ON ORGANISING WORKERS IN THE INFORMAL SECTOR

A REPORT PREPARED FOR THE INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

1989

Dr. Swasti Mitter
Department of Business Management
Brighton Polytechnic
Brighton, United Kingdom
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Published by the International Confederation of Free Trade Unions
Rue Montagne aux Herbes Potagères 37-41
B - 1000 Brussels, Belgium
FOREWORD

The scope and growth of the informal sector, especially in the developing countries has a number of important implications for trade unions. Increasingly, with the growing interdependence of the world economy, the economic crisis of the 1980s and its impact on workers in all parts of the world has brought in the informal sector cannot be ignored by trade unions. In its 1988 publication "The Challenge of Change - Report of the 14th ICFTU World Congress on the Tasks Ahead for the International Free Trade Union Movement" it was noted that the informal sector had been receding in both the industrialised and developing countries up until 1980. Since then the informal sector has taken on new dimensions and has grown, in many cases at dramatic and alarming rates. It is the sector in which workers have the least protection and are subject to the most oppressive conditions. The 14th ICFTU World Congress concluded that trade unions could no longer remain immune or unresponsive to this growing problem and, particularly, in the context of the situation in developing countries, called upon ICFTU-affiliated national trade union centres concerned "to inscribe the task of organising the rural and informal sector in their list of priorities".

What is the informal sector and how can trade unions respond to its dramatic re-emergence? Following its 14th World Congress, the ICFTU has undertaken a number of initiatives aimed at creating a better understanding of the reasons for the growth of the informal sector and their implications for trade unions.

Until recently there had not been any previously known attempt to globally tie the range of available information together in a trade union perspective that is importantly both practical and easily understandable. As a vital first step the ICFTU commissioned this report to provide its affiliates with relevant information on the growth, dimensions and characteristics of the informal sector, focusing mainly on the developing countries and highlighting some of the important implications regarding the organisation of workers in this sector. This report, along with other research being carried out by the ICFTU and its affiliates, is intended to broaden the awareness and involvement of the free trade union movement in the vitally important work of educating and organising workers in this sector to lift them out of the margins of society and bring them into the social and economic mainstream.

John Vanderveken
General Secretary
ICFTU, Brussels

February 1990
INTRODUCTION

The Challenge of Change, the main theme report to the 14th World Congress of the ILO was unequivocal about the need for directing the trade unions' organising strategies to the vast number of workers in the informal sectors so that they can benefit from protective legislation and the security of collective bargaining. The present report is a background paper for assessing the need for and feasibility of this suggested novel direction for trade union activities, particularly in the less developed parts of the world.

The analysis in the report was based on the published literature about the informal sector. In writing the report, I also used some unpublished documents written by trade union research centres in many parts of the world. I have, likewise, benefited from my discussions with members of the concerned International Trade Secretariats as well as with the scholars working in this field at the ILO. The global overview that the report presents, therefore, highlights the priorities of the trade unions and affiliated organisations. My task has been primarily to provide an analytical framework, in the context of which the significance of local and regional mobilising experiences can become meaningful to organisers in other parts of the world.

With this goal in view, the synthesising exercise in this report aimed to clarify a number of ideas, such as

- the definition of the informal sector;
- the role and importance of women workers in this sector;
- the factors that contribute to the rise and spread of the informal sector;
- the common points and differences in the organising experiences of trade union activists in different parts of the developing and developed world;
- the existing gaps in knowledge, and future research directions in this area.

The picture that emerged from the exercise was predictably complex. The informal sector was found to be anything but a homogeneous category; it displayed distinct characteristics in different regions of the world. By appreciating the specificities of particular experiences, it was possible to evaluate the opportunities for replicating a successful experience elsewhere, at different times and in different places.

For trade union activists, there is a lamentable paucity of information on the subject. The gaps in knowledge are most pronounced in the context of Africa and least in Asia. I hope, therefore, that this report will initiate more worker-orientated research on the role of the informal sector in all regions, and particularly, in Africa. The ILO Regional Organisation, ORIT has already undertaken an impressive project on the expanding informal sector of Latin America. The Latin American report, which is shortly to be published, will no doubt complement my own global overview. I have tried not to overlap with material that is contained in the forthcoming ORIT publication. The trade unions and affiliated organisations should, therefore, read this report in conjunction with the Latin American one.

One of the major objectives of the ILO is to give specific advice and guidance to affiliates who wish to formulate their own strategies in the light of international experience. This brief report has tried, in the spirit of the ILO to identify the issues that will be best explored in future regional or interregional workshops. This global exchange of information, one hopes, will pave the way for achieving the laudable goal which the Challenge of Change sets for 'formalising the informal sector'.

Swasti Mitter
Brighton
United Kingdom
1989
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Section 1 - The Characteristics and Composition of the Workforce in the Informal Sector

1.1 What is the Informal Sector?

It is not easy to define the informal sector. Academics and policymakers have used the concept differently and in different contexts. In Italy, for example, the term is used interchangeably with lavoro nero, or the black economy. In the United Kingdom, it signifies those activities needed for human well-being and for which no financial transactions are involved. The International Labour Organization, on the other hand, uses the term to cover a multitude of characteristics that are specific to the ‘non-modern sector’ of the developing economies. The most frequently mentioned characteristics are the preponderance of small-scale units of production and the use of traditional technology. (See the Appendix).

The plethora of definitions need not confuse the trade unions. The goal of the trade union movement is to empower the workers. Hence, it is best to delineate the informality of a productive sector in terms of the vulnerability of the workers themselves. The informalization or casualization of employment takes place when workers cease to enjoy the employment rights and related legal rights, normally granted to the workers of the formal sector, in the same or similar occupations.

If the workers’ vulnerability is to be the criterion of the informality of work, some of the jobs, even in the mainstream economy, can easily be described as informal. Shift work, contract work, seasonal work – common in the construction, plantation or food processing industries – are often excluded from the securities offered by the usual employment and labour legislation. Workers in the Free Trade Zones, likewise are often not protected by a country’s normal labour legislation. The growing casualization of employment in the developed countries in the shape of part-time and temporary work has also given rise to a dramatic increase in the types of employment that represent enclaves of informality in the midst of the formal sector. The informal sector is not a peculiarity of the third world; neither is it a sector totally dissociated from the formal one. There are degrees of informality, depending on the extent of the casualization in the conditions of work.

The informalization of work also occurs where workers, in the absence of job opportunities in the formal sector, take up self-employment, as a measure of survival. Such self-employed are not the small business people of the official economy, who can boast of being their own boss. These are the petty traders who have no control over their market; they can sell their services and wares only if they comply with the terms dictated by the subcontractors of large retailers. In the
absence of adequate collaterals, they are invariably excluded from the credit facilities of financial institutions. By providing credit at an extortionary rate of interest, money lenders and suppliers of raw materials at times reduce the so-called self-employed to the status virtually of bonded labourers.

1.2 Beyond the Domain of the Legal Economy

One disturbing side of the informal economy is that, in certain situations, it thrives on illegal and criminal activities. When employed in jobs outside the periphery of the legal domain, the casualized workers, being accomplices in an illegal act, face an added vulnerability, not having access even to the rudimentary civic rights that the state offers. For a worker in the illegal sector, it is impossible, for example, to seek redress against physical harassment meted out by the immediate employer.

The erosion of basic civic rights is most noticeable now in certain parts of Latin America and Africa, which are experiencing the painful traumas of debt crises and structural adjustments. In these regions, the illegal informal sector has become the growth area of economic activities accounting for an ever-increasing share of the countries' employment. In the view of some thinkers, this development does not necessarily herald a bleak future. To Hernando de Soto and Mario Vargas Llosa of Peru, for instance, the new trends indicate a silent revolution. They have hailed the spread of the informal sector as the Other Path (El Otro Sendero), an alternative to the bloody revolution that movements such as the Shining Path (Sendero Luminoso) stand for. The silent revolution, in common with its bloody counterpart, represents people's protest and provides a countervailing power to the corrupt, bureaucratic and centralised state power.

the elephant-sized (Peruvian) bureaucracy that, in order to justify its existence, requires, for example, that to register a small company a citizen must contend with eleven different ministries and municipal offices over a period of ten months. ...Laws are cooked up in the bureaucratic kitchens of the ministries... in accord with the persuasive power of the interest they will serve...

Hence people have renounced legality and taken to the streets, selling whatever they could, setting up their little shops and building their own homes on the hills and sand dunes, where there was no work they created it. They made a virtue of their shortcomings, and turned ignorance into wisdom.

As Hernando de Soto ecstatically proclaims, "We (the supporters of the informal sector) have become a movement".

This optimism, however, needs close and sharp scrutiny by the workers' organizations. Even leaving aside the criminal activities such as drug trafficking and related trades, any illegality in the informal sector hardly holds well for an average worker. In the absence of any organizational strength, the workers understandably become subject to the manipulation of those who control the market and finance in this parallel sector. The contribution of the illegal informal economy to the Gross National Product of some Latin American and African countries may be impressively high, but so are the numbers of child workers and of employees in precarious jobs.

It is misleading to declare, as de Soto does, that the informal sector represents the initiatives of people using illegal means to achieve legal objectives. People never and nowhere form an undifferentiated mass or homogeneous group, sharing the same economic objectives and similar economic power. The unequal relationship of power results from an undemocratic distribution of the means of production. This is precisely the reason why workers need organisational strength, to achieve security of employment as well as protection from work-related hazards - in the formal as well as in the informal sector.

The organizational strength of the workers can in turn become a lever for bringing about desired changes in a society where, to quote Mario Vargas Llosa, "legality is a privilege (only) of those with economic and political power. The spread of the informal sector in Latin America and Africa in many ways may have been a spontaneous popular response to the inability of the State to satisfy the most elemental aspirations of its people", yet it can also give the trade union movement the chance of innovating in this area of grassroots organisation.

1.3 Why Study the Informal Sector?

The semantics of the term informal sector can distract attention from the more useful exercise of identifying the approximate size and characteristics of its workforce. It will be safe to state that at least half a billion workers, or a quarter of the world's economically active population, is now engaged in the activities of the informal sector. The figure, by definition, excludes the number of child workers.

Since the majority of these casualized workers are in the developing world, the share of workers in the informal sector of the poorer part of the world is much higher than elsewhere. In India, for example, according to 1981 Census, the informal sector employment accounts for more than half of the total non-agricultural employment. The preponderance of women in this sector is even more dramatic; in the developing world, only six per cent of the working women are in the formal industries and services. The remaining ninety-four per cent find jobs in the informal sector.

The informal economy has not, however, disappeared from the richer part of the world. In the industrialized countries, with the present management preoccupation with the flexibility of labour, the informal sector has re-emerged with new vigour. It is common to find migrant workers from the non-European countries providing the much needed flexible labour, particularly in the clandestine sector of the rich world. Often, in many developing countries as well, large numbers of migrant workers can be found in the informal sector.
It is not only the actual proportion of the workers in the informal sector that should concern the unions; it is the spread, particularly in the urban sectors of the developing world, that demands urgent attention. In Asia and in Latin America, there is enough evidence to substantiate a rise in the urban employment of the informal and small-scale sectors (Table 1 and 2).

Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Large-Scale Enterprises</th>
<th>Small-Scale Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>of which private</td>
</tr>
<tr>
<td>1976</td>
<td>5,170</td>
<td>4,160</td>
</tr>
<tr>
<td>1981</td>
<td>6,050</td>
<td>4,420</td>
</tr>
<tr>
<td>1983</td>
<td>6,260</td>
<td>4,630</td>
</tr>
<tr>
<td>1985</td>
<td>6,180</td>
<td>4,420</td>
</tr>
</tbody>
</table>

Source: ILO/ARTEP, in collaboration with ICPTU, INTUC, and EMS, New Delhi, 1989

Table 2

The Informal Sector On the Increase:
(in Percentages) in Selected Latin American Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Employment</th>
<th>Urban formal Sector Employment</th>
<th>Urban informal Sector Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>0.8</td>
<td>-0.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Brazil</td>
<td>4.0</td>
<td>2.6</td>
<td>9.3</td>
</tr>
<tr>
<td>Colombia</td>
<td>2.5</td>
<td>2.3</td>
<td>5.4</td>
</tr>
<tr>
<td>Chile</td>
<td>1.2</td>
<td>-1.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.0</td>
<td>1.9</td>
<td>8.4</td>
</tr>
<tr>
<td>Peru</td>
<td>1.8</td>
<td>-1.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Venezuela</td>
<td>2.1</td>
<td>1.5</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: ILO/PREALC

The present crisis in Africa has led to a startlingly high rate of urban unemployment in most African countries (Table 3). A decline in the official urban sector has understandably been accompanied by the continued growth of the urban informal sector; between 1980 and 1985, employment in the informal sector increased on average by 6.7 per cent per annum. There are significant variations in the importance of the informal sector among African countries (Table 4). However, it is correct to assume that the sector accounts for 59 per cent of African urban employment overall.

Table 3

HIGH URBAN UNEMPLOYMENT RATES IN AFRICA:

<table>
<thead>
<tr>
<th>Country</th>
<th>Unemployment Rate</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>25%</td>
<td>1984</td>
</tr>
<tr>
<td>Comoros</td>
<td>13%</td>
<td>1980</td>
</tr>
<tr>
<td>Egypt</td>
<td>6%</td>
<td>1984</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>23%</td>
<td>1981</td>
</tr>
<tr>
<td>Gambia</td>
<td>8%</td>
<td>1983</td>
</tr>
<tr>
<td>Ghana</td>
<td>10%</td>
<td>1980</td>
</tr>
<tr>
<td>Kenya</td>
<td>17%</td>
<td>1986</td>
</tr>
<tr>
<td>Madagascar</td>
<td>13%</td>
<td>1992</td>
</tr>
<tr>
<td>Morocco</td>
<td>18%</td>
<td>1984</td>
</tr>
<tr>
<td>Nigeria</td>
<td>8%</td>
<td>1985</td>
</tr>
<tr>
<td>Senegal</td>
<td>17%</td>
<td>1980</td>
</tr>
<tr>
<td>Somalia</td>
<td>22%</td>
<td>1982</td>
</tr>
<tr>
<td>Tansania</td>
<td>18%</td>
<td>1985</td>
</tr>
<tr>
<td>Zambia</td>
<td>26%</td>
<td>1980</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>12%</td>
<td>1982</td>
</tr>
</tbody>
</table>

Source: ICFU - "The African Development Challenge" 1989
### Informal Sector an Important Source of Employment: Africa

<table>
<thead>
<tr>
<th>Country</th>
<th>Informal Employment as % of Urban Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>72.6%</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>60.2%</td>
</tr>
<tr>
<td>Burundi</td>
<td>45.1%</td>
</tr>
<tr>
<td>Congo</td>
<td>36.9%</td>
</tr>
<tr>
<td>Côte-d’Ivoire</td>
<td>60.6%</td>
</tr>
<tr>
<td>Gabon</td>
<td>61.8%</td>
</tr>
<tr>
<td>Ghana</td>
<td>38.3%</td>
</tr>
<tr>
<td>Guinea</td>
<td>61.2%</td>
</tr>
<tr>
<td>Madagascar</td>
<td>22.7%</td>
</tr>
<tr>
<td>Malawi</td>
<td>23.0%</td>
</tr>
<tr>
<td>Mali</td>
<td>32.9%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>65.1%</td>
</tr>
<tr>
<td>Niger</td>
<td>68.5%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>47.2%</td>
</tr>
<tr>
<td>Senegal</td>
<td>44.3%</td>
</tr>
<tr>
<td>Togo</td>
<td>60.4%</td>
</tr>
<tr>
<td>Zaire</td>
<td>66.2%</td>
</tr>
</tbody>
</table>


The growth of the informal sector in the developing world has important implications for the conditions of work and levels of pay for the casualized workers. Admittedly in some cases, the jobs in the informal Indonesia, for example, the official minimum wage is Rp. 1050 per day whereas the sidewalk vegetable vendors are reported to earn incomes of Rp. 2000 to Rp. 3000 daily. However, in the majority of cases, the balance of relative earnings between workers of the informal sector and formal sectors tilts definitely in favour of the former. The research carried out by the Indian National Trade Union Congress (INTUC) reveals a pattern that is typical of many a developing country.

Thus in India the minimum wage for unskilled workers in government-owned industries and major private corporations is generally lower than for unskilled workers in small-scale informal enterprises. The differential gets even more pronounced when one takes into account the fringe benefits (such as holiday bonuses) that the formal sector employees receive.

It is not only the differing levels of earning that warrant attention. The workers in the informal sector are more likely to experience economic insecurity and degrading physical conditions of work. A recent study of informal workers in Bombay revealed that one out of ten workers did not receive his or her payments in time, and one in five workers was expected to work for twelve hours daily. There was no provision for either illness or retirement. Health hazards, in the absence of proper monitoring, were high.

Any rise in the number of casualized workers protected neither by the health and safety regulations nor by the minimum wage legislation heralds a weakening of the trade union movement. Such a rise also erodes the workers’ collective bargaining power, even in the organized sector, inasmuch as the unionized workforce is reduced and informal workers’ organizations are created outside the union structure. These organizations often take the form of self-help groups as a part of the survival struggle of the casualized workers in poor countries. This fragments the labour movement which remains necessary for long-term dialogue with employers and government aimed at improving the quality and quantity of employment.

The creation of a large pool of unorganized workers also facilitates the current trend towards privatization and deregulation of industries. The flexible workforce, those that can be hired and fired at will, paves the way for introducing new flexibilities in labour relations. Hence the individual and collective rights that unions have earned over the years are jeopardized and reduced.

The study of the informal sector is particularly urgent for the unions at present. In discussions of economists and political philosophers, the concept of the informal sector has in recent times assumed an important ideological dimension. Some have glorified the role that it can play, stressing the entrepreneurial potential of the workers themselves. They are viewed as mini-entrepreneurs in the making, hampered only by excessive state intervention. This trend of argument hides the fact that most of these mini-entrepreneurs are, in fact, desperately workers, benefit of a job as well as of capital. Improving the future of such a workforce calls for measures beyond the mere de-bureaucratization of the state machinery or the formation of self-help groups. The crucial task facing the labour movement today is to reorient the mode of mobilization and to redefine the concept of worker.

1.4 Women and the Informal Sector

In order to explore the potential for organizing workers in the informal sector, the trade union movement needs to look at the gender composition of the sector's workforce. There are understandable difficulties in collating relevant information, yet the picture that emerges, from fragmentary research undertaken in various parts of the world, is uniform. Women play an important role in this sector as productive workers—be it in the developed or developing world. Women, as workers, are dominant in this section of the economy, as women from the majority of the countries examined. Thus, women represent a much larger proportion of the workforce than men.

Recognising the importance of women in the informal sector is an important step towards innovative workers' organizations. Indeed, it will be unwise to try to formulate mobilising strategies without a proper awareness of the factors that specifically push women into the informal sector.

