



# Organizing Workers in the Informal Economy

Cape Town South Africa December 2011



## Conference Summary and Proceedings

Workers in the informal economy, union leaders, and researchers from around the world gathered December 2–3, 2011, in Cape Town, South Africa, for a major, two-day conference to explore ideas and strategies for helping precarious workers improve their lives and livelihoods.

The conference, “Organizing Workers in the Informal Economy,” focused on the issues, needs, and experiences of workers with precarious, temporary, contract, or “hidden” jobs—who comprise the majority of working people around the world. The Solidarity Center organized the event with the support of the U.S. Agency for International Development (USAID). Rutgers University School of Management and Labor Relations and Women in Informal Employment: Globalizing and Organizing (WIEGO), the Solidarity Center’s research partners, presented preliminary results from what will be multiyear studies on various aspects and sectors of the informal economy.

With a broad agenda, the conference encompassed academic research and its gaps; winning strategies from groups who have successfully organized workers in the informal sector; and hands-on workshops that addressed education, outreach, and the sharing of lessons. More than 100 people from 17 different countries—Bangladesh, Brazil, Cambodia, China (Hong Kong), the Dominican Republic, Georgia, Honduras, Liberia, Mexico, Moldova, Nigeria, Pakistan, Sri Lanka, South Africa, Tunisia, United States, and Zimbabwe—participated, bringing their range of experience to share with attendees.

Opening the conference, Shawna Bader-Blau, the Solidarity Center’s executive director, emphasized the importance of the conference theme at this particular time in history.

“The great excluded masses in our societies work in the informal economy. They are the very poor, the indigenous, the unemployed and underemployed, the working class, the ethnic or racial minorities, the rural dwellers, the non-literate. And the majority of them are women,” said Bader-Blau. “In many countries, and I would count my own country among them, there is an ongoing struggle for democracy for groups who live and work along the margins of economic and political systems, disenfranchised. Their justice fights are central to democracy for their societies. Because what is a just society, what is a democracy, when it does not work for everyone equally—when only the strong and the powerful and the ‘included’ have a voice? What are democratic institutions and legal protections worth, when huge swaths of societies cannot access them? The right to organize is therefore a fundamental right for informal economy workers. It is part of how they—and we—challenge inequality of wealth and inadequate democracy in our societies.

Bader-Blau pointed to the labor movement’s important role and challenge in an environment where jobs—and the lives of people who do them—are increasingly precarious. Unions, she said, are at

their best when they are a voice for the most marginalized and include those workers in their organizations.

“We have to recognize that the labor movement is more than the sum of our unions,” she said. “Yes, we can gain more power and be more powerful, but when we wield it on behalf of the working poor, the unemployed, the excluded workers, when we, in fact, bring in these masses of working people, they also make us a more powerful force for social justice and democracy in our societies. They bring back the ‘movement’ in our labor movements.”

To set the stage on a hopeful note, Bader-Blau lauded unions around the world that partnered with domestic workers and their organizations to negotiate the International Labor Organization Decent Work for Domestic Workers Convention 189 in 2011. The effort, to help a primarily female and hidden workforce was a historic breakthrough, and “many unions gave up their seats on the (ILO) committee to domestic workers, symbolically bringing domestic workers to the table as workers for the first time.”

### **Setting the Stage: Research and the Informal Economy**

Laying a foundation for discussion throughout the conference were preliminary studies conducted and presented by Rutgers University School of Management and Labor Relations and Women in Informal Employment: Globalizing and Organizing (WIEGO) researchers. The Solidarity Center has partnered with Rutgers and WIEGO on a five-year research agenda to add to the body of knowledge on organizing and workers in the global economy.

Academic investigation to better understand the nature of the informal sector, the people who carry out informal work, and the ways informal workers organize to protect their rights and their livelihoods is still in its early stages, according to researchers at the conference. Still, some conclusions can be made.

Rutgers, in its literature review, looked at efforts throughout the globe by workers outside the formal labor framework of their country to form or join trade unions as well as unions’ efforts to organize and represent them. According to the report, “Informal work globally shares one important feature. It is either not covered or insufficiently covered by national legal and regulatory frameworks and social protection schemes.” Informal workers, meanwhile, are characterized in research “as lacking seven essential securities: labor market security, employment security, job security, work security, skill reproduction security, income security, and representation security. Trade unions and collective action have historically played a critical role redressing this last type of insecurity and with it many if not all of the others.”

