

Informalising Labour in Asia's Global Factory

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ABSTRACT *This article analyses the way in which informality becomes the common feature of capitalist labour in globalising Asia. As the mobility of capital has developed, different industries and production processes are now neatly interwoven. This transnationally co-ordinated capitalism subjugates almost all of Asia's population to the expanding circuit of capital that builds hierarchical forms of the division of labour for the creation and realisation of profit. In this "global factory," capitalist labour becomes the common basis of living for the people of Asia. At the same time, the global factory gives a particular informal nature to capitalist labour and changes its social form in Asian societies as mobile capital requires flexible and disposable forms of capitalist labour. Throughout Asia, unwaged workers and workers in informal employment are increasing in number. These workers lack legal, institutional and, most of all, union protection. It is urgent for the labour movement in Asia to develop a new organising and solidarity strategy that addresses the comprehensive recomposition of labour.*

KEY WORDS: Global factory, mobile capital, social labour, informalisation of labour, labour movement

This article elaborates the way in which capitalist labour becomes the common substance of daily life for the Asian population and how "informality" becomes the common feature of capitalist labour in both developed and developing countries in Asia. The first part of this article discusses what we call the "global factory" into which the increasing mobility of capital integrates Asia's working population. In this global factory, labour in capitalist relations becomes a common substance to (almost) all the people of Asia as a result of the continuous and global movement of capital. The second part of the article critically reviews the existing debates about the informalisation of capitalist work, which lack an understanding of informalisation as an overarching change in capitalist work in both developed and developing countries. By relating the informalisation of labour to the growing mobility of capital, I will describe how the emerging global factory gives a particular informal nature to capitalist labour and changes its social form in Asian societies. The last part of this article addresses how informality becomes the essence of the restructuring of Asian labour by presenting different pathways to informal labour

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and concrete forms of informalisation. This article concludes that there is an urgent need for the labour movement to develop a new solidarity strategy that accounts for the comprehensive recomposition of global labour and, at the same time, develops differentiated tools for organising according to the particular forms of capitalist informalisation.

Movement of Capital and the Global Factory

Capital Movement and the Emerging Global Factory

By the end of the last century, increasing capital movement had established the “global factory” (De Angelis, 2000). In this global factory, different industries and production processes are connected by so-called global supply chains. The movement of capital not only means the movement of money but also the expansion, recomposition, and reorganisation of the social relation in which labour takes a particular social form (Chang, 2005a). Capital moves internally within the same production cycle by taking different forms, such as constant capital and variable capital, or different products and production methods through technological and organisational innovations. It moves also externally by relocating its production, investing in a new industry, or turning itself into commercial or financial capital, and so on. Indeed, by its very nature, capital is destined to move. This is not because of “external” pressures but because of its own mode of existence: capital is a social relation through which concrete (living) labour is subordinated to abstract (dead) labour (Marx, 1990). On the one hand, subordinating production for social needs to production for profit creates a vicious cycle of over-production and constant competitive pressure and, as a result, the over-accumulation of capital. On the other hand, subordinating the survival of living labour to the sale of abstract labour imposes constant pressure on capital through the increasing social cost of labour. It is the growing social and political power of workers that often challenges a once-innovative way of accumulation either consciously or unconsciously and increases the social cost of labour (Chang, 2005b: 5).¹ To avoid these pressures and keep accumulating, capital needs to move. In this sense, the movement of capital *per se* is nothing new. However, what characterises recent capitalist development is the way in which it moves. The scope, scale and speed of its movement have grown remarkably in the last two decades, shaping capitalist development into a particular form.

As Silver (2003) has pointed out, methods of spatial, technological, production and financial movement of capital have been socially invented through both successful and failed attempts by individual capitals to avoid the increasing social cost of labour and competitive pressures. Individual capitals devised different methods to move and those methods that were successful won a hegemonic status and were adopted, partly or fully, by other individual capitals. Perhaps the first big success story in this process was the minute division of labour and the factory system that led to a tighter control of capital over production and products, and established modern, industrial capitalism (Chang, 2005b: 6). Organisational and technological innovation continued by introducing Taylorist labour by which workers become deskilled (or re-skilled in a particular way) and controlled like machinery in terms of

time and motion of work. Subsequently, so-called Fordist production made human labour become a real form of capital as an appendage to machinery. However, none of these innovations resolved the intrinsic problem of capitalist development. In over a hundred years of capitalist development, the workers' movement developed and challenged newly devised methods of capital movement. Workers repeatedly eroded the basis of capital accumulation by organising collectively within the factory, cross-sectorally, and nationally, as well as inventing new methods to threaten the effectiveness of new ways of capital movement. On the other hand, repeated crises of accumulation revealed the inherent contradiction of capitalist development. In response, capital movement continues to introduce technological and organisational innovation. In particular, since the 1980s, so-called flexible production and flexible labour have eroded the social and material basis of the traditional working class, wherever it has existed (Munck, 1999). The "Toyota system" and its derivations spread in the attempt to integrate the hearts and minds of workers, once regarded as useless for capital accumulation, into the innovative process of capital.²

Indeed, this innovation divides labour into core and periphery. Management can compensate manual workers' "mental" labour at the core by squeezing workers on the supply chain who perform "physical" labour with little compensation for long hours of work. By these innovations, traditional barriers against technological and organisational capital movement (even those once established to promote stable capital accumulation, such as a "social contract" with trade unions) have disappeared since the 1980s in the heartlands of industrialisation.

