

On the Filipino Semi-Proletariat and the 'Informal Sector'

By PIO VERZOLA JR.
18 October 2022

BASIC CONCEPTS AND DEFINITIONS

1. *The semi-proletariat as a socio-economic class category*

When Marx and Engels first developed their revolutionary theories on the historical process of capitalism—its emergence from feudalism and its expected downfall and replacement by socialism—their ideas were consistently shaped not just by capitalism's general impact on social classes and society as a whole. Rather, they viewed capitalism's main dynamic as the contradiction between the bourgeoisie—the capitalist class—and the proletariat as “the gravedigger of capitalism.” This did not mean, however, that Marx and Engels portrayed the class struggle over-simplistically as just between the bourgeoisie and the proletariat.

From the *Communist Manifesto* onwards, they saw at least three great factors that drove a more complex class differentiation within capitalism: (a) feudalism's long and complex process of transition to capitalism in each country, which produces several strata of peasant and artisan classes, which in turn become intermediate or petty-bourgeois strata; (b) the unevenness of development of modern industry, which creates a “relative surplus population” or “reserve army of labor,” and (c) recurring capitalist crises, which periodically disrupt the entire system, throw millions out of work, and destroy the independent livelihoods of millions more.

Marx and Engels rarely used the term “semi-proletariat” to describe those strata thrown out of peasant economies but not quite absorbed into the modern industrial economy. Rather, at first they used more specific terms like “apprentices”, “craft workers”, “day labourers”, “domestic servants,” or simply “de-classed” paupers and vagabonds. But in the 1850s-60s, as the two communist thinkers proceeded to clarify the mechanics of capitalist crises, they began to use more catch-all terms such as “reserve army of labor” and “relative surplus population.”

As recounted by Jonna and Foster in a *Monthly Review* article (2016), Marx identified four distinct forms of the “relative surplus population”: (a) the floating population, or workers often victimized by rapid workforce turnovers due to mechanization and changing age/skill requirements; (b) the latent surplus population, or surplus labor from backward (often agrarian) areas; (c) the stagnant surplus population, or the perennially unemployed and super-exploited (what bourgeois economists nowadays would call the “precariously employed” or those in “domestic industry”); and finally, the “fully pauperized” population or lumpen-proletariat.

This paper won't delve deeply into Marx's and Engels' theory of the “relative surplus population”, but only to stress that the successive crises of the 20th and early 21st centuries have proven empirically the existence and worsening status of these social strata, driven so

blatantly by factors inherent to capitalism that a new dramatic term—the “precariat”—had to be invented as synonym for “reserve army of labor” or “relative surplus population.”

Lenin used the term “semi-proletariat” very frequently, to capture that distinctly Russian social conditions of the late 19th and early 20th century, in which feudal serfdom was already dissolving and capitalism was rapidly developing. Under such conditions (Lenin, 1899), the peasantry was still undergoing the complex differentiation into a rural bourgeoisie (rich peasants), a rural petty-bourgeoisie (middling to upper-middle peasants), and a vast rural semi-proletariat and proletariat (poor peasants and farm workers). At the same time, he keenly observed the many hybrid livelihoods that the rural and landless semi-proletariat eked as they migrated en-masse to the towns and cities to seek work.

Mao, in Lenin’s fashion, also attached the same class-stratified meanings to the term “semi-proletariat” but applied it to the still more backward and agrarian China of the 1920s-40s. In the Philippines, the national-democratic movement likewise developed a consistent set of categories for its class analysis and class-based policies, also derived from the same Marxist-Leninist political economy but applied to local conditions which was similar to pre-liberation China.

“Semi-proletariat” refers to working people who may sell their labor power but only partially or not always on a full-scale basis, or not directly to capitalist employers. Their sale of labor power might be in combination with their access to rudimentary means of production such as simple implements or subsistence-level resources. In the current Philippine setting, the following concrete examples quickly come to mind:

- poor (landless or semi-owner) peasants seasonally working as labor gangs on other farms during busy planting and harvest seasons, or as crews on fishing boats, or as construction or road workers;
- jobless urban poor (especially women and children), accepting simple manual assembly or repacking jobs, usually on piecework basis;
- menial helpers in small stores, shops, market stalls and small freight trucks owned by the petty bourgeoisie; and
- domestic helpers, mostly employed in middle-class households.

The semi-proletariat also refers to working people who are self-employed in what bourgeois economists call “micro-enterprises”. They don’t directly sell their labor power to employers; rather, they use their labor power to operate their own livelihoods (often but not always with their families). These livelihoods are based on very small-scale capital or means of production, which bring only minimal incomes, and which survive only because many other ordinary people rely on them on a daily basis. Examples would be street vendors, jeepney and tricycle drivers, and independent carpenters, masons, welders, plumbers and electricians.

Many semi-proletarians are at the fringes of the wage-worker sections of the proletariat, because they include people who have been laid off from regular wage-work or are in-between regular jobs (including many returning overseas workers as they await their next contractual job abroad), and who meantime have to work at odd jobs. In times of long and severe crisis, the ranks of semi-proletarians are swelled not only by proletarians who lost their

jobs, but increasingly also by the lower petty-bourgeoisie, including laid-off employees, owners of failing micro-businesses, and college dropouts or new graduates who can't land regular jobs. Many semi-proletarians work together as families, in which some members contribute to the family labor and income, but are not paid separately. (In bourgeois statistics, they are categorized as "unpaid family workers.")