The quantitative and qualitative data on the gender structure of employment in this sector are thus of strategic relevance to the unions.
The available aggregate data, however, are based on crude estimates, available for a limited number of countries, and are only a rough approximation to the true figure. The original and synthesizing research of the International Labour Organization gives us the best picture so far of the existing state of employment in the informal sector of the developing world[22]. Their contribution also clarifies the problems of gathering and interpreting figures that emerge from the current fragmentary research. (See Table 5). As the ILO study stresses there are difficulties in comparing aggregate informal sector employment figures from different countries. Since many data sources do not give sufficient details, the qualitative aspects of women's employment is not known. Moreover, these surveys differ in terms of geographical coverage; some cover the entire city while others cover only specific slums or quarters. To compend the matters more, the available statistics refer to different roles of women in different countries; as heads of enterprises, as waged workers or as unpaid family labour. A much clearer picture of women's role in the informal sector is therefore available by looking at women's participation in specific activities, rather than at the aggregate or national figures.

### Table 5

<table>
<thead>
<tr>
<th>Area</th>
<th>Year</th>
<th>% of women in sample</th>
<th>Remarks on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Botswana</td>
<td>1984/85</td>
<td>70</td>
<td>National labour force survey</td>
</tr>
<tr>
<td>Lagos (Nigeria)</td>
<td>1987</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Kano (Nigeria)</td>
<td>1976</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Freetown (Sierra Leone)</td>
<td>1976</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Windhooex (Namibia)</td>
<td>1981</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Kinshasa (Zaire)</td>
<td>1984</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Abidjan &amp; other towns (Ivory Coast)</td>
<td>1984</td>
<td>24</td>
<td>Head of enterprises</td>
</tr>
<tr>
<td>ASIA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ahmedabad (India)</td>
<td>1977</td>
<td>5</td>
<td>Wage workers</td>
</tr>
<tr>
<td>Bangkok (Thailand)</td>
<td>1981</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Bombay (India)</td>
<td>1979</td>
<td>12 (10)</td>
<td>Self-employed</td>
</tr>
<tr>
<td>Dhaka (Bangladesh)</td>
<td>1979</td>
<td>2</td>
<td>Wage employees in informal sector</td>
</tr>
<tr>
<td>Colombo (Sri Lanka)</td>
<td>1976</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Jakarta (Indonesia)</td>
<td>1976</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Luwuka (Zambia)</td>
<td>1981</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Manila (Philippines)</td>
<td>1976</td>
<td>57</td>
<td>Excludes tertiary activities</td>
</tr>
<tr>
<td>New Delhi (India)</td>
<td>1976</td>
<td>42</td>
<td>Workforce in poor households</td>
</tr>
<tr>
<td>LATIN AMERICA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panama (Panama)</td>
<td>1976</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Cordoba (Argentina)</td>
<td>1976</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Campinas (Brazil)</td>
<td>1976</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

Source: Derived from various studies by S.V. Sethuraman, ILO, Geneva

Even excluding women's prevalence in the agricultural sector, the labour force participation of women is on the rise in all parts of the world[22]. However, women's participation is most pronounced in the informal sector which, because of the casualised and often hidden forms of employment it does not lend itself to easy quantification. A pattern can still be discerned: in the informal sector, as in its formal counterpart, women find employment in the activities which need less skill and meagre capital.

### 1.4.1 Women in the Informal Services Sector

A large majority of women workers in the informal sector are engaged in the labour-intensive tertiary activities such as hawking, vending, petty trading, or working as maids or waitresses. In a survey of low-income households in Bangkok, Thailand, it was found that seventy-two per cent of households have at least one member in the informal sector; of such members, at least forty-nine per cent are women. Three-quarters of these women are, again, employed in petty trading and services such as those of waitresses, hairdressers or laundry workers. In Luwuka, Zambia, for example, a study on low-income households found that seventy per cent of the female employment was in trade; the comparable figure for men being just twenty-two per cent. The picture is similar in Botswana, where the 1984/85 data from the national labour force survey suggest that ninety-two per cent of the total female employment in the informal sector is in trade and unskilled activities[22].

The gender composition of the workforce in La Paz, in Bolivia, indicates a similar pattern. In the squatter settlements of Delhi, India, two-thirds of adult women were in paid jobs, of whom eighty-five per cent were employed as domestic servants[22].

The importance of women in the informal sector can be further highlighted by looking at the specific branches of economic activity. As the International Labour Organisation Study on the informal sector reports, in the city of Lucknow, India, seventy-five per cent of domestic servants are women; in Lima, Peru, more than half of the hawkers are women. The preponderance of women is also visible in the street-food enterprises of many a developing country such as Thailand, the Philippines, Nigeria and Senegal[22].

Women are visible and numerically important in the services area of the informal sector for a simple reason. It is easier to set up on one's own in petty trading without much capital. In contrast, it costs money to start even a small manufacturing enterprise. If the workers of the informal sector are poor in general, the women workers in it are the most poor. Women hardly have any collateral to offer, and hence are excluded from the sources of business capital. As waged workers, their employment tends to be in occupations where they can sell the skill they learn in the sphere of domestic, unpaid work. Women, thus, normally become waitresses, maids or laundry workers. The necessary skills for the manufacturing jobs can be acquired only through necessary trainings. Women because of their domestic long apprenticeship and craft training, often find themselves of these necessary trainings.
1.4.2 Women in the Informal Manufacturing Sector

Although not as visible as in the tertiary activities, women form an important workforce also in the manufacturing side of the informal sector. However, because of the nature of the work given to them, the available statistics grossly underestimate women's true rate of participation. In India, for example, women, as home-based producers, make such varied products as beedis, agarbattis, garments, small furniture, footwear, food products, lace and handicrafts - both for the national and for the international retailers. From the sweatshop units, small enterprises, and home-based premises, women provide inputs of vital labour even in high-tech industries such as electronic goods or components of cars both in the developed and in the developing world.

This spread of micro production units and home-based work, in the middle of western Europe and the United States, is being increasingly documented by committed researchers. The garment industry epitomizes the deployment of women in the most casualized forms of manufacturing employment. In the context of Ahmedabad, India, for example, the legal correspondent of the Hindustan Times describes the gender differentiation in the informal sector:

The labour market is segmented into men and women who specialize in stitching one type of garment. But, unfortunately, the garments which require a high degree of skill and where the workers are paid better, are made exclusively by men. There are a few organized workers (exclusively males) in the industry who are mainly cutters or tailors of men's clothes, working in the modern factory environment with the latest technology. But the majority of the labour force is made up of unorganized women belonging to the muslim community, working at home.

The extent of home-based work is not easy to quantify anywhere. There is always the pressure on the home-based workers to remain invisible, in case they demand the protection of labour legislation, which is expensive to the employer. Also, there is a tendency on the part of the government officials, who collect labour statistics, to view the home-based workers as really housewives doing their work in their leisure time. To make matters worse, women themselves often do not perceive themselves as workers, just because they do not go out to work.

All these factors contribute to a gross underestimation of women's role in the manufacturing sector of the developing (and the developed) world. It also leads to serious anomalies in the collated and published figures. In Ahmedabad, India, during a sample survey of all registered establishments, only seventy out of 1,534 workers were found to be women; and almost all those women were employed in the trade and in the services sector. In a complementary sample survey of 'independent' workers, only nineteen were female out of a total of 376 workers. In contrast, the Self-Employed Women's Association (SEWA) - a grassroots organization and union of the home-based and other casualized workers in India places the figure for casualized women workers at around forty percent of the city's total workers.

The example of Ahmedabad is typical. Home-based, and hence invisible, workers carrying out piece-rate operations in varied manufacturing industries, substitute satisfactorily for factory employees. These are the activities in which the production line does not have to be physically integrated, and the equipment used may not be too large. Again, such activities are the ones that tend not to need constant technical monitoring, and where the standard of quality control does not have to be too exacting. Footwear, handicrafts, food processing, gem-cutting, metal manufacturing and electronics are only a few examples of a much wider spectrum of industries reliant on women's home-based work.

1.4.3 Women in Plantation and Construction Work

The use of contract and seasonal labour in construction and plantation works is a well-known phenomenon in most of the developing and developed world. Women often form the majority of this type of casualized labourers. In Sri Lanka, over fifty per cent of the plantation workers are women. Similar are the figures for Malaysia, and slightly less for Indonesia. In other regions of Asia, Africa and Latin America, the role of women in plantation work is important and, as expected, is confined to the more labour-intensive activities. In Sri Lanka, for example, two more labour-intensive activities - plucking tea and tapping rubber - are assigned to women. Women noticeably are paid twenty five per cent less than men on average on plantations. The plantation work is characterized by contract work - often on a daily or monthly basis - making collecting their earnings hard to determine and of employment extremely difficult.

This reliance on contract workers, as exemplified by the sugar industry of East Africa, is rising, limiting the number of workers who can achieve permanent and thus unemployable status. The most casualized contract jobs are given to women, and are taken up by women in plantations. Women themselves find it difficult to combine permanent wage employment with adequate childcare. The double burden of childcare and paid work is often too much for women. As the management claims, "to carry the reduces the productivity of women. As the management claims, "to carry the baby and the harvest makes the women tired; she will not be able to work fast.

The extensive use of subcontracting in the construction industry contributes to a different type of casualization of employment for the workers involved. In this system, wages are fixed by the subcontractors, who collect labour statistics, to view the home-based women as really housewives doing their work in their leisure time. In a complementary sample survey of 'independent' workers, only nineteen were female out of a total of 376 workers. In contrast, the Self-Employed Women's Association (SEWA) - a grassroots organization and union of the home-based and other casualized workers in India places the figure for casualized women workers at around forty percent of the city's total workers.

The system of daily wages also extends to piece-rate work, which involves payment for a certain stipulated amount of work often undertaken by the members of one family as a unit. The system adversely affects the income of the family, as it is the family who usually collects the wages, and in this way, women get exploited.
A woman construction worker in Calcutta understandably laments:

'I toil in my work, I labour at home: what rewards do I get? Only beating from my drunken husband. Should this be my life?'

1.5 Exclusion of Women from the Formal Sector

In the large-scale production units of the formal sector, it is comparatively easy to enforce employment and labour legislation. Hence it is primarily in this sector that workers can become an elite and a strongly unionized workforce. This kind of employment is, however, generally open to men but not to women. An ILO Workers' Education Manual attempts to explain the anomaly:

Discrimination against women in employment does not always occur because there is a prejudice against them, but sometimes because their employment may create more problems and greater expenses for the employer ... the obligation to grant maternity leave (and) the need for organizing additional welfare facilities (such as creche) may induce an employer to employ male instead of female labour.

Flexibility is also impaired because women cannot be often employed on shift systems involving night work. Being burdened with domestic responsibilities, women are less willing than men to work overtime. A close look at the protective legislation shows that it discriminates not so much against women as against employers who employ women. The trade union movement needs to further probe into the causes of women's exclusion from the formal sector and into the ways of reversing the trend.

A woman trade union researcher in India suggests a possible solution:

'... maternity benefits should be funded by contributory schemes ... and this system could be extended to creches too. The employers' contribution would then be in proportion to the total number of workers they employ, both men and women, and it would not be more expensive to employ women.'

However, until such simple, but innovative demands are taken up by the unions, women will continue to be a more expensive labour force than men in the formal sector.

Being excluded from the formal sector, women have no alternative but to look for jobs in small establishments and family enterprises. In the unregulated sector of the small establishments, women are viewed as the preferred workforce. This is because in the informal sector they receive negligible social benefits. The small units, in all countries, are exempt from many welfare facilities that the factories of the formal sector are legally obliged to offer to the workers.

According to the Factories Act of 1948 in India, for example, factories are defined as any premises wherein the strength of the worker is above ten. There is, therefore, a systematic trend to put out work, wherever possible, to units employing less than ten. The smaller the unit, the lower, generally, are the overhead costs associated with employment of women. A common reaction of the large factories understandably is to increase the extent of subcontracting and to shift the place of work. These moves undermine the trade union organizations which may potentially arise, even in the small units sector.

The marginalisation of women's issues in the trade union movement also accounts for the concentration of women in casualized employment in the formal sector. Women's employment in plantation work is a typical example of such casualisation.

Plantation workers, in a number of countries, are highly organized. In Sri Lanka, some eighty per cent of the plantation workers belong to trade unions. The strong unionisation has achieved a better deal for estate labour in general, but it has had much less success in improving the lot of the female workers. For example, different wages for the same task, on the basis of gender, exist on all levels. The hierarchy of the union officials is almost entirely composed of men; hence women's grievances about the conditions of work hardly get articulated in trade union affairs. It is not surprising, therefore, that when asked what the unions had done for them, women plantation workers' unanimous response in Sri Lanka was that the unions had done nothing for them.

In the construction industry as well, the trade unions do not frequently demand the upgrading of skills for women workers. Apart from low pay and bad conditions of work, the consequent vulnerability of low paid women to low skills results frequently in sexual harassment of women by contractors and employers.

The issue of sexual harassment, common in construction work and child care and sharing of domestic tasks by men and women, rarely gets onto the agenda of the trade union discussions.

1.6 Child Workers of the Informal Sector

It is the lack of bargaining power and of adequate industrial training that relegates women to the low-paid unskilled jobs of the informal sector. Similar reasons account for the absorption of children into the repetitive jobs of the informal, often clandestine, economy.

Being excluded from the formal sector, women have no alternative but to look for jobs in small establishments and family enterprises. In the unregulated sector of the small establishments, women are viewed as the preferred workforce. This is because in the informal sector they receive negligible social benefits. The small units, in all countries, are exempt from many welfare facilities that the factories of the formal sector are legally obliged to offer to the workers.

Estimates drawn up by the International Labour Organization indicate that there are about fifty to fifty-five million children under 15 currently working throughout the world. This represents about one per cent of the world's child population aged between 10 and 14. But even per cent of the world's child population aged between 10 and 14. But even 10,000,000 children between 10 and 14 work, and even if we estimate that the ILO experts recognize these estimates may be on the conservative side, it is clear that the data cited in various places are high as 145 million and are side. Figures cited in various places may be in the conservative 10,000,000 children between 10 and 14. But even if we estimate that the ILO figures can be explained by the fact that most children work in the
informal and traditional sectors, where the instruments for statistical collection and labour inspection are either non-existent or poorly developed. Moreover, since child labour is prohibited in most countries, there is a tendency, on many sides, to keep quiet about its existence.

In the domain of the informal sector, children enter into a range of different employment relations. They work as waged labourers in factories or mines; they also work as self-employed in street trades. Many are outworkers and others are seasonal migrant workers. It is also common to find them working as the final link in a long chain of subcontractors, providing a major labour input in a family unit or in a sweatshop.

As the productive workers of the clandestine or hidden economy, children often work long hours. In the carpet industry of Morocco, over one-third of the employees are under 12 - the majority of them are between 8 and 10. The children, on average, work for 64 to 72 hours a week - far exceeding the legal maximum of 48 hours a week stipulated for an adult. In Brazil, the official working day of 8 hours is disregarded in the context of child labour; nearly half a million children between 10 and 14 years of age work more than 49 hours a week for a minimum income.

In the carpet, rug or leather tanning industries, the dexterity of child labourers is highly valued.

1.7 Children Provide the Most Docile Labour

Even where the skills of the children are highly prized, the employers need not pay the going wage rates, as the children are the most docile workers - bereft of any organization. A study of the match industry in Madras, India, concludes that:

The non-economic advantages (of employing child labour) are probably the greatest. Docile workers will not protest if they are used like instruments of production, moved from operation to operation as the demands of the manufacturing process dictates. They will work as long as the management requires, particularly when they are on piece-rate operations. Most important of all, they will not have the capability and experience to organize mass protests against wages and working conditions, even though their knowledge of their own situations may be acute.

A foreman at the Standard Fireworks Factory of Teyyapatti village in India openly declares 'We prefer child workers. They work faster, work longer hours and are dependable.' In the construction industry of India, children as young as eight carry three tons of bricks a day for a few chaupatis and a handful of rice. In the quarries and brickyards of Bogota, Colombia, child workers participate in virtually all tasks, including the most arduous, such as the excavation of clay and the moulding of bricks. To employers, the advantage of employing child labourers

- children are better suited to the fluctuating demand, as they can be laid off easily when the business is slack;
- they are cheaper than adults;
- they have no rights, being illegal workers of the sector;
- they cannot join the trade unions.

The child labourers more often than not work long hours and are exposed to hazardous and dangerous substances. Accidents are routinely concealed by employers, who usually make some sort of private arrangement with the children's parents for financial compensation. In addition, children are often subjected to physical and mental abuse; at times amounting to virtual imprisonment and physical cruelty. The extreme example of exploited labour is the tied or bonded labour, where children can be hired on a permanent basis for a wage paid to their fathers, or as part of the family's rent. In some cases, they are given to landlords in settlement of debts, or quite simply, sold by families hoping to have one mouth less to feed.

In the Sivakasi match factories of Tamilnadu, India, a woman was reported to have pledged the child in her womb in lieu of a consumption loan and maternity benefits.

Young girls are put out to work or sold as servants, maids or prostitutes in many parts of the developing world for a pitagge, working throughout the day and sometimes for a good part of the night. In the red light districts of Manila, capital of the Philippines, 10 American dollars buys sex with very young girls. The British Broadcasting Corporation (BBC) 2 programme on child slaves (23 June, 1989) documents the life story of two such average girl workers of the informal sector:

Bua was only 10 when she went on the game (of prostitution). She is now 13. Her friend Josie, now 10, started when she was 7. Their best customers are sailors from the Australian Navy. The girls, who have taken to sniffing glue to escape their reality in child prostitution, hate their work as a haven for paedophiles. But they need money to buy food and clothes. And not just for themselves - many of the older girls have children of their own. There is no other available work they can do.

1.8 Child Labour Questions the Desirability of the Informal Sector

The poverty of the third world explains the ready availability of child workers for degrading, hazardous and arduous work. The plight of a child worker is aptly epitomized in the case of a ten-year-old, Debraja, a casual worker in the match industry of Sivakasi, India:
Like the other (child workers), he too works ten to fourteen hours a day for Rs 4 to 5 (approximately US$ 0.30). Returning from the factory, he falls asleep without being able to eat his dinner ... Every morning at 2.30 a.m. he begs his mother to let him sleep a while longer. "This work is killing me. It is too difficult for me. Please let me stay at home." The mother shakes the child awake, "Your father has no work. We have no work. There is no other life for us."

The economic crisis of the 1980s and increased impoverishment in certain regions of the developing world have given rise to an increased child labour. Films such as Pixote and Salaam Bombay document the price that children pay in a country's attempt to gain rapid modernization. In the poor part of the world, working children are visible on urban streets, engaged in loosely economic activities such as vending, cleaning shoes, washing cars, as well as in prostitution, drug trafficking and other illicit activities. Many, aged between 7 and 17, end up essentially living on the streets. They are exposed to exploitation, violence and discrimination that seriously endanger their physical and psychological well-being. As a group, they are commonly known as the street children; they are the most endangered working children of the urban areas.

In view of the current rise in the number of such street children in Latin America as well as in Africa and Asia, it becomes difficult to perceive the spread of the informal sector, as Hernando de Soto does, as a forward-looking movement of the people of the third world.

