

Organizing in the Global Informal Economy

by Dan Gallin, GLI

The Informal Economy

Workers in the informal economy are all workers in unregulated and unprotected work – a majority by far of all workers in the world. ⁽¹⁾ This includes all work in informal enterprises as well as informal jobs (jobs that pay no benefits or provide no social protection). such as own-account workers (for example home-based workers or street vendors) and some wage workers, for example casual workers without fixed employers, most domestic workers and even factory workers in unregulated and unprotected work, typically in the free trade zones. Because they lack protection, rights and representation, they remain trapped in poverty.

The debt crisis of the underdeveloping countries, the dismantling of the public sector, the deregulation of the labour market under the structural adjustment programs of the IMF and the World Bank, and the succession of economic and financial crises since 1997, has pushed millions of people in Africa, Asia and Latin America out of formal employment and into the informal economy. They are not in the informal economy by choice, but as a means of survival.

In addition, the structure of the modern transnational corporation has been changing. From a producer it is becoming the coordinator of production carried out on its behalf by others. By eliminating the jobs of permanent full-time workers, by outsourcing and subcontracting all but its core activities, and by relying wherever it can on unstable forms of labour (casual, part-time, temporary, seasonal, on call), management deregulates the labour market and shifts responsibility for income, benefits, and conditions onto the individual worker.

The outer circle of this system is the submerged world of micro-enterprises and industrial outworkers, in the industrialized countries mainly immigrant workers, often without residence and working permits, with deteriorating conditions as one moves from the centre to the periphery of the production process. Most of the so-called own-account workers under contract to a transnational corporation are in fact disguised employees who have lost their rights as employees.

Globalisation has tended to informalise work everywhere: the protection of workers in the formal economy is threatened under the impact of global deregulation, even while the workers in the informal economy remain integrated into global production and marketing chains. What is particular to the informal economy is the absence of rights and social protection of the workers involved in it. In every other respect, the formal and informal economies form an integral whole and, whilst it is easy to identify the core elements of each, the borders between them are blurred and shifting.

For the most part, informal workers are women. A majority of workers expelled by the global economic crisis from regulated, steady work are women. As the ICFTU has reported ⁽²⁾, women are the principal victims of the casualisation of labour and the pauperisation created by the crisis, and have therefore massively entered the informal economy, where they had already been disproportionately represented, even before the effects of globalisation had made themselves felt.

The growth of the informal economy cannot be reversed in the short or medium term anywhere in the world. Formalizing the informal economy on a world scale is an illusion. In the current global economic and political context, no State or regional grouping of States has the ability or the political will to set in motion the macroeconomic changes that would create universal full employment under regulated conditions. On the contrary, for the foreseeable future we can expect more deregulation and a further growth of the informal economy. The issue is therefore not “formalizing” the “informal” but protecting the unprotected. That, of course, is also a way of "formalizing", but it implies a different approach: organizing from below rather than regulating from above.

Workers' Rights

Workers' rights are under attack, to one degree or another, in all countries, by means we are all too familiar with, ranging from blackmail with threats of relocation, to dismissal and blacklisting, to murder. In most countries, however, workers' rights are at least formally recognized and some protection exists against the worst forms of abuse they are exposed to. This is not the case in the informal economy, where workers, until recently, were not even recognized as workers and most of the time face the employer as individuals. Fear is pervasive: fear of losing one's job, however bad, fear of losing security, however fragile. The lack of legal protection of workers' rights in the informal economy is therefore an overriding issue.

At the International Labour Conference in 2002, the ILO for the first time addressed this issue. The "informal sector" was an agenda item and, after intense discussions between representatives of workers, employers and governments, conclusions were adopted where basic workers' rights, access to work and social security and organisation and representation are all identified as being elements of decent work which should be enjoyed by workers in the informal economy. These are the most significant points made in the conclusions ⁽³⁾:

- The ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up and the core labour standards are as applicable in the informal as in the formal economy.
- Workers are not defined by their employment relationship but by the work they do and their dependent position in the production process. Therefore own-account workers are workers (not micro-entrepreneurs) and are entitled to the same rights as other workers.
- National legislation must guarantee and defend the freedom of all workers,

irrespective of where and how they work, to form and join organisations of their own choosing without fear of reprisal or intimidation.

- The ILO should "identify the obstacles to application of the most relevant labour standards for workers in the informal economy and assist the tripartite constituents in developing laws, policies and institutions that would implement these standards".
- The ILO should also identify the legal and practical obstacles to formation of organisations of workers in the informal economy and assist them to organise.