While this paper focuses mainly on the non-agricultural or urban semi-proletariat, we cannot avoid but also touch on the rural or agricultural semi-proletariat. This is because the chronic crisis of semi-colonial and semi-feudal Philippines is telescoping the two social strata. More and more landless peasants are now engaged, part-time or seasonally, in non-farm livelihoods, including those that require them to commute to and stay for some periods in urban and town centers and then return to their hometowns during busy farming seasons.

It must be conceded that many self-employed people in small-scale livelihoods belong to the lower petty bourgeoisie and not to the semi-proletariat. Further social investigation is needed to distinguish between the two; they may blend into each other, depending on degree of contributed capital or skilled labor, actual income, and other socioeconomic factors that impact on their livelihoods.

Much emphasis is often given to the early works of Marx and Engels referring to the lumpen proletariat: the assorted "throw-away rags" of jobless people ("lumpen" is German for "rags") living on the interstices of society, practicing their own morals, and politically unstable, making them very prone to counter-revolution. However, by the time Marx wrote *Das Kapital*, his attitude to the lumpen proletariat had somehow softened to a more expanded view of the "reserve army of labor."

2. Reinterpreting the terms "informal sector" and "informal employment"

In the Philippines, the mass movement, non-government organizations, and development agencies have also been using various terms that approximate the concept of semi-proletariat. These terms include *urban poor*, the *unemployed*, the *underemployed* or *precariously employed*, among others. An increasingly popular term is "informal", as in, *informal workers* or *workers in the informal economy/sector*.

These terms are useful in emphasizing certain aspects of the semi-proletarian condition, such as lack of full and regular or formal employment, poverty-level incomes, and precarious sources of livelihood. But they do not solidly capture the more crucial aspects of the semi-proletariat in terms of describing concrete relations of production within the existing economic system.

Since the 1990s, the ILO has adopted the related terms "informal sector" and "informal employment", refining them both as concepts and as statistical measures. These, and other related categories (e.g. precarious employment), have been gradually adopted by UN agencies and member-states and are now commonly included in official reports on labor and social issues. There is now a growing mass of literature and comparative statistics on conditions of the informal sector and informal employment across countries and across time scales.

The ILO has its own reasons (most of them reformist, and some even neoliberal) for adopting

the two terms. Nevertheless, the “informal sector” as defined by the ILO has some similarities with the type of livelihoods in which the USP predominate. In the same way, “informal employment” describes certain relations of production that, in many ways, define the USP. We therefore need to incorporate some useful elements of the ILO usage, which is now increasingly adopted by the Philippine government and its agencies.

According to the ILO definition (17th ICLS), the informal sector is composed of enterprises that are owned by individuals or households but not constituted as separate legal entities independently of their owners. These are usually single-proprietor (unincorporated) enterprises owned and operated by individual household members or by several members of the same household. In this regard, they lack complete sets of accounts that would permit a financial separation of the economic activities of the enterprise from the other activities of its owner/s. They may also be partnerships and cooperatives, if they are unincorporated and similarly lack complete sets of accounts.

In this context, “enterprise” means any unit engaged in the production and/or distribution of goods or services for sale or barter. All or at least some of the goods and services that they produce and/or distribute are meant for sale or barter, i.e., some may be consumed by the owner-operator's household. Their activities are non-agricultural, including secondary non-agricultural activities of enterprises in the agricultural sector. Informal-sector enterprises mainly engaged in agricultural activities may also be counted, but separately.

Most informal-sector units are owned and operated by single individuals (also known as own-account or self-employed workers). They work in their enterprise either alone, or with the help of unpaid family members and/or a few hired laborers. Their activities may be undertaken inside or outside the owner-operator's home, in other premises (which may be identifiable or unidentifiable), or without fixed location. In the Philippines, enterprises that employ below 10 workers are already considered part of the informal sector.

In short, the informal sector consists of very small-scale enterprises that operate with very little capital or none at all (in absolute terms or per worker); use small and simple technology or skills, and therefore operate at low levels of productivity. Thus they provide very low and irregular incomes and highly unstable employment to those who work in them. They are informal in the sense that they are often compelled to operate outside the framework of law – often (not always) unregistered, unrecognized by the government, unrecorded in official statistics; majority of workers are without contracts or legal protection. But even when they operate within the framework of the law, they are often too many, too varied, and too fluid to be always strictly monitored and regulated by the state.

Most UN circles are now agreed that informal employment is extensive and growing in many underdeveloped countries, and is growing (in various forms) in industrialized countries. According to the ILO (2002), informal or precarious employment ranges from ½ to ¾ of non-agricultural employment in developing countries: 48% in northern Africa, 51% in Latin America, 65% in Asia, and 72% in sub-Saharan Africa (78% if South Africa is excluded). Three categories of non-standard or atypical work – self-employment, part-time work, and temporary work – much of which is really informal employment, comprises 30% of overall employment in 15 European countries and 25% of total employment in the US.

According to a Habitat III issue paper on the informal sector (May 2015), the informal

economy makes up a significant proportion of non-agricultural Gross Value Added (GVA): 8-20% in transitional economies, 16-34% in Latin America, 17-34% in Middle East and North African region, 46% in India, and 46-62% in West Africa. Urbanization in developing countries is accompanied by growth in urban informal economies. Rural-urban migration is a particular issue in secondary towns, which will be the largest centers of urban population growth over the next 20 years. Among the factors that drive rural-urban migration are the prospects for better paying jobs, