What is New in Planning?

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Abstract
Organized labour, once considered to be a key component of democratically managed political systems, was dismissed as a hindrance to economic and political modernization in the neo-liberal economy. As the size and influence of organized formal sector labour diminishes, this paper examines how unionization as an institutional form of labour organization is gaining popularity among informal workers in newly industrializing nations. Counteracting the impression that this unionization is outdated; the paper looks at this return of unionization and its significance for planners and concludes that this trend calls for more, not less planning, albeit of a different kind than used earlier for state-led industrialization.

Introduction
The theme of this special issue ‘What is left of planning?’ is a question that emerged, along with a set of related questions, in the 1980s as neo-liberalism spread across the world and socialism crumbled in the former Soviet Union and its satellite nations. While the Berlin Wall was dismantled and communist countries turned to ‘transitional economies’, Francis Fukuyama proclaimed ‘the end of history’ in the triumph of capitalism and democracy (Fukuyama, 1989). The global sweep of neo-liberalism also brought the defeat of state-led planning and bureaucratically managed economies.

Along with the discrediting of government and planning, some forms of sociopolitical organization also were dismissed as barriers to the new order. For example, centrally organized political parties, nationally protected large businesses, and formal labour unions were viewed as hindrances to political and economic modernization (Apter, 1987). This was in sharp contrast to how such organizations had been regarded in the past, particularly in the newly industrializing nations that were decolonized after World War II, where they had been considered vitally important to modernization. Organized labour, in particular, had been viewed as a key component of democratically managed political systems (Weiner & Huntington, 1987).

We live in different times now. What were once considered facilitators of development and modernization are now considered mere vestiges of discredited ideas that would eventually wither away or, to borrow a term from Schumpeter, be ‘creatively destroyed’ by powerful global economic forces moving at the speed of electronic messages. In this...
scenario, the question ‘What is left of planning?’ can be interpreted as meaning what is left of the old paradigm in which planning was a central mechanism.

In this paper, I do not take on the task of defending the old paradigm, but discuss only one element of it, namely, the role of organized labour, which has received particularly harsh criticisms, surprisingly in both industrialized and industrializing nations. The paper focuses mainly on the experience of newly industrializing nations, where organized labour, much like public sector planning, is viewed as an obstacle to economic growth and global competitiveness. Despite these views, in some newly industrializing nations such as in India and South Africa, organization of informal labour is on the rise, and unionization as a particular institutional form of labour organization is gaining popularity among informal workers (International Labour Organization [ILO], 1999/3). In contrast, in industrialized nations, the percentage of the total labour force that is unionized has generally declined over the last 20 years.

Why would informal workers choose an institutional form that has not been particularly effective for formal workers? I probe this question in two parts. First is a brief history of how and why organized labour, much like public sector planning, came to be considered a hindrance to, rather than a facilitator of, development. The aim of the historical account is to demonstrate how criticisms of organized formal workers from both the right and the left of the ideological spectrum led to the celebration of non-governmental organizations (NGOs) as better protectors of labour rights than labour unions. The second section of the paper describes the relatively recent trend of unionization of informal workers, and how it is similar to, and different from, unionization of formal workers in the past. The purpose is to counteract the populist impression that unionization, much like planning, is an outdated form with very little support from labour itself. I then raise three questions which I consider important for better understanding the return of unionization, particularly among informal workers. The aim is to open up the intellectual terrain, so new questions can be asked about how to enhance the effectiveness of organizations that some consider passé. I conclude the paper by probing the significance of unionization of informal workers for planners and conclude that this trend calls for more, not less planning, albeit of a different kind than used earlier for state-led industrialization. If I had to summarize all three sections in one sentence, it would be the following: Instead of asking what is left of planning, why not ask what is new in planning?

Part I: De-legitimization of Organized Labour

Organized labour has not always been viewed as a hindrance to development. In early development theories, labour organizations were considered essential to the new social contract necessary for the transformation from feudalism to capitalism (Verba et al., 1978). When newly decolonized nations started to industrialize during the early 1950s, drawing new migrants to the cities, social organizations ranging from soccer clubs, to charitable societies, to labour unions were seen as playing important roles in the proper functioning of both economics and politics during this ‘great transformation’ (Nelson, 1979). Though labour unions supported by communist parties were regarded with suspicion in democratic nations, on the whole, organized labour was not considered as dangerous as the ‘lumpenproletariat’ that had nothing to lose and, hence, would lend their energy to fomenting social revolutions (Leys, 1975).
By the early 1970s, however, the views of organized labour had changed across the ideological spectrum. Neoclassical economists on the right blamed organized labour for creating ‘a labour aristocracy’ that provided high wages for a few formal workers at the expense of economic growth, which was necessary for gainfully employing the majority of the labour force who made a meager living in the informal economy (Bauer, 1984). Some on the left of the ideological spectrum blamed organized labour for cooperating with ‘corporatist regimes’ and thereby sacrificing democracy for authoritarian systems that controlled inflation to ensure profits and economic stability (O’Donnell, 1977). Though these army-led regimes were not fond of labour unions, they found it was relatively easier to deal with organized labour than with peasant revolutionaries and unorganized, disaffected workers dispersed in multiple pockets of resistance.

The unholy alliance of the right and the left, joined in their distrust of organized labour, led to the notion that non-governmental organizations (NGOs) were more effective than labour unions in ensuring equitable development (Nyoni, 1987). This conviction became part of a larger argument, under the rubric of ‘development from below’, which criticized the role of all institutions at ‘the top’, including central government, organized political partners, big business, and also labour unions (Sanyal, 1994). Proponents of development from below argued that workers who survived by earning a meager living in the informal economy needed assistance and that such assistance could be provided best by civil groups such as NGOs, and not by profit-seeking market agents, or politically coercive state actors, or self-serving unions made up of formal workers, who constituted less than 25% of the work force in many newly industrializing nations.

Even as the argument for development from below gained momentum in newly industrializing nations, the argument against unionized labour also intensified in industrialized nations, whose economies were experiencing major restructuring (Dore, 2003). As industries moved to industrializing nations in search of cheaper labour and less regulation, labour unions in industrialized nations were at a loss about how to reverse that trend. Labour strikes, the standard instrument of resistance, had become counterproductive as they only seemed to provide incentives for industries to relocate (Fine, 2005). The ineffectiveness of organized labour in the face of economic restructuring was blamed on the unions’ internal organizations (Clark & Gray, 1991). They were accused of lacking internal democracy, misusing resources to support their leaders’ affluent lifestyles, and being generally out-of-touch with the economic realities of the times. Some argued that the old style of unionization was not appropriate for the new economy (Middlebrook, 1989). The criticism was that just as the purpose and structure of the welfare state needed drastic reform to suit the needs of the new economy and polity, labour unions that had worked closely with the old state structure needed to transform themselves to represent a very different labour force (Esping-Anderson, 1996).

By the beginning of the 1980s, when neo-liberalism flourished under the political guidance of Ronald Reagan and Margaret Thatcher, the legitimacy of labour unions in both industrializing and industrialized nations had been tarnished, in the dominant perspective, to the point of being viewed as ineffective and largely inconsequential. Simultaneous criticisms from both the right and the left of the ideological spectrum had discredited labour unions as not representing the interests of labour. In industrializing nations, this argument took a particular form: the proponents of development from below advocated that individual entrepreneurs and workers, and not labour unions, be
empowered. It also held that NGOs were the appropriate vehicles for that task as they were not motivated by either profit or social coercion and instead relied on community building, which alone provided a social safety net against the increasing vulnerability of labour (Touraine, 1990).

**Part II: Unionization of Informal Worker**

Paradoxically, when membership of formal sector labour unions began to decline, the rate of unionization of informal workers, particularly of women, increased in both urban and rural areas of newly industrializing nations. I am most familiar with this trend in India, where the first union of urban informal workers was formed in 1972. And, since then, the trend has continued with unionization of labour in various economic activities, ranging from street hawkers to small businesses that manufacture consumer goods for domestic as well as international markets. As is well documented by the ILO, unions of informal workers also have emerged in Asia, Africa, and Latin America, albeit with different activities and political structures in each setting.

Why are informal sector workers choosing to form unions when their counterparts in the formal economy are ambivalent about the effectiveness of this form of organizing? There are multiple differences between the activities undertaken by the two types of unions. For one, informal sector unions (ISUs) provide a range of services to their members, including low-interest credit, housing loans, and various other social services targeted not only at members but also their families. In contrast, formal sector unions (FSUs) focus primarily on protecting the wages of their members.

Second, the employer–employee relationship in the informal economy is often hard to articulate precisely, and ISUs have used different strategies in pressing their demands. It is not that ISUs never strike. They have been successful in organizing strikes, but they are also able to use other means not available to FSUs. Since ISUs are not restricted to organizing on the shop floor, they can be quite creative in the way they can demonstrate their usefulness for the day-to-day functioning of the economy. For example, vegetable vendors in the city of Ahmedabad in India stopped selling vegetables near the main bus station. This created an enormous inconvenience for consumers who usually purchase vegetables on a daily basis because they do not own refrigerators and prefer to shop for fresh vegetables as they disembark from the buses at the end of the working day. Likewise, home-based candle makers stopped producing candles before a major religious festival that requires candles as necessary elements of celebration (Bhatt, 1997).

In general, ISUs have adopted strategies that are less confrontational but, in the long run, perhaps more effective for their members, who first and foremost seek acknowledgement of their contribution to the economy (Rosenfeld & Tardieu, 2000). Aware that immediate increases in wages and income are difficult to attain, ISU members primarily seek some predictability of income, which would allow them to plan their lives a little more.

Finally, the members of ISUs in one nation do not see themselves as competing with ISU members in other nations. As a result, ISUs have been more successful than FSUs in forging international alliances among workers in specific activities.

Even though there are differences between FSUs and ISUs, it is conceptually wrong and politically regressive to portray them as alternative forms of labour organization. Why so? For one, there is evidence that some ISUs have emerged from FSUs, with their political
and financial backing. Also, in some instances, FSUs and ISUs have been able to join forces to push for socially progressive legislation, such as social security for all, because the members of one group do not necessarily see the other group as competing for the same slice of the economic pie. And, finally, FSUs and ISUs both derive their institutional power from being unions, which allows them to raise revenues in particular ways and, more importantly, participate in the political process in ways that NGOs and community-based groups cannot.

Do such observations provide an accurate sense of the significance of ISUs for planning? Even though the statistics and numbers demonstrate clearly that the ISU is a new phenomenon which planners should take seriously, its intricacies and potential are not well understood. Among the problems are the varying definitions of informal workers. Such definitional arguments are more common among academics and researchers than among the ISUs themselves, which have been generally inclusive. That said, it is also true that most ISU members are women (as are a rising share of FSUs) even though the benefits these organizations provide are not restricted to women (Ramaswamy, 1997).

A second roadblock to a better understanding of ISUs is the misperception that they are inherently opposed to FSUs and that they are directed towards different groups of labour, with very different constraints and political interests. Actual relationships between FSUs and ISUs vary widely. In certain nations or cities within the same nation, the relationship could be somewhat antagonistic because the FSUs perceive the ISUs as directing attention away from their leadership role in the labour movement. But, in other nations, or at other times in the same nation, FSUs and ISUs have joined hands to enlarge membership, or push for public policies that would benefit both groups. The complexity of such varying relationships needs better understanding if the ultimate goal is to build a strong labour movement that can speak with one voice to protect workers’ rights.

Another area of ambiguous understanding is political affiliation. Unlike FSUs, most ISUs are not formally affiliated with political parties. ISUs argue that they are better off being neutral than being dominated by strong political parties that would use them as pawns in battles against rival political parties. Even though such a stance for political neutrality may seem reasonable, it leaves open the question of who will speak on behalf of ISUs in the formal political deliberations from which public policies emerge. ISUs have occasionally argued that they prefer temporary alliances that can be shifted to whatever party suits their immediate political needs (Aziz, 1997). But why would political parties trust and defend ISUs with shifting allegiances and opportunistic motivations? There is a scholarly contribution to be made in answering such questions because the answers could throw light on the evolving relationship between social movements, of which ISUs are one example, and formal political processes, which are largely controlled by political parties.

Yet another question for further research is why and how ISUs are able to influence bureaucrats in government ministries to establish public policies that benefit ISU members. One example of such an outcome is in the city of Ahmedabad in Gujarat, India, where vegetable vendors organized in an ISU were able to convince the government to regularly buy vegetables for local hospitals, jails, and other government-run establishments from them. In another case, ISUs of handloom weavers were able to convince government-managed stores that sell handcrafts primarily to tourists to carry their products. Such examples suggest that ISUs and governments — mostly at the local level, but occasionally at the national level too — do cooperate, even though ISUs are generally
critical of governments and blame much of their hardship on misuse of government power.\textsuperscript{16}

Are constructive relationships between governments and ISUs the exception rather than the norm? The published literature on this question is quite thin and generally portrays governments as insensitive to the needs of the poor in the informal economy.\textsuperscript{17} Yet, there is some evidence from India and elsewhere of governments communicating with the poor in the informal economy, particularly when they are organized under the legal banners of either NGOs or ISUs. Such legal entities allow governments to officially interact with participants in the informal economy who usually lack legal status. Dealing with ISU’s is also a more efficient way for governments to respond to large numbers of poor people with varied needs that require labour-intensive social services (Chowdhury, 1983). There are reasons beyond the functional, however, that lead governments to work with unions in crafting legislation. Not all government planners are ‘self-serving and rent-seeking bureaucrats’, as charged by rational-choice theorists (Bhagwati, 1982); nor do they all protect only their own class interests, as the neo-Marxists often allege (Harrison, 1979). Many government planners aspire to play useful roles in addressing issues of poverty, and under certain circumstances, they may be able to work with ISUs and FSUs in providing access to public resources (Baker \textit{et al.}, 1998). However, there are no well-articulated theories to explain such good performance by bureaucrats. Most attribute it to the character of a particular individual who is somewhat exceptional in his or her idealism amidst the greed and lethargy of many bureaucrats (Sanyal, 1996). This focus on exceptional individuals and charismatic leaders does not, however, encourage theory building about either state actors or state–society relationships. Consequently, the old theories that are critical of bureaucratic planners continue to dominate public perception of such planners. The same theories are critical of labour unions in general, and continue to valorize the role of NGOs over ISUs as better representatives of the poor (World Bank, 1995).\textsuperscript{18}

\textbf{The Significance of Planning}

The rise of ISUs in newly industrializing nations is a trend that should be of interest to planners disheartened by the de-legitimization of traditional planning practices. There are at least three reasons why the rise of ISUs is of significance to planners. First, ISUs seek more, not less, intervention by planners. True, ISUs do not seek the type of planning which was the hallmark of state-led industrialization in the past; what they seek is planning with a different objective and a different style, but planning nevertheless. The kinds of issues around which ISUs are currently organizing are illustrative of this point: access to inputs and markets, enforcement of labour and environmental standards, social security, insurance against natural disasters, minimum wage, technical assistance to increase productivity, and child care, just to provide a few examples. Neither the market, nor the much-vaunted community can respond to such requests without some form of state participation, which, though different from old public policies for economic modernization, will require active participation by state actors, including planners.

A second reason the rise of ISUs is important for planning, is because at the heart of ISUs’ many demands is the need for governments to recognize that informal labour is as important as formal labour for economic development. To do so, governments and planners must redefine what is useful work (Bhatt, 1989). More importantly, planners need to redefine the
notion of what is considered informal and often illegal. This will require a major rethinking about the legal definitions that usually guide bureaucratic and planning practices (Heyman & Smart, 1999). In other words, the rise of ISUs will ultimately alter law and it will do so most likely through a debate about human rights (Fernandes & Varley, 1998). This is evident in the numerous squatters’ rights movements, which are increasingly globally integrated (Neuwirth, 2005). It is also evident in the claims of street hawkers who are demanding that their right to earn a livelihood in the city be recognized. No government, however powerful, can resist the demands of the majority of its people. When particular laws render the status of the majority of the people informal and, by extension, illegal, ultimately the state becomes illegal if it fails to alter such laws. Hence, planners will have a very important role to assist governments in reviewing and upgrading old laws to fit new conditions of political economy. That is an interesting intellectual challenge that will make pro-poor planning more important and will reformulate the relationship between law and planning in ways that only recently have been imagined (Falk, 1998; Rajagopal, 2003).