The Rutgers team concluded that globalization “has driven a worldwide decline in the number of workers in the primary labor market with ‘standard’ employment—stable, long-term employment with a single employer and covered by various legal and social protections.” As a result, the number of people in secondary, informal, and illegal labor markets is on the rise, and this trend disproportionately and negatively affects women.

Indeed, said Sue Shurman, acting dean of Rutgers School of Management and Labor Relations, the growth of the informal sector is a product of “the search by multinational capital to more easily

control the last form of cost that you can compete: labor cost... The pressure of globalization is driving workers from the high-wage economy into the precarious, informal economy.”

Celia Mather, who drafted the WIEGO report on organizing in the informal economy and who looked into the organizing and self-organizing of informal workers, said one of the key findings was that no one model of organizing is sufficient as there is no one informal worker.

“There is no clear distinction between the ‘formal’ and the ‘informal’; rather it is a continuum. This is the case for individual workers across their working lives, or even within the same working day, and certainly within families and communities of the working poor,” she said. ‘Distinctions of class, gender, race, and community continue to impact negatively on building true membership-based organizations, though to different degrees in different situations.’”

Zwelinzima Vavi, general secretary of the Congress of South African Trade Unions (COSATU), in his welcoming remarks to conference attendees, said, “There is a clear correlation between working informally and being poor. Where informality is on the rise, the numbers of working poor are increasing or remain the same, while conversely in countries where informality is declining, the numbers of working poor are also down.”

Vavi pointed to ILO statistics on Africa to demonstrate the seriousness of the issue of informality for so many workers—and why the timing of this conference was so important. “Somewhere between 60 percent and 90 percent of the active population is now employed in informal economy. In sub-Saharan Africa, if South Africa is excluded, the share of informal employment in non-agricultural employment is 78 percent.

“If these trends continue, the future will be catastrophic for all workers. High unemployment and casualization threaten to undermine every gain the trade unions have achieved over decades. Workers will be plunged into a world where they are at the mercy of market forces and the pursuit of profit by ruthless employers who will drive down wages and hire and fire workers at will.”

### **In Their Own Words: Workers Successfully Make Change**

Throughout the conference, informal workers and organizers—among them domestic workers, newspaper deliverers, taxi drivers, and street vendors—confirmed the research scenarios and described significant challenges to organizing: negotiating with employers from positions of weakness, dealing with difficult work environments, funding and sustaining an organization, reaching a diffuse and/or mobile workforce, and addressing gaps or omissions in the law.

However, and despite the odds against them, workers and representatives of worker organizations around the world have overcome significant challenges and wrought key victories, improving the lives of working people across jobs and countries. Conference panelists offered case studies on a variety of successful efforts to raise the voices of vulnerable, informal workers, for example:

- Domestic workers—integrating into a national trade union center in Hong Kong and winning a new convention on decent work at the ILO.
- Female beer promoters—mitigating stigma and integrating into the supply chain of a formal-sector beverage company.

- Migrant workers—creating the Migrant Workers’ Front under the national union center in Sri Lanka.
- Newspaper deliverers—organizing a nationwide network and winning improved wages and status for workers who deliver newspapers in Pakistan.
- Self-employed workers—implementing new marketing and production models to help small cooperatives sell their products in Brazil .
- Market vendors—establishing the Zimbabwe Chamber of Informal Economy Associations and linking the group to the national trade union center.
- Taxi drivers—organizing as a union of “independent contractors” with the New York Taxi Workers Alliance in the United States.
- Agricultural workers—organizing migrant farm workers worldwide through a global union federation.

Cheung Yin Foon, a former domestic worker turned organizer in Hong Kong, told of a long period of preparation, education, and outreach that ultimately led to more than 600 part-time domestic workers organizing the Hong Kong Domestic Workers General Union. “When we formed our union, we received very little protection from the government. We organized our union to protect and improve our sisters’ rights,” she said.

Today, nearly a decade after the organization was formed, the Hong Kong Domestic Workers General Union fights discrimination against part-time workers, advocates for regulations to protect part-time and temporary workers, protects against occupational disease, provides employment assistance for domestic workers, and promotes respect for domestic work. The union has broadened its advocacy in support of ILO Convention 189, Decent Work for Domestic Workers.

The Cambodian Food and Service Workers Federation has been striving to improve the working conditions of beer promoters, young women who work long hours and late nights in an environment that can involve forced drinking and sexual harassment. The union has helped the women—who are often less educated and from rural areas—fight for a living wage, receive the overtime pay they are due, and work to change the stigma attached to the job, according to Mora Sar, who represented the federation.

### **Building Bridges with the Formal Labor Movement**

Offering a view of organizing in the informal economy from the United States, Bhairavi Desai, director of the New York Taxi Workers Alliance (NYTWA), told of the long path to organizing a largely immigrant and generally powerless workforce in New York. Driving a cab is the most dangerous job in the country, she said, yet cab drivers do not have guaranteed income, job security, contracts, health insurance, collective bargaining, grievance procedures, or strike fund. They are recruited individually—and, with a surplus of people willing to lease and drive cabs, pay is low. Indeed, many drivers barely break even.

The NYTWA has made great inroads into creating a safer, more economically just work environment for drivers. The organization won a historic victory in 2004 when New York City established the first living wage standard for taxi drivers, who receive 60 percent to 75 percent of the additional revenue generated by a fare increase (the first in eight years). Because taxi drivers were among those economically hit after 9/11, the NYTWA held four disaster-assistance clinics at taxicab holding lots at LaGuardia and John F. Kennedy airports, as well as meetings at restaurants and gas

stations frequented by drivers. The organization helped more than 2,000 drivers apply for a post-9/11 Federal Emergency Management Agency Mortgage and Rental Assistance program. And in 2002, the NYTWA worked with Columbia University to document drivers' health needs and experiences with the health care system. The survey was conducted at airport taxi drivers' holding areas, where drivers sometimes wait hours for a fare. This proved an important tool in NYTWA's 2004 negotiations with the New York mayor's office and led to higher fares for drivers. Also that year, NYTWA held a first health care fair for drivers at airport holding lots, which enabled more than 600 drivers to receive health screenings from 14 institutions.

Meanwhile, deepening poverty and the sheer number of people working in the informal economy led the Zimbabwe Congress of Trade Unions (ZCTU) in 2004 to build an alliance between the informal sector workers and trade unions, forming the Zimbabwe Chamber of Informal Economy Associations (ZCIEA). According to Phillip Sanzvenga, ZCIEA director, "Men and women are being driven to work in the informal economy to survive. Salaried workers, even public-sector employees, do not earn enough and have to take a second job to make ends meet, for example, selling shoes or raising chickens."

ZCIEA today has about 2 million members nationwide, some 60 percent of them women. The organization has 125 affiliates from a variety of jobs; members include vendors, cross-border traders, sculptors, carpenters, welders, manufacturers, farmers, and agricultural dealers. Its constitution was written by informal workers, with technical assistance from the ZCTU.

In Sri Lanka, the National Trade Union Federation (NTUF) includes two informal worker groups, the National Organization of Self-Employed (NOSE) and the recently established Migrant Workers Front (MWF).

Informal workers within the country have little protection or benefit under the law, said Karupiah Velayudam, president of the NTUF. "They are generally not covered by Sri Lanka labor law (or the Trade Union Ordinance Act) and have no social security, no job security, no minimum wage, and no benefits." Under Sri Lanka's Industrial Disputes Act, domestic workers may seek redress in the labor tribunal on termination issues, but the labor tribunal does not have any powers to order reinstatement other than compensation.

Yet, migrant workers—some 1.8 million of them in 2010—accounted for 9 percent of Sri Lanka's GDP in 2010. About 15 percent of Sri Lanka's workforce migrates abroad to find work.

The MWF can point to several achievements that serve to support people, usually women, who travel overseas to work. The group has set up help desks to assist migrants and family members, and has trained trade union activists to organize and enroll migrant workers and family members for protection and representation. The MWF also is working to organize migrant workers by communicating with family members left behind in Sri Lanka and coordinating with the Foreign Employment Bureau to eliminate unlawful practices.

Meanwhile, the union is educating and sensitizing its leaders and members on migrant worker issues and the role of trade unions in protecting the rights of migrants and other informal workers.

In Brazil in the 1990s, unions began losing members as factories closed, through privatization or as companies chased low wages in other parts of the country or abroad. Workers who had stable jobs

were thrust into the informal economy. In an effort to find a way to support working people who fell outside the traditional union structure, the Unified Workers Central (CUT), Interuniversity Labor Study and Research Network (UNITRABALHO), the Inter-Union Department of Statistics and Socioeconomic Studies (DIEESE), and the Federation of Organizations for Social and Educational Assistance (FASE) formed the Agency for Sustainable Development (ADS in Portuguese) in 1999.

