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LABOUR MARKET ANALYSIS
AND EMPLOYMENT PLANNING

Working Paper No. 13

**Vulnerable Groups in
Urban Labour Processes**

by

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36957

Note: WEP Research Working Papers are preliminary documents circulated to stimulate discussion and critical comment.

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Preface

The impetus to the following paper was threefold. A request to write a chapter for the ILO's World Labour Report on income vulnerability in urban areas among those outside regular wage employment was the initial one. The second was a dissatisfaction with dualistic interpretations of urban labour "markets" in developing countries. The third was the desire to link urban labour process trends with labour "flexibilisation" issues and the conceptual framework for analysing labour processes that ill-fit the conventional "employer/self-employed/wage labour" model.¹

The dualistic approach has persisted as part of the ILO's World Employment Programme for over 15 years in the guise of the dichotomy of the "formal" and "informal" sectors. The misleading vagueness of the notion of informal sector has been stressed on countless occasions. Still it persists. When one strips it to its core, most of those using the concept seem to have an image of a small-scale unit of production supplying goods or services to the poor at prices they can afford, using basic technology, little capital equipment and having little in the way of profit. That is the image, even if devotees of the concept often state that other categories also fit. Typically, the notion of "protection" is added, those working in the informal sector falling outside labour laws or whatever. But some analysts dispense with that criterion.

The image goes with the implicit policy prescription. Give help to the working poor: provide the little man with better credit, more information, vocational training and access to markets. If his productivity could be raised, his income would rise. Some analysts add that labour legislation and (social security) protection should be extended to the informal sector; others dissent, claiming that if labour laws were extended to them their "competitive advantage" would disappear.

¹ For related papers, see G. Standing, Labour Flexibility: Towards a Research Agenda, World Employment Programme Working Paper, (Geneva, ILO, April 1986), and A Labour Status Approach to Labour Statistics, Population and Employment Working Paper No. 139 (Geneva, ILO, August 1983).

The early WEP Comprehensive Employment Missions broke from the model that development meant maximisation-of-growth and industrialisation. "Trickle down" theory was replaced by one that gave greater focus to redistribution of resources. In essence, employment maximisation was seen as the best vehicle for equitable growth. This meant favouring land reform, as recommended in the ILO Reports on Colombia (1970), Sri Lanka (1971) and the Philippines (1974). It also meant favouring "intermediate technology", that is, labour-intensive methods of production. For a long while, it meant anti-urbanism (e.g., in the Philippines report) and an overwhelming focus on "rural development". And it has meant, perfectly consistently, support for the little man in the informal sector, as epitomised in the Reports on Kenya (1972), Iran (1973) and the Philippines, inter alia. In other words, it has implicitly or explicitly favoured labour-intensive industrialisation. In the wake of the 1976 World Employment Conference, the strategy culminated in appeals for the pursuit of "basic needs", that is, a belief that development would occur if primary emphasis was placed on the satisfaction of the basic needs of the poor. As that raised all sorts of definitional problems, and as the concept had both conservative and radical interpretations, it is not surprising that it fizzled out in about 1980. But the belief in the informal sector survived.

Some of us have been criticising this perspective for fifteen years or more. Perhaps the best epithet of the whole, that has been used by several critics, is "neo-populism". The ideal that seems implicit in the WEP perspective is a world consisting of small-scale farmers coexisting with small-scale enterprises in small towns, within which income inequality is moderated by legislation, minimum wages, taxation and competitive markets. In many ways that is an attractive set of objectives that implies a middle course between political ideologies.

One could take exception to this image and to the package of reformist policies that have typically flowed from the implicit or explicit analysis. That is for another occasion. However, above all, it seems to rest on the belief that, first, one can have competition without the consequences of competition, and second, that a labour market could exist without structural inequalities, without extra-economic relations of production, and without mechanisms that systematically generate and transfer economic surplus from the majority to a minority. "Vulnerable groups" emerge because a structure needs them to emerge and because a structure involves failings and clashes with

alternative modes of production. And to believe that small-scale businesses (the informal sector) can be turned into the engine of growth, equality and development is to ignore history. It has not happened.

Analytically, where do we go from here? Some economists recognise the force of the criticisms but adhere to the notion of the informal sector on pragmatic grounds. It is either a "useful organising device" or "it has been picked up and used by practically everybody, from planning ministries to international agencies", or "if we drop it, we will have nothing to put in its place." There is even to be an attempt to introduce recommendations for data collection and "informal sector measurement" to the 14th International Conference of Labour Statisticians (meeting in October 1987), even though there are numerous definitions that have been used in past surveys, and even though most people would agree that the least inappropriate definition would depend on one's analytical objective.

The fundamental difficulty is that the word "informal" is neither descriptive nor analytical. It tells us nothing about a unit of production or about an individual worker or about the mechanisms by which output is generated or how the output, or its proceeds, are distributed. This is elaborated in the following, as well as in the earlier "labour status" paper, which considered it from a statistical point of view. There are severe analytical and policy-making pitfalls that arise from, first, having a rosy image of the informal sector and then depicting it simply in competition with the formal sector. Small is not very beautiful in most parts of the world, and in many cases the small unit exists in some reciprocal relation to larger entities.

Some well-intentioned analysts believe that extending legislative protection (formalising the informal) would be counterproductive, since it would impose non-wage labour costs that would lead to fewer jobs, when more employment is the top priority. This presents the issue in a distorted manner. The gainers from a lack of protection are those who gain more surplus, more profit, from the workforce; the losers are the unprotected, whose health and living standards are probably adversely affected as a result, and the protected minority, whose working conditions are likely to gravitate towards those of the unprotected, because their implicit bargaining position is eroded by the vulnerability of the unprotected.

The question that has to be answered is whether or not there is a global trend towards the "informalisation" of labour relations, that is, a shift away from large centralised workforces covered by protective regulations, standardised work procedures and well-articulated pay systems, including a move towards a repressive employment pattern as well as the use of unprotected workers. Is there a process whereby employment is being decentralised, made more precarious and controlled by indirect mechanisms, whether by sub-contracting, outwork, casualisation or extra-economic coercion? Are conventional standard-setting procedures being bypassed, so that in many cases they become counterproductive? If so, what procedures are most likely to improve the welfare of workers? The image that there are "rigidities" impeding employment growth should not go unchallenged. One might hypothesise that it is the image of flexibilisation of employment that should shape our considerations, both analytical and statistical. But the notions of "formal" and "informal" sectors block conceptual clarity, partly because what were "formal" enterprises have often moved in the direction of informalising themselves. and vice-versa.

The intellectual terrain covered by urban labour processes is still hazy, having been somewhat stultified by the dualistic tradition (modern vs traditional, formal vs informal, etc.) and by the attempts of many economists to cram limited data into a simple supply-demand framework. A greater focus is needed on labour relations of production, on mechanisms of labour control and surplus extraction, and on stratification and segmentation. That would surely yield far more analytical dividends in the next few years than could be expected from refining labour supply-demand or dualistic models that pay little or no attention to the social realities in which labour processes operate. But for that we do need to spend more time on concepts and assumptions than some people like or believe necessary.

This is a working paper, but I would like to thank Siân Ackroyd, Samir Radwan and Frances Williams for assistance and comments.

Guy Standing

I. Introduction

In recent decades the pace of urbanisation has accelerated in low-income and newly-industrialised countries, and in many parts of the world urban primacy has developed, with huge metropolitan conglomerations attracting a disproportionate share of the population. The problems of rapid urban growth are too well known to require elaborate recital -- the strains on social amenities, overcrowded housing, slums, urban diseases, pollution, administrative chaos and inefficiency. It is also scarcely necessary to stress that urbanisation is a necessary and desirable aspect of social and economic development, since it facilitates and to some extent reflects industrial development and economic growth. But the pattern of urban-industrial evolution has varied and has been closely related to the extent and pattern of labour absorption.

With rare exceptions -- mostly the newly industrialised countries and a few countries that have had some form of socialist transformation -- the expansion of urban industrial employment in low-income countries has been slow in the past four decades or so (even if the rate of growth has been impressive in some places). It is also clear that much of the industrial employment growth that has taken place has been concentrated in small-scale, "unprotected" forms of employment. Essentially, three development strategies have been followed. Those countries that have pursued a strategy of export-led industrialisation through "industrialisation-by-invitation" have tended to create or accentuate a highly segmented urban economy, with large enterprises -- often subsidiaries of multinational corporations -- absorbing workers in large numbers in process type jobs, alongside a host of very small firms either providing repairs and components or import-substituting wage goods. In such cases, labour absorption has been considerable, but it is doubtful whether many countries can successfully replicate this particular strategy. By contrast, those countries in which import-substitution industrialisation has predominated seem to have produced a less "dualistic" structure in terms of the size distribution of enterprises, but they have also been less successful in achieving massive labour absorption. Finally, those countries that have persisted with a strategy of agrarian-based production have, for one reason or another, generated a substantial surplus rural population that has been drawn into the towns without any prospect of

successful absorption in industrial employment. A consequence has been a rapid rise in urban unemployment, and policies to push migrants, the unemployed, or the poor out of the cities.

In many countries, the disappointingly sluggish growth of industrial employment has led the public sector to become something like an employer of last resort. As most post-Independence States boosted their bureaucracies in any case, this general pattern resulted in public sector "saturation". But in recent years, this has been greatly slowed as a major phenomenon, particularly since the IMF and World Bank have promoted austerity, stabilisation and structural adjustment policies that, inter alia, involve a drastic cutback in public sector employment.

In the 1950s, 1960s and 1970s it was respectable among economists to argue that labour surplus in low-income countries did not take the form of open unemployment, because of the absence of unemployment benefits, the need of the poor to scrape a survival income in some activity, and the lack of job-seeking mechanisms, such as employment exchanges. In the 1980s that has not been the case in more and more countries. The relative shift from some form of underemployment to "open" unemployment has reflected both the absorptive capacities of low-income production activities, the cutback of industrial (wage) employment in some countries, and the continuing process of labour migration into areas having an active labour market. It is the growing inequality within urban areas and the growth of massive unemployment that have characterised contemporary urban labour developments, and in the process the unemployed have become a principal vulnerable group.

Another trend of recent years, at least in many countries, has been the narrowing of urban-rural income "gaps", that is the difference in average income between rural and urban areas. That has occurred primarily because of the dramatic fall in average incomes in urban areas. This has particularly affected African countries. In most sub-Saharan African countries the gap between average urban incomes and average rural incomes has declined quite sharply¹. But in a few cases, such as Nigeria, an increased average gap has coincided with a decline in the ratio of wage earner incomes to the incomes of farmers of small holdings. The gap between the earnings of the "unskilled" urban workers and the so-called peasant smallholders has declined to the point

¹ V. Jamal and J. Weeks, Rural-Urban Income Trends in Sub-Saharan Africa (Geneva, ILO, June 1986, draft).

where it is in favour of the latter in a number of countries. As a consequence, wage earners have lost relatively to both peasants and the average level of income in urban areas. A related trend has been that the overall distribution of incomes has worsened. Contrary to the conventional wisdom of recent decades the narrowing of the rural-urban income gap has not improved overall income distribution, but has occurred at the expense of both urban wage earners and small farmers. Increasingly, the countries of sub-Saharan Africa have not been characterised by a split between privileged urban elites and disadvantaged farmers, but between the rich and the poor, where the latter include wage earners, small-scale operators or entrepreneurs and poor peasants. Evidence points to a substantial redistribution of income from other groups to private businesses in a number of countries. And in that context, it is important to understand the increasing complexity and heterogeneity of urban labour processes in Africa, as in other parts of the world.

II. Urban Labour Processes, the "Informal Sector" and Segmentation

It is somewhat misleading to characterise urban labour processes as labour markets, since non-market mechanisms of labour control, allocation and reward are so pervasive and since "free" wage labour in the conventional sense of that term is so very limited. It is also somewhat misleading to divide the urban labour process into a dualism of a "formal" sector and an "informal" sector. Attempts to do the latter have proliferated in recent years, with numerous definitions of "informal sector", most of which have been a matter of statistical convenience or subjective preference rather than an outcome of conceptual clarity. Some analysts have depicted the informal sector as little more than small-scale businesses, and have accordingly regarded it as a potential source of economic growth and productive employment, given the appropriate incentives and lack of constraints to development. At the other extreme, some have depicted this sector as encompassing "survival strategies" by those who cannot afford to be unemployed in the conventional sense, and have consequently seen its growth as a negative reflection of economic underdevelopment and the growth of a surplus population. Other observers have simply lumped all those not employed by Government or large incorporated enterprises as in the informal sector. Whatever definition has been used, the heterogeneous nature of labour relations is obscured by such terminology. One of the critical aspects of the concept of economic "vulnerability" is that labour status cannot be adequately captured or identified by any notion of "sector". At the simplest level, workers' earnings levels between so-called formal and informal sectors may be minimal or even the opposite of what is

commonly postulated or presumed. Thus, one review of Indian studies in the dualistic tradition found no clear evidence of consistent wage differentials between those working in "formal" and "informal" sector employment.¹ But more importantly perhaps, within enterprises of different sizes there are typically workers of diverse labour statuses, with varying degrees of vulnerability, while there is growing evidence from around the world (from industrialised as well as low income countries) that many labour practices associated with some notions of the informal sector are prominent in enterprises typically classified as formal. In short, precarious, unprotected forms of labour relation are not necessarily concentrated or at their worst in "informal", "unregulated" small-scale economic activities.

For analytical purposes, it is often appropriate to divide the production process into "sectors". But it is essential to do so with some clear theoretical objective in mind, whether in terms of their role or potential for productive accumulation or in terms of the predominant relations of production that affect particular groups within the production process. We will return to that shortly. The current focus of this paper is worker vulnerability in urban areas. By this is meant not simply low incomes, though that is commonly involved. Some workers may be receiving a reasonable income but be in a precarious casual work relation such that they could lose their job at almost any time. Others may be earning a subsistence income but be subjected to indiscriminate deductions by virtue of their dependency on an employer, middleman, or relative. Others may be vulnerable by virtue of their enterprise's links to other enterprises, such that their income or employment security depends on the whims or economic performance of others.