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SECTION 2  - Mobilising Strategies in a Changing World

2.1 The New Wave of Informalisation in the Post-Fordist Era

Trade unions are basically organizations of workers employed in corporate bodies of the formal sector. For the trade union movement as a whole, it has seemed reasonable and pragmatic to ignore the issue of workers in the informal sector. This is particularly so in view of the difficulties of mobilising workers even in the organized sector. In India, after six decades of union movements, the unionized workers represent no more than twenty-five per cent of the total workers of the organized sector. In Latin America, the figure verges on twenty per cent; in Malaysia it is barely ten per cent.

Given the limited resources that the trade unions possess, especially in the poorer parts of the world, the task of organizing workers in the informal sector often seems unachievable.

However, it is not just the impracticability of the mission that keeps the unions away from the informal sector. It is the image of the sector itself that contributes to its marginalization in the mobilising efforts of the trade unions. The informal sector is viewed by many unions and government planners as a vestige from the past, which, in time, is to be absorbed by modern organized large-scale enterprises. The existence of the informal sector itself is perceived as a manifestation of the underdevelopment of a given economy or of a particular region; the unorganized sector is thus considered the very antithesis of the organized.

This belief in the difference of the informal sector still continues in certain circles; but there is also a growing body of research to refute the myth. To start with, the spread of the informal sector is not just a peculiarity of the less developed world. Hence it is unlikely to disappear in the process of developing the poor world.

In Italy, nearly a quarter of the manufacturing output comes from the underground and unorganized sector which accounts for twenty per cent of manufacturing employment. Even with high unemployment, Italy has one of the most impressive rates of growth in output among western European countries; the hidden employment in the informal sector contributes much to the wealth creation of this nation. In 1987 the per capita income of Italy - once described as the "sick man of Europe" - surpassed that of the U.K. - 'Il Sorpasso' became the proud message of Italy, tempting other western European countries to follow its proven success.

The spread of the unorganized sector has been impressive in almost all European countries and in the United States [11, 27], accounting for nearly one-third of their Gross National Products. The spread is partly explained by the recession and the structural adjustment of the 1970s and 1980s. Rising unemployment in the industrialized countries forced workers in 1980s. Rising unemployment in the industrialized countries forced workers
In the context of Italy, the strategy became known as flexible specialization; it relied on the maximum possible decentralization of work from the main factory or office floor to the smaller subcontractors [13]. Italian employers, in response to the strike waves of the 1960s and the 1970s, resorted to decentralization of work in order to redress "the Italian mistake" of relying on unionized workers [14]. The move resulted in the growth of a vast network of small enterprises spaced through the villages and towns, particularly in central and northeast Italy. These enterprises now perform an enormous variety of activities normally associated with mass production, including only the kind of final assembly work involved, for instance, in the automobile production line. The average size of the production unit varies from industry to industry; but it is usually very small; workshops of ten workers or less are not unusual [15].

In addition to being non-unionized, small firms have the advantage of being able to respond flexibly to changes in market demand. This characteristic is becoming an attractive attribute in the business world, where ability to make changes in fashion and design is becoming a more important strategy than price competitiveness [16]. The economies of scale were the outcome of the Fordist principle of mass production, whereby the consumer had the assurance of "having any colour of car as long as it is black". In the Post-Fordist era, on the other hand, the economies of scope are becoming the guiding principle, promising the consumer the possibilities of having Mickey Mouse on his T-shirt today, and Donald Duck tomorrow [17].

A flexible response to market signals is being achieved partly through technological innovations, in the shape of computer-aided designing and manufacturing systems. This flexibility is achieved also through organizational innovations of decentralized production. These, being less expensive than the new computer-aided systems, are becoming of special importance to management in the developing world.

In even the industrialized countries, the impact of computer-aided technology has not been uniform. Its introduction has primarily been geared towards replacing the expensive and unionized male workers on the factory or on the office floor. For the unskilled, repetitive, and hence feminized, job the trend has been to push out to smaller subcontractors. In the unregulated world of the informal sector, women can be hired and fired easily. In the sphere of women's jobs, it is often cost-effective, therefore, not to use automation. In the words of an Italian professor of engineering: "Women often make the most flexible robots of all" [18].

This pursuit of flexibility has created a vast number of casualized workers in western Europe, outside the realm of the existing trade unions. According to Ministero del lavoro e della Previdenza Sociale, Italy 1985, there are nearly 3.6 million working in the submerged economy of Italy - the workers consisting of homeworkers, casual workers, and foreign workers without work permits. Life is not wonderful for those working off the books, in the factories of subcontractors. As a worker from Fiat's Lingotto press steel plant said:

"Small is hardly beautiful when you are working in one of the 70 firms with 30-50 employees that make parts of Fiat's decentralized bodywork, where you work Saturdays and do 10-12 hours overtime each week [19].

The decentralization of work as experimented in Italy is close to the Japanese management strategy of Just-in-time (JIT). The secret of success in the Japanese industry has been its ability to have materials and manpower just-in-time rather than just-in-case. In Japan too, less than 36 per cent of the workers enjoy the so-called "publicized jobs for life in large factories or offices; the rest form the casualized workforce that includes part-timers, shift workers, contract workers as well as the workers of the small subcontractors." That Toyota depends on 36,000 subcontractors for is supply of materials has assumed the proportion of folklore in the western world, and the trend has been to follow Japan's example of stockless production, whenever it is possible to do so [20].

2.2 The Spread of Subcontracting in the Developing World

Japonization of management strategies is rapidly spreading in the poorer parts of the world. The new directions in manpower planning in some parts of Asia and Latin America indicate a clear trend. The tendency, as in the industrialized countries, is to rely increasingly on the flexible workers to keep the unions at bay and to reduce the overhead costs. To these ends, the multinational companies keep the size of the permanent core workers to a minimum, relying more and more on casualized, distant and subcontracted workers, who are not covered by the countries' employment and labor legislation.

In India, a move to recruit flexible workers is significantly visible in those industries and regions where unionization is strong [21]. Jamshedpur, the steel city of India, provides a good example of this trend. The city has one of the biggest concentrations of labour force in the country and is also the home of some of the best organized unions. The Indian National Trade Union Congress (INTUC) is certainly the most powerful here, and enjoys the overwhelming support of the workers.

The structure of employment in Jamshedpur is changing in a predictable way. The steel city has always been a city of contrasts, but the polarization between the core and the casualized workers is becoming more pronounced now. The permanent employees of the large factories in Tata Enterprises of Jamshedpur enjoy better pay, free medical and housing benefits, and promotional facilities for the children, jobs for life and the assurance of employment for their relations. In contrast, contract labourers, who are recruited from the rural areas and mostly are unorganized, hardly enjoy any benefits at all. Even excluding the smaller enterprises, run by subcontractors of the larger factories, there are now nearly 30,000 contract labourers, representing one third of the workforce in Jamshedpur's factory sector [22]. Attempts to organize them brings into focus the conflicting interests of a polarized working class. Any demand for regularizing the jobs of contract workers clashes with the hope of finding jobs for the relations of the core employees. The division of interests leaves the contract workers unorganized, and thus keeps them more flexible, and hence a preferred workforce for the employers [23].
The changing structure of employment in the steel factories of Jamshedpur also encapsulates the other trend in the new management strategy: the reliance for components on smaller subcontracting firms, in order to achieve a 'stockless production'. This move to a just-in-time system has meant that the employment in larger enterprises has declined, giving a boost to employment in the small-scale sector.

Steel and automobile have a predominant place in the city's industrial structure, employing around 70,000 workers ... employment in these industries has [perceptibly] come down while new industries, mainly small-scale in the engineering group, have grown rapidly ... giving rise to an annual rate of increase in employment around thirteen to fourteen per cent [18].

These new workers of the small factories are not the concern of the existing trade unions, which are enterprise-based and geared solely to organizing workers in large-scale units of production.

2.3 The Role of Technology in Subcontracting

The phenomenon of subcontracting is not, by any means, new. It has been used as an age-old device to avoid labour legislation and the threat of unionization. The present acceleration in the trend towards subcontracting, however, has been facilitated by the technological changes and the emerging pattern of international trade relations.

The introduction of micro-electronics in many spheres of production has led to

- miniaturization of machines
- modularization of products
- fragmentation of the production process.

Hence, it has been possible to produce different components of high-tech products such as televisions or cars even from small factories or sweatshops.

The organizational innovation of stockless production has become a necessity in many countries, such as Brazil or the Philippines, in order to remain competitive in the export market and to pay back their foreign debts. The trends towards ancillaryization in the case of the automobile industry in Brazil [17], or in the garment industry in the Philippines [17] are well documented. In Indonesia, the government actively promotes a linkage between large-scale modern industries and small-scale, homebased industries like a 'father and son relationship' [18]. For the developing countries, the pressure to reduce costs and to streamline the production process becomes urgent. This is because the new technology gradually erodes the comparative advantages of developing countries, based on the cheapness of their surplus labour.

The consumer electronics industry and the automobile industry show the expected trend in many developing countries. According to an estimate, the production of spare parts and components accounts for an average of sixty per cent of employment in the automobile and the consumer electronics industries of India [19]. However, these items come mainly from the unorganized sector, where the wages are low and benefits are nil. These workers also remain unrecorded in the official employment statistics.

2.4 The Rise of Hollow Corporations

In extreme cases, large enterprises cease to produce entirely, subcontracting even the assembling and packaging aspects of production. The main company, however, zealously retains its hold on marketing and on brandnames. This centralization of marketing, coupled with decentralization of production, gives rise to what are known as hollow corporations.