Such organisational and technological innovations made the spatial movement of capital easier by standardising and fragmenting labour and the labour process, promoting geographical movements of capital within and beyond countries. Capital's desperate need to avoid constant pressure from competition and the increasing social cost of labour makes capital constantly search for better markets and more profitable business places through spatial movement. Movement on a global scale began to develop in the early days of capitalism through investment between countries and, in relation to developing countries, colonialist modernisation. Against the backdrop of this modernisation, industrialised countries extracted raw materials from Asia, Africa and the Americas. As international trade and investment grew, more and more corporations realised that it was unnecessary to stick to a national workforce for capital accumulation. Outsourcing became an increasingly feasible choice for individual capitals. Subsequently, a large-scale flow of international investment and a new international division of labour emerged, in which capital from one country and labour elsewhere are connected either by commercial trade relations or foreign direct investment. Finally, the globalisation of manufacturing and finance has become a major trend among individual capitals since the 1980s. In the global movement of capital, the major actors are transnational corporations (TNCs). As was the case in the technological and organisational movements of capital, state or trade union barriers against such a movement were accused of being counter-productive by TNCs and international financial organisations, such as the World Bank and the International Monetary Fund. A basic tenet of the increasing spatial mobility of capital is the removal of all "unnecessary" barriers to capital movement in pursuit of better profitability. Trade and investment have been increasingly deregulated, tariffs cut and the market opened

wide. The corollary of these trends is an emerging “global factory” (De Angelis, 2000) where capital moves in and beyond firms and sectors more freely than ever before.

Labour in the Global Factory

A snapshot of labour conditions in Asia’s global factory does not (yet) give a hopeful picture. Capital rapidly absorbs human lives in underdeveloped and developing Asian countries by, often forcibly, integrating them into global market relations. For example, the unprecedented scale and speed of China’s privatisation of state-owned enterprises has produced millions of jobless people without social protection (see Chang and Wong, 2005). Meanwhile, foreign direct investment targets the cheaper social cost of labour in China to make China the “world’s factory” where millions of young, unorganised employees work for TNCs. In almost all Asian countries, measures that protect workers from occupational diseases and accidents remain a low priority compared with profit maximisation (Pandita and Shepherd, 2005). While the number of formally employed workers enjoying occupational safety and health rights is decreasing, hazardous industries and products can go wherever low price is the only concern. Individual organising attempts in mobile TNCs often end in bitter failure because of the threat of, or frequently actual, relocation of production. Regulation over labour practices and markets, either based on state intervention or the power of trade unions, is regarded as an anachronistic policy now under severe and constant attack in every Asian country.

The first implication of the emerging global factory is that it makes labour a common substance not only for industrial workers in factories (as factory labour), but also increasingly for all human lives in Asia (as socialised labour).³ As capital moves into other spaces, times and aspects of our social life, it commodifies the conditions of human life and the entire society into a commodity-producing and -consuming sphere. Contrary to some commentators’ premature declaration of the end of capitalist work, “the traditional locus of exploitation between capital and labour in the workplace has not been transcended, but expanded” (Dyer-Witthford, 2002: 8).

In developed countries in Asia, such as Japan, Korea and Taiwan, “tertiary” labour continuously expands, representing the fast-growing service sector. Formerly non-profit-making or so-called “unproductive” labour, such as caring and healing, became a new domain of business. Work involving these activities is waged while industries considered as “public” are increasingly privatised. The distinction between productive and unproductive (or reproductive) labour (largely of women) has been destroyed by the neatly woven relations between them. Meanwhile, massive populations in developing countries, originally mainly involved in self-subsistent activities, have become wage labourers, partially or completely. Integrating people into the global factory is indeed a coercive process, aimed at annihilating all elements of non-capitalist social relations. Its logic dictates that each aspect of human life should not be organised through non-market mechanisms. This integration does not exempt peasants and farmers whose livelihoods are partially subject to the rule of the market. The final moment of enclosure tries to deprive the people of the “common” and the “public.” This also accompanies the industrialisation of agriculture

(or replacement of farming with agricultural trade) that marginalises small farming in developing countries in Asia. As capitalist labour expands with increasing internal and external mobility of capital, labour everywhere becomes the common substance as “social labour.”⁴ While labour becomes the common substance of the Asian (and elsewhere) population, it obtains a particular characteristic; it becomes *commonly informal* (or formless). This is the second implication of the global factory, which organises labour into a particular social form. For the global factory, it is no longer necessary for capital to rely on regular, protected and formal jobs for accumulation.

The Informalisation of Labour in the Global Factory

Debates on Informalisation

One of the most obvious trends in the global factory has been the increasingly informal or formless characteristic of capitalist labour.⁵ However, the importance of this has been recognised only partially. Attention to non-traditional forms of capitalist work is a relatively recent phenomenon. The growth of the so-called informal sector or informal economy in developing countries provoked discussions about non-traditional or informal capitalist work. On the other hand, the increasing number of non-traditional irregular jobs and eroding labour protection as a result of flexibilisation in developed countries caused concerns about non-traditional capitalist work.

Discussion about “informal work” has been championed by the International Labour Organisation (ILO), which focused first on labour conditions in particular economic sectors that were outside formal regulation and control in developing countries, particularly in Africa. In the heyday of so-called formal labour, with supposedly stable, secure and clear employment relations in the West, a large working population in unregistered and unregulated sectors was interesting enough to attract many observers who then identified it merely as a by-product of underdevelopment. However, as many pointed out (Castells and Portes, 1989; Munck, 2002: 112-3), the informal sector argument was based on an imaginary boundary between the formal and informal sector and, therefore, could not offer an explanation for the cross-sectoral penetration and expansion of the informality of labour. Informalisation theorists criticised this dichotomous approach. They “recognise that informalisation is a critical component in capitalist globalisation today, particularly but not exclusively in the global South” and rightly highlight informalisation as “a tendency accentuated by globalisation for work and workers to become informalised” (Munck, 2002: 112, 115).

Contrary to many expectations that growing national wealth or poverty reduction could resolve the problem of the growing informal sector in developing countries, the bigger the economy grew, the bigger became the population that came to work informally. Many labour observers, after heated debates, admitted that “flexible specialisation” was creating disposable workers in both developed and developing countries, rather than presenting a dynamic of advanced capitalist development. Informality seemed no longer to be constrained to unfortunate workers in less developed countries, but expanded to the workers in the formally established

economies in developed and developing countries. Perhaps, one of the most important blows to the concept that informal labour was a temporary by-product of underdevelopment in the South was the erosion of the public sector, which represented protected jobs, in the world-wide privatisation of state-owned enterprises.

Finally, the “informal sector” was proved to be an inadequate, if not misleading, term to reflect what were actually dynamic, heterogeneous and complex aspects of the change. Informal labour was not, in fact, a “sectoral” problem in the sense of a specific industry group or economic activity. Consequently, the term “informal economy” has come to be used widely instead to encompass the expanding and increasingly diverse group of workers and enterprises in both rural and urban areas operating informally (ILO, 2002: 2). Perhaps because of this undeniable evidence, the ILO has recently recognised the permanent nature of informal work and its cross-sectoral and international existence.

It seemed that the “informal economy” approach could largely resolve the problem relating to sectoral dualism, admitting there are informally run economic activities in the predominantly formal sector. For instance, the automobile industry, recognised largely as being a part of the formal sector, has informally run businesses along its supply chain. Likewise, the garment industry in the most developed countries, which is predominantly formal, can have an informal economy, such as sweatshops employing illegal migrant workers. These workers in both informal and formal sectors “share one important characteristic: they are not recognised or protected under legal and regulatory frameworks” and suffer from “a high degree of vulnerability” (ILO, 2002: 3). Now, for the ILO, informal labour includes not only own-account (self-employed) workers, contributing family workers and employees in informal enterprises, but also family workers and employees in formal enterprises (ILO, 2002: 121-9). According to the ILO (2002: 124):

Employees are considered to have informal jobs if their employment relationship is not subject to standard labour legislation, taxation, social protection or entitlement to certain employment benefits (e.g. advance notice of dismissal, severance pay, paid annual or sick leave, etc.). Reasons may include the following: the employee or the job is undeclared; the job is casual or of a short duration; the hours of work or wages are below a certain threshold; the employer is an unregistered enterprise or a person in a household; or the employee’s place of work is outside of premises of the employer’s or customer’s enterprise.

As Chen (2003) pointed out, this move by the ILO from “informal sector” to “informal economy” shows that it rightly changed focus from the characteristic of enterprises to the nature of employment. As the concept focuses on “informal employment,” it now incorporates “all forms of informal employment,” such as “employment without secure contracts, workers’ benefits, or social protection, both inside and outside informal enterprises” (Chen, 2003: 4).

Nevertheless, the “informal economy” analysis could not fully overcome the dichotomous approach to informal work. Informal work here still appears to be a peculiar phenomenon in a particular “realm of economy,” rather than a process in

which the social form of labour has been generally reshaped – an “object” rather than a “process” (Castells and Portes, 1989: 11). Despite the recognition that the informal economy is an intrinsic part of globalisation, even in the “informalisation” theory, informal work appears to be something that exists outside the regulated formal economy, mostly in developing countries. Therefore, informal work in the industrialised countries is described as the misfortune of the “working poor” (Munck, 2002), the inevitable choice of “disadvantaged producers” (Chen, 2003: 3) or, in its worst form, the extraordinarily greedy practices of sweatshop owners or users of home workers (ILO, 2002: 2, 4, 25), rather than a forceful form-changing process imposed by the global factory. In this way, informal work discussions are neither really addressing nor challenging the significantly growing informality of work in a “formal economy” and “within” the regulatory framework of the state and law that is itself moving toward informal work by taking advantage of the decreasing social power of the labour movement.

The Labour Movement, Socialised Capitalist Labour and Informalisation

The most important missing part from the existing theories of informal labour that try to define informal labour from legal or institutional perspective is the power relation in which informalisation is actually constituted. To draw on the already quoted words of the ILO (2002: 124), the underlying reason that “their employment relationship is not subject to standard labour legislation, taxation, social protection, or entitlement to certain employment benefits” is not the absence of a regulatory framework. Rather it is because of the unwillingness of the employers and the incapacity of the labour movement to protect workers. If power relations are missing, one can be blind to *in-fact* informal labour, which is within the regulatory framework though not really protected by the regulatory system. Once the constitution of informal work is identified with power relations between capital and labour, clearly informal labour is not something existing where a regulatory framework is not established. Rather, informalisation is a process that imposes a common social form on labouring activities in both developing and developed countries.

To understand the changing social form of capitalist work under the global factory, especially its implications for the labour movement, it is useful to look into the historical formation of formal capitalist labour. At the beginning of capitalist development, capitalist work existed in various forms, which we now might call “informal” or “irregular,” such as seasonal manufacturing or agricultural jobs, work at family-run businesses, and so on. For most people, making a living relied predominantly on self-subsistence labour and only partially on commodity-producing labour. Only when large-scale manufacturing emerged did capital begin to organise work into “factory labour” – industrial workers who were largely concentrated in manufacturing. It was only when industrial workers organised the labour movement that the concept of a “standard” form of capitalist work emerged. Most of the elements of the formal form of capitalist work, such as “regular hours and pay, the provision of a designed workplace, with pensions and sick pay arrangements and often the opportunity to join a trade union” (Bradley et al., 2000: 52), have surfaced since then. Afterwards, formal employment became a

dominant form of capitalist work, at least in industrialised countries. Furthermore, it was the particular historical arrangement of “factory labour” that created all the terminology of industrial relations, such as collective bargaining and agreement, workers’ council, and tripartite committee. Certainly, it was a great achievement of the labour movement; trade unions in particular protected workers by institutional regulations that were, more importantly, backed by the solidarity-based power of industrial trade unions.

Even then, for capital, regular, formal and protected capitalist work was not at all a healthy form of capitalist work (see Castells and Portes, 1989: 13). Although “formal employment” has become *the* definition of capitalist work, the standard form of capitalist work is confined to industrial workers in a few now-developed countries and certain industrial sectors, while various forms of informal employment and unwaged work survived. Since the traditional trade union movement achieved a protected and secured standard form of capitalist labour in industrialised countries, the labour movement has concentrated mainly, if not exclusively, on securing “industrial” workers’ interests by taking only “factory labour” as “normal” capitalist labour. The labour movement often turned its back on non-core members of capitalist economy, such as migrants and women, and left them in the realm of the informal area; as a veteran trade unionist recalls:

... in the context of growth of the informal economy, the narrowing down of the trade union agenda has led to bad surprises. Massive membership losses, particularly in the leading industrialised countries, were not anticipated because of concentrating on servicing the core membership, which is now rapidly shrinking, rather than remaining sensitive to developments in society as a whole, including changes in the working class itself (Gallin, 2002: 24).

Indeed, hardly any form of powerful solidarity from trade unions in developed countries protected the interests of workers in developing countries. In the meantime, capital moved beyond protected “factory labour,” utilising the forgotten members of the working class – rather than the traditional industrial workers – in both developed and developing countries. Capitalist work was no longer constrained within the factory boundary, but expanded to society globally as truly “social labour.” This was a significant moment in the failure of the labour movement.

One of the critical problems of the informal work discussion is that it is still not free from the idea that industrial workers with the factory form of labour are *the* normal form and other workers doing non-factory forms of labour are somewhat “abnormal.” Social labour (which is informalising) is taken not as today’s dominant form of capitalist labour but merely as something to be normalised, while the concept of the normal is constantly being undermined by the informalisation of the formal even in industrial heartlands. Therefore, the informal economy argument, rather than calling for a new strategy for the labour movement on the basis of newly recomposed labour, at best recalls the memories of the good old days of the welfare state, something that old trade unions want to believe is still “normal,” the basis of which, however, was a particular context of the post-world war boom in the West (and partially Japan) and is rapidly eroding.

Figure 1 summarises the transition of capitalist labour in the global factory. Capitalist labour is taking a form different from factory labour. It has been truly socialised and now incorporates formal and informal labour; the distinction between formal and informal labour, however, is becoming increasingly blurred. In addition, the portion of informal capitalist labour increases as “informalisation of the formal economy” develops and in-fact informal labour within the formal regulatory framework increases. The equation between industrial workers and formal work is destroyed. In addition, the distinction between self-subsistence non-capitalist labour and capitalist labour is also getting vague as more and more self-subsistence activities are forced into extinction. This shows that capitalist labour becomes a common substance for all the working population through the transition from factory labour to social labour. At the same time it is given an informal nature through informalisation, through which labour has been recaptured by the emerging global factory. In this transition, everybody is required to work for the global factory directly or indirectly. All labourers need to maximise their contributions and exist as an ideal type of individual source of revenue, a mere factor of production within and outside the existing regulatory framework. It is in this sense that informal labour is neither something additional to formal labour nor compensating for “factory labour.” It is a common form of social labour that is becoming the dominant form of capitalist labour in the global factory.

Informalisation and its Forms in Asia

Pathways to Informal Work

Informalisation takes different pathways largely because of uneven capitalist development between regions and countries. However, in most cases, those different pathways to informalisation are interconnected. Informalisation is most explicit in sector A (Table 1) rather than in sector B (Table 1). That is why most observers “discovered” the former first. Again, in-fact informal labour in the informalising formal sector (C in Table 1) is less readily visible as it is increasing “within” the

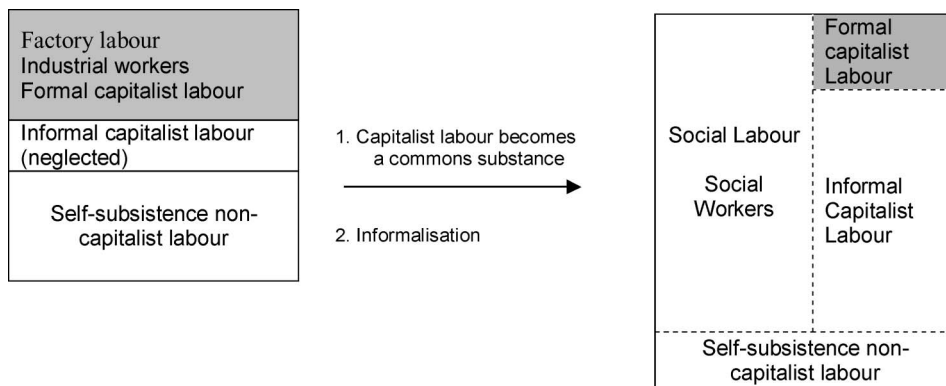


Figure 1. Labour in the global factory

Table 1. Pathways to informalisation

A. Informal sector growth

Informal self-employed (street vendors, home workers, teleworkers, garbage pickers, shoe shiners, non-self subsistence small-scale farmers, artisans), informal employees (family business workers, domestic workers, landless agricultural workers), migrant workers.

B. Informal labour in the formal sector: labour leaving the regulatory framework

Contracted workers (inc. daily workers), agency or dispatched workers, task-based casual workers, formal self-employed, disguised formal self-employed, migrant workers.

C. In-fact informal labour: formal workers in informalising (or informalised) formal economy, workers who have no power to access legal and institutional regulation and to achieve the standards to which they are entitled

Contracted workers, agency workers, part-timers, migrant workers, workers in export processing zones (EPZ), workers in developing countries with no or few democratic trade unions.

existing regulatory framework rather than by informal labour leaving the regulatory framework. The growing informal sector is more obvious, particularly – but not exclusively – in poorer developing countries, while informal labour in the formal sector is more apparent, especially – but again not exclusively – in relatively more developed countries. The in-fact informal labour within the regulatory framework is prevalent both in developing and developed countries.

In-fact informal labour here is growing fast. However, the scale of it has been underestimated. This is because this portion of informal workers can be identified only as far as they go out of the framework of labour regulation. Contract workers, agency workers and part-timers are good examples of these in-fact informal workers. Many of them are subject to the regulatory framework in many countries, but the nature of their employment and high mobility of the workforce make them in-fact informal workers by excluding them from solidarity-based protection of the labour movement. Indeed, despite being protected by laws on labour standards, those workers face numerous hidden barriers to organising. The largest working population in this informalising formal economy may be found in developing countries where even formal-regular workers lack solidarity-based protection for job security. China is a good example of producing massive scale in-fact informal workers. Particular institutional arrangements, such as export processing zones, or the complete absence of independent democratic trade unions, increase such forms of employment. It is also the case of migrant workers in the formal sector. They are rarely protected by unions and therefore cannot claim the labour rights that are, in fact, enshrined in law.

The Informal Sector

The lack of institutionalised labour protection, economic expansion without a balanced distribution of wealth and, most of all, the forced integration of the

population into capitalist social relations – which involves massive rural-urban migration – produces an increasing “informal sector.” Here, workers are fully open to market despotism and bullying by public authorities without institutional protection either from unions or the state. This form of informalisation involves an increasing number of (often disguised) self-employed (or own-account) workers, including home workers, teleworkers, street vendors, and other street service providers, such as garbage pickers and shoe shiners. Also included are non-self-subsistence small-scale farmers and artisans as well as workers in family businesses, domestic workers employed by households, and landless agricultural workers. The scale of this informalisation is largely, although not precisely, captured by the statistics of informal sector or small-scale industries. In India, the size of informal sector employment is reported to exceed 90% of all non-agricultural employment (John, 2005). In Indonesia, more than 70% of the workforce is reported to work in the informal sector (Sedane Labor Information Centre, 2004).

However, not only rural-urban migration contributes to this increasing informal sector; many laid-off workers, once employed in the formal economy, dwell in urban areas in search of survival-level jobs and often cannot return to formal employment. This is because the number of formal employees is either stagnating or decreasing, while the number of the economically active population is increasing. Those workers end up with “invented” jobs, self-employment, family businesses or other informal sector jobs. In China, where there were massive lay-offs in the process of downsizing the state-owned enterprises (SOEs), most of the downsizing was done through a state-led project to lay-off so-called surplus workers in SOEs, officially named *xiagang* in 1997 (Zhang, 2003). In theory, *xiagang* workers are still employed by their previous employers, paid basic and medical allowances, and offered three years of recruitment training in state training centres. *Xiagang* status lasts for three years and workers who cannot find work within that time become officially unemployed. According to the official statistics, there were 6.2 million workers with this status at the end of 2002, down from 7.4 million in 2001. However, according to official statistics, only 37.6% of the decrease was due to re-employment (National Bureau of Statistics, 2003). By the end of 2002, there were 27 million SOE workers sacked through the *xiagang* project (Zhang, 2003). Contrary to the theory, many *xiagang* workers do not enjoy protection, as the SOEs often ignore their entitlement, while local government, which is supposed to share the costs, has no budget for them. The result was that the informal sector, both in rural and urban areas, absorbed many of these laid-off SOE workers. This integration of laid-off workers into the informal sector also happened on a massive scale in Southeast and East Asian countries in the aftermath of the Asian economic crisis in 1997 and 1998. For instance, the portion of formal jobs to total employment in Indonesia decreased from 36% in 1999 to 32% in 2002 (Sedane Labor Information Centre, 2004: 11). This trend continued as the Indonesian economy's recovery was sluggish following the crisis. Work opportunities in both rural and urban formal sectors kept shrinking, decreasing from 29,367,878 in 2001 to 27,836,019 in 2002, and to 26,536,945 in 2003 (Sedane Labor Information Centre, 2004: 11). Most of those who lost jobs in the formal sector and new entrants to the job market are believed to have found alternative work in the informal sector. In Korea, according to the National Statistics Information Service, the number of self-employed increased from 4,105,000 in 1996 to 4,413,000 in 2003.

In other words, there was 7.5% growth in this sector following the crisis, in comparison to a mere 3.5% increase between 1989 and 1996 (Korean Statistics Information Service 2008).

Self-employment in the Formal Sector

The increase in self-employment in Korea shows the second pathway (labour leaving the regulated labour framework) to informal work in Asian countries where formal industries are more or less established. Many functions and services previously handled directly by corporations have been transferred to the self-employed. However, this does not mean that corporations lose control over those functions and services. This rather means that the corporations are controlling labour not through employment relations but through commercial relations. In Korea this form of employment is called “special employment.” Except for a few high-income freelancers, such as consultants or translators, most of the workers involved are in very small businesses. In many cases, the self-employed have certain employment relations that are subjected to managerial authority in areas such as their workload, hours and codes of conduct. However, people in these forms of employment have been regarded largely as not officially being workers since the firms introduced freelance-like employment contracts in the early 1990s. By contracting “non-workers,” employers are able to bypass regulation by labour laws that maintain labour standards. In Korea, the private tutoring industry, which employs about 100,000 teachers tutoring more than six million students by visiting their homes, is the biggest in this sector. Also, golf caddies, ready mixed concrete and other construction-related truck drivers, and delivery service providers are not legally recognised as workers but as self-employed (Han, 2002).

Contractualisation

In the manufacturing sector of most Asian countries, increasing informalisation develops through contractualisation and agency work (also known as dispatched work or outsourced work). Although these forms of informalisation do not remove formal employment relations as completely as self-employment does (and is, therefore, not as clearly informal as is the case for self-employment), they increase the number of informal workers in the formal sector by making the employment relation unstable and often indirect.

Contractualisation replaces permanent workers with the increasing number of short-term contract workers. Contract workers can be either employed directly by user companies or by the agencies that then dispatch the workers to the user companies. The latter case overlaps with dispatched (or outsourced) work. Although workers are employed on short-term contracts, a contracted employee can end up working for the same employer for a number of years. This use of this form of employment is meant to primarily prevent wage increases as service years grow. In many cases, whenever a worker renews a contract, he or she is considered to be a new worker. In addition, short-term employment allows employers to adjust their workforce according to a production scale that varies from high to low seasons. In India, thousands of highly skilled engineers are employed by well-known

multinational companies on a monthly basis (Pandita, 2004). In Thailand, contractualisation accelerated when the labour law was revised in 1998 to allow contracted workers. Since then, a growing employment strategy is to dismiss full-time permanent workers or stop employing regular workers and fill the vacancies either by re-employing the sacked workers or employing new workers as contract workers (Asia Monitor Resource Centre (AMRC), 2006a). In China, laying-off workers through the *xiagang* system has been used, not just to cut off “surplus labour,” but to change the nature of employment relations by sacking permanent workers and employing non-permanent workers. Many firms, therefore, employ migrant workers from other provinces after laying-off local permanent workers (Chang and Wong, 2005). By doing so, they are able to cut indirect expenses, such as benefits and allowances, for resident workers. In Batam, one of the centres of Indonesia's electronics industry, it is known that temporary workers account for about 80% of the whole workforce (AMRC, 2006a). There are also other ways of employing contract workers. In the Philippines, employers tend to set up different layers of job status that involve a year of training, another two years as apprentice, and then “promotion” to one- or two-year contract workers. Short-term contracted workers are, in fact, outside the regulatory framework. In the Philippines, workers with employment contracts shorter than a year cannot exercise freedom of association. Protective measures that ban companies from using temporary workers for more than six months create even more precarious conditions for the workers as employers recruit workers on a six-month basis. When workers are recruited again, they are often regarded as new workers (AMRC, 2006a).

Probably the worst but not the newest form of contract work is in the construction industry, where the workforce accounts for 5-10% of the total industrial workforce in Asian countries. It is estimated that more than 95% of Asian construction workers are hired on a short-term and project basis, with contracts that automatically terminate as each project ends. Only a small portion of the workforce, such as engineers and supervisors, enjoy formal employment. Others, who call themselves “guerrilla workers” (Guang, 2005), organise an informal team of 5-20 workers with the skills needed for a particular construction process. Led by a team leader chasing sub-contract opportunities from major or higher level sub-contractors, those workers, usually living in the same area or from the same home town, are always mobile in search of short-term jobs. It is not unusual for them to get no contract for months during economic downturns. At the bottom of sub-contract chains, largely for unskilled labour, are daily hired workers, who suffer serious occupational safety and health problems and often receive wages in arrears. This is the case even in the worksites of big transnational contractors, who are keen on “localising” their labour practices by utilising locally grown multiple sub-contracting chains.

Agency or Dispatched Workers

Often, contractualisation involves increasing agency work since almost all agency workers are on short-term contracts. However, not all contract workers are employed through agents. Firms increasingly exploit indirect forms of employment by affiliating to small sub-contract firms, which are in fact recruitment agencies.

Their survival is entirely subject to yearly or monthly contracts with the user companies. Local government and labour ministry offices are also often involved in managing labour agents. In Thailand, it is known that government officials, labour ministry officers, and military and police officers actually own labour dispatching agencies (AMRC, 2006b). The spread of agency work is no longer confined to labour-intensive industries. Even Toyota, one of the most cutting-edge of automobile firms, employs agency workers; agency and other forms of contract workers now account for about 50% of its Thai subsidiary workforce (Kaneko, 2006: 209). Often, large-scale enterprises, such as Samsung in Thailand and Hyundai Motors in Korea, establish sub-contract firms and work agencies (Arnold, 2006; Chang, 2002). In recent years, Hyundai Motors gradually increased the number of agency workers on the same production lines as permanent workers. As of 2004, there are reports of more than 10,000 workers, dispatched from more than a hundred work agents (disguised as sub-contractors), working in Hyundai's production lines (*Daily Labor News*, Maeilnodong News, 19 December 2004).