Finally, the rise of ISUs provides one element of an alternative development strategy that could seriously challenge the hegemony of the neo-liberal paradigm, which gained ascendancy in the 1980s but still retains some popularity despite dubious evidence of its success. True, no clear and coherent alternative to neo-liberalism is yet in place, but there are strands of alternative ideas, including the rise of ISUs, which provide hope that an alternative to neo-liberalism as a framework may be in the making (Fung & Wright, 2001; Appadurai, 2002). After all, the central pillar of neo-liberalism, that government intervention in the economy is counterproductive, has lost its persuasive power as scholars from various disciplines have mounted evidence to the contrary. At the level of practice, too, there is growing evidence that those nations which refused to strictly follow the neo-liberal doctrine, even when urged to do so by the IMF, have performed reasonably well in terms of increasing economic growth rates as well as employment (Gore, 2000). The policies pursued by the nations that broke away from orthodox neo-liberal policies suggest the contours of an alternative development paradigm that would reinstate organized labour as a key element in the formulation of public policy. As Dani Rodrik has argued forcefully, to compete well in the global economy, nations must reconstruct a new social contract with organized labour to create the social conditions necessary for economic growth (Rodrik, 1999). Even though Rodrik’s argument focuses on formal labour unions, it could be easily extended to include ISUs because the social condition necessary for growth, i.e. conflict resolution, is equally relevant for both types of labour. In poor households, the destinies of FSUs and ISUs are often closely intertwined as individual members of the same household work in different sectors of the economy (Sanyal, 1991). Hence, the argument that new types of labour policies are necessary pertains as much to informal labour as to formal labour.

Will new labour policies be crafted incrementally by private firms negotiating with employed labour on each shop floor? Or, will they require planning, meaning state intervention, in forms ranging from enforcement of labour and environmental standards to provision of social security or old age pensions, to serving as facilitators in negotiations between employers and employees in both private firms and public institutions? To serve this new role well, planners have to shed the mentality that planning’s role as a social instrument has been drastically reduced to the point where such questions as ‘What is left of planning?’ seem relevant. What is needed, instead, is to search for alternative development paradigms with newly defined roles for planning.
Notes

1. For an excellent review of such criticism, see Baker et al. (1998).
2. In the USA, the percentage of unionized labor has declined to <10% (Bailey et al., 1993).
3. On the rise of Informal Sector Unions (ISU’s), see ILO (1999/3).
4. The Self-Employed Women’s Association (SEWA) was formed in December 1971. SEWA grew out of the Textile Labour Association (TLA) and was registered as a trade union in April 1972. For further details see http://www.sewa.org/about_us/history.asp
6. For a review of a range of services, see Chen et al. (2007).
7. For data on international alliances of ISU’s see the website of the Women in Informal Employment: Globalizing and Organizing (WIEGO) network at www.wiego.org
8. One example is the Textile Clothing and Footwear Union in Australia which is organizing home-workers producing footwear and the Timber and Woodworkers’ Union and the General Agricultural Workers’ Union, both in Ghana. For further details, see Gallin (1999).
9. One landmark example is when the Self-Employed Women’s Association (SEWA) in India joined with other trade unions as well as non-governmental organizations to lobby for a social security bill for the informal sector. See http://www.sewa.org/newsletter/specialedition-new.htm
10. SEWA has over 400,000 members in five states in India. The Working Women’s Forum (WWF), based in Chennai, has 250,000 members. The Union of Street Vendors and Homeworkers in the Republic of Moldovia now has 40,000 members and is affiliated with the national trade union confederation. The Forca Sindical is active in Brazil, and a Mexican Union of Street Vendors claims to have a million members. Ghana has at least 59,000 members in various organizations of the informal sector. For a thorough review of the data on ISU’s worldwide see Birchall (2001) and (ILO, 1999/3).
11. See Peattie (1987) for a review of the debates among academic planners. After much debate, the ILO in 1991 has provided the following definition: ‘The informal sector consists of very small units producing and distributing goods and services, and consists largely of independent, self-employed producers who operate with little capital, utilize a low level of technology and skill, operate at a low level of productivity, and provide low and irregular income and employment. These units are informal in the sense that they are for the most part unregistered and unrecorded in official statistics; they tend to have little or no access to organized markets, to credit institutions, training institutions... they are often compelled by circumstances to operate outside the framework of law, and even when they are registered and respect certain aspects of law, they are almost invariably beyond the pale of social protection, labour legislation and protective measures at the workplace’ (ILO, 1991).
12. On the forging of alliances between FSUs and ISUs, see ILO (2002).
13. On the need to speak with one voice, see Jose (2002).
14. This argument is made in Bhatt (2006).
15. For details of both examples, see Bhatt (2006:81–98; 141–155).
16. The criticism of government for the hardship of informal sector participants emerged as early as the 1960s with the publication of the seminal article Turner (1965). It was Turner who coined the phrase: ‘The government has done so little with so much while the poor have done so much with so little’.
17. For a review of arguments against government, see Drabek (1987).
18. For a critique, see ILO (1999).
20. Fine (2005) raised this question in her interview with prominent labor union leaders in the USA.

References


