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HOW CAN PROGRESSIVE POLITICAL PARTIES CONTRIBUTE TO
INSTALLING SOCIAL PROTECTION IN THE INFORMAL ECONOMY?

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More than 15 million people per year die because of poverty, over 5 million children under age 5 pass away yearly due to lack of access to health care and lack of income security, 211 million children have to work to earn their living, and 20% of the world population have to live with less than 1,25\$ per day, whereas the top 1% earns more than 800 000\$ per year.

The access to social security can prevent this gap between the rich and the poor to become even wider – especially in the developing world. In fact, a basic package of modest pensions and child benefits can reduce the poverty head count by 40% in poor developing countries at a cost of 3-4% of GDP. However, social security transfers are particularly hard to implement in the developing world since the preponderant part of employment in these countries takes place in the informal economy.

Addressing this issue, the Geneva Office of Friedrich Ebert Stiftung (FES) invited, on 21 April 2010, experts from the International Labour Organization (ILO), the United Nations Office of the High Commissioner for Human Rights (OHCHR) and the International Union of Food, Agricultural, Hotel Restaurant, Catering Tobacco and Allied Workers' Association (IUF), in order to discuss possibilities for progressive political parties to contribute to establishing social protection in the informal economy.

The workshop served to inform Christoph Zöpel, chairman of the Socialist International (SI) Committee for Economic Policy, Labor and Natural Resources who will feed the outcome into the discussion at the SI. Primary

introductory remarks further highlighted the importance of the problem:

Globally, up to 90% of the employer-employee relationships are based upon informal relations; with numbers being particularly high in the developing countries. These informal employments may take up different forms, but all share one characteristic: they are not officially recognized and thus the employees have no possibility to benefit from social protection. The attendants made repeatedly clear that this issue strikes most importantly the weakest segments of society such as women or migrant workers.

In the course of the workshop, different perspectives on the problem were presented; including the legal point of view with regards to labor law as well as human rights, the role of the civil society especially concerning the organization of workers in trade unions, and a gender based approach on social security in the informal economy. Consequently, the respective methods of resolution on hand differed to a considerable degree.

The most controversial topic was the impact of law:

On the one hand, it is almost invisible when it comes to immediate effects. This is due to problems in implementing legislature especially in developing countries that often suffer from weak governments.

On the other hand, the participants pointed out that legal structure is – in the long run – a very important mean for informal workers. In fact, well-established labor law can help informal workers to organize them-selves and to

eventually stand up for their right to social security, as established in the International Covenant on Economic Social and Cultural Rights.

The organization of workers, more specifically the role of trade unions in informal economy, took up the second largest part of discussion. Various participants emphasized the importance of civil society as a substitute for governmental support. It was pointed out that especially in countries that are saddled by corrupt or inefficient policy makers, trade unions might be able to establish "mutual help schemes". These kinds of programs transitionally replace govern-

mental social security schemes and have already been successfully implemented in multiple developing countries. The workshop showed that there are multifaceted approaches to the serious problem of social security in the informal economy; various factors such as for example social infrastructure, growth strategies, gender equality, the access to markets or income opportunities have to be taken into account.

This seminar was part of a series of events that the Geneva office of Friedrich Ebert Stiftung has and will organize regarding the process of implementing social security in the developing world.

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