It might be appropriate to indicate, by means of an example, why the informal sector concept is obfuscating, and why vulnerability is so varied. In an ILO survey of business establishments in one industrialising economy, one place visited was described at the outset as a "furniture factory". The making of furniture was concentrated in and around a large house, the owner of which was an entrepreneur. In various rooms in the house, there were about 40 workers each doing something connected with furniture making. When asked, the entrepreneur reported that he employed two workers, which strictly speaking was correct. The business was a registered one and the two workers were covered by labour regulations. Some of the others in the building were close relatives of the entrepreneur, some of whom were apparently unpaid, some paid

¹ S. Kannappan, "Changes in the Indian workforce", Economic and Political Weekly, Vol. XIX, No. 50, 1985.

on the basis of a share of the profits. Many more in the building were sub-contractors or self-employed artisans, most of whom were essentially dependent on the entrepreneur for their raw materials or equipment or space, the price or rent of which no doubt varied. Some workers were reportedly in debt bonded labour, so that they were highly vulnerable to deductions from their earnings and were likely to receive no return to increased productivity. Finally, there were outworkers, those who were sent work to finish in their own homes. Thus, in just one enterprise there were various groups with distinctive labour relations and statuses, with very distinctive forms of vulnerability.

In short, as this example helps to highlight, people as workers are vulnerable by virtue of their productive activity ("sector") and by virtue of their labour status, and they are also vulnerable by virtue of their social position. We will deal with each in turn.

(i) Vulnerability by Sector

For our purposes, productive activities can be divided into five strata. First, there is an administrative public service sector, which can be divided somewhat crudely into a sub-stratum of workers with salaried career jobs, with relative income security and access to fringe benefits, and a sub-stratum of menial service wage workers. In recent years, public sector workers have been vulnerable to the erosion of real incomes.¹ They have also become increasingly vulnerable to loss of employment, by contrast to the once-conventional image that government jobs meant complete employment security and access to favourable fringe benefits. Indeed a sharp distinction has developed between a privileged category of public sector salaried workers and an increasingly vulnerable set of workers in temporary, low-paid public sector jobs.

The second stratum consists of large-scale "corporate" enterprises, typically geared to the international economy and often dominated by multinationals. Within this corporate sector one can distinguish between:

- 1) a relatively small number of workers -- "core" workers -- in what should be called "progressive" jobs, having career potential, on-the-job acquisition of skills and income-earning capacity, employment security,

¹ See, inter alia, D. Lindauer, O. Meesook and P. Subsaeng, "Government wage policy in Africa: Summary of findings and policy issues", World Bank Discussion Paper No. 1986-24, 1986. B. Hansen and S. Radwan, Employment Opportunities and Equity in a Changing Economy: Egypt in the 1980s (Geneva, ILO, 1982).

and access to fringe benefits;

2) the mass of production workers -- "outer-core" workers -- doing process work in relatively "static" jobs, that is, having little opportunity for upward mobility and being vulnerable to displacement or "skill" obsolescence, through technological innovations or market changes; and

3) peripheral workers in casual, short-time or out-work jobs without any employment or income security, often paid little or nothing but expected to be on standby as a "labour reserve".

All three of these categories are in what many people would describe as the informal sector, but clearly the type and extent of their vulnerability varies enormously.

Beyond the public sector and the corporate sector, there are forms of production that cannot be sensibly lumped together as a single sector. Thus, a third stratum consists of small-scale, dependent enterprises that produce goods or services for the local community, which are tied to large-scale corporate enterprises, through subcontracting or other regular ties. These should be distinguished not only from other, independent small-scale enterprises but from those economic activities that are not set up or operated with the intention of making profits or anything more than a basic subsistence for those connected with them. Beyond small-scale enterprises are a host of activities, some legal, some illegal, by which the poor eke out survival in economies where surplus labour conditions are chronic or in which they cannot find a productive niche. It would be misleading to lump all these small-scale activities together and call them the "informal sector", since not only does the level of income vary substantially but the underlying economic rationale of the different activities varies fundamentally. Their vulnerability to external economic developments is also not the same. Units tied into a dependent relation to large-scale export-oriented enterprises will tend to be hardest hit by a downturn in international trade and may simply be forced out of business or forced to operate at very low levels of capacity in recessions. There is evidence too that sub-contracting by large, often multinational enterprises, has spread in recent years, often in response to the growing uncertainty and competitiveness in international trade.¹ What the trend has implied, in part, is a shift of economic risk from large enterprises to small, local sub-contractors, who typically have to bear the brunt of any economic downturn in demand for final products. Even street vendors may belong to the

¹ See, e.g., A. Portes and L. Benton, "Industrial development and labour absorption" Population and Development Review, Vol. 10, 1984, pp. 589-611.

dependent small-scale unit 'sector'. Studies in several Latin American cities, for example, have shown how many street traders are part of well-organised commercial networks controlled by large-scale, modern enterprises.¹

A fourth stratum consists of small-scale, independent enterprises producing for local markets, which have been vulnerable to domestic economic developments, and in particular to shifts in income distribution and domestic consumer demand. It would be inaccurate to characterise small-scale production of this sort as either homogeneous or "free entry" in the sense of allowing anybody to set up a business to provide the goods or services in question. Although producers of some types of activities are vulnerable to competition from new entrants pushing down average incomes from production, others are less vulnerable because of barriers to entry that range from the initial capital or contacts required, access to raw materials, location or government regulations. Many such enterprises practise some form of profit-sharing rather than rely on the payment of regular wages, which gives those inside such enterprises a vested interest in restricting the number of people in them. This seems to be the case in the pondok of Jakarta.²

Some observers advocate reducing barriers to entry to such sectors. If so, average incomes would probably fall, as might investment in production, unless the demand for the goods or services rose by as much as the sector's production. There is no a priori reason to expect that latter condition to apply. In any case, the production of non-exportable goods such as shoes, chairs and sundry items purchased by low-income groups has clear limits. In short, the type of vulnerability of small-scale production units depends crucially on their links to other enterprises, the degree of competitive pressure and the nature of their markets. This small-scale, independent sector has been particularly important in African towns, perhaps accounting for over 50% of total employment in the Ivory Coast, for example, nearly 50% in Togo, and over 48% in Benin.³

¹ A. Moller, "Los vendedores ambulantes en Lima", in V. Tokman and E. Klein (eds.), El subempleo en América Latina (Buenos Aires, El Cid Editores, 1979); R. Bromley, "Organisation, regulation and exploitation in the so-called "Urban Informal Sector": The street traders of Cali, Colombia", World Development, Vol. 6, 1978, pp. 1161-71.

² H.D. Evers, "Trends in urban poverty and labour supply strategies in Jakarta, Indonesia" (Geneva and Bielefeld, Nov. 1985, mimeo), p. 50.

³ J.P. Lachaud, "Les activités informelles et l'emploi au Bénin: analyse et stratégie de développement" (Geneva, ILO, 1986).

In considering vulnerability, we have to distinguish between the types and the extent of vulnerability of different types of production unit and that of the diverse categories of worker. A difficulty of a dualistic sectoral approach is that within any sector different groups face different forms of vulnerability. Even within Government employment, conditions of employment vary tremendously, and outside a protected core of salaried workers one finds many low-paid, casually employed workers whose security of employment and income is minimal. This tendency of differential security and vulnerability is often greatest within what is typically meant by the "formal sector", in which stratified labour forces are often deliberately maintained. Electronics enterprises in many South-East Asian countries, for example, employ a small nucleus of salaried, career employees under whom work the bulk of wage workers, whose vulnerability consists not only of low wages and the absence of benefits but institutionalised insecurity of employment. Simply stated, most production workers are not intended to remain in their jobs for more than two or three years. Their vulnerability consists primarily in their substitutability, which gives them a weak bargaining position for raising incomes, and in their lack of potential upward mobility within the enterprise. Even in that most economically successful of newly industrialising countries, the Republic of Korea, studies have reported that labour turnover in large enterprises is not any different from those in the supposedly more insecure small-scale sectors.¹

Work in small-scale units in most parts of the world tends to be highly irregular for many of those involved. Thus a survey in Lubumbashi, Zaire, found that most of the employment consisted of day work.² And wages, where they are involved, tend to be much lower on average than in the public sector or in large-scale incorporated enterprises. In Bombay and in Coimbatore, for example, surveys have shown that workers doing comparable work in unregistered workshops in the engineering industry receive less than half as much as those working in registered, large-scale factories.³ There was no indication that

¹ Moo-Ki Bai, "Education, workers' behaviour and earnings: A case study of manufacturing workers in Korea", Economic Review (Seoul National University), December 1977, Vol. 11. No. 1.

² J. P. Lachaud, "Les activités formel et l'emploi à Lubumbashi (Zaire): analyse et stratégie de développement (BIT-PECTA, 1984)

³ J. Harriss, "'Our socialism' and the subsistence engineer: The role of small enterprises in the engineering industry in Coimbatore, South India", in R. Bromley (ed.), Planning for small enterprises in third world cities (Oxford, Pergamon Press, 1985)

competitive market forces had been tending to reduce that differential, which in itself is indicative of the labour segmentation occurring in such cities. In many African towns as well, wage earners in small-scale enterprises typically have their incomes directly linked to the immediate economic performance of the production unit, and some basic forms of profit sharing characterise such activities. Surveys show that most workers in those enterprises receive less than the minimum wage.¹ In terms of per capita incomes of those involved in industrial sectors such as textiles, a survey in Abidjan found that about half had less than a modest poverty level figure of about 1,500 Francs CFA.² Indeed, more than eight out of every ten small-scale employers in textiles were receiving less than the minimum wage level in earnings, reflecting the intense saturation of textile production in African towns.

That indicates how small-scale production is vulnerable to relatively free entry by other comparable producers, which is far more the case in some industries than others, where a fair amount of capital equipment, skills and contacts are essential for survival. It may be that such small-scale production is a way of spreading poverty, to allow more people to avoid absolute misery and severe malnutrition. And it may well be that such production enables the poor to obtain goods and services at a price compatible with their means. Such activities help to create a domestic market, so essential for capital accumulation. However, as an avenue to socio-economic development, it is notable that no country has succeeded in industrialising by means of small-scale independent "informal" production. In practice, many of those activities would surely disappear or be absorbed by the corporate sector or its surrogate of dependent smaller scale units if the production became reasonably profitable. They rely for survival on the generalised vulnerability of their work force. The cruel dilemma is that if workers in such enterprises were effectively protected from the harsh working conditions, low incomes and employment insecurity, the activities would probably either cease to be done or be taken over or pushed out by larger enterprises.

There is also a tendency to depict small-scale "informal" production units as mainly providing necessary and useful wage goods. The reality is that most provide petty services, often useful in any community but rarely contributing much to accumulation or economic growth. Thus, through surveys, it was

¹ M. Penouil and J. P. Lachaud, "Le secteur informel et la marche du travail en Afrique noire francophone", World Employment Programme Working Paper (Geneva, ILO, 1986), p.42.

² Ibid, p.45

estimated that over 59% of individual workers in the Ivory Coast's second biggest town, Abengourou, and about 72% in Bangui, capital of the Central African Republic, were doing service type jobs.¹ And in many such towns there are an enormous number of petty auto-mechanics and the like, whose degree of underemployment and poverty is typically very considerable.

Those involved in small-scale, independent enterprises are most of all vulnerable to competition from new entrants. Thus the relatively successful depend crucially on contacts and a nucleus of a loyal clientele on whom to base their survival. Most such enterprises face a highly precarious existence, and some estimates suggest that only if such units exist for at least three years do they have much chance of growing. Employment generation within small-scale enterprises tends to be fairly minimal, either because of the family or kin orientation of production and the fear of allowing strangers into the enterprise, survival depends on trust and reciprocal mechanisms of sharing or because competition sooner or later limits any potential expansion. Indeed, in African towns it has been found that growth of employment in the sector of small-scale business reflects the expansion in the number of such units rather than the expansion of employment within existing enterprises. For instance, surveys carried out in Yaounde in 1978 and in 1983 found that the average number of workers had slightly fallen, from 2.2. to 2.1.²

This general lack of growth is only part of the story, however, since there is some notable differentiation of such enterprises in certain industries or towns, with considerable income inequality within the small-scale enterprise sector.³ Those whose main or sole income comes from such activities tend to earn the least, and one way of differentiation has been by a combination of two or more types of activity. These small-scale units are vulnerable to enforced specialisation. Unfortunately, the age-old rule applies that he that hath to him it shall be given and to him that hath not even that little that he hath shall be taken away. It certainly cannot be presumed that small-scale production constitutes a stable source of livelihood.

¹ J.M. Bellot, J.P. Lachaud and P. Mettelin, "Le secteur informel à Abengourou (Côte d'Ivoire): analyse et programme d'action" (Bordeaux, CEAN, CED, 1981); J.P. Lachaud, "Les activités informelles à Bangui (République Centrafricaine): analyse et stratégie de développement" (Bordeaux, CED, 1982)

² G. Nihan, E. Demol and A. Tabi, Le secteur non structuré "moderne" de Yaoundé (République Unie de Cameroun) (Geneva, ILO, 1982); J.P. Lachaud, "La segmentation du marché du travail urbain en Afrique: Le marché du travail à Yaounde" (Bordeaux, CED, 1984).

³ Penouil and Lachaud, 1986, op. cit., p. 40.

Just beyond this fourth stratum in the urban economy comes the most vulnerable group of all, those with marginal attachment to any productive unit, sometimes described as a "marginalised mass" or a "surplus" population.

Here, the most prevalent form of vulnerability is simply the likelihood of complete detachment from the labour market through loss of morale, capacity, physical strength, or appeal to potential employers. This surplus population can be analytically sub-divided into five categories, each with distinctive forms and degrees of vulnerability.¹

First, there are those who could be described as constituting a latent labour reserve for urban areas, that is, those mostly outside the urban labour force who could be attracted into it if the circumstances merited or demanded it. This category includes potential rural-urban migrants and many women, married or not, who work outside the labour force in or around their home. The latter in particular are vulnerable to precarious dependency on the income transfers of others for their survival, and are therefore particularly vulnerable to an oppressed social existence. It should not be assumed that a latent labour reserve does not have a competitive effect on labour market trends, since its existence may put downward pressure on wage rates because the potential workers could easily be drawn into the labour market.

The second category is the floating labour reserve, those intermittently in the urban labour force, who may intersperse casual employment with periods of economic activity or employment, or simply withdraw from urban areas when not required. In discussing specific vulnerable groups later the extreme precarious of this category will be emphasised. But the existence of this type of labour reserve also intensifies the vulnerability of other groups whose niche in the labour force is under constant threat from a mobile category of workers, most of whom are in an extremely weak bargaining position and are resigned to low earnings and poor working conditions. As with the latent reserve, this category is often not measured as part of the unemployed. But nevertheless it fulfills the role of the unemployed, in so far as they help put downward pressure on urban wages and working conditions.