ADS was designed to address unemployment, social exclusion, and a crisis in the trade union movement due to a regression of worker rights and the lack of representation of people pushed into the informal sector. Its goal was to organize informal and excluded workers, help influence Brazil's development, and guarantee rights for all. And it supports inclusion and respect for the country's ethnic, cultural, regional, environmental, and gender diversity.

Among its key successes, ADS has helped small businesses link to larger supply chains, including supporting the efforts of women in the garment sector to reach the runways and establish brands at major fashion events in Brazil.

### **Grassroots Organizations: Supporting Workers outside the Labor Movement**

The conference provided the opportunity for several grassroots organizations, now affiliated with national federations, to describe their experience developing representative organizations for workers outside the labor movement. Three groups—domestic workers in South Africa, street vendors in Honduras, and newspaper deliverers in Pakistan—have focused on raising wages or income for their members, calling for changes to and enforcement of the labor code in their respective countries, and finding a more coherent path to organizing informal workers.

South Africa has a long history of organizing domestic workers, some 25 years, according to Myrtle Witbooi of the South African Domestic Service and Allied Workers Unions (SADSAWU). The organization has been affiliated with the Congress of South African Trade Unions (COSATU) for only 10 years. None of the 17 sector unions invited SADSAWU to join.

Many non-governmental organizations are now organizing domestic workers—and using SADSAWU's literature. However, of 1 million domestic workers, only 600,000 workers are registered with the social security fund, and only 200,000 are registered with the unemployment fund. It is challenging to organize domestic workers, said Witbooi, because the law requires employer permission before the union can speak to a worker about joining the organization.

SADSAWU participates in the Domestic Workers' Forum, where a broad group discusses issues with the government. Every year, for example, the government sets the minimum wage, and the forum lobbies on this issue. "The government listens to our input, but often they have their minds already made up," she said.

Next, she said, we need a global union for domestic workers, to challenge the International Labor Organization—and, ultimately, she said, "We need a global union for domestic workers."

In Honduras, where the majority of people are "own account," or informal workers, street vendors are not appreciated or wanted although they conduct legal business, said Orlando Reyes of the Union of Autonomous Workers.

“We are called ‘underground’ or the ‘black economy,’ but we do everything in the open,” he said. “We do this work to support our families.”

According to Reyes, street vendors in Honduras may work for themselves or for others. Because so many people are moving to cities and formal workers are being pushed out of permanent work, the number of informal workers is rising. Indeed, the vast majority of workers in the Honduran economy are in the informal sector.

Street vendors in Honduras now have three different union federations, affiliated with the main labor federation. The largest group of informal laborers, domestic workers, remains largely unorganized. Currently, the three federations are in the process of uniting, with plans to organize street vendors at the national level. Waste recyclers, however, are not represented.

The federations are working on a national law designed to enshrine legal respect for the rights of informal workers (including freedom of association), abolish child labor, and eliminate forced labor, among other provisions.

Tikka Khan started off as a newspaper deliverer in the 1970s and now heads the largest union of informal workers in Pakistan.

Three decades ago, said Khan, there was a union for newspaper deliverers, but “it was more like a syndicate extorting money from its members.” Today the organization negotiates commission rates and delivery territory, achieving for its members a better quality of life, greater dignity, and some security. Indeed, commissions in Pakistan are better than those in many developed countries. Japanese newspaper deliverers, for example, receive a 33 percent commission where their Pakistani counterparts receive 40 percent.

The Newspaper Delivery Persons Federation counts 84,000 members and 50 offices across the country. “Because of our collective strength, we can stop the entire newspaper delivery system if we want to,” said Khan.

The key to gaining and sustaining membership, according to Khan, is the ability to galvanize support at the national and global level. “There you can make a big difference for your members. I didn’t realize how much progress we made until I heard other people saying we are the best kept secret in Pakistan.”

### **Sharing Experiences: Tactics and Tools to Help Organize and Support Informal Workers**

In addition to participating in panel discussions, workers and activists from around the world provided hands-on workshops and opportunities for discussion of issues relevant to improving the lives of informal workers through advocacy, outreach, and organizing. Presentations from Brazil, Honduras, Mexico, South Africa, Tunisia, and the United States offered insight into specific experiences—but pointed to many common issues faced by workers in the informal economy around the world.

## **Conclusions**

Conference participants left the meeting with a renewed sense of energy and purpose, as well as some comfort in knowing that their particular situation has a lot in common with that of others around the world. Successes provided inspiration and encouragement for others to continue this critical work—and ideas on how to approach issues of policy, stigma, and abuse in other countries.