

Informal Economy, Recovery & Development: - path to building a socialist future?

Presentation by Cde Pat Horn to Jack Simons Party School, 2020-07-12



The informal economy consists of different sectors, including, but not confined to, informal traders (*including street traders, market traders, spaza shops and informal cross-border traders*); waste pickers (*including street collectors, those who collect on landfill sites and recyclers*); taxi workers (*including drivers, conductors and washers*); home-based workers (*including care workers and community health workers*); domestic workers; agricultural producers and subsistence fisherpeople.

- Some informal workers have employers, but are informally employed by virtue of not being registered for UIF, COIDA or any other employment related social security schemes. This goes for the majority of domestic, agricultural, and taxi workers, whose employers are not compliant with relevant labour laws, including the BCEA and Sectoral Determinations. 18.8% of all workers who have an employer are informal in this sense.
- The rest of informal workers are self-employed. They numbered 1,774 million people nationally before the start of the COVID-19 lockdown. They also do not enjoy social protection beyond universal grants. They provide services to communities, like providing cheaper services and goods including fresh food, and the collection of recyclables which also creates huge savings for municipalities.

What the workers in the informal economy have been saying

Collectively, when the spread of COVID-19 necessitated a national lockdown strategy, informal workers called on government to make urgent arrangements to redirect funds, and establish a Living Cash Grant to all informal workers, regardless of nationality. The Special COVID Income Grant of R350 per month for 6 months for those who had lost their livelihoods was finally announced 4 weeks into the lockdown, but was much less than hoped for – and the majority of workers in the informal economy preferred to go back to work if at all possible, in order to earn a slightly better livelihood.

They called on the different tiers of government to help make their work safer with the following urgent interventions:-

1. mass provision of protective masks and gloves to all informal workers, especially those working with members of the public, organic and waste materials, and where cash exchanges hands;
2. mass provision of water, soap and sanitizers in public spaces.

Demands of informal workers who are working in public space

Do no harm:

- Police and other enforcement officials need to stop harassing traders.
- Prohibit confiscation of traders' goods during lockdown.

Facilitate safe trading:

- Provide unlimited water points so that traders can wash hands, workplaces and products frequently.
- Provide sanitisers and/or bleach as a matter of urgency.
- Be flexible about trading layouts so that street and market traders can practise physical distancing. Allocate/re-purpose more land/streets for trading.
- Identify unused space—fields, parking lots—where food markets can be set up.
- Provide health screening at trading sites.

Simplified licensing and suspension of fees:

- Make the issuing of permits simple and fair.
- Suspend trading fees while traders re-establish themselves.

Income support and grants to re-establish:

- Informal workers have been particularly hard hit by measures to prevent the spread of COVID and need direct income support.
- Traders have used their last savings over lockdown and need cash grants to start trading again.

What do workers in the different sectors say?

Informal traders

There needs to be a reduction of Red Tape to an absolute minimum in the municipalities' permit systems. This is not the time to introduce difficult administrative issues which municipalities had failed to resolve before the lockdown started. Support informal traders' leaders and leaders of *spaza* shop associations to disseminate Health Guidelines for Informal Traders in streets, markets and *spaza* shops (*produced by WIEGO*) and assist them to move around safely and/or provide airtime so that they can disseminate information on broader implementation.

Informal cross-border traders

There needs to be clarity with regard to the re-opening of borders, and introduction of the Simplified Trading Regime (STR) for seamless border crossings



Taxi drivers, rank marshalls, conductors & washers

1. We want to be directly represented with the transport ministry and sit on the Nedlac community.
2. We don't want the taxi owners organisation to represent the taxi workers and the auxiliary service of the taxi industry. We feel they only represent the owners and do not speak or look after our needs.
3. The covid-19 relief funds is not being filleted to the grass root levels and as the workers organisation we feel that the workers on the front line are being ignored and there we want to work directly with Depts of Transport (DoT) & Labour (DEL).
4. We want DEL to recognize the taxi workers and accredit us with the UIF scheme. As taxi workers we are willing to contribute towards the UIF and the WCA funds.
5. We are using this platform to establish ourself and not find ourself in the similar situation were the taxi workers are ignored and is left out of all negotiation.
6. By registering the taxi workers it will reduce the unemployment rate by 15% and regulate the industry.
7. The taxi industry represent 65%of the transport industry.
8. In KNZ we have more the 380 000 taxi drivers.
9. Given the right tools the taxi drivers and marshal can monitor and record passengers relation to Covid-19

Home-based workers

They need help getting registered on a database in anticipation of the large scale production of masks, including mapping about how many members, what are they currently doing and what would be their capacity to produce masks.

Then proactively share this database with relevant departments that would guarantee a transparent way of allocating government orders to all the home-based workers.

Community Health Workers

They are registered (not employed) with provincial authorities. They are expected (even more so during COVID-19 pandemic) to offer their services – without being provided with PPE or safe transport.