The third vulnerable category of the surplus population is the active labour reserve, that is, the openly or job-seeking unemployed, as measured in principle by most censuses and labour force surveys. Despite some claims to the contrary, open unemployment has risen enormously in most low-income and

¹ For a more detailed discussion of the following, see G. Standing, Unemployment and female labour (London, Macmillan, 1981).

industrialising countries, in which the concept of unemployment has become increasingly appropriate, despite the absence of Government-funded unemployment benefit systems. It is a conventional view among some economists that the unemployed in such economies must be "voluntarily" unemployed in some sense, and that therefore there is relatively little need to concentrate policies on the unemployed. This view is unjustified theoretically and has not been supported empirically.¹ Clearly, the unemployed are dependent on the good will and ability of relatives and neighbours, and with the growth and increasing duration of job-seeking unemployment, these become increasingly tenuous. It has been argued that because unemployment is concentrated among youth and other household dependents rather than "household heads", that transfers of income and other means of subsistence are secure. This ignores the likelihood that a consequence of having one or more household members unemployed is a general lowering of living standards of all household members, pushing not only the unemployed but the whole family into poverty and a vulnerable position that could easily be a prelude to a vicious circle of impoverishment. Thus, in a recent urban survey in Costa Rica, the poorest households tended to have the highest dependency rates and the highest unemployment rates among "non-heads of household", as well as relatively low household labour force participation rates.² And in urban West Bengal, the poorest households were the most likely to have at least one member unemployed by usual activity status (Table 1).³ The fact that some surveys have suggested that non-heads of household constitute most of the unemployed could be a misleading gauge to the voluntariness of that unemployment, since those who are unemployed are least able to set up an independent household and are in turn the most likely to join an income-earning household, or remain in one. Moreover, in urban areas it seems the poor are particularly prone to recurrent short-spell unemployment.⁴ In short, the active unemployed are a highly vulnerable group, and grow more so with rising overall unemployment and declining incomes of poorer strata.

¹ G. Standing, The Labour Reserve: Socio-economic characteristics of mass Unemployment (Geneva, ILO, forthcoming); idem, "The notion of voluntary unemployment", International Labour Review, Vol. 120, No.5, Sept-Oct 1981, pp. 563-79

² M. Pollack, "Urban poverty and the labour market in Costa Rica", in G.B. Rodgers (ed.), Trends in urban poverty and labour market access (Geneva, ILO, forthcoming).

³ P. Bardhan, "Poverty and employment characteristics of urban households in West Bengal", in *ibid.*

⁴ M. Lipton, Labour and Poverty, (Washington DC, World Bank Staff Working Paper No. 616, 1983), p.43.

Table 1

Wage and Unemployment Rates of Non-farm Service and Production Workers in the Current Labour Force by Expenditure Classes in Urban West Bengal, 1977-78

Per capita monthly expenditure size class (Rs)	Unemployment rate (percentage)	
	male	female
0-25	8.7	4.7
-55	5.9	3.3
-75	4.6	3.5
-100	2.8	3.9
-250	2.1	1.5
Above 250	5.3	0.0
Total	3.5	2.9

Source: National Sample Survey 1977/78 Round; Bardhan, 1986, op. cit.

Notes: A person is defined to be in the current labour force if he/she was in the labour force for at least one hour on at least one day during the reference week. The unemployment rate is defined as the ratio of the number of person-days spent in the current labour force in the reference week divided by the number of days spent in wage work over the same period. The service and production workers considered in this Table include street vendors and exclude farmers, fishermen or forestry workers. On account of the very small sample size for casual, and, to a lesser extent, regular workers for the expenditure size classes Rs. 0-25 and above Rs. 250, the corresponding estimates have large margins of error.

Figure 1: Different categories of the urban surplus population or labour reserve

Category	Main urban work status	Main groups
Latent	Inactive	Rural residents, married women
Floating	Intermittently active	Labour circulants, migrants
Active	Job-seeking unemployed	Youth, landless
Employed	With job, little work	Migrants, youth
Stagnant	"Unemployable"	Uneducated, elderly

The fourth group in the surplus population comprises what are best described as the employed labour reserve and have proved quite significant in many industrialising urban labour markets. This consists of extra workers hired, or put on unpaid stand-by, typically in circumstances in which the large-scale nature of production and the detailed division of labour allow enterprises to easily substitute one worker for another. Typically, such surplus workers will only be paid for the actual time worked or the output produced, yet they have to be ready for work at short notice. In eras of early industrialisation, when "commitment" or habituation to wage labour was limited, or where there are low wages and poor, unregulated or over-regulated working conditions, enterprises will be inclined to "employ" a reserve who can be used to compensate for the high absenteeism, high turnover or erratic work intensity of those in the jobs. Pools of surplus workers may be hired for a nominal fixed cost, paid mainly on a piece rate basis if required and so earning little or nothing if "permanent" workers are on the job or if there is a slack business period. In large enterprises, such surplus workers may be hired on a temporary, probationary basis for many months or even years before, perhaps, being shifted into regular posts. In the interim, they will be subjected to a gradual induction process while visibly posing as a threat to the jobs and incomes of other workers. As an example, in the textile industry of Bombay, high absenteeism in the factories (no doubt at least partly due to low wages and poor working conditions) led to the practice of keeping a "Badli pool" of surplus workers, accounting for perhaps 20% of total employment.¹ This type of labour practice is not widely documented, but anecdotal evidence is widespread. To the extent it exists it represents a sad form of vulnerability, since those concerned may experience a prolonged and uncertain period of poverty waiting for something that may never come, having to rely on relatives to support them while they wait for the nod of opportunity. For the workers and their families it represents a cruel dilemma and for those in work supporting them an unenviable source of tension and foregone earnings.

The final category of the labour surplus is sometimes described as the stagnant surplus population, and sometimes as the "lumpenproletariat". In many urban areas, particularly where overall rates of unemployment have been high for many years, as for example in many Caribbean countries, this group has been large. It encompasses the long-term unemployed, those reduced to a state of being unable to obtain or retain employment, and those perceived as or actually "unemployable" (at least in the short run) doing what in Jamaica

¹ Ambekar Institute for Labour Studies, An Inquiry into the effects of Demographic Characteristics on Work Behaviour (Bombay, ILO, 1980, mimeo.)

is aptly called "scuffling". In part, this lumpenproletariat comprises those unable to come to terms with new social and material relations of production, or forced by repeated failure in the labour market into crime, vagabondage, prostitution, alcoholism, drug addiction or long-term social illnesses. High unemployment and rapid urbanisation without commensurate appropriate employment growth are conducive to the growth of these phenomena. Many of this stagnant category are part of the surplus population but scarcely part of the labour reserve for development; their poverty and precarious survival are extreme, and recessions invariably boost the numbers who fall into this category, a status from which they have little chance of escape.

Many of those who slip into long-term unemployment are extremely poor. Thus one analysis found that in four high-unemployment Indian States about half the illiterate urban unemployed had been out of work for more than a year.¹ In such circumstances it seems extremely unlikely that they will get paid work again, let alone the chance to escape from abject poverty.

In sum, all groups in the surplus population are relatively vulnerable, and there are adequate data to show that many parts of Latin America, Caribbean, Africa and South Asia, the numbers involved have grown enormously in recent years, particularly since the early 1970s. The overall vulnerability of those in the surplus population has probably also increased, since there is ample evidence that the latent reserve has been largely converted into a floating reserve -- shown by the increase of migration out of rural areas and the growth of female labour force participation rates in many parts of the world -- and that the active labour reserve has grown, as shown by rising urban unemployment rates, surely bringing with them higher numbers of victims pushed into a demoralised, impoverished state of unemployability.

If we can delineate five main strata of the urban economy -- the Government sector, large-scale incorporated enterprises, small-scale dependent businesses, small-scale independent units, and the surplus population -- it is also possible to draw some tentative conclusions about basic trends. First, in recent years employment growth, employment security and real wages have declined in the public sector, with sharp differences between a core and a periphery of workers in that sector opening up. For example, in Liberia, under pressure to reduce public expenditure, the Government has pursued a policy of cutting public sector wages. In 1983, money wages for public sector

¹ J. Krishnamurthy, The employment situation in India (Washington, D.C., The World Bank, 1978), pp. 10,-30.

employees were cut sharply, with similar falls following in the private sector. This was combined with an annual rate of inflation in food prices of 10% between 1980 and 1983, so that the cut of 17% in money wages for unskilled government workers translated into a much greater fall in real earnings.¹

Second, while in the newly industrialised countries large-scale enterprise employment and incomes have grown, in most low-income countries such employment has expanded only modestly, and there is evidence of a shift from direct employment in large multinational enterprises to less secure, less well paid employment in sub-contracted units, reflecting the growing market uncertainty and international competition in the wake of the continuing international recession and the spread of export-oriented industrialisation.

Third, within large-scale enterprises there has been a shift of relative employment from the regular core to insecure, relatively low-wage static jobs, reflecting rising overheads, the increased need to be competitive with respect to labour costs, the availability of low-cost labour power, technological change, and the example set by corporate strategies in industrialised countries, starting with Japan and most recently adopted in the USA and much of Western Europe.

Fourth, within small-scale units of production there is some tentative evidence that in countries hit most severely by the international recession of the early 1980s there has been a shift back to the use of non-wage labour, which has been growing faster than wage employment in such enterprises. This was shown, for example, in the case of Yaounde.²

Fifth, small-scale "independent" units of production may have grown relatively fast in many low-income countries, partly reflecting the influx of people trying to eke out a petty income. The main growth seems to have been in personal and trading services in which incomes have been relatively low. But the growth of numbers does not reflect growing average size of such establishments, merely more of them and thus probably more widespread underemployment in terms of income, time use and skill use. Some economies have reached something close to saturation point in this respect. For example, in the city of La Paz, it was found that in 1980 there were 51,381 business establishments in an area having a population of 719,780. That

¹ This was associated with an IMF-backed stabilisation and adjustment policy. For further information, see A.A. Aboagye, "Impact of Recession in African Countries -- effects on the poor: The case of Liberia" (Addis Ababa, ILO-JASPA, 1984).

² Penouil and Lachaud, 1986, op. cit., pp.37-38.

represented one business for each fourteen inhabitants. There were 27,606 small food stands, one for every 26 people. On average, just over one person worked in each business. Nearly two-thirds of all vendors worked in the street and 83% of artisans worked in their homes. Some 65% of businesses had a capital investment of less than US\$ 100. Perhaps most telling of all, most of the so-called informal businesses had not been there for very long, a third for less than a year.¹ This example may be an extreme case of urban involution, but it reflects the tendency for urban underemployment and poverty to be spread by the proliferation of small-scale units of economic activity.

As for relative wages or earnings in the various sectors, by no means all the poorest workers are outside the public and large-scale enterprise sectors. For example, in Costa Rica, while low-income earners were concentrated in small establishments, some very lowly paid workers were reportedly in the relatively "protected", or formal, sectors of the economy (Table 2). There is also some evidence of growing differentials and inequality within urban areas. Often falling below the average income levels prevailing in rural areas, wages or earnings in small-scale units have fallen in many places. For instance, real wages in small manufacturing units in Calcutta in the early 1980s were found to be below what they had been in the early 1970s.² And in Madras, earnings of the self-employed and employees in the "unorganised sector" -- as the analysis described those living in the slums -- very probably fell during the 1970s.³ Almost three quarters of such workers were earning less than 150 rupees per month, equivalent to about 2kg of rice a day. They were earning about half what workers with similar types of work were receiving in large-scale enterprises. Stagnating or falling real incomes have also been observed in other Indian cities, such as Ahmedabad. And in urban areas in Africa there is ample evidence that income distribution has worsened, because of the fall of wages for relatively unskilled workers.⁴

Finally, partly because of falling incomes and saturation of small-scale economic activities and thus the inability of some petty producers to survive

¹ J. Blanes, El sector informal urbano y la economia paralela en la ciudad de La Paz (La Paz, Bolivia, CERES, Aug. 1986, mimeo.).

² E. Romatet, "Calcutta's informal sector: Theory and reality", Economic and Political Weekly, Vol. XVIII, No. 50.

³ Operations Research Group, Baroda, An Economic Profile of the Urban Poor Slum Dwellers of Madras (Baroda, ORG, 1980, mimeo.).

⁴ Jamal and Weeks, 1986, op. cit.

Table 2: Costa Rica: Urban Poverty Profile by Household Head's Sector
of Employment, 1982

<u>Employment</u>	<u>Household Status</u>			
	Destitute	Poor	Non-Poor	Total
Public	3.6	17.5	31.3	27.3
Employer, large-scale	0.0	0.3	2.9	2.2
Wage worker, large-scale	20.7	28.1	33.2	31.6
Self-employed, professional	0.0	0.6	0.9	0.8
Self-employed, non-professional	40.2	23.8	14.6	17.6
Employer, small-scale	3.0	5.9	4.9	5.0
Wage worker, small-scale	32.6	23.8	12.2	15.5

Note: Destitute households were defined as having a per capita monthly income of zero to 714 colones (extreme poverty income); the poor had a per capita income of 714-1428 colones. Incomes are adjusted for number of children and payments in kind. Large-scale establishments were defined as having more than five employees.

Source: National Household Survey on Employment and Unemployment, July 1982; Pollack, 1986, op. cit., Table 7.

as such, the size of the surplus population has been growing. It has been fuelled by the numbers drifting from the public sector, due to structural adjustment policies as proposed by the IMF and other international agencies, and from the large-scale enterprise sector, who have been unable to enter the small-scale sector, for lack of skills, contacts, savings, abilities or opportunities. More and more, labour vulnerability has been reflected in the growth of unemployment and of income inequalities. Not only has urban unemployment been rising since the 1970s, but in many cities long-term unemployment has been growing as a proportion of the total. As an example, of those with past employment experience, in Panama those seeking work for over six months rose from 47.9% of all job-seekers in 1978 to 59.1% in 1983.¹ Chronically high urban unemployment in many growing urban areas represents an aspect of impoverishment of mounting significance for policy makers.