The electronics industry shows the same trend in regional patterns of production, both in the core and peripheral countries of the industry. In Taiwan, electronics manufacturers increasingly use agency workers, who were formerly permanent workers and took early retirement as recommended by the employers who then hire them back without the benefits of permanent workers (Nichols and Çam, 2003: 24). A major Korean electronics firm, where more than 50% of the workforce was replaced with agency workers between 1996 and 2002, shows it is becoming a trend in the electronics industry in Korea as well (Nichols and Çam, 2003). Electronics firms in Thailand and the Philippines are now just as aggressive as firms in Taiwan and Korea in employing agency workers (AMRC, 2006b). By making employment relations more indirect and untraceable, management can escape their legal obligations as direct employers and, therefore, can adjust the number of workers easily. A more explicit cost-cutting effect of employing dispatched workers is found in the cases of occupational diseases and accident cases in which the responsibility for compensation lies with the agencies rather than the user – the real employers. Also, by putting regular and dispatched workers on the same production line, management intensifies competition between them and tame organised regular workers.

Outsourcing particular labour processes and services also contributes to the changing employment structure. Assemblers, particularly in the automobile industry, give out components production to small- and medium-sized external sub-contractors. These firms rely heavily on cheap daily and temporary workers. Therefore, the number of permanent jobs at the core of the industry is also likely to decrease. Indeed, cleaning and catering are the most commonly outsourced services to recruitment agencies, prevalent in both service and manufacturing sectors.

Migrant Workers

Another major group of informal workers, often completely neglected even by union statistics, is migrant workers, whose employment contracts are apparently irreversibly temporary in all Asian countries. They form a large part of workforces in the informal sector, such as fishing, domestic work, and unregistered micro-enterprises. Even in places where they are protected by labour law, the migrant

workers' right to stay in host countries is often attached to particular employers. Hence, migrant workers cannot change workplaces. Taking advantage of this, employers hire them with wages well below minimum standards and often abuse workers' rights, in some case with extreme violence and terrible outcomes. If these workers move to another workplace, seeking better wages and more humane treatment, they automatically become illegal workers. As a living reflection of the slave-like labour contract system, there are increasing numbers of unregistered migrant workers in Asia. As disposable workers in the most labour-intensive sectors, such as construction, fishing, and garments and textiles, they have no or very few rights to protect themselves and must tolerate being placed at the very bottom of the pile of informal workers. Adding them to the number of informal workers, the proportion of informal workers in total workforces in many Asian countries is much higher than most data suggest.

Formal Workers in the Formal Economy: are they Formal Labour?

Many so-called atypical workers, such as part-timers and temporary contract workers, are not informal in the legal sense. For example, Japan's part-timers and temporary workers are not legally informal. Japan's myth of traditional lifetime employment is breaking down quickly. Between 1992 and 2001, the number of fixed-term employees doubled from 910,000 to about two million, while that of workers dispatched from manpower agencies tripled from 503,000 to 1.45 million (Hanami, 2004: 9). Together with the growing number of part-timers, more than 13 million informal workers now account for 26% of all employees (Hanami, 2004). Most of them have fringe benefits and are protected by labour law, and so are not officially informal. However, barely any of them are under solidarity-based protection so that they are vulnerable to labour market fluctuations. It is questionable whether they may be considered as formal as the permanent-full timers in the same workplace. In Thailand, trade unions need to organise more than 20% of the whole workforce to represent workers in developing collective bargaining agreements. Given the mobility of contract or agency workers, it is extremely difficult for unions to organise them. Therefore, contract workers remain unorganised and not protected by collective bargaining agreements. In the Philippines, the situation is even worse since unions have to go through a union certification election, where more than 50% of the workforce needs to recognise the union as their representative (Quintos, 2003). Effectively, proliferation of informal labour in the formal sector makes it difficult even for permanent full-time workers to be organised.

It is also highly questionable whether hundreds of millions of Chinese workers are "formal." While SOEs lay-off permanent workers, private sector workers seem to have no job protection, remaining vulnerable to unilateral decisions by management in terms of lay-off. It is also the case in countries, such as Cambodia, where a regulated labour market in fact never existed. Millions of migrant workers in Japan, Korea, Taiwan, Singapore, Hong Kong, Thailand and Malaysia are also excluded almost completely from solidarity protection although they are often working in the formal economy. Worse still, informalisation often takes place in a matter of a day. A growing number of workers who are left behind by "run-away companies," in fact, worked within the regulatory framework of the formal economy. Yet what

protected them? How can we call them “formal” workers when there is no solidarity action taken or pressure mobilised for workers laid-off unilaterally by the management without any compensation?

In most Asian countries, the role of government has been transformed from regulator to deregulator. Now government is a driving force of deregulation either lacking intention to regulate or aggressively deregulating labour by removing existing institutional forms of worker protection. Therefore, it is not only informalisation within the given regulatory framework but also changes in the regulatory framework that increase in-fact informal workers. In late 2006, governments in Indonesia and Korea were pushing aggressively forward with further deregulation through the use of dispatched workers, while in China there was discussion about whether the government should openly allow dispatched work with it already being a widespread practice throughout the country. Many so-called Chinese labour experts are promoting dispatched labour as the way forward. Worse, workers themselves often try to reduce solidarity-based protection as informal workers are considered as a threat by formal workers. In Korea, the increasing conflicts between formal and informal workers have become one of the most difficult barriers for informal workers to become unionised. Lack of protection for informal workers ultimately means that labour forces are individualised in relation to capital. Employment relations are literally individual relations between individual employers and individual employees without intervention by the state or collective union.

Conclusion

When capital moves, it involves changes in social relations as well as labour captured in the social relations. These new sets of social relations turn employees into the unemployed, family members of the unemployed into employees, farmers into factory workers, housewives into women workers, pupils into migrant workers, communities into ruins, and the commons into private properties.

The current movement of capital is making the whole of society into a factory and capitalist labour is transforming from labour in factories to be more socialised labour. More than ever before, capitalist labour becomes *the* common substance in the livelihood of the population in Asia and elsewhere. This means not only a quantitative expansion of capitalist labour, but labour is given a particular nature as well. *It becomes commonly informal*. What should be highlighted is that the boundary between formal and informal, or regular and irregular labour, is being blurred as informalisation develops as an overarching process. The informal nature of work is, therefore, neither a problem of certain groups of workers in specific sectors, nor that of developing countries alone. The other important aspect is that informalisation takes diversified forms on the basis of differentiated development pathways of the capitalist economy. Therefore, in developing countries, informalisation appears in the form of violent integration of the working population into an ever-growing informal “sector” or sheer union-busting by less advanced individual capitals and the state. Informalisation takes a more subtle form in developed countries, silently undermining established labour rights with complicated human resource management.

These circumstances imply an urgent need for the labour movement to develop a new solidarity strategy against the comprehensive recomposition of global labour

and, at the same time, differentiated tools of organising labour according to particular forms of informalisation predominant in certain economic or industrial sectors and countries. Workers' responses against the informalisation of capitalist labour are already visible, taking forms of either associations of informal labourers or struggles against eroding institutional rights of regular work. Informalisation is a great challenge to the existing form of the labour movement. However, at the same time, it offers the labour movement a great opportunity to rethink and regroup the movement of labour. As capitalist labour expanded, so did the contradiction of capitalist labour. The contradiction is no longer confined in the factory, but expanded to society. As far as the labour movement is trying (in vain) to stick to what is seemingly "normal" labour, its strategy cannot but be passive and organising informalised labour can only be additional work for the labour movement. The labour movement is required not to be the movement of industrial workers but to be "many different movements" of social workers (which includes workers in the factory) by moving away from "workplace unionism" and taking a social-labour approach that can incorporate the expanded contradiction of capitalist labour, challenging the global factory itself.

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Notes

- ¹ Increase in the social cost of labour can be caused by an increase in wages, increase in indirect labour costs, such as taxation for welfare cost, and the increasing cost of exploitation that increases investment cost, which fails to accompany proportionately the increasing rate of exploitation (increasing organic composition of capital in Marx's term); in other words, costly investment without making workers work harder or faster. In the last case, as the facility cost per unit of labour increases, the rate of profit tends to decrease. That is, the exploitation of labour becomes more expensive (Holloway, 1995: 24-5).
- ² The "Toyota system" is a production, supply chain and management system developed by the Japanese car maker Toyota. It is known for its pursuit of slimmer workforces through effective component supply flow with the Just-In-Time system, and workers' participation for continuous innovation in the work process.
- ³ Inspired by the concept of "social workers," created by Italian labour advocates and, in particular, as used by Hardt and Negri (1994), we use the concept of "social labour" to describe the contemporary condition under which the whole of society is permeated with the rule of value-producing capitalist labour. However, here "social labour" emphasises the aspect of labour being a dominant form of social "tie" between people inside and outside the factory, rather than of labour being "immaterial." While "factory labour" describes the partial domination of capital over social relations through the imposition of capitalist labour in the immediate labour process, social labour refers to the more comprehensive and global domination of capital over social relations at the level of society. The global factory is expressing "time and space" in which social labour exists as the dominant form of social inter-connection.
- ⁴ Although capitalist labour becomes the common substance to the livelihood of people, this development does not come with a monolithic response from the working class. On the contrary, divisions within working people tend to develop even further on the basis of stark uneven development between industries and countries as well between core and peripheral workforces. Along the line of the division, the emergence of the contradiction of socialised capitalist labour takes different forms that can be individual, collective, class-conscious or non-class-conscious. In short, socialised capitalist labour does not automatically create a material basis for a united response from the workers.

⁵ The informal form of “employment” here refers to the wide range of people whose working relation is based on direct and indirect “wage relations.” This informal “employment,” however does not cover the “unwaged” form of capitalist work, such as many forms of self-employment. Normally, self-employed are related to employers or corporation service users through commercial, not wage, relations, even if they work for corporations. Although their relations with employers are vague and untraceable and sometimes practically *do not exist*, they are still doing capitalist work, for their work functions to reproduce capital (by reproducing the labour power of others, contributing to produced value, etc.). It is also obvious that the reproduction of their labour is subjected not to the concrete achievement of their work but to the “amount” of money s/he earns. In many cases, they have no means of production and cannot afford employees. Furthermore, many of these workers are getting in and out of employment relations and stay unemployed in between. Many self-employed are as vulnerable as informal employees in that they enjoy no social protection, such as social insurance, let alone union protection.

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