In India, the Bata Company, producing shoes, and the Usha Engineering Company, manufacturing electric fans, typify the hollow corporations. After a prolonged strike in the Usha Fan Factory in Calcutta, the management declared a total lockout in the mid 80s. The production on the main factory floor has since virtually disappeared, but not the number of Usha fans coming to the market. What has happened is that with modern technology, it has been possible to subcontract production from the main factory floor to the invisible workers of the unorganized sector [19]. The re-organization of the work process in the Bata Company, in Bhatnagar of India, has followed a similar path: the lockout of the factory in 1986-87 has been accompanied by a 'putting-out' of work to smaller subcontractors. The subcontracting process reduces the power of the unions significantly. The large textile factories in Bombay have disappeared, giving rise to increased subcontracting to smaller textile firms in Gujarat and elsewhere.

This changing pattern of work organization affects the gender-structure of employment in the developing world. A survey of the Coimbatore district in India, which has taken to powerlooms in a big way, shows that an increasing number of powerloom weavers are now working on orders from the composite textile mills of the region, which could thus increase production without paying wages at mill rates [20]. In small non-unionised production units, using powerlooms and handlooms, the rate of increase in employment has been as equally impressive for women as for men [21]. This is in contrast with the employment structure in the large mills, where women workers represented no more than four per cent of the total workers [22] and where their share is decreasing all the time.

The greater the level of subcontracting, the larger the concentration of women workers at its furthest and weakest links. The clothing, footwear and shrimp-processing industries in Mexico and India are much-cited yet good examples of such a phenomenon, where homeworkers ultimately provide the bulk of the labour inputs. To these homeworkers, unions often seem to be 'men's business' catering for male workers in large organizations [21].
2.5 Structural Adjustments and Workers’ Response: In Latin America and Africa

The growth of the informal sector cannot be explained simply in terms of the corporate organizations’ response to institutional rigidities and to the power of the trade unions. It is the survival strategies of the workers of the developing world which also account for the recent spread of the informal sector. As the traumas of the debt crisis and structural adjustments hit the stability of the official economy, workers are forced to find their livelihood increasingly in the unofficial one. This trend is visible especially in Africa and in Latin America.

To pay for the dream of rapid modernization and urbanization, the developing world has gone into debt since the mid-70s on a massive scale of one trillion dollars. The interest charged by the lending banks in the industrialized countries means that the developing world now pays back more than it receives in aid and new loans combined. Mexico alone pays more than $15 billion a year to service its debt. In order to meet payments of this order, land for domestic food production in many countries has become land for growing export crops. The liberalization of external and internal trade has meant the collapse of many a domestic industry and the withdrawal of food subsidies. The consequent structural adjustments have led, therefore, to unprecedented rates of inflation. Peru, which is the most extreme example of such traumatic experiences, is likely to face an inflation rate of 10,000 per cent by the end of 1989. In this situation, women and children pay the highest price in malnutrition and vulnerable employment.

In the face of such crises, people as the grassroot level do not wait idly to have help from the outside world. They find ways of defending themselves and their families against acute tribulation. The reliance on one’s own resources gets exacerbated as the ordinary people face the mercantile state which legislates and regulates in favour of small pressure groups and discriminates against the interests of the large majority.

In Argentina, the unreported informal economy last year produced $50.4 billion, as against the official gross national product of some $70 billion. In Kenya, the unregistered minibuses, called matatus, dominate the transport system. In Peru, according to de Soto, the informal economy adds 20 per cent or more to the official gross national product.

People’s flight to the informal economy is startling high in Tanzania. Marya Liza Swets describes the process in a tone similar to de Soto:

The power of the poor is brought to bear on the government and party policies by the indifference of the people to the regulations and orders given by the authorities. If the political leadership of administration is insensitive to these expressions of people’s pragmatic action, they will face increasing non-cooperation on the part of the people.

2.6 Undeclared Transborder Trade: Sub-Saharan Africa

The urge and indeed necessity to break the laws imposed by a centralized bureaucratic state finds one expression in the spread of illegal Undeclared Transborder Trade (UTT) in sub-Saharan Africa. These unofficial transactions, taking place entirely outside state regulation and usually in contravention of its laws, can be regarded as deplorable criminal behavior. Alternatively, they can be seen as a dynamic way of overcoming economic and monetary barriers to the intra-African trade which all parties claim they want.

The types of goods exchanged through UTT are usually those whose domestic supplies have been directly affected by government measures. Exchange rate policies, protection of domestic industry, government subsidies and tariffs are some of the factors that determine the direction of UTT flows. In monetory terms, this alternative trade now runs into millions of dollars a year. Burkina Faso’s unrecorded trade with its neighbours is equal to, or greater than, its official trade. For some trading partners, such as Ghana and the Benin-Niger-Fogo group, the actual volume of the currency movement is more than ten times the amount which can be officially accounted for.

A good portion of the goods thus traded are luxury goods or contraband goods like drugs or Mandrax. But, the trade also includes food, clothing, spare parts for vehicles and construction materials. Women-like “Taifa Stars” of Tanzania play important roles in the trade being in the long-standing tradition of the women traders or the market queens of sub-Saharan Africa.

Impressive it may be, but the UTT does little to alleviate the problems of survival for the majority of people in Africa. Only those who have access to enough capital and to politically powerful agents do well out of it. The merchandise is often imported from abroad and the benefits of the trade bypass the average worker and her family. It is hardly a popular-based movement.

Rather than such strategies as UTT, it is the innovative organization of displaced workers that should become a major focus for their prominence. In this inflationary period for Africa and Latin America, women’s unpaid domestic activities, such as sewing, cooking or tending livestock, have become much coveted and immensely marketable services. Women (and men) being displaced from the official economy set up on their own with a little capital and a lot of inventiveness.

2.7 Women as a Mobilising Force

In devising the new forms of organizing women in the informal sector, women play important mobilizing roles. There are many reasons for their prominence. In this inflationary period for Africa and Latin America, women’s unpaid domestic activities, such as sewing, cooking or tending livestock, have become much coveted and immensely marketable services. Women (and men) being displaced from the official economy set up on their own with a little capital and a lot of inventiveness.
In Tanzania, for example, they start selling small items: soap, salt, trinkets, soft drinks. Eventually the small business grows into a geranium, a little stall with increased varieties of goods. Some bleach brown salt and grind it, others make ice cream and 'bites' of all kinds, from rice cakes to donuts and pastries... the inventiveness also increases with the need... the women mend their little scissors to collect inner tubes and cuts from them the elastic bands for the underwear she sews and sells.

A spirit of cooperation and solidarity as well as struggle permeates the initiatives of this type in the informal sector, providing the seed of a new type of union.

The most powerful expression of women's solidarity in the face of adversity can be seen in the shanty towns of Latin America, where women have set up their communal kitchens. Only by buying food and cooking it communally can a working-class mother now feed her children and her family, and take up a paid job.

In Lima, Peru, more of these communal kitchens are being set up every day, and members organize literacy and numeracy classes around them. Those who meet in the comfort, or the collective kitchen, become more vociferous in defending their rights and those of their children. We have become massively rebellious, is how one activist put it. It is also heartening to remember that the idea of comedores grew from a tradition in Latin American trade unions. The 'ollas comunales' or common pots were used to sustain the Peruvian union members during the strikes. Then, as now, it was the women who took the initiatives. It is vitally important that by recognizing the concerns of women workers, such as child care, food for the family and sharing of domestic chores, unions can change their image as a club for male workers. This change of image is strategically vital for making an entry into the informal sector.

2.8 Mobilizing Workers of the Post-Fordist Era

Diverse factors explain the existence and the spread of the informal sector. Hence the trade unions too need to look at the diversity of potential strategies in a future attempt to mobilize workers in this unexplored sector.

The most distressing prospect facing the unions today is the current and potential loss of membership, even from the organized sector. This happens as the jobs get transferred from large enterprises to smaller subcontractors. The loss of membership also occurs when the growth of new jobs in the large enterprises is in those of a casualized nature, in the shape of temporary, contract or shift work (see Table 6). The inherent conflict of interest between the 'core' workers and the casualised 'peripheral' workers - as illustrated in the case of Jamshedpur - makes it difficult to mobilize the workers of even the same company under a single union umbrella. Should there then be a shift from the enterprise-based unions, as in India, to universal profession or skill-based unions, as in Sweden or in Mexico? In that case, irrespective of the size and the location of the employer company, members can perhaps always seek help from their profession-based union. Or should there be new types of unions, willing to take up the interests of the casualised workers vis-à-vis the identifiable employing company? Which models, in this scenario, can the unions adopt for initiating such new unionism?

Table 6

The Share of Temporary Workers on the Rise:

<table>
<thead>
<tr>
<th>Year</th>
<th>Permanent</th>
<th>Status of Workers in percentages</th>
<th>Contract &amp; Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Substitute</td>
<td>Temporary</td>
</tr>
<tr>
<td>1971</td>
<td>72.0</td>
<td>17.5</td>
<td>9.0</td>
</tr>
<tr>
<td>1981</td>
<td>71.5</td>
<td>16.5</td>
<td>10.5</td>
</tr>
<tr>
<td>1986</td>
<td>71.0</td>
<td>16.5</td>
<td>11.0</td>
</tr>
</tbody>
</table>


Whatever trajectory they follow, unions of the developing world will benefit by having a dialogue with those unions in the developed world that are targeting their mobilizing efforts to flexi-workers of their own countries. The Transport and General Workers Union, Britain's biggest trade union, aims to reverse the fall in its membership by changing its image as a predominantly male organization with little relevance to women.

As a step forward to this goal, the union has pledged to address the needs of the growing number of temporary, part-time and casualized workers, the majority of whom happen to be women. In a similar vein, the General Municipal and Boilermakers' Union (GMBU) in Britain has announced that in order to survive, the predominantly male British unions must put themselves forward as champions of the new 'servant' class of exploited female workers.