(ii) Vulnerability by Labour Status

Workers may be in large or small units of production but be in very different labour status that involve quite distinctive forms of vulnerability. The conventional four-fold classification of employer, self-employed (own account), unpaid family worker and wage worker does not capture the situation adequately. One could devise a more comprehensive schema than that proposed in the following, but for identifying the most vulnerable groups we need at least to consider more disaggregation of what is covered by the term "wage worker".

One common procedure is to divide wage workers -- and other groups for that matter -- into those who are "protected" and those who are not, where protection means being covered by Government labour regulations. The problem with distinctions based on notions such as "protection" is not only that the term covers rather a wide range of situations but that formal protection may be virtually meaningless if few resources or no effort are used to apply them. It seems better to identify vulnerability by actual labour relations. The critical point is that the labour status of casual labour implies a basic lack of security, whether that be employment, income, job or labour market security. Perhaps the most insecure group of all are those who are in debt-bonded labour relations, at the beck and call of some employer. As one detailed empirical examination in India showed, debt-bonded labour is by no

¹ G. Garcia-Huidobro, "Pobreza y mercado laboral en Panama" (Panama, PREALC, 1986), to be published in Rodgers, op. cit.

means only found in backward rural areas.¹ Such workers may count as wage labour, and may receive a nominal wage, but the extra-economic coercion to which they are subject makes them extremely exploited and oppressed. Whether or not groups of workers are subject to regulations and formal 'protection' is insufficiently specific for identifying their forms of economic and social vulnerability.

Each labour status category faces some common and some unique economic risks. First of all, the self employed and small-scale employers in most developing countries are vulnerable to rapid technological change, market fluctuations and numerous risks that mean many of them face a precarious existence, often obliging them to save high proportions of their net revenues. For many, the lack of credit on reasonable terms and the lack of institutional assistance make them particularly vulnerable. One consequence is that they will be reluctant to enter long-term relations with workers or to make fixed money wage payments if they can avoid them. It is thus not surprising to find that in the recessionary conditions of the early 1980s there were some shift from the use of wage labour to non-wage labour by small-scale enterprises in many urban economies, in both industrialised and industrialising countries.²

Wage labour encompasses diverse labour statuses. At the top of the spectrum are workers in regular "permanent" employment doing jobs that are progressive in the sense that they gain on the job experience and technical skill that raises their incomes and status the longer they stay in the job. This has always been the lot of only a minority of workers. The many more, the work has been "narrower" in terms of the range of work tasks to be performed, less "autonomous" in terms of personal discretion and timing of work, and more "static" in terms of the limited range of occupational-income mobility implicit in the job. Below them are workers who have only a "casual" labour status, that is, who do not have regular, or stable, employment relations. Various distinctions have been made between types of casual labour. A useful starting point is between those hired on a short-term, temporary basis in public or large-scale enterprises and those hired in small-scale enterprises that by nature imply unprotected on insecure employment, that is, uncovered by protective legislation. While there are differences between these two forms of insecure worker, casual labour in

¹ M.K. Pandhe (ed.), Bonded Labour in India (Calcutta, Indian School of Social Sciences, 1976).

² See, for example, Aryee and Mhone, 1986, op. cit.

large-scale firms is more akin to "regular" workers in small-scale units than to other groups in large-scale firms. Some observers would add as a third category of casual workers those who are dependent self-employed, that is, working on a contract basis or even as part of a "gang" of workers who work for a collective sub-contract, as is common in the construction industries in many parts of the world.¹ There is a difference in degree of economic vulnerability between those who are dependent on some virtual employer, even though nominally not contractually employed, and those whose employment is understood from the outset to be short-term, limited and insecure.

Not all casual workers face the same types of vulnerability. Short-term and "temporary" workers (i.e. those subject to firing without notice and thus without employment security) are more vulnerable than permanent wage workers because they lack coverage by Government-backed regulations and/or union-negotiated collective bargains. To that extent, they may be subjected to increases in the duration of their working days, increased intensity of work, removal or non-application of safety standards, and so on. These forms of vulnerability are endemic. But dependent casual workers, including debt-tied workers and out-workers, also face vulnerability by virtue of the fact that they can be exploited through the provision of raw materials, and means of production, including premises in which to work, and equipment. Casual workers are, almost definitionally, also very unemployment-prone. They also have lower wage rates than those in regular wage employment, as a NSS survey in urban areas of West Bengal showed, for both men and women and whatever the level of formal schooling (Table 3). And they tend to be concentrated in the poorest strata. Thus, casual workers accounted for 43% of the lowest expenditure quintile in urban areas of Gujarat and 58% in Maharashtra, though they only accounted for 22% of all workers in both of those Indian States.² Across urban areas in all Indian States,

¹ See, e.g., R. Bromley and C. Gerry (eds.), Casual Work and Poverty in Third World Cities (Chichester, John Wiley and Sons, 1979), p.5; J. Harriss, "Character of an Urban Economy: 'Small-scale' Production and Urban Labour Markets in Coimbatore", Economic and Political Weekly, Vol. XVII, Nos. 23 and 24, 1982, p.993.

² P. Visaria, Poverty and unemployment in India, World Bank Staff Working Paper, No. 417 (Washington DC, IBRD, 1980), pp. 29-30.

there was also a strong positive correlation for urban male workers between person-days of unemployment and the percentage of casual workers in the labour force.¹ In sum, casual workers not only have low incomes when employed but have lower incomes by virtue of their repeated unemployment.

Table 3

Wage Rates for Non-farm Service and Production Workers,
by General Education, Urban West Bengal, 1977-78

General Education Categories	Daily wage rate in casual work		Daily wage rate in regular work	
	Male	Female	Male	Female
1. Illiterate	6.32	3.45	9.46	4.06
2. Primary and	8.10	3.65	10.76	4.40
3. Middle and	7.74	3.80	14.21	6.39
4. Above secondary	-	-	24.88	-
Total	7.36	3.50	12.01	4.17

Notes: See Table 1. '-' refers to no observation

Source: National Sample Survey 1977/78 Round; Bardhan, 1986, op. cit.

¹ Ibid, p. 25.

Many other workers can only get day work at irregular intervals, and these could be said to belong to the employed labour reserve. More generally, evidence of a shift towards small-scale units of production, both as a response to recession and as a strategy of decentralisation by large enterprises, has been associated with a casualisation process, removing many workers from any semblance of regulated security. In Zambia, for example, a shift to small-scale firms had implied increased casualisation. Within large-scale enterprises forms of employment ranged from weekly paid casual work, whereby those involved only stayed as long as there was extra work to clear, and general work with those involved normally being the first to be laid off in difficult times, to skilled craft work whereby those involved had a fairly secure position insofar as the business could not afford to lose them even in times of scarcity. In the small factories, however, the first two categories were absent, and even the position of craftsmen was not secure.¹

Above all, it seems the biggest single cause of labour casualisation in recent years has been the desire of employers to bypass minimum wage and other labour regulations. For example, since the 1970s casual employment has increased enormously in Zimbabwe, which has been attributed to increases in minimum wages for permanent employees in the post-Independence period.²

Another labour status subject to much abuse is that of "apprentice". Often this is little more than an euphemism for unpaid worker, since no recognised or informal training is provided. In many African towns apprentices and family workers make up from 70 to 80% of all workers in small-scale enterprises, and apprentices make up 60 to 70% of such workers.³ In Yaounde most workers in enterprises surveyed in recent years have been classified as apprentices.⁴ Such apprentices often receive no money incomes and are little more than bonded labour; many reports have stated that their families pay the employer during a long period of apprenticeship. In Francophone African towns surveys suggest that at least a third of

¹ W.H. Hoppers, Out of School Youth and the Labour Market (University of Zambia, Urban Community Research Unit, 1981), p.47.

² T. Shopo and S. Moyo, "Vulnerable Segments of the Labour Market in Zimbabwe" (ILO-SATEP, draft background paper May 1986).

³ Penouil and Lachaud, 1986, op. cit., p.33.

⁴ Nihan et al, 1979, op cit; Lachaud, 1984, op cit; Idem, 1986, op cit, p.38.

apprentices pay employers for their apprenticeships.¹ Moreover, over three quarters of apprentices were in enterprises in which the employer himself had only manual education or training.

Conceptually, an apprentice is a worker undergoing training while in employment, the training being designed to produce an identifiable and socially recognised set of skills. At the end of the period of training the apprentice should qualify (or fail to qualify) as a technically skilled worker in that type of work and unless the resultant "qualification" is recognised socially by other workers and by consumers of the output produced by such skilled workers, it would surely be inappropriate to describe the apprenticeship as valid. Yet that is where a difficulty arises, in small-scale enterprises in particular, for many forms of apprenticeship are not widely recognised as such and are certainly not registered with any administrative body, either industry-based or Governmental. The apprentice is often a highly exploited worker, paid little or nothing and provided with little or no training or given training for an unnecessarily long time, yet locked by contract and false hope into a prolonged labour relation with little or no means of escape. In many places, so called apprenticeships have been established to circumvent minimum wage and age-limit laws. Data on the extent of this phenomenon are, of course, scarce. But in Bamako 93% of apprentices were reportedly receiving less than the legal minimum wage, in Nouakchott 96%, in Lomé 99%, in Yaounde 100% and in Kigali 93%.² Clearly such workers are especially vulnerable, having little or no control over their work time, the means of production or raw materials, or even over the development of skills.

Another particularly vulnerable category is the "domestic worker", that is, those who are employed by urban households to do domestic work. This is a category that should be separated from other wage workers, simply because of the personal or familiar labour relation involved, because they are very dependent on the employer household, both for their immediate subsistence and for their continuing employment. In developing countries domestic workers are

¹ Lachaud, 1986, op cit, p.34.

² JASPA, "The informal sector in Africa", in JASPA (ed.), The Challenge of Employment and Basic Needs in Africa (Nairobi, Oxford University Press, 1986) p. 248.

by no means always employed by wealthy households and often receive very low or insignificant money wages, so making them both dependent and vulnerable to loss of job. In a survey of ten cities in Colombia men and women working in domestic service jobs were found to have the lowest average incomes, with the exception of self-employed (non-professional) women.¹ In metropolitan Lima, domestic service workers were earning less than two-thirds the average income of the next lowest-earning group, wage workers in small, informal establishments.² In San José city, Costa Rica, domestic servants in 1982 were receiving less than two-fifths the average income of that second-lowest group.³ In short, domestic workers remain an unprotected and impoverished group in urban labour markets, to which Governments have insufficiently addressed themselves.

Finally, two categories of labour status that are apparently growing in many countries are those of "out-worker" and "contract worker". One should not really describe these as either wage workers or self-employed. But while anecdotes abound, their plight has only rarely been the subject of detailed empirical investigation in urban economies. With labour contracting, there is an oral or written contract between an enterprise and an intermediary, or middle-man, the latter being responsible for mobilising a labour force for some job.⁴ What this commonly means is that the actual workers receive only a fraction of the money paid out for their work, and to the extent that this means they receive less than the prevailing market wage, this usually implies that extra-economic methods are used by the contractors to obtain and control the workforce. Labour contracting is particular common in the construction industries, and at least in some countries there has been a strong shift from direct to labour contracted employment, as Table 4 indicates for Malaysia. In many cities, the major construction companies retain only small supervisory and clerical staff and subcontract through linked layers of enterprises and individuals, as has been documented in such cities as Bogotá,

¹ H. Lopez, Sector informal urbano (Bogotá, Universidad de Antioquia, 1986).

² D. Carbonetto, Informe sobre investigación del sector informal urbano de Lima Metropolitana (Lima, 1985, mimeo).

³ Ministry of National Planning and Political Economy, Costa Rica, Segmentación del mercado de trabajo en el area metropolitana de San José (San José, MIDEPLAN, 1985).

⁴ E. Epstein and J. Monat, "Labour contracting and its regulations", International Labour Review, May-June 1973, p.431.

Mexico City and Dakar.¹

Corresponding to the increased use by large-scale enterprises of contracting out part of the production process to small-scale firms, employers use sub-contracting to individual workers as a means of reducing overhead costs and as a means of labour control. This was the explanation, for example, for a modern paper-producing mill in Cali, Colombia, subcontracting the work of providing raw materials to garbage-pickers.² This could be described as disguised wage labour, but from the employer's point of view it was less costly than wage labour. For the garbage-pickers it meant greater insecurity of work and income.

Table 4: Employment in Construction, Peninsular Malaysia 1975-83

	Employed through labour contractors	% of total employment
1975	68,767	64.4
1976	67,914	61.8
1978	75,478	61.1
1979	88,735	62.5
1981	121,571	64.5
1982	142,334	64.3
1983	186,095	62.5

Source: Government of Malaysia, Department of Statistics, Industrial Surveys (various issues).

Another well-known case of labour-only sub-contracting is the ambulatory labour system in Hong Kong. In effect, this is a floating labour reserve, consisting of a mass of casual workers with various skills who move between manufacturing establishments to do job work, and is a system that has fit the flexible requirements of the many small-scale manufacturing plants in Hong Kong, while also lowering labour control costs.³ There and elsewhere the disadvantages for the workers are essentially connected with their lacking

¹ G. Murillo and M. Lanzetta, Articulati3n entre el sector informal y el sector formal de la economia de Bogot3 (Bogot3, University of los Andes, 1985); L. Lomnitz, "Mechanisms of articulation between shantytown settlers and the urban system", Urban Anthropology, Vol. 7, 1978, p.p. 185-205; C. Gerry "Petty production and capitalist production in Dakar: The crisis of the self-employed", World Development, Vol. 6, 1978, p.p. 1147-60.

² C. Birbeck, "Self-employed proletarians in an informal factory: The case of Cali's garbage dump", World Development, Vol. 8, No. 9/10, 1978, pp. 1173-85.

³ S.F.S. Victor and S.H. Ng, "Ambulatory labour in Hong Kong", International Labour Review, Vol. 119, No. 4, July-Aug 1980.

sound employment contracts, so that they tend to have no protection through safety and health regulations, social security or other labour laws.¹ Commonly, contract workers have no access to medical or other benefits and are too insecure to be able to press for whatever legitimate rights they might have.

Contract labour is very closely related to domestic outwork, which has also grown as a response to surplus labour conditions, the influx of women to urban labour forces, the types of technological change taking place and, perhaps most importantly, because of increasing international competitive pressures that have driven employers to try more assiduously to cut labour costs and thus avoid the costs of abiding by labour regulations. Industrial homework has even spread at a rapid rate in highly industrialised urban economies. Studies by the New York and New Jersey Departments of Labour and by independent researchers have documented a proliferation of industrial homework in nearly 50 SIC three-digit industries in those States, ranging from the garment industry to such unexpected activities as explosives manufacturing and photo engraving.² It should not be presumed that such labour statuses will disappear with industrialisation and development.