This is not acceptable in light of the fact that they have no social protection coverage.

Waste pickers – demand integration of waste pickers into solid waste management policies and Waste Plans of municipalities, in line with Waste Pickers Integration Guidelines



Domestic workers

Non-compliance by employers with UIF provisions is significant. If the employer is not a contributor then the domestic worker cannot claim – through no fault of her own. Employers are not claiming this benefit as they are obliged to do.

If domestic workers attempt to claim themselves through normal channels their claims are not being processed.

Subsistence fisherpeople

There needs to be a drastic reduction of Red Tape with regard to their access to piers and beaches



Informal workers who are asylum seekers

There were massive backlogs in the issuing of asylum-seekers' permits and some DoH offices had stopped taking new applications, long before COVID-19.

As a result, many asylum-seekers are still not documented as required by permit regulations – through no fault of their own.

What are the emerging opportunities?

In the bloodbath of loss of traditional jobs, permanent behavior changes are anticipated, the most immediate being more people working from home, more virtual conferencing, and e-commerce likely to be used more widely.

How to turn this into a transformative recovery programme for the proletariat with and without work?

In Cuba, after the collapse of the sugar industry, a large part of the resultingly unemployed proletariat became own-account (self-employed) workers selling goods and services, many of them in the tourist industry like many other countries in entral America and the Caribbean. In 2010 the Cuban government formalized this proletariat of *cuenta-propistas* by passing a law which recognized them as workers and enacted super-simple registration procedures for them to regularize their status.

What can we learn from this for a transformative recovery programme?

- Economic activity in the informal economy can always start up more quickly, with smaller capital inputs, than large formal businesses which have collapsed.
- Ensure the transition from informal to formal economy is fast-tracked in the processes of economic recovery in line with the exigencies of Decent Work and the guiding principles of ILO Recommendation 204. This is not only an opportunity – but failure to do this could result in increasing informalisation, with workers and economic units in the informal economy being relegated to the role of permanent grant recipients.
- Bottom-up economic recovery programme enlisting proactive cooperation of representative organisations of workers and economic units in each sector of the informal economy, to obtain their buy-in and cooperation in encouraging their members to comply with the provisions of the prevailing level of lockdown, and sensitising people with regard to social distancing, sanitising, etc. in public space.
- Training of local enforcement agents, as well as SAPS and SANDF, on the implementation of “do no harm” measures for security forces. Confiscation of informal traders’ goods need to be scrapped in order to allow them to get back on their feet again.

Build/strengthen the **social solidarity economy** as part of a deliberate recovery programme for the construction of a new economy which is different from before.



NHI (National Health Insurance)

Now is the time to take advantage of the improved cooperation between the public and private health sectors during COVID-19 crisis, and fast-track the process of establishing the National Health Insurance

Basic Income Guarantee

The basis has now been laid for this to be established on a permanent basis for all workers who are not earning a basic income, although many flaws in the administration of such grants have to be urgently addressed

4th Industrial Revolution and informal economy

- campaign for smart investment in free WiFi for all, including in townships and rural areas.



- New forms of work, such as “platform” work based on internet platforms and easily-accessible popular Apps – which is increasingly common in the services sector – are often called “the new informal” these days. This is due to the fact that these new forms of work are being informalised as soon as they appear – and the fact that governments seem to be generally very slow to integrate the emerging new forms of work into their regulatory systems (and where they do, it is often to criminalise them).
- One consequence of this is that many of the workers engaged in these new forms of work have become own-account workers, and the work they do has become own-account work undertaken at the initiative of currently officially unemployed or under-employed workers who cannot find employers to sell the labour power to, nor can they succeed as entrepreneurs in small enterprises. So they are joining the growing reservoir of *de facto* own-account workers (irrespective of what the system labels them as).
- New forms of organization of workers in this sector are emerging, most notably in the transport and food delivery sectors. Innovative systems of collective bargaining are also emerging for the negotiation of contracts establishing agreed wages and working conditions in these sectors.

Possibilities of proletarian control of identified sectors of Means of Production?

e.g. digital Means of Production in services sector

- putting “gig economy” in hands of people instead of MNCs such as AirB&B, Uber
- i.e. takeover by people’s Apps in face of
 - (a) collapse of Malls which has already started due to technological changes in banking and starting in retail sector, and
 - (b) fundamental changes in both supply and demand in taxi-hailing sector, and
 - (c) list of new examples is increasing by the day.

How can we take advantage of windows of opportunity?

- The approach should be sector-based.
- Intervention strategies need to be inclusive, transparent, simple, universally accessible, and non-discriminatory.
- Interventions are needed to ensure that informal work start-ups are not frustrated by bureaucratic red tape and forced to operate clandestinely, or even close down.



