and public service. However, these agreements were reached due to the involvement of NCEW, but not as a true bilateral process between the management and trade union in that organization. Thus, it can be inferred that the right to organize and bargain are not so prominently recognized by the Eritrean employers.

5.4.4 Industrial Disputes

Due to the state policy, conditions in TUM coupled with the employers attitude of exploiting and suppressing workers, there has been an alarming increase in number of industrial disputes as is evident from table 4. Among the different sectors of industry, construction sector ranks first in the number of disputes either in 1996 (54%) or in 1997 (58%) followed by manufacturing sector with 23 per cent and 20 per cent respectively (see table 5). So, it can be inferred that the employees in these two sectors are facing vulnerable employment conditions. Regarding the methods of resolution, as it is evident from table 4 that the overwhelming majority of the disputes were settled through the conciliation process and the remaining through the adjudication. Notably, out of the total cases settled through the conciliation, as many as 90 per cent were ended in favour of workers. That means the employers are eager to take advantage of the state policy and labour market conditions.

TABLE 5. SECTOR-WISE INDUSTRIAL DISPUTES IN ZOBA MACKEL, 1996 AND 1997.

Industrial Classification	1996		1997	
	No. of disputes	%	No. of Disputes	%
Agro Industry	28	0.84	24	0.26
Mining Industry	19	0.23	54	0.09
Manufacturing	1952	22.82	1835	19.97
Energy & Water	79	0.85	26	0.23
Construction	4337	53.92	5341	58.14
Whole, Retail Store	48	0.58	29	0.32
Transport & Communi.	639	7.80	733	7.98
Financial	-	-	4	0.40
Public Industry	1092	13.33	1141	12.92
Total	8195	100	9187	100

Source: Labour Office, Zoba Mackel, Ministry of Labour and Social Welfare.

5.4.5 Industrial Relations in MNCs

No institutionalized industrial relations exist in Eritrean MNCs (31). Because, out of the seven MNCs studied, the trade union exists only in one MNC, which is a joint venture with the government. These MNC employers are extremely hostile towards the trade union activity and always keep a close watch on workers activities. These MNCs maintaining distance with NCEW and do not disclose any information. Quite naturally, there exists no collective bargaining practice in MNCs. Further, in no organization there exists a grievance procedure and even the workers were not allowed to raise industrial disputes except in two MNS. In the Korean construction firm of

Daewoo group, 198 industrial disputes took place during 1995-97. Strikingly, a majority of these cases were on disciplinary actions, which manifest the employer's victimization attitude. Because, the Eritrean people in general and workers in particular are considered to be very honest, hard working and disciplined. The workers complained that these cases were due to their questing of management practices and attempts to organize union. Of the remaining, 48 pertain to service matters and 10 to working conditions. Again, an overwhelming majority these disputes (173) were settled by labour court alone and only 25 cases through conciliation. In the other organization i.e., the Canadian mineral testing laboratory, 8 industrial disputes took place during 1996-97. Remarkably, all these were settled through labour court only. The above analysis clearly indicates that the MNCs in Eritrea are very hostile towards the trade union activity and try to suppress it and they prefer recourse to litigation rather than mutual settlement of disputes.

On the whole, it can be inferred that the imbalances in the Eritrean employment relations system have a pervasive negative impact and led to exploitative labor market conditions. These are amply born out by the prevalence of below subsistence level wage patterns, poor safety and inhuman working conditions, exploitative conditions of employment, gross violation of labour law, undemocratic workplaces, which are ultimately leading to the growing incidence of industrial disputes. Thus, equity is denied to the Eritrean workers under the guise of promoting efficiency of the firms and the economy. But, such efficiency is also not coming forth in Eritrean industry due to the obsolete technology and managerial methods and poor productivity. The prevailing adverse conditions sapped workers morale and resulted in depressed productivity levels.

The impact of globalization also has been pervasive on the Eritrean labour market and economy. Despite many favorable conditions, the desired pace of industrialization has not taken place in Eritrea due to the flooding of the Eritrean markets with foreign goods. Many firms are already wound up. Even the few existing firms are on their way to exit. The industries like textile, leather, household utensils, cosmetics and soaps, tobacco and breweries are the worst victims of this inward globalization leading to their sickness, closures and retrenchment of labour. The Government is on a fast track to privatize all the PSEs adversely impacting the labour working in them. Thus, the free-market policies of the government and the globalization had a deleterious impact on the Eritrean economy resulting in bleak prospects for fresh job creation in the industrial sector and increased unemployment and poverty. Thus, the globalization instead of proving a panacea for the problems of the developing nations has proved to be a remedy worse than the disease.

6. CONCLUSION

In conclusion, it can be observed that Eritrea is inclined to sacrifice the labour standards for the sake of its economic development plans. The State controlled trade union movement lacks necessary vigour to protect the interests of labour and there are bleak prospects for the growth of genuine grass-roots labour movement in the near future. The employers are eager to en-cash this situation and the resultant is the inhuman and exploitative conditions in the labour market. These labor market conditions have adversely affected the employees' morale and productivity levels. In addition to these, there is a poor growth rate in the economy coupled with growing unemployment and rising inflation. The domestic industry, in most of the sectors, has been finding it difficult to compete and survive even in domestic markets, let alone in export markets, and increase their market access in the developed world. It has resulted in a paradoxical situation wherein both 'equity' and 'efficiency' are not found in the Eritrean industry and economy. Thus, the quest for renaissance at the cost of labour has failed in yielding desired results.

Therefore, there is an immediate need in Eritrea and such other developing nations pursuing the similar path, to reconsider and redefine their social objectives and growth plans in order promote greater social equity, justice and welfare by emphasizing both on equity and efficiency. Blind imitations and/or helpless subordinations to the global monopoly capital powers and unethical competition in suppressing labour rights may result in economic failures, social inequities and political turbulence. There is an imperative need for forging unity and economic cooperation among the developing world in general and among the African nations in particular, in order to counterbalance the lopsided globalization moves of the monopoly capital and achieve the goal of 'African Renaissance'. A 'no war pact' among the African nations is a vital precondition for such a renaissance.

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