By no means all labour contractors subject the workers to poor working conditions and low pay, but usually the principle employer is absolved of the responsibility for recruitment, establishment of terms and conditions of employment, assignment of work, revision of tools, raw materials and working premises, supervision and discipline, observation of safety and health regulations, and the provision of welfare and other fringe benefits, if they exist. But this means that in many "formal" or "regulated" enterprises a large part of the labour force, or all of them, are effectively "informalised", and thus made much more vulnerable than might be expected. Of course labour contracting as a wide spread phenomenon can only really exist if workers collectively are in a weak bargaining position.

¹ For a detailed empirical analysis of labour contracting in three industries in Malaysia, see Rema Devi, Job and Labour contracting in Peninsular Malaysia (Kuala Lumpur, University of Malaya, Institute of Advanced Studies, Aug. 1986, mimeo).

² See, inter alia, New York State Department of Labor, Study of State-Federal employment standards for industrial homeworkers in New York City (Albany, Division of Labor Standards, 1982); S. Sassen-Koob, "Growth and informalisation at the core: The case of New York City", in The Urban Informal Sector: Recent trends in research and theory (Conference Proceedings, Baltimore, The Johns Hopkins University, Department of Sociology, 1984, mimeo), pp. 494-518.

In sum, contract labour, out-workers, casual wage workers, domestic workers, bonded workers and apprentices are particularly vulnerable forms of urban employment, with different forms of insecurity. As a result of these various statuses, often within-sector differences in security of income and employment are greater than those between sectors. Thus in Coimbatore it was found that the lowest per capita incomes were those of casual and other short-term wage workers.¹ As noted earlier, recent trends in many urban economies suggest that casual forms of labour status have grown relatively and absolutely whether as a result of recessions or because of a desire of enterprises to avoid minimum wages and labour regulations. They are by no means concentrated in small-scale 'informal' enterprises. For instance in Guadalajara, Mexico, a recent survey found that over a third of all workers in large food industry firms were employed on temporary contracts, without any welfare benefits, whereas 28% of workers in smaller food firms were similarly unprotected, and in large-scale construction materials firms the ratio of unprotected, temporary workers was even higher.² Moreover, in both large-scale and small-scale enterprises the trend associated with rising urban unemployment and competitive pressure may well be towards the use of more temporary and unprotected workers. This has been observed in urban areas of Brazil, where the ratio of 'unprotected' workers to total employment increased quite sharply in the early 1980s (Table 5).³ And as Table 6 shows, over half of all 'unprotected' wage workers were earning only the minimum wage or less, a proportion that was increasing. This raises basic questions about the direction and efficacy of labour market regulations.

In income terms, workers and their families are affected both by their labour status and by the 'sector' in which they are working. Small-scale employers may earn much more than casual workers in large-scale enterprises or in the Government sector. In Montevideo in 1984, small-scale enterprise employers on average were earning twice as much as the average wage worker in enterprises registered with the official social security system.⁴ And as

¹ Harriss, 1986, op. cit., p.100

² B. Roberts, "Employment structure, life cycle and life changes: Formal and informal sectors in Guadalajara", paper presented to conference on the comparative study of the informal sector, Harper's Ferry, Oct. 2-6, 1986.

³ J. Jatobá, Poverty and urban labour markets in Brazil (Geneva, ILO, and Madison, 1986, mimeo.).

⁴ A. Portes, S. Blitzer and J. Curtis, "The urban informal sector in Uruguay: Its internal structure, characteristics and effects", World Development, Vol. 14, No. 6, 1986, p. 733.

Table 5: Composition of Urban Non-agricultural Employment
by Work Status, Brazil, 1981-1983
(percent distribution)

Regions & years	Brazil		Southeast		Northeast	
	1981	1983	1981	1983	1981	1983
Urban Non-agricultural Employment	100.0	100.0	100.0	100.0	100.0	100.0
Employee	75.9	74.9	78.2	76.7	70.0	70.2
Protected	69.2	64.7	72.0	68.0	58.0	52.0
Unprotected	30.8	35.3	28.0	32.0	42.0	48.0
Employer	3.2	3.4	3.7	3.9	1.8	1.7
Self-employed	19.2	19.8	16.6	17.9	26.0	25.3
Unpaid Family Workers	1.7	1.9	1.5	1.5	2.2	2.8

Source: PNAD, Special Tabulations (MTb/SES - BRA/82/026); Jatobá, 1986, op. cit., p. 50.

Note: A wage worker was considered protected if he/she had a labour contract and was therefore covered by labour legislation.

Table 6: Poor Workers as a Percentage of Urban Workers
by Work Status, Brazil, 1981-1983

Regions & years	Brazil		Southeast		Northeast	
	1981	1983	1981	1983	1981	1983
Employee	23.5	29.0	18.8	23.7	41.5	48.8
Protected	11.0	16.3	8.5	13.9	22.2	28.4
Unprotected	51.4	52.2	45.0	44.7	68.2	70.8
Employer	0.6	1.4	0.5	1.7	0.6	1.0
Self-employed	31.9	31.8	28.7	30.1	43.5	43.9
Unpaid Family Workers	100.0	100.0	100.0	100.0	100.0	100.0

Source: PNAD, Special Tabulations (MTb/SES - BRA/82/026); Jatobá, 1986, op. cit., p. 53.

Table 7 shows employers were earning over four times as much as full-time "informal workers", defined as those whose principal and, if any, secondary activity was non-professional self-employment, unpaid family work or wage work without social security coverage. If "informal sector" employers and "informal" wage workers were expressed as a single category of worker it would appear, erroneously, that "informal" and "formal" sector earnings were similar. In reality, labour status differences masked extreme differences in earnings between small-scale employers and so-called informal workers. The same pattern was found in a survey of Lima, Peru.¹ And as Table 8 shows, in Colombia, Costa Rica and Peru, income differentials between statuses within "sectors", as defined by the author, were greater than those between sectors. In sum, differentials by status within sectors are at least as important as the inter-sectoral differentials, and to consider only the latter is an error of misaggregation.

Table 7: Individual and household incomes by employment status,
Montevideo, 1984
(US dollars)

Status	Individuals (N = 2,800)	Households heads (N = 700)	Households head employed (N = 374)
Full-time formal worker	\$143.69	\$186.39	
Part-time informal worker	169.16	154.81	
Full-time informal worker	80.30	88.30	
Informal employer	346.52	360.55	
No occupation	70.27	86.25	
Fully formal			\$242.95
Part-time informal: Head formal workers			281.42
Part-time informal: Head informal or part-time informal worker			213.55
Fully informal: Workers			109.19
Informal employers			356.90

Source: Portes, Blitzer and Curtis, 1986, op. cit., p. 734.

Note: Figures are average monthly incomes in US dollars calculated at the rate of US \$1.00 = 36.7 new Uruguayan pesos.

¹ D. Carbonetto, J. Hoyle and M. Tueros, Sector Informal Urbano en Lima Metropolitana (Lima, Centre for Development Research (CEDEP), 1985).

Table 8: Income differentials by sectors in three countries
(workers in informal shops = 100)

Sectors	Costa Rica ¹	Colombia ²		Peru ³
		Males	Females	
<u>Formal sector</u>	<u>204</u>	<u>176</u>	<u>151</u>	<u>209</u>
Public	251	201	193	n. d.
Owner formal)	359	614	422	558
Self-employed professional)		340	264	253
Worker large firm	180))))
)	151)	130)	139)
Worker small firm	136))))
<u>Informal sector⁴</u>	<u>138</u>	<u>123</u>	<u>91</u>	<u>140</u>
Owner informal shops)		273	250	332
) 163			
Self-employed)		123	71	146
Workers informal shop	100	100	100	100
Domestic services	39	87	87	61

Note: ¹ San José city, 1982;
² Ten cities, Colombia;
³ Metropolitan Lima;
⁴ Without domestic services.

Source: V. Tokman, "The informal sector: Fifteen years after", paper presented at the Conference of The Comparative study of the informal sector", Harper's Ferry, West Virginia, Oct 2-6, 1986, p. 15.

(iii) Vulnerability by Segmentation

Whatever the sector and whatever the labour status, if opportunities exist for labour mobility from lower to higher-income, higher-status positions then, to reduce group inequalities, policies could concentrate on altering the characteristics of workers to enable them to move between strata. However, if there were extensive segmentation, such that labour mobility was very restricted or non-existent, policies would have to concentrate on altering the structure of the labour process if such inequalities were to be reduced. By the nature of labour relations in many urban economies (eg. bonded labour, unprotected casual labour, small-scale unregistered units of production, etc.), many labour economists have concluded that the labour segmentation in such countries is considerable.

First, there may be little worker mobility from the small-scale unit sectors to large-scale enterprises. In Coimbatore, for example, it was found that such inter-sectoral mobility was very restricted indeed.¹ In other words, wherever that occurs it is difficult for workers to move into regular wage employment from low-level, low-paid jobs in small enterprises, or from the marginalised surplus population. We will return to that phenomenon.

Second, although there is occasionally a pattern of mobility from wage to own-account employment, as in parts of Africa, in most urban economies there is little inter-labour status mobility.² The Montevideo and Coimbatore surveys illustrated that pattern quite clearly. In Coimbatore it was rare to find household members in different labour statuses, primarily because of the social restrictions on labour force participation in different types of work.³ Only 21% of the casual and self-employed workers could name someone from a wide circle of kin employed in permanent wage jobs. In Kuala Lumpur, however, it was found that Chinese men often moved from wage to own-account status, whereas the Malays rarely made that change.⁴ Thus labour status mobility may vary according to the social group in question.

¹ Harriss, 1986, op. cit, p. 96.

² G. Nigan, E. Demol and C. Jondoh, "The modern informal sector in Lomé", International Labour Review, Sept.-Oct. 1979, pp. 633-4; G. Nigan and R. Jourdan, "The modern informal sector in Nouakchott", International Labour Review, Nov.-Dec. 1978, p. 711.

³ Harriss, 1982, op. cit.

⁴ G. Standing, Migration in Peninsular Malaysia (Kuala Lumpur, EPU-ILO, 1983), p. 140.

Third, mobility from casual to regular employment is generally limited. Thus in Bombay, very few workers make the transition from casual work to regular employment in small establishments or factories.¹ Similar findings have been reported from other Indian cities, in which the ethnic stratification of such forms of employment is particularly pronounced.² And in other parts of the world much the same pattern seems to hold. In sum, labour segmentation in urban economies means that many groups find themselves permanently trapped in low status, low-paying, insecure forms of activity.

Finally, as far as labour status is concerned, a critical pattern of behaviour for avoidance of poverty has been through what is sometimes called "occupational multiplicity", whereby one or more household members combine two or more income-earning activities. This not only secures subsistence incomes through combining low-productivity and low-earning, part-time activities but is a form of risk reduction. The Montevideo survey found that most of those whose main jobs were 'formal', as defined by registration with the social security system, only had such jobs, and that other family members were either doing similarly registered jobs or were economically inactive. Only one in ten households where the 'head' was in registered employment was there a member doing non-covered ('informal') work, whereas by contrast 71% of households headed by someone doing informal work had nobody employed in registered employment.³ Spreading income sources seemed to entail continued labour market segmentation, with households either in registered employment or concentrating on non-registered, informal activities. We need to find out whether that pattern is duplicated in other urban areas, for such segmentation seems bound to accentuate household income inequality. Interestingly, in Jakarta an experimental survey divided work activities into formal sector, informal sector and subsistence labour, where the latter were own-account work designed for household consumption. It found that through combining different activities many workers worked very long workweeks. As a result, as in a similar survey in Bangkok, Thailand, it was estimated that wage labour contributed about 50% of the consumption needs of the average household, 'informal' (own account for sale) work accounted for about 30%, and subsistence work for about 20%.⁴ But only a small minority of households had members in both

¹ L.K. Deshpande, Report on Bombay Labour Market (Bombay, University of Bombay, Department of Economics, 1979).

² M. Holmstrom, Industry and Inequality: The Social Anthropology of Indian Labour (Cambridge, Cambridge University Press, 1984).

³ Portes et al, 1986, op. cit., p. 732.

⁴ H.D. Evers, "The contribution of urban subsistence production to incomes in Jakarta", Bulletin of Indonesian Economic Studies, Vol. XVII, No. 2, 1981; R. Korff, "Subsistence production and everyday life in Bangkok", University of Bielefeld, Ph.D. dissertation, 1984.

'formal' and 'informal' work statuses, as Table 8 shows. And combining work statuses was not so much a way to wealth as the means of avoiding poverty. Those, as Table 9 shows, who were solely in 'formal', wage employment had by far the highest average household income; those who were doing informal work, even if combined with wage labour, were far poorer.

Table 8: Distribution of Types of Labour Combination, Jakarta, 1980
(% distribution of households)

<u>Type</u>	<u>%</u>
Formal, wage only	6.9
Formal and Subsistence	39.3
Formal and Informal and Subsistence	18.8
Formal and Informal	3.4
Informal and Subsistence	31.6

Note: If subsistence work accounted for less than 10% of total household labour then it was ignored.

Source: Evers, 1986, op. cit., p.66.

Table 9: Types of Labour Combination by Characteristics of Households,
Jakarta, 1980

	Average household income (1000 Rp.)	Households above 'Poverty Line' (%)
Formal	127.0	87
Formal and Subsistence	54.4	76
Formal and Informal	81.1	75
Formal and Informal and Subsistence	59.5	40
Informal and Subsistence	41.6	40

Source: Evers, 1986, op. cit., p. 67.

III. Vulnerable Groups: Vulnerability by Stratification

Corresponding to the overall extent and forms of labour vulnerability, certain groups are much worse affected than others. There is overwhelming evidence that some groups are far more likely to be in low-income, insecure labour statuses, and that once in such vulnerable situations are unlikely to escape from them into something better. Thus arises labour force stratification, which is not the same as segmentation, which reflects the economic structure rather than the social structure. Social stratification determines entry to particular labour statuses and sectors; segmentation determines mobility between statuses and between sectors. In that connection, for example, in one Indian city caste background was, not surprisingly, found to be a more important determinant of entry to permanent wage employment than level of schooling, and caste precluded subsequent change.¹ The analysis concluded:

"We see... the determining effects of caste, occupational and residential backgrounds in the case of the Pallans of Ammankulam as well as of the Chakkiliyans of Kamarajpuram. A rather high proportion of the members of both these communities is in the 'labour élite'. In both cases it is because of a particular history including the fact that members of these castes were recruited into factory employment in the early days of factory employment in Coimbatore. They have been able to build on this partly through education and the possibility of making use of education in order to enter public sector employment. The importance of personal contacts and of recommendation in entry to permanent wage work has tended to create self-reinforcing networks which may be restricted to people from particular caste and residential background. But it is not only to permanent wage work that this applies. In all the five slum areas we studied, where special circumstances such as those we have just described do not apply, the lowest ranking Madharis and Chakkiliyans are most likely to be casual workers or highly dependent sellers of kerosene (if they are not pursuing their hereditary occupations as leather workers). Muslims, on the otherhand, are more likely to be petty traders in plastics, cloth, vegetables and fruit, or scrap, than are the other historically low-ranking urban groups...."²

The caste system is a particularly strong example, but there are many socially vulnerable groups and social characteristics that mark out individuals for discrimination or economic insecurity.

¹ J. Harriss, "The working poor and the labour aristocracy in a south Indian city: A descriptive and analytical account", Modern Asian Studies, April 1986, Tables 10: 1-3.

² Harriss, 1986, op. cit., p. 49.

Moreover, economic and social vulnerability is related to somebody's position in the life cycle. The initial point of entry to the urban economy is critical, and many young workers never recover from being lured or forced into low-level jobs and exploited labour statuses. The remaining part of this section concentrates, first, on vulnerability over lifetime and then on three vulnerable groups that are found in all urban economies throughout the developing world: labour circulants, migrant labour and women workers.

(i) Vulnerability over lifetime

Clearly, in urban as in rural economies the worst affected of all are child workers, many of whom go to the cities alone to work, many in little more than bonded labour.¹ Wage employment of the youngest children commonly involves work as part of the family group. For example, this was observed in carpet making in Pakistan.² A similar pattern was found in the brickmaking industry in India.³ Another pattern is for children to work as assistants to adults in factories and shops and to be paid little or nothing for doing so.⁴ Another common form of vulnerability to which children are exposed is in domestic employment. In some countries children are sent to urban areas as domestic servants of distant kin, with the extent of oppression and exploitation being inversely related to the closeness of kinship.⁵

Probably child wage labour is more frequent in small-scale units than in large industrial enterprises because the latter can less easily ignore Government regulations. But confirmation of this is difficult because of an

¹ See, e.g., G. Rodgers and G. Standing (eds.), Child Work, Poverty and Underdevelopment (Geneva, ILO, 1981).

² ILO, Children at Work (Geneva, ILO, 1979).

³ S. Banerjee, Child Labour in India: A General Review - with Case Studies of the Brick-Making and Zari Embroidery Industries (London, Anti-Slavery Society, 1979, Report No. 2).

⁴ M. de la Luz Silva, "Antecedentes sobre el trabajo de los menores en Chile" (Santiago, ILO-PREALC, Nov., 1978).

⁵ S. Dzidzienya, Housemaids: A case study of Domestic Helpers in Ghanaian Homes (Accra, Ghana National Council on Women and Development, 1978).

obvious reluctance to report child employment among employers, parents and children alike. Moreover, there is evidence of the use of child labour in some large enterprises, as in Morocco, where extensive employment of young girls in large carpet factories was reported.¹ Child labour in many urban economies is still pervasive and insufficiently recognised as a phenomenon with consequences for many other workers besides the children themselves. But it is the children involved who suffer the most. Many receive no income at all.

Most low-income urban workers are in jobs that do not give an income that increases with age.² Accordingly, those changing from single to marital status with children almost certainly experience a strong drop in living standards. This is compounded by the tendency for money incomes of the poorer workers to lag behind prices. Thus, in Madras those in unskilled or manual occupations, such as rickshaw puller, construction worker, barber and vegetable-fruit vendor, could only expect an annual rise of earnings of 1.6 % in the 1970s compared with 10% per annum increase in consumer prices at the time.³

On the contrary, most workers in most sectors are highly vulnerable to the simple withering fact of age, and the absence of protective measures tend to mean that workers at a fairly early age start to suffer declining income power. In Madras, it was found that 'semi-skilled' construction workers' earnings peaked in their thirties, craftsmen's in their late twenties, all self-employed at about forty and a tailor at about thirty. Beyond those ages, implicitly, labour market vulnerability grows increasingly severe. Older workers in urban areas tend to lack the support network, or informal social security system, represented by the extended kinship system more typically found in rural areas. In other words, the nuclearisation of households in urban areas accentuates the vulnerability of older workers. The result is that households headed by older people are often in dire straits. In Costa Rica 48 % of the indigent and poor households were headed by people over the age of 15, whereas only 18.9 % of non-poor households were headed by people in that age bracket.⁴ But the main problem is that with rising urban unemployment older workers can often become easily detached from the labour market altogether. In Panama rising overall unemployment resulted in many

¹ Anti-Slavery Society for the Protection of Human Rights, Child labour in Morocco's Carpet Industry (London, Anti-Slavery Society, 1978).

² Kannappan, 1985, op. cit., p. 167.

³ ORG, 1980, op. cit., p. 59.

⁴ Pollack, 1986, op. cit.

older workers aged fifty and over being pushed out of "modern" employment.¹

(ii) Labour circulants

In most urbanising economies labour migration plays a major role. According to some estimates, in recent years in developing countries urban in-migration has only accounted for about 40% of urban population expansion. But this understates the impact of migration, since migrants are mainly in the childbearing age range, so that the high natural growth contribution to urbanisation is partly due to the in-migration; the same could be said about the reclassification of rural areas as urban, since in-migration can turn a non-urban population into an urban one. Migrants not only constitute a large part of urban labour forces but collectively are often vulnerable to various forms of exploitation and abuse. An analytical difficulty arises in ascertaining whether the plight of migrants is due primarily to their being migrants or to the structure of labour market or to the characteristics common among the migrant population.

Perhaps the most vulnerable group of all migrants is what could be called labour circulants, those who move between the countryside and towns or between towns (or between rural areas) to ensure their livelihood. Probably the most typical pattern is for a worker to leave his or her family in a rural household while moving to the city for a short period of wage employment. There are other cases where there is no usual place of residence, as with migratory labourers, who move from town to town or to wherever there is the prospect of casual employment. An example of the latter is the torrantes in Chile, workers who follow a regular trail in search of seasonal and other temporary work. And there are other groups who usually reside in urban areas who supply labour for part of the year to agricultural areas far from the city, as in the case of the Strange farmers of Senegambia, where urban workers go periodically to labour as groundnut farmers along the Gambia river on plots lent to them by their village hosts in return for a predetermined number of days of labour.²

In essence, there are those who have a lifestyle of migratory labour, there are those who possess some limited or partial control of a piece of land or occupational niche that is insufficient to provide subsistence for them and

¹ G. Garcia-Huidobro, "Pobreza y Mercado Laboral en Panama", in Rodgers, forthcoming, op. cit.

² K. Swindell, The Strange Farmers of the Gambia: A Study in the Redistribution of African Population (Swansea, Centre for Development Studies, monograph No. 15, 1981).

their families, and there are those who are landless and essentially at the beck-and-call of potential employers wherever jobs arise. This third type includes the boias-frias in Brazil, poor workers who eke out a survival in the urban slums of San Paulo and attend morning auctions for labour in a traditional spot, and if hired are carted off to work in the fields of some distant agricultural estate or on a construction site in the city or in a new township being constructed in the interior of the country.¹

Such circulants have an unenviable existence in many respects. Above all, they have been used as a cheap source of labour, since they have been paid enough only to cover their immediate consumption requirements rather than a "family wage". Often they are paid at low rates because it is presumed their living expenses are subsidised by other family members outside the urban economy and because it is assumed their other activities enable them to clothe and feed their families, if they have them. Labour circulants are often hired for low-wage, insecure jobs because of their low supply price of labour, or rather because their wage and job expectations and aspirations are relatively low. They are often hired to do jobs for which a stable wage labour force is not required. This is particularly so in construction industries around the world, which tend to generate a seasonal or short-term, irregular work pattern. They are also often used in so-called unskilled and semi-skilled, or static jobs, that is, those that have low turnover costs and require little specific skill training. In terms of sectors of production, they are usually found in large numbers in the 'outer core' and 'periphery' of large-scale enterprises, and as casual workers in small-scale units.

Labour circulants are essentially a floating labour reserve, and their vulnerability arises not only from their poverty and need for income but from their ignorance of prevailing market wages and socially accepted working conditions. They also tend to relate urban money wages to incomes they could receive in rural areas, which in itself tends to mean they have lower aspiration wages than other urban workers. In many places they are able to get jobs easier than those migrants who have moved to the city with the intention of staying there 'permanently', or at least for their working lives. This is partly because their supply price, or aspiration wage, is

¹ D. Goodman and M. Redclift, "The Boias-Frias: Rural proletarianisation and urban marginality in Brazil", International Journal of Urban and Regional Research, Vol. 1. No. 2, 1977, pp. 248-64; C.R. Spindel, "Temporary work in Brazilian Agriculture: 'Boia-Fria' -- A category under investigation", in G. Standing (ed.), Labour Circulation and the Labour Process (London, Croom Helm, 1985), pp.313-37.

lower and partly because they have less of a network of social support in the urban areas. This was found in one empirical study carried out in Jakarta, which concluded that permanent migrants from surveyed villages in West Java mostly took longer to obtain their first job than temporary migrants from the same villages. This difference was attributed to the fact that permanent migrants came from more prosperous backgrounds than the circulants, so enabling their families to support them through a period of unemployment. The long-term migrants also typically had more formal schooling than the circulants and hence had stronger aspirations for large-scale enterprise jobs.¹ Far more labour circulants in that case were to be found in small-scale enterprises with labour-intensive, low-productivity employment. Most circulants had little margin to be selective about the job they took in the city and were prepared to accept low incomes in low-status, hardworking, time consuming activities. The necessity for some income gained them access to the margins of the work force as cab drivers, cigarette-butt scavengers, kerosene and water carriers, day labourers and so on.

Labour circulants, perhaps surprisingly, are also often hired from outside the city even though there are plenty of unemployed or underemployed workers available in the urban area. It has been suggested that one prevalent reason for this is that such migrants are more resigned to low wages and can be used to exert disciplinary pressure on urban workers reluctant to accept low or falling incomes and worsening working conditions. For example, the use of temporary migrants in construction industries is pervasive, the migrants often being recruited in groups in rural areas by middlemen contractors and then exposed to severe working conditions and low wages that urban workers would actively resent to a much greater degree.² In the early 1980s, in Kuala Lumpur, Malaysia, construction contractors were known to rely heavily on the use of illegal immigrant workers brought to the city for short periods from Thailand and Indonesia, and used primarily because they could be paid very low wages and subject to harsh discipline without having recourse to the law.

Migrants hired for specified periods and brought from their villages by labour contractors are effectively controlled by their isolation from other elements of the emerging working class in the cities and by such devices as

¹ G. Hugo, "Structural change and labour mobility in rural Java", in Standing, 1985, op. cit., p.74.

² See, e.g., M. Bellwinkel, "Rajasthani contract labour in Delhi: A case study of the relationship between company, middleman and worker", Sociological Bulletin, Vol. 22, 1973, pp. 78-97.

small advances and the withholding of wages until the end of the period of employment. Temporary migrants into the Bombay construction industry, for example, have long been manipulated in that way, being paid meagre weekly living expenses during the work period, the rest of the wage being paid on their return to the village.¹ With the deduction of advances and interest, and taking account of their living expenses, such workers often have little enough to receive.

So, in urbanising labour markets, the local population may be reluctant wage workers, insofar as new patterns of behaviour are required of them. Circulants have been found to be more easily subjected to labour control, precisely because they have no strong local support system or close ties of class solidarity.

Circulation has also played a role in fostering ethnic or racial divisions of labour, with one racial, ethnic or caste group in the rural areas supplying short-term labour to an enterprise or industry while another makes up the major part of the workforce.² Commonly, ties develop between certain villages and a type of urban job, with groups of workers being separated into cells in the workplace.³ Such stratification may foster an illusion that one group benefits from the relative disadvantage of another; it is an illusion because all strata can be prevented from developing a collective bargaining position. In some places, labour circulants have been hired in supervisory positions because they are less likely to identify with production workers; in others, probably the normal case, labour circulants will be in the lower-level jobs. In Manila, small contractors in the construction industry rely on a pool of labour circulants, typically drawn from the foreman's own village.⁴ There are several possible patterns, but labour circulants tend to be in the most low-paid and in the most insecure jobs.

¹ J. Breman, Patronage and Exploitation: Changing Agrarian Relations in South Gujarat, India (Berkeley, University of California Press, 1974), p.104.

² P. Peek and P. Antolinez, "Migration and the urban labour market: The case of San Salvador", World Development, Vol. 5, No. 4, April 1977, pp. 291-302.

³ This was the pattern observed in one study of circulation in Peru. J. Laite, "Circulatory migration and social differentiation in the Andes", in Standing, 1985, op. cit., pp. 89-119..

⁴ A. Stretton, "Circular migration, segmented labour markets and efficiency", in *ibid*, pp. 290-312.

(iii) Labour Migrants

The second and related group that has had a disadvantage in urban labour markets consists of labour migrants, that is, those who move to live and work in or around the city. An assessment of their position is complex, but ILO and other research has helped to document recent trends and has indicated where policy intervention would be most promising and most required.

Theoretically, there are various reasons for expecting rural-urban migrants to be highly vulnerable. First, most migrants are young, the median age at migration to urban areas varying from 15 to 25 in developing countries. Second, the majority of migrants come from impoverished backgrounds, despite the attention given to the relation between schooling and the propensity to leave rural and small town areas for the city. Third, most migrants have low levels of schooling relative to the urban resident population, even if not relative to the population in the areas from which they come. Fourth, they have a relative lack of urban contacts and lack of a secure and widely dispersed support network. Fifth, their previous work and social experience tend to make them expect low incomes and poor working conditions. Sixth, most migrants come to the town as single individuals or are presumed by employers to have few dependent relatives, making them suitable recruits for low-paid jobs. Seventh, like labour circulants, they are presumed to be subsidised by 'remittances' from their home areas, which is supposed to subsidise their living expenses. These various factors -- real or imagined -- make migrants in most labour processes relatively exploitable and vulnerable. But what is the evidence?