In 1996, the International Labour Conference had already adopted the Home Work Convention (Convention 177), which aims to promote "equality of treatment between home workers and other wage earners, taking into account the special characteristics of home work and, where appropriate, conditions applicable to the same or similar type of work carried out in an enterprise" (meaning sweatshops). In its operative part, the convention says that "equality of treatment shall be promoted, in particular, in relation to: (a) the home workers' right to establish or join organizations of their own choosing and participate in the activities of such organizations; (b) protection against discrimination in employment and occupation; (c) protection in the field of occupational safety and health; (d) remuneration; (e) statutory social security protection; (f) access to training; (g) minimum age for admission to employment or work, and (h) maternity protection."

This convention was secured by a thin majority of government and workers' votes against fierce opposition from the employers' group who, when the convention was adopted, declared that they would prevent its ratification wherever they could. So far, they have been largely successful: only four countries have ratified (Albania, Finland, Ireland and the Netherlands).

Organizing

Ultimately, of course, any real guarantee for implementation and enforcement of labour standards in the informal economy depends on the organisation of informal workers into trade unions. Only by organization into unions can informal workers hope to get their rights recognised. As for the unions, they need to organise in the informal economy to survive. With approximately 90 percent of the world labour force unorganised, and union density declining as the informal economy keeps growing, organising the workers in the informal economy everywhere has now become a crucial issue for the labour movement. Without a serious and sustained effort on this issue, it is impossible today to even think of organizing a majority of workers on a global scale - and unless we succeed in this we cannot change the existing global power relationships to our advantage.

What are the obstacles to organising in the informal economy? Some are structural: the dispersal of the labour force into individual workplaces makes traditional union organizing difficult and calls for new approaches. Some are ideological, such as backward trade union thinking, wedded to the myths and customs of rust-belt trade

unionism based on traditional male manual work. Yet, even though informal workers in many instances do not have previous trade union experience or a trade union culture, they have nevertheless organized themselves into unions, as workers do, even without formal trade union backing.

The problem is not so much in the South, where traditional unions, for example in Africa and Latin America, have been often successful in organising informal workers. At the same time, informal workers have also created their own organisations. In India, where 97 percent of the labour force is in the informal economy, the Self Employed Women's Association, which represents informal women workers, now has a membership of over 700,000. In countries like Brazil, Korea or South Africa where trade unionism is a militant social movement, there are also significant advances in organising in the informal economy.

It is in Europe, North America and Japan that unions have so far largely failed to develop successful organising strategies in the informal economy. In an advanced industrial country like Britain, 64 percent of the workplaces are unorganised ⁽⁴⁾ and, although many of these in theory represent formal employment, they employ in practice a casualised, contracted out and insecure workforce whose wages and working conditions are typical of those existing in informality.

In addition, a vast number of workers, such as home workers, do not relate to any particular workplace or, like domestic workers or workers in sweatshops, are scattered among thousands of micro-employers. With a few notable exceptions, such as Northern Europe, the picture is the same throughout the industrialised world and, much worse, in the countries of the former Soviet bloc.

Some unions, for example in Britain (T&GWU, GMB), Germany (IG Metall), France, Italy, Spain and the US (SEIU), have made serious efforts to organize informal workers, with some success, but so far this is only scratching the surface.

If one assumes, as we do, that the problem of organising workers in the informal economy is a major priority to be addressed and resolved by the trade union movement, it is clear that the trade union movement has to develop new approaches: it has to take on board the women's agenda (defend women's issues, take more women into its leadership, hire more women organizers, adjust its procedures and practices to become more women friendly); it has to organize on a community basis as well as the traditional work-place based organizing, and learn to work with associations; it has to develop political programs that reflect the needs of society at large and of the informal workers within it. The trade union movement has to see itself as part of a broad coalition, which is the Global Justice and Solidarity Movement, where it can find the allies it needs and where it can contribute its sense of purpose and its organizational strength.

Here too, obstacles must be overcome, in particular a deep-seated mistrust in sections of the trade union movement of working with NGOs, justified in some cases, and

entirely misplaced in others.

Equally, advocacy and service NGOs involved with informal workers have in some cases been reluctant to engage with the trade union movement, partly because of bad experiences, but most often because of perceptions based on mistaken assumptions and political prejudices.

Coalition Building

There has been some progress recently. A coalition of women's NGOs, informal workers' organisations, international and national unions and workers' education organisations has come together in the last four years to drive the organizing agenda forward. This coalition was also instrumental in securing the conclusions of the 2002 International Labour Conference.

Its main elements are:

(1) National unions, mostly in Africa, which originated in the formal economy and, as their members lost their jobs through deregulation and privatisation, followed them into the informal economy. One example is the General Agricultural Workers' Union (GAWU) of Ghana, which expanded its area of work to non-waged workers and subsistence farmers after structural adjustment programs in the 1970s caused its membership to drop from 130,000 to 30,000. Another example is the Uganda Public Employees Union (UPEU). In the 1990s its membership dropped from 108,000 to a mere 700 as a result of the privatisation of government services. The union then drastically changed its outlook and scope: it revised the concept of "public employee" from the traditional narrow meaning of civil servants to a much broader concept of anyone engaged in serving the public, such as, for example, street vendors. As a result of these changes and a new organising drive, its membership started to grow again, reaching 17,000 by 1999.