Data bases

지역별회비납부현황

	1일	2일	3일	4일	5일	6일	7일	8일	9일	10일	11일	12일
강동	●											
강서	●											
관악	●											
구로구천	●											
남대부	●											
남부	●											
동대문중앙	●											
북부	●											
서로강남	●											
영등포	●											
영산	●											
종로	●											
종로재건	●											
구	●											
과천	●											
관영	●											
남양주	●											
부천	●											
부평남동	●											
성남	●											
수원	●											
수지	●											
인산동부	●											
인산서부	●											
안양	●											
용인	●											
원주	●											
인천	●											
파주	●											
평택	●											
포천	●											
화성오산	●											
광주서부	●											
대전	●											
부영	●											
부여	●											
인동	●											
영동	●											
영주	●											
천안	●											
충청	●											
충성	●											
홍계소	●											
서·국	●											

Inclusive information needs to be collected according to different sectors of informal economy, from both agreed categories (workers and economic units) in the informal economy, disaggregated by gender, age, disability and nationality. Data collected needs to be inclusive of everybody in the sector, permitted/documentated AND unpermitted/undocumented – to enable accurate and effective planning. Data-collection also has to have the capacity to track movements in the sector, as the informal economy grows and subsides with changes in the economy – and is expected to grow as unemployment in the formal economy increases as a result of the COVID-19 crisis. Static data-bases are ineffective for capturing this moving target.

Health issues



Preparing a just framework for and managing the re-occupation of public spaces, both as workplaces and as public transport transit spaces and terminals, during the remaining phases of lockdown and after the end of the State of Disaster. This is the role of provincial government working together with local government. Monitoring implementation of health measures for getting informal workers back to work and keeping them safe in their workspaces as part of the graduated process of getting economy working again.

Elimination of Red Tape – to ensure that informal work start-ups are not frustrated by bureaucratic red tape and forced to operate clandestinely, or even close down, the following measures are needed:

- Establishment of well-functioning user-friendly One-Stop shops and/or call centres in every district and municipality.
- Overhaul of permit systems in every municipality, to make them fit for purpose. Permit systems need to be inclusive and fit for the purpose of getting workers and economic units in the informal economy back to work and contributing to economic recovery.
- Remove obstructive permit requirements, including
 - reducing permit fees to affordable rates
 - scrapping requirements to be registered with CIPC
 - scrapping requirements for “special visas” for economic migrants in informal economy (*as these only apply to migrant workers with formal jobs*) and accept simple passport identification
 - waiving asylum-seekers permit requirement in short term, as massive backlog in processing of permits for asylum-seekers before COVID-19, and many DoH offices had stopped taking in new applications – necessitates other forms of identification of asylum-seekers, such as affidavits.

Revolutionary programme for activists

- Deepen our class analysis of contemporary labour market phenomena, including informal economy and new forms of work;
- Engage with membership-based organisations (MBOs) of workers in the informal economy and work with them alongside the traditional trade unions;
- Expand the level of working class unity in organisation by supporting the struggles of organised workers in the informal economy;
- Whenever workers in the informal economy are asked to support trade union struggles, these need to be adapted to **include specific demands of the workers in the informal economy**

Build a broad working-class front of progressive forces to promote a platform of macroeconomic demands consistent with the inclusive policy demands of MBOs in the informal economy – anti-austerity, anti-neo-liberal, anti-corruption



Campaigns



Red October Campaigns focusing on local government

- Engage organised street vendors, waste pickers, fisherpeople and taxi drivers (*as distinct from taxi owners*) to bring in their key demands and make them central to the campaign;
- Introduce the following programmes in all municipalities:
 - integration of waste pickers in solid waste management;
 - management of public space in negotiation with street vendors;
 - creation of inclusive cities in accordance with New Urban Agenda;
 - free WiFi throughout the city including townships;
 - transparent and meaningful participatory budgeting.
- Establish collective negotiations forums at local government level with a commitment to maintain a practice of monthly meetings with organised workers in the informal economy.

Campaign for ownership of digital means of production

- Data prices must fall, free WiFi in public space;
- Pressurise government to review regulation and re-regulate in sectors to take into account emerging new forms of work and the new markets these are creating – ensuring that regulation discourages monopolies, promotes popular ownership in the hands of own-account workers and economic units in the informal economy;
- In study groups, analyse the section on pages 64 – 93 on “Analysis of Selected Industries” which identifies “decreasing roles” (*jobs which are under threat*) and “increasing roles” (*new jobs which are appearing, including platform work, the “gig” economy, blockchain technologies, etc.*) in the study entitled “Futures of Work in South Africa” (*see attached*).
- Digital training for youth, with a priority focus on girls;
- Digital training for workers in traditional jobs at risk, as part of reskilling/upskilling;
- Organise public hearings and consultations on the “Future of Work in South Africa: massification of new forms of work”. Offer prizes for the most innovative new ideas resulting in measurable numbers of sustainable livelihoods.

Thank you