A common model of rural-urban migration postulates that migrants join a queue for urban wage jobs, so that as urban unemployment rises the migration tap is reduced to a trickle.¹ Yet while migrants may constitute a substantial element in the overall urban labour reserve, the picture is somewhat more complicated than that model implies. Some observers have claimed that migrants make up a large part of the stagnant surplus population in urban areas and have used such epithets as "marginal mass" to describe them.² And

¹ Inter alia, J. Harris and M.P. Todaro, "Migration, unemployment and development: A two-sector analysis", American Economic Review, Vol. 60, No. 1, March 1970, pp.126-42.

² See, for instance, H. Safa and B.M. DuToit (eds.) Migration and Development: Implications for Ethnic Identity and Political Conflict (Paris, Mouton, 1974), p.6.

in the occasional study, migrants have been shown to be prominent in certain types of marginalised activities, as was the case of scavengers (Madharis) in Coimbatore.¹ However, there are reasons to believe that migrants commonly circumvent the unemployment pool, partly because they have low aspirations and expectations, as was found in Kingston, Jamaica.² Various surveys have found that migrants do not have above average urban unemployment rates, and there is tentative evidence that they have a lower propensity to be unemployed, though the data available have to be treated with reservation because of selectivity limitations.³ In the Indian Punjab, it was found that most urban in-migrants who looked for work after arriving in the city of Ludhiana had found work within a month of arrival.⁴ This has been found elsewhere in a number of surveys.

A further reason is that many migrants only enter the urban labour force once they have been informed of a job, and more often than not in many places secure a job through relatives already working in the city. Thus, in a survey in Kuala Lumpur, Malaysia, in 1982, over a third of all men migrants and over a two fifths of all women obtained their first jobs in the city through relatives or friends.

There is a further factor, one that has been widely cited in analysis of labour migration to South Africa, but applicable elsewhere. It is that migrants, and labour circulants most of all, are more easily paid sub-subsistence or "non-family" wages, partly because of their relative isolation in urban areas, partly because of their presumed lack of urban relatives to support and partly because they are expected to get part of their subsistence from rural family production.⁵ In effect, the migrant is paid

¹ Harriss, 1986, op. cit., p.93.

² G. Standing, "Aspiration wages, migration and urban unemployment", Journal of Development Studies, Vol. 14, No. 2, Jan 1978, pp. 232-48; M. Castro et al, Migration in Brazil: Approaches to Analysis and Policy Design (Liège, Ordina Editions, 1978).

³ See, for example, L. McCutcheon, "The adjustment of migrants to Surabaya, Indonesia", in C. Goldscheider (ed.), Urban Migrants in Developing Nations: Patterns and Problems of Adjustment (Boulder, Colorado, Westview Press, 1983), p. 97.

⁴ A.S. Oberai and H.K. Manmohan Singh, Causes and Consequences of Internal Migration: A study in the Indian Punjab (Delhi, Oxford University Press, 1983), p.197.

⁵ See, for example, M. Legassick and H. Wolpe, "The Bantustans and capital accumulation in South Africa", Review of African Political Economy, No. 7, Sept.-Dec. 1976, pp. 87-102.

the bare minimum to survive the period of wage labour.² Moreover, migrants are commonly perceived by employers and their agents as unlikely to join unions or to agitate for higher wages or better working conditions.

Migrants may thus avoid a lengthy initial period of unemployment. However, they may be used as an employed labour reserve for a very long time; in the Bombay textile industry most of the Badli pool of surplus workers were in fact migrants to the city. It may also be true that migrants are over-concentrated in casual employment, which means that many of the poorer migrants are in unemployment-prone jobs.

In comparison to the urban unemployed, migrants are often preferred for low-level jobs, on grounds of docility or even intentional stratification of a factory workforce. Indeed, as has been documented, in certain circumstances employers will institutionalise labour instability by allowing workers prolonged leave, in return for a commitment to return when required, or by ensuring their return by locking the migrant workers into a job through indebtedness. In Peru, the form of debt recruitment known as enganche (the hook), involving petty cash advances to migrants, has been one extreme form of this practice.

Migrant workers thus comprise a large part of the floating labour reserve. They are also important in the employed labour reserve, as we have already noted. But beyond the labour surplus, migrants have been widely observed to be concentrated in the most insecure, lowest-paid and lowest-status urban forms of employment. They tend to have access to casual jobs that not only have low wage rates but infrequent and short-duration work. For example, in Tehran a survey found that recent migrants to the city were far more likely to be in temporary jobs than were other groups.³ In some cities, migrants can only get part-time jobs, and many survive by combining two or more of such jobs, as was found to be the case of 12% of male adult migrants in Jakarta.⁴ Migrants may lack such basics as identification cards, birth certificates, work permits or social security cards, all of which undermine any minimal bargaining position they might have in surplus labour markets, forcing them

¹ C. Meillassoux, Femmes, Greniers et Capitaux (Paris, Maspero, 1975).

² M.R. Brown, "The adjustment of migrants to Tehran, Iran" in Goldscheider, 1983, op. cit., pp. 200-1.

³ G. Krause, "Economic adjustment of migrants in the city: The Jakarta experience", International Migration Review, Vol. 13, No. 1, Spring 1979, p. 53.

to take low-paying jobs. For example, it was found that migrants in Rio de Janeiro received few social benefits because they had no work cards, for which they needed a birth certificate, usually unknown in rural areas. Some employers in the city were known to insist on workers not having a work permit so as to enable the employer to avoid paying social security contributions.¹ Another practice, widespread in African towns, is for migrant youths to be hired in jobs as pseudo-apprentices, provided with lodgings but paid little or nothing, being left to receive part of their subsistence from rural or urban relatives.² And not surprisingly, various surveys have shown migrants in urban areas to be earning somewhat less than other groups, as in Seoul, for example.³

The initial job might not be that important if there were subsequent opportunities for mobility into more skilled, more-secure, higher-income jobs. This leads us back to the question of labour segmentation. A central argument of the segmented labour market model is that mobility is limited between segments or strata or labour statuses or occupations. A basic methodological difficulty in interpreting the available data is that of determining when a change of job is evidence of 'upward' mobility; another difficulty is that cross-sectional data may be inadequate if migrants who fail in the urban labour market are the most prone to leave the area, thus giving an upward bias to the observed pattern.⁴ Some observers believe migrants are generally upwardly mobile or are no less mobile than other workers. Studies have been carried out purporting to support the view that they face no discrimination or other barriers to mobility in Brazil, Mexico, Peru, Bombay,

¹ J.E. Perlman, The Myth of Marginality: Urban Poverty and Politics in Rio de Janeiro (Berkeley, University of California Press, 1976), p.158.

² See, e.g., E. le Bris, "Migration and the decline of a densely populated rural area: The case of Vo Koutime in South-East Tokyo", in W. van Binsbergen and H.A. Meilink (eds.), Migration and the Transformation of Modern African Society (Leiden, Afrika-Studiecentrum, 1979), p.122.

³ S. Clark, "The adjustment of migrants to Seoul, Korea", in Goldscheider, 1983, op. cit., p. 63.

⁴ These issues are discussed in a recent ILO manual. R. Bilborrow, A.S. Oberai and G. Standing, Migration Surveys in Low-Income Countries: Guidelines for Survey and Questionnaire Design (London, Croom Helm, 1984), p.229.

Tanzania, Zaire and the Republic of Korea.¹ These have been undermined statistically to the extent that the observed mobility has been a reflection of other characteristics, such as level of schooling, age of labour force entry, and social background, that have not been taken into account. And the tendency for the relatively unsuccessful migrants to leave the area does mean that only evidence suggesting a lack of mobility would be convincing.

There is indeed evidence that migrants enter low-income, low-status jobs and generally experience relatively little upward mobility. Thus, a survey in Chile suggested that migrants experience "less upward and more downward mobility" than non-migrants.² Other studies have pointed to a lack of mobility generally, with migrants faring no better and possibly worse than other workers. Thus, in the Rio de Janeiro favelas it was reported that more than half of all job changes during the work histories of the men studied entailed no change in skill level, and less than a quarter had made upward changes, so that while many had managed "to escape unskilled positions at one time in their working lives, they were as likely to fall back as to move up".³ In Kingston, Jamaica, it was found that a general lack of upward mobility among women workers coincided with migrants continuing to earn relatively low-incomes and doing low-status, relatively unskilled jobs because they had entered the urban labour market in the low-income milieu.⁴ In Mexico City, a survey of low-income neighbourhoods found that only 35% of migrants had improved their occupational status compared with their pre-migration jobs.⁵ Of such studies, a sceptic might observe that either insufficient control variables have been considered in the statistical analyses or that the classification of occupational or job categories by

¹ See, for example, L.Y. Yap, "Rural-urban migration and urban underemployment in Brazil", Journal of Development Economics, Vol. 3, No. 3, 1976, pp. 227-43; J. Balan, H. Browning and E. Jelin, Men in a Developing Society: Geographic and Social Mobility in Monterrey, Mexico (Austin, Texas, University of Texas Press, 1973); H. Koo and H.R. Barringer, "Citywood migration and socio-economic achievement in two Korean cities", Rural Sociology, Vol. 42, No. 1, Spring 1977, pp. 42-56; Bilsborrow, Oberai and Standing, 1984, op. cit., p. 229.

² D. Raczynski, "Migration, mobility and occupational achievement: The case of Santiago, Chile", International Migration Review, Vol. 6, No. 2, Summer 1972, p. 185.

³ Perlman, 1976, op. cit., pp. 159-60.

⁴ Standing, 1981, op. cit., Chapter 7.

⁵ W.A. Cornelius, Policies and the Migration Poor in Mexico City (Stanford, Stanford University Press, 1975), table 2.1, p. 23.

which mobility is assessed is too broad or crude to give analytically meaningful results. Such criticisms may be valid but few studies have been able to completely resolve the methodological difficulties. One way of looking at the process might be through determining whether or not migrants and other distinguishable groups are in jobs offering the opportunity for mobility and whether their jobs are 'primary' or 'secondary', 'progressive' or 'static', etc. These issues have yet to be adequately resolved in the literature.

In that context, in Coimbatore in South India migrants were reportedly trapped in small-scale units of production or in casual, poorly remunerated work such as dependent commission selling.¹ But there was very low probability of upward mobility for any workers in the low-status social groups. In Bombay, casual work has been mostly taken by poor, landless, low-status, poorly educated migrants from specific villages and as they have been stuck in casual jobs, labour segregation could be said to have originated in the villages.² In Ahmedabad in the Indian State of Gujarat, a study of the construction industry indicated just how segmented that industry was there. Building construction has long been organised in that city through a complex contracting system in which, according to one study, general building constructors have been responsible for recruiting 97% of workers in the industry. The socio-economic profile of the typical construction worker is a poor, illiterate, unskilled migrant who sticks to the first job he gets and tries for another only when he loses it, in view of the relatively poor chance of getting another job in a labour market characterised by chronic labour surplus.³

In Calcutta too, labour force stratification has meant that migrants enter and remain in low-level jobs, and one analysis suggested that this tendency has increased with the long-term stagnation of Calcutta's economy.⁴ And in many countries, certain jobs or even industries have been dominated by streams of migrants from particular areas or with particular ethnic, caste or religious characteristics. This has been commonly observed in Jakarta, where occupational specialisation is legendary. As one study noted:

1 Harriss, 1986, op. cit., p. 98.

2 Deshpande, 1979, op. cit., p. 98.

3 Subrahmanian et al, 1982, p. 100.

4 Holmstrom, 1984, op. cit., p. 61.

"There are probably three related reasons for such specialisation in what are essentially unskilled occupations: The preference given by those already employed or in a position to give jobs to relatives, friends and others from the same groups; information provided to newcomers by established acquaintances; and the greater ease of allocating work or territories in a group with a common background. The bus recruiters are young men from the Batak area of Sumatra, and a number of bus companies are owned by Bataks. Some ex-becak drivers from the Cirebon area have become becak owners and prefer to rent their becaks to those from the same area. In both occupations, and in some trade, a degree of mutual trust is obviously desirable, as is the possibility of sanctions against those who violate that trust. Trust and sanctions are more readily extended to those with family or at least ethnic and regional ties than those from entirely different backgrounds. Word of how to get an occupation also spreads most rapidly among migrants, or potential migrants, from a particular area with close ties of family and friendship Finally, observations confirm that some informal market or territory sharing is worked out among those who sell (kerosene, petty trade) or collect (cigarette butts, waste paper). Social connections obviously facilitate informal sharing arrangements.

Of course, the stronger the influence of regional ties in determining occupations, the less occupational mobility and the greater the persistence of income disparities."¹

This process was further illustrated in an account of the Jakarta pondok, which is a 'lodging-house-cum-enterprise', in which migrants, typically single and commonly from the same village or area, live together and work in one particular trade, such as making and selling ice cream or preparing and selling cooked food.² The pondok are owned by individuals who are often relatively successful migrants from the area from which they draw their 'lodgers-cum-workers'. This is an example of the widespread tendency for socio-economic stratification in urbanising economies, so that migrants have limited opportunities for socio-economic mobility. That is a major reason for believing that Government policies must be developed to assist in the assimilation of those millions of poor who are flocking to the growing cities of most countries of the world.

(iv) Women Workers

Although there is a common misconception to the contrary, women constitute a majority of rural-urban migrants in developing countries, and many teenage girls enter the urban economy through low-level, low-paid and insecure forms of employment. The plight of such women is a desperate one. For example, in

¹ G. Papanek, "The poor of Jakarta", Economic Development and Cultural Change, Oct. 1975, p. 16.

² L. Jellinek, "The pondok of Jakarta", Bulletin of Indonesian Economic Studies, Vol. 13, No. 2, 1977.

India it has been widely reported that hard-pressed rural families have sent wives and daughters to cities to support them through prostitution.¹ And in Thailand, every year many thousands of young girls leave their village families to flock to Bangkok to work as masseuses and the like, remitting what little they can until their charms fade.² In less severe situations, many young women enter the urban labour market through domestic employment, often for little pay and often unknown to any labour authorities. And whatever the sector, women earn on average much less than men.³

As far as the sectoral distribution of their access to urban employment is concerned, one might hypothesise that women tend to be pushed into the 'outer core' of large-scale enterprises in export-oriented industries, and to that extent have been entering the major corporate enterprise sector in increasing numbers in recent years, especially in the newly industrialising countries. The most well-known case is the electronics industry, which has relied overwhelmingly on young, single women workers, many drawn from distant villages and expected to work for low wages and very long work weeks (50-60 hours being common) for two or three years. Women's vulnerability in large-scale industrial enterprises is compounded by their general lack of opportunity for training and upward occupational mobility. In export production zones, women workers have been put in a very vulnerable position as far as incomes and working conditions are concerned by the non-enforcement of labour standards and the ban on union activity. Some studies have suggested that the wage paid to young women in such conditions are insufficient to meet even their basic subsistence needs.⁴

1 Pandhe, 1976, op. cit., p. 52.

2 P. Phongpaichit, From Peasant Girls to Bangkok Masseuse (Geneva, ILO, Women, Work and Development, No. 2, 1982).

3 The differential does tend to vary internationally. For an African survey, see E. Date-Bah, "Sex inequality in an African urban labour market: The case of Accra-Tema", Population and Labour Policies Programme Working Paper, No. 122 (Geneva, ILO, Nov. 1982), pp. 58-9.

4 C. Mather, "Industrialisation in the Tangerangi Regency of West Java: Women workers and the Islamic patriarchy", Bulletin of Concerned Asian Scholars, Vol. 15, No. 2, 1983; G.W. Jones, "Links between urbanisation and sectoral shifts in employment in Java", Bulletin of Indonesian Economic Studies, Vol. 20, No. 3, 1984.

In some urbanising economies the introduction, strengthening or enforcement of minimum wage regulations has led to the substitution of women casual workers for male permanent workers, as was observed in Zimbabwe.¹ Underpayment persisted there through the conversion of permanent employers to casual or contract piece-workers, since these were not covered by the labour and minimum wage regulations. This, however, was far more likely in small-scale units than in large-scale enterprises.² And most of all it affected the sexual distribution of employment, leading to a widespread substitution of women for men in domestic jobs.³

Women are disadvantaged by virtue of their heavy concentration in small-scale production units, in which many are unpaid for their work. For instance, in urban areas of Indonesia in 1980 women accounted for over a third of informal work statuses (self-employed, self-employed with family workers, and family workers), while they accounted for only a quarter of the 'formal sector' (employers and wage workers).⁴ And in small-scale enterprises in Penang, Malaysia, women were concentrated among the lowest earners.⁵ In general they are also vulnerable to being pushed into the labour statuses that have the lowest incomes, most insecure employment, and least opportunity for mobility. It was scarcely surprising to find that in urban India women spent twice as large a proportion of the time they were in the labour force in casual employment as men did (Table 10). Conversely, a far smaller proportion of women were in regular wage employment. It has been suggested that female urban unemployment rates are typically higher because, in part at least, women are more often able only to get casual labour jobs.

¹ Aryee and Mhone, 1986, op. cit., p. 11.

² Government of Zimbabwe, Report on the Commission of Inquiry into Incomes, Prices and Conditions of Service (Chairman, R.C. Riddell) (Zimbabwe, June 1981), p. 14.

³ Shopo and Moyo, 1986, op. cit., pp. 46-7.

⁴ C. Manning and D. Mazumdar, Indonesian Labour Markets: An Overview (Washington DC, World Bank Paper, May 1985), Annex Table 1.

⁵ T.G. McGee, K. Salih, M.L. Young and L.H. Cham, "Dualism in Penang State, Malaysia: The challenge of proletarianisation", paper presented to the conference on the comparative study of the informal sector, Harper's Ferry, West Virginia, Oct 2-6, 1986, mimeo., p. 68.

Table 10: India Urban Employment by Work Status, by Sex (persons aged 15-59), July 1977-June 1978, All India.

Basis of estimate:

	(Weeks)		(Days)	
	Male	Female	Male	Female
Casual Labour (inc. public worker)	11.8	24.2	9.8	20.9
Regular Wage/salary worker	49.4	31.7	51.0	35.5
Self-employed (inc. family)	38.7	44.1	39.2	43.6
Unemployment Rate	7.4	9.5	11.9	15.6

Note: Weeks: all persons aged 15-59 who worked, or were employed, for at least one hour in the week preceding the survey were assigned to "Total Working", and then to the category (casual, regular, self-employed) to which the most working time was devoted. All other persons aged 15-59 who sought, or were available for, work at any time in the week preceding the survey were assigned to "unemployed".

Days: In the seven days preceding the survey, each person-day in which four or more hours were "worked or employed" was assigned to "total working" (and then to the major time-category as above). If one to four hours were spent on a person-day, half of it was assigned to "total working"; the other half was assigned to "unemployed" if the respondent sought or was available for work on that "half" day, but to "not in labour force" otherwise. Days in which less than an hour was worked or employed were counted as "unemployed" for at least four hours if for 1 to 4 hours, as half "unemployed" and half "outside labor force", if for less than one hour, as wholly "outside labor force".

Source: Sarvekshan, April 1979, p. 514.

Perhaps the most worrying aspect of the growth of female urban employment in urban economies in recent years is that much of their increased labour force participation has been of a very precarious and low-income nature. For example, in small-scale businesses in African towns women are overwhelmingly concentrated in petty commerce and are very rarely in wage or manufacturing employment.¹ Outwork and contract labour have pushed many women into positions of dependent and impoverished insecurity. As an example, take the case of vertical sub-contracting in Mexico City known as "maquila", or "domestic maquila" when it involves homework. In essence it consists of processing or production work carried out by firms for others under specific contract, and it has mostly covered labour-intensive tasks resulting from an

¹ Penouil and Lachaud, 1986, op. cit., pp. 35, 40.

ability to fragment the production process. A typical vertical chain is illustrated in Diagram 1, which is based on a real situation.¹ Each rung down represents a smaller unit of production, the bottom being homework distributed from a workshop operated illegally at the basement of the owner's house. In the bottom two strata not only do women comprise almost all the workers but their work is irregular and their incomes often well below that required for a minimal subsistence. In that case, workers in firm C were receiving the bare minimum wage without fringe benefits, while the homeworkers were receiving an average wage equivalent to one third of the minimum wage. And the proportion of women increased as one went down the chain of sub-contracting. As this example illustrates, regulations and policies to control labour contracting more effectively would have considerable benefits for women workers.

Diagram 1: Typical Subcontracting Chain, Mexico City

<u>Productive Unit</u>	<u>Productive Character</u>	<u>Worker Characteristics</u>
A. Producer of electrical appliances	Multinational; draws on a list of 300 regular subcontractors; sends outs 70% of its production	3000 workers; regular work; high wages with benefits
B. Producer of radio/TV antennas for A.	Mexican capital; sub-contracts 5% of production One of various units linked to firm A.	350 workers; lower wages, fewer benefits than A.
C. Producer of electronic coils for firm B	"Sweatshop" operates illegally in basement of owner's house	6 young workers (aged 15-17), providing homework for fluctuating number of homeworkers
D. Homeworkers producing electronic coils for C.	Homeworkers duplicating some tasks carried out in C.	Women working individually at home

Source: Beneria, 1986, op. cit., p. 8.

¹ L. Beneria, "Sub-contracting and employment dynamics in Mexico City", paper presented at conference on the comparative study of the informal sector, Harpers Ferry, West Virginia, Oct 2-6, 1986. The present paragraphs draw on this valuable empirical investigation.

Similarly, women are far more likely to be permanently trapped in poverty than are men. That is partly because of labour segmentation, which means that once in low-level, low-paying forms of employment they have little opportunity for escape, and partly because they face wage and benefit discrimination in whatever sector or labour status category they find themselves.¹ As most women seem to enter the urban labour process through unprotected or casual wage labour or in small-scale units, they have little chance to move up into regular protected wage employment. In Montevideo, for example, not only have women been far more likely to enter the urban labour market as unpaid family workers or wage workers without social security coverage, but have also been far more likely to remain in those statuses.² In terms of income the women's disadvantage was double, first through the means of labour market entry, then by earning less than men in similar types of activity status. And no doubt there and elsewhere, so meagre and insecure are their earnings in wage employment that they seek ways of shifting into own-account employment rather than remain in regular wage employment.³

The most vulnerable group of all women are those who live alone or those who are primarily responsible for their household income and subsistence. In Costa Rica, for example, although only 15.7% of urban households were headed by women, more than 37% of indigent (the poorest) urban households were female headed.⁴ In Sudan, a quarter of the low-income households were headed by women.⁵ In Calcutta, the poorer the household the more likely it was to be dependent on female earners.⁶ In most parts of the world, in those households in which the husband or father are unemployed women members are pushed into the labour market, at times when they have to accept whatever work they can find rather than 'search' rationally for somewhat longer.

¹ For a collection of studies of sexual inequality in urban labour markets, see R. Anker and C. Hein (eds.), Sex Inequalities in Urban Employment in the Third World (London, Macmillan Press Ltd., 1986).

² Portes, Blitzer and Curtis, 1986, op. cit., p. 737.

³ Date-Bah, 1982, op. cit., p. 63.

⁴ Pollack, 1986, op. cit., p. 21 and table 7, p. 23.

⁵ ILO, Growth, Employment and Equity: A comprehensive strategy for the Sudan (Geneva, ILO, 1976), p. 70. Half of those were over the age of 50.

⁶ H. Standing, "Gender, employment and family: The changing context of women's employment in Calcutta", paper presented at Institute of Commonwealth Studies, London, 5 Dec. 1986, p. 17.

Some economists argue that women's lower wage rates and earnings reflect their preference for certain jobs and types of work that result in a crowding of supply for certain occupations, which thereby lowers wages.¹ This assertion amounts to little more than blaming-the-victim, and presumes that women's supply behaviour is autonomous and a matter of preferences rather than a behavioural adaptation by women to their perceptions of employer demand for female labour and their perceptions of what type of work they can obtain. The reality in most urban labour markets is that choices for women are extremely limited and limiting once forced on them. As a study of women workers in the Indian city of Lucknow concluded, "The long established fact of non-employment of women in certain jobs, for whatever reasons, influences the supply behaviour of women to the extent that they also tend to accept the notion that they are not suitable for these jobs. Another factor may be women's lower valuation of their capabilities"²

Women's economic vulnerability is compounded by the vicious circle of low-incomes leading to less access of girls to schooling and training, which reduces their ability to escape from the lowest rungs of the urban labour process; this situation tends to perpetuate itself. What training women do get tends to be informal and often an extension of their subordinate position in the family, so that gender relations perpetuate the sexual stratification of income-earning opportunities.

In sum, as with migrants, it is the labour segmentation that intensifies the economic vulnerability of women workers as much as initial forms of discrimination in determining their access or entry to various sectors and labour statuses. Women have far fewer opportunities for 'promotion' and other forms of occupational and income mobility in urban labour markets.³ As a sample survey in Calcutta found, women in the "unorganised sector" are nearly always trapped in it.⁴ Not only are women concentrated in low-income positions but their avenues out of them are relatively blocked.

¹ For example, M.R. Killingsworth, "The case for and economic consequences of comparable worth: Analytical, empirical and policy questions", in H. Hartmann (ed.), New Directions for Comparable Worth (Washington DC, National Academic Press, 1984).

² T.S. Papola, "Women workers in an Indian urban labour market", World Employment Programme Working Paper (Geneva, ILO, Sept. 1983), p. 23.

³ Ibid., p. 28.

⁴ N. Banerjee, "The unorganised sector: A low-level trap: Women workers in Calcutta", paper presented to colloquium on "International Labour Issues", McGill University Centre for Developing Area Studies, 1-3 May 1980, mimeo.

IV Concluding points

In every urbanising labour process there are groups who gain and there are those who experience hardships, disadvantages and worsening poverty. The most vulnerable economically are those who are the most vulnerable socially. The initial point of entry to the urban economy is critical, and many young workers never recover from being lured or forced into low-level jobs and exploited labour statuses. In urban areas generally, households in poverty are mostly those without someone with a regular wage or salaried job. In West Bengal this applied to no less than 40 % of all households.¹ And the majority of poor households did not have a single regular wage earner; regular jobs were not merely steadier but higher paying, with the male daily wage rate being one and half times or more in regular employment as in casual work.² Moreover, it is the absence of male workers in the household that, in most countries, is most strongly associated with poverty.

Among the worst causes of lifetime economic vulnerability in urbanising labour markets are the entry level difficulties and initial barriers faced by specific groups. The groups most affected include women in general, labour circulants, labour migrants and, almost certainly most vulnerable of all, child workers. To that extent, as urbanisation proceeds it becomes increasingly urgent to develop more effective policies to help disadvantaged groups overcome barriers that prevent them gaining access to relatively decent forms of employment. Although they are insufficient in themselves as the means of dramatically altering earnings differentials, inter-group inequality could be reduced if labour protection and labour regulations were extended to the types of activity in which the most socially vulnerable groups are concentrated. Thus, to take just one example, workers in small shops suffer from employment instability, inability to join trades unions, lack of access to social security, and wages that typically are not guaranteed by law. They are scarcely likely to overcome those handicaps by themselves. Unfortunately, the lack of pressure for social security from the workforce itself contributes to the perpetuation of their economic vulnerability, and often reflects the fear that social security coverage would mean even lower wages rather than a statutory contribution from employers.³

¹ P. Bardhan, "Poverty and employment characteristics of urban households in West Bengal" (Berkeley, University of California, 1986, mimeo.).

² Ibid, p. 5.

³ E. Weihert, La microempresa en la rama de la confección: Estudios de casos en la ciudad de lima (Santiago, PREALC, 1986).

Social protection would help particular groups, such as domestics, outworkers and wage workers in small-scale businesses, while many forms of protective action by the State would not be costly, merely representing a determination by the authorities, local probably more than national, to combat the worst forms of abuse in the labour market.

But beyond that, the actual forms and mechanisms of labour stratification and labour market segmentation need to be combatted. A lack of opportunities for mobility between sectors, labour statuses and income-occupational levels means that entry-level disadvantages are accentuated by the expansion of those groups, such as women labour force participants and migrants, who get squeezed into the most insecure and exploited forms of employment. That ultimately is a structural problem, requiring policy formulation at the highest Government level, if serious reduction in labour force vulnerability is to be achieved.

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