The move towards self-examination and changing strategies has been most successful in Canada. To bolster union organisation and make unions more attractive to unorganized workers, particularly to women, the unions have aggressively pursued such issues as childcare, pay equity, and equal employment opportunities. Unions in Canada have also taken affirmative action to increase the number of female representatives on their executives. The result has been impressive: while in the United States the union density (membership as a proportion of the country's workforce) has fallen from thirty per cent in 1965 to a mere seventeen per cent in 1989, it has gone up from thirty per cent to thirty-five per cent in Canada in the same period.
The growth of casualized employment has forced the unions in many industrialized countries to re-interpret the concept of the collective bargaining process.

For flexible workers, the unions cannot be arbitrators with regard to job security and higher wages. Nonetheless, unions can provide representation for flexible workers to negotiate minimum guarantees, that will serve as a floor for individual bargaining. As the American Federation of Labor and Congress of Industrial Organization (AFL-CIO) stresses, in the post-Fordist era, unions must develop and put into effect multiple models for representing workers tailored to the needs and concerns of different groups. A corollary of this approach will be to create new categories of membership for workers, particularly for those who left their unions because their jobs were lost or subcontracted to non-union units. In the work of a report by APL-CIO:

“These individuals might well be willing to affiliate with a union with which they have had contact or with which they have some legal relationship, provided that the costs are not prohibitive; this would be especially true to the extent that unions offered services or benefits outside the collective bargaining procedure [43].”

One such innovative service has been to introduce the Union Privilege Mastercard, which offers millions of union members in the United States the opportunity to obtain a credit card with lower fees and finance charges than other cards [44]. For the developing countries, the recruiting drive in Canada, however, may be more instructive. In Canada in order to break out of its traditional image, the trade union movement has pledged to be a watch-dog for those who cannot defend themselves [45]. To attain this goal, unions are placing greater emphasis on community-conscious social unionism, building close associations with different interest groups such as anti-poverty lobbies, women’s groups and the churches.

The new direction in unionism, as pursued in the more affluent countries warrants some caution, however, if it is to be emulated in poorer countries. The American innovation, for instance, might be far more difficult to reproduce for those who have never been eligible for a credit card. The cited experiments in the industrialized countries only stress the need for creative approaches towards mobilization, needed in the current phase of structural adjustment, privatization, deregulation and putting out of work. It is, however, just as important to be aware of the commonalities as of the differences in the challenges facing unions in different parts of the world.

2.9 Organizing the Self-Employed

When it comes to mobilizing the workers who are either legally self-employed or employed by more than one employer, the tactics have to be different. Piece-rate workers or home-based workers need organizations of innovative kinds. Some amount of success in mobilizing the home-based and self-employed women workers in South Asia has offered new hopes in this direction to the union movement in general. The two most well-known organizations of this nature are Working Women’s Forum (WWF) and the Self-Employed Women’s Association (SEWA), both in India.

They are both registered trade unions, and over the last decade have recruited 65,000 and 40,000 workers respectively [46, 47]. Their membership consists of the following three categories of women workers:

- Small-scale vendors, petty traders and hawkers;
- Home-based producers;
- Labourers selling their services in plantations or in agriculture, or in cleaning, catering, laundering and similar occupations.

The target groups of these organizations are important, as in these three categories alone falls the employment of eighty-nine per cent of all workers in India. The potential of forming powerful workers' organizations - if the right strategies could be devised - is enormous. The membership roll is impressive both for SEWA and for WWF. Yet it would be inappropriate to evaluate their achievement merely by the number of union members recruited. Their achievement lies also in making the hidden workers of the industrial sector visible to the national and international agencies.

It is particularly through the relentless campaign of SEWA, for example, that the Indian Government as well as the International Labour Office have taken up the cause of homeworkers as an important issue in their plans for the improvement of working conditions and environment [48, 49]. The 14th World Congress of the ICFU, likewise, called on its affiliated organizations to develop special organizing programmes directed at home-based workers [50].

SEWA's, as well as WWF’s programmes are based on an integrated plan for development for women that includes child care, leadership training and forming their own banks. Besides, SEWA promotes informal cooperatives, in order to give greater strength and bargaining power to its economically vulnerable members. Their mobilizing drive is depicted schematically as follows:
Strategies of Self-Employed Women’s Association in India

1. To ensure visibility -
   a) by organizing them into units/cooperatives
   b) by giving publicity about their existence.

2. To wage a struggle - for better conditions of work and pay.

3. To involve women in development activities - by giving experience in banking, marketing and retailing.

FROM PRESSURE TO COMMAND

![Diagram showing the process from employers to workers with steps including lower wages, bulk-buying, hire-purchase tools, supply of capital, organize marketing, and assured income.]

Source: SEWA (Self-Employment Women’s Association), India

Both these organizations are immensely fundable; hence, they receive grants and assistance from the donor agencies from all over the world. It is highly unlikely that other grassroots organizations, even with their potential of unionism, will receive similar funds. For the unions in general, a survey of the success and failure of smaller or less well-known grassroots organizations will, therefore, be equally important for expanding their role in the informal sector.

2.10 Linking Cooperatives with Trade Unions

The SEWA in India started in Ahmedabad in the year 1972, when a group of headloaders, used garment dealers, junksmiths and vegetable vendors came together to form a workers’ association. It started as a women’s wing of the Textile Labour Association (TLA) and functioned within it until 1st May, 1981, when it broke away from TLA on the issue of untouchables (Harijan) women. It is now a registered trade union in its own right and organizes struggles for higher wages, improved working conditions, and social security conditions, and fights against mass unemployment. Its members struggle against harassment by the police and exploitation by middlemen. But central to the empowerment programme of the SEWA is the development of cooperatives of self-employed women, in order to devise alternative production systems, credit facilities and better bargaining power.

The ekat (solidarity) that these linked trade union–cooperative activities bestow on the workers is manifest in the improved bargaining power of the casualized workers. The following example illustrates the point:

The contractor of the road construction gang was paying us only Rs. 3 a day. We found out that the minimum wage we should have been getting is Rs. 11 or 7 kg of grain. We decided to do ekat (solidarity). We said we would not accept the wages till he paid us Rs. 11 a day. He refused. We held out for two months. Then saw the Collector and told him of our problem. Ten days later the state (contractor) came back and paid us the minimum wage and since then there has been no problem.

The big gain of being a member of a trade union-cum-cooperative organization is that a casualized worker begins to perceive herself gradually as a proper ‘worker’, entitled to rights similar to those the state offers to the workers of the organized sector. In their struggle for entitlement and for self-development, a close link between the trade unions and the cooperative movement thus becomes highly effective. To start with, both trade union and cooperative movements share the same goal which is the improvement of the economic and living conditions of the working population. By joining together, the movements in many ways thus reinforce each other’s ideals.
2.11 Attaining Legal Recognition for Workers’ Associations

In addition, the close cooperation between the movements gives the workers’ organizations a chance to achieve legal recognition without undue delay.

A cooperative is defined as an institution which aims at social and economic betterment of its members through mutual aid, voluntary membership, a democratic system and equitable distribution. A cooperative therefore is an ideal institution for initiating income-generating, or developmental, projects for empowering the workers.

Trade unions, in contrast, are there to regulate relations between workers and employers or between workers and workers. For casualized workers, who often do not have one identifiable employer, membership of the organization is often the most effective step forward towards achieving a measure of power.

In some countries, it is relatively easy to get registered as a union but more difficult to get registered as a cooperative. In India, for example, it may take up to 23 years to get a cooperative society registered [53], but all one needs to be registered as a union is a membership roll of ten. In Malaysia, on the other hand, it is difficult to get registered as a union unless the members possess an identifiable employer. The self-employed there can only form an association, which has relatively weak legal status. Registering as a cooperative becomes there the best way of achieving a strong legal identity.

There are numerous informal cooperatives and unregistered workers’ organizations in the developing world [53]. Many groups, especially women’s groups often find that there are definite advantages in remaining unregistered, either as a cooperative or as a union. This way, they remain informal and flexible; and they do not face interference from government agencies. Moreover, self-employed, illiterate women feel comfortable and more in control dealing with organizations where there are no formal procedures.

There are, however, overriding disadvantages in remaining an unregistered informal group [54]. It cannot, for example, acquire capital assets. Hence, if a private member wants to open a bank account or an office, it has to be done in the name of that member. This places an extra burden of responsibility on the individual, it also opens up ways of private control, and private gains. The lack of legal identity of an organization also limits its access to many government schemes; in India, for example, many anti-poverty schemes that the government launches can be used by self-employed women; however, the funds are obtained only if channelled through registered organizations.

2.12 The Trade Union – Cooperative link and the International Organizations

The linked development of cooperatives and trade unions may also help the international donor agencies to channel funds to those income-generating projects which achieve, in addition to their immediate goal, long-lasting solidarity and the confidence of the workers. The dignity of being recognized as a worker is important in the lives of casualized workers; it may be difficult to achieve this dignity in a project run by charitable organizations and informal associations.

The advantages of links between trade unions and the cooperative movement are being recognized now at the international level. The ILO Plan of Action for Trade Unions from English-speaking African Countries, Accra, October 1988, has documented a number of cooperatives which aimed to promote the emancipation and the dignity of women workers from social and economic deprivation [55]. The Union of Agricultural Cooperatives in the Green Zones of Maputo, Mozambique, is also being recognized as a good example of what linked cooperative-trade union movements can achieve for vulnerable women workers. With ninety-seven percent female membership, each cooperative in the Green Zone now boasts of child care facilities, literacy classes, and training courses for upgrading the skills of its members. A genuinely grassroots movement, the cooperatives are now challenging, in a most profound way, the sexual inequality in a society where machismo takes many forms [56, 57], such as polygamy, lobolo (bride price) and premature marriages.

On the international level, trade unions and the trade secretariats pledge substantial commitment to the development of the cooperative movement, particularly in the context of the activities of the ILO [58] and other UN agencies [59]. The ILO and the relevant International Trade Secretariats also keep close contact with the International Cooperative Alliance (ICA) – the umbrella organization of the cooperative movement programmes – based in Geneva.

The International Trade Secretariats involved in organizing workers in the informal sector as well as in promoting the cooperative movement are the International Federation of Plantation, Agricultural and Allied Workers, the International Federation of Building and Wood Workers, and the International Union of Food and Allied Workers. These secretariats explicitly acknowledge the need for taking women’s specific needs onto the agenda in order to expand the membership from the informal sector.

The ILO itself has taken an active role in assisting cooperative activities within the workers’ and mothers’ organizations. The most innovative perhaps is in Honduras, where landless peasants have been assisted to form cooperatives in cattle farming. Others include promoting urban self-employment in Colombia and Ecuador, supporting child care centres in Bangkok, resettling drought victims in Chad on irrigated farms, or assisting the Self-Employed Women’s Association in India [60]. The message that one gets from all these experiences is clear: grassroots projects have the best chance of success where a combination of trade union and cooperative activities is judiciously applied. While trade unions can use their organizational skill to press for institutional reforms at national and international levels, the cooperative movement, can promote sound and democratic participatory management among workers [61].
2.13 Traditional Trade Union Techniques in Organizing the Unorganized

The linking of cooperative and trade union movements, however, can impose excessive strains on the human, administrative and financial resources of unions, unless these are extremely well funded. Also, the strategy can be inappropriate for a vast number of workers who have identifiable employers, yet are not the beneficiaries of legal and employment protection, because of the nature of their jobs. Domestic workers represent such a fragmented workforce. Unionization of such workers poses another kind of challenge.

The South African Domestic Workers' Union (SADWU), formed in 1986, is a bold attempt to mitigate the harsh conditions of these workers. Hitherto, they have had virtually no protection under South African law and have been denied basic employment rights. The movements that are now mobilizing domestic workers in South Africa and elsewhere could gain further strategies through studying the Colombian experience. There a successful campaign was launched in 1985 for sick pay and social security for domestic workers [8].

Initiated by the Sindicato Nacional de Trabajadores del Servicio Domestico (National Union of Domestic Service Workers) in Colombia, the campaign successfully established the case for domestic workers to be recognized as proper employees (empleadas) defined on the basis of their occupation. This recognition paved the way for receiving the state benefits that are enjoyed by workers in formal sectors. The propaganda and mobilizing exercises of the Colombian union have been well documented, and hence can suggest valuable possibilities for other parts of the world [9].

The effectiveness of traditional trade union techniques in unionizing unorganized workers can also be illustrated by some even more recent experiences in Asia and Latin America. In Mexico City, the September 19 Union has emerged, recruiting women wage-labourers—num-housewives, employed in hundreds of illegal clothing sweatshops. The devastating earthquake of 1985 was the catalyst for the formation of this independent union. While the sweatshop owners in Mexico frantically tried to save their machinery and profits, there was little concern for the welfare of the workers. Outraged at the owners' behaviour, the bereaved women got together to demand compensation for people who were victims of the earthquake. The women then moved ahead to set up a trade union specifically for women workers in the clothing sweatshops. An invisible sector became visible overnight [10].

Equally remarkable has been the unionization of the women homeworkers who roll small cigars (bidis) in the Indian city of Hyderabad. Thanks to the painstaking efforts and enormous tactical skills of women activists in Hyderabad, a trade union network among the bidi—homeworkers was established within two years. Once united, the homeworkers in 1989 launched a successful all-out-strike that forced the owners to accept the women's demands for increased wages and for identity cards, which entitle them to certain workers' benefits [11]. As a homeworker there so optimistically stated, "we like the union; because of its help we can have two meals a day".

2.14 Trade Unions and Child Labour

The need to take women's issues onto the trade union agenda is particularly important for combating child labour. To try to unionize the child workers is no solution, as that would mean condoning the phenomenon of child labour and the social injustice and inequity manifested in it [6].

Instead, the unions should fight for the elimination of poverty and the powerlessness of workers - the factors that force parents to push their children into the job market. To make parents, particularly mothers, economically and socially powerful will thus be the most effective way of eradicating the existence and the spread of child workers.

2.15 Combining Visions with Strategies

It would be unwise to expect that all the necessary changes will be easy to implement overnight. There are bound to be disappointments and failures. However, once an alternative vision of the trade union movement is accepted, the temporary hurdles will be possible to overcome, with well thought out strategies and organizational commitments.

A reorientation of vision is of prime importance if the trade unions are to survive as workers' organizations in the future. This is because the world of work itself is changing in fundamental ways, posing new challenges for the organizational strength of the unions. The contracts of employment and the conditions of jobs are now visibly being altered under the impacts of

- technological changes
- flexible employment
- decentralization of production
- structural adjustments.

The old strategies, in this new environment, increasingly prove inadequate to protect the members that unions have traditionally recruited. In the developed as well as in the developing parts of the world, the number of core workers - protected by secure employment contracts - declines; in their place, the number of casualized workers increases at an alarming rate - reducing the size of the unionized workforce in the organized workplace. This can be reversed only if the mobilizing experiences of the existing trade unions be extended to recruit workers in the unorganized sector - a sector which until recently remained wholly beyond the domain of the mainstream trade union movements.

The spread of the informal sector, by reducing the numerical strength of the traditional unions, affects their bargaining power. The weakening of the movement also paves the way for introducing alternative structures of employer-employee relationships in the formal sector. The introduction of quality circles or team concepts in many a major company becomes another way of eroding the importance of unions in the bargaining process [6].
Management likes to present these institutions as workers’ forums for taking part in the decision-making process. The unions, by contrast, view these participatory initiatives as a management tool to secure, in the longer term, a union-free environment. For the unions, the most disturbing development in this direction has been the growth of the Solidarista Movement in Latin America. First introduced in Costa Rica, the ideals of Solidarismo are now spreading to other parts of Latin America; notably to Honduras, Panama, Guatemala and El Salvador. With some pressure and some encouragement from the management, the workers join the Solidarista associations, which rival and replace the unions in the workplace. Members forego the right to strike and to collective bargaining; in return they receive the right to hold shares and thereby to have a stake in the company itself [116].

Cooperation rather than conflict is the immediate motto of these novel personalized employer–employee relationships. In practice, they challenge the very basis of the trade union movement, the movement that firmly believes in protecting individuals’ interests through collective solidarity. It is the independence of workers’ organizations that unions still rightly see as the precondition of industrial and political democracy.

To ensure the survival of such a democratic tradition, therefore, the unions now face the task of increasing their vigour through expanded membership. There cannot be a universal model for achieving this goal. The example cited in the report only highlights some of the prospects and problems involved in unionizing unorganized workers. But the appropriateness of strategies will depend ultimately on the concrete situations faced by the trade unions, defined in the context of their own social, legal and political environments. There is scope for learning from others, but there is no substitute for learning by doing.

The strategies are bound to be diverse. The vision, nonetheless, ought to be the same. In the pursuit of dignity and equality, the unions should strive to secure legislative protection for all workers – men and women, organized and unorganized. It is only by reducing the vulnerability of workers in the informal sector that the workforce in the formal sector can retain its own security and dignity. The challenge lies in devising effective ways of formalizing the informal sector [117].

ESP/E/1s/1a-1.2.1990

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62. The details of the projects can be obtained from the ICFTU.

63. ICFTU Address at XXIX Congress of International Cooperative Alliances, Stockholm, 7-10 July 1988, ICFTU Brussels


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68. Abolition of Child Labour and Trade Unions, Research and Training Programmes, Hind Mazdoor Sabha, New Delhi, 1987

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APPENDIX 1

Criteria for identifying informal sector enterprises generally followed in various surveys

1. Manufacturing A manufacturing enterprise may be included in the informal sector if it satisfies one or more of the following conditions:
   a) It employs 10 persons or less (including part-time and casual workers).
   b) It operates on an illegal basis, contrary to governmental regulations.
   c) Members of the household of the head of the enterprise work in it.
   d) It does not observe fixed hours–days of operation.
   e) It operates in semi–permanent or temporary premises, or in a shifting location.
   f) It does not use any electricity in the manufacturing process.
   g) It does not depend on formal financial institutions for its credit needs.
   h) Its output is normally distributed direct to the final consumer.
   i) Almost all those working in it have fewer than six years of formal schooling.

2. Construction A construction enterprise may be included in the informal sector if it satisfies one or more of the following conditions:
   a) Any of 1a) to c) or i) above.
   b) It does not own power–operated construction machinery and equipment.
   c) It is engaged in the construction of semi–permanent or temporary building only.
3. **Transport**  An enterprise providing services related to transport, storage and communications may be included in the informal sector if it satisfies one or more of the following conditions:
   a) Any of la) to e), g) or i) above. Condition le) does not apply to transport activity per se.
   b) It does not use any mechanical power.

4. **Trade**  A trading enterprise may be included in the informal sector if it satisfies one or more of the following conditions:
   a) Any of la) to e) above.
   b) It deals in second-hand goods, or sells prepared foods.

5. **Services**  A service enterprise may be included in the formal sector if it satisfies one or more of the following conditions:
   Any of la) to e) above.

**Source:**  Role of Employers' Organizations in the Informal Sector, ILO Geneva, 1989, pp. 6-7