(2) Women in Informal Employment Globalising and Organising (WIEGO): an international network of women's unions, NGOs and individuals in academic institutions and international organisations, with the aim of promoting the organisation of informal women workers into unions world wide. WIEGO is a research back up and a policy think tank for informal workers' organisations, with a secretariat at Harvard University. It also organises foundation funding for many organising initiatives.

(3) The Committee for Asian Women (CAW), a network of women's NGOs and unions based in Bangkok, with 28 members in 13 Asian countries. Since 2001 work in the informal economy is its main priority.

(4) Global union federations such as the IUF and the ITGLWF have been supportive of informal women workers' organizations because of direct experience in their area of work: home workers, nearly all women, account for a significant part of world

production in tobacco products (bidi workers in India) and of garments, other textile products and footwear. The International Transport Workers' Federation (ITF), the Public Service International (PSI), UNI and, most recently, the ICFTU, have also showed support and interest.

(5) The International Federation of Workers' Education Associations (IFWEA), at its congress in 2000, decided that supporting union organisation of workers in the informal economy, through workers' education, was one of its priorities. One of its main affiliates, the WEA England and Scotland, working with the Zambia Congress of Trade Unions, established a WEA which, in turn, through a series of seminars, was instrumental in the establishment in October 2002 of the Alliance of Zambian Informal Economy Associations (AZIEA), with over one million members. AZIEA members are mostly street and market vendors (many of them former miners in the Copper Belt who were laid off as the mines shut down, but who do have trade union experience) and some transport workers (mini-bus drivers and their helpers).

(6) The International Restructuring Education Network Europe (IRENE), based in the Netherlands, has organized several meetings on workers in the informal economy in Europe, in co-operation with trade union organisations (FNV, ETUC) and other allies (WIEGO, IFWEA).

(7) HomeNet and StreetNet, are international networks of, respectively, home workers and street and market vendors. HomeNet is dormant at this time, but StreetNet transformed itself into an international federation at a founding congress held in Seoul in March 2004, which was attended by 58 delegates from 15 organisations. It elected an executive with a president from Korea, a vice-president from India, a treasurer from South Africa and a secretary from Zambia. The co-ordinator (a staff position) is from South Africa. The International Council has five members from Africa, two members from Latin America and one member from Asia.

(8) The Self Employed Women's Association (SEWA) of India, based in Ahmedabad, Gujarat, now with over 700,000 members, is one of largest unions of informal workers in the world. It has been instrumental in building this coalition: it is affiliated to the IUF and the ITGLWF (as well as to ICEM, which, however, has not so far been active in organising informal workers), it has been the main active element in WIEGO (its founder, Ela Bhatt, is Chair of the WIEGO Steering Committee), it is an affiliate of the IFWEA through the SEWA Academy and it is a member organisation of CAW.

In December 2003, SEWA hosted an International Conference on Organising in the Informal Economy in Ahmedabad. The conference was co-sponsored by HomeNet Thailand, the Nigeria Labour Congress, SEWA, StreetNet International and the Ghana TUC, and was attended by sixty participants (16 from Africa, 28 from Asia, 5 from North and Latin America, 2 from Europe and 9 from international organisations). The conference elected an International Co-ordination Committee

(ICC) whose task is to ensure that the decisions of the conference are followed up. The ICC met last June in Geneva, at the International Labour Conference.

(9) The Global Labour Institute (GLI), based in Geneva, has been at the center of much of the co-ordinating and networking activity between the principal actors of this coalition.

Coalitions such as these, without strong formal structures but with a capacity of working effectively together as a network, can become a powerful force for positive change and for driving the organizing agenda in the informal economy.

Notes:

(1) *Women and Men in the Informal Economy: A Statistical Picture*, Employment Sector, ILO, Geneva, 2002

(2) *From Asia to Russia to Brazil – The Cost of the Crisis*, International Confederation of Free Trade Unions (ICFTU), Brussels, May 1999

(3) Conclusions concerning decent work and the informal economy, in: Effect to be given to resolutions adopted by the International Labour Conference at its 90th Session (2002); (b) Resolution concerning decent work and the informal economy, document GB.285/7/2 (available on the ILO web site: <http://www.ilo.org/>).

(4) Polly Toynbee: *The workers who need trade unions most can't join them*, in: *The Guardian*, December 27, 2002.

Further reading: ICFTU Trade Union World Briefing, March 2004: The Informal Economy: Women on the Front Line (available on the ICFTU web site).

Web sites with relevant material:

- <http://www.wiego.org/>
- <http://www.streetnet.org.za/>
- <http://www.ifwea.org/>
- <http://www.icftu.org/>
- <http://www.global-labour.org/>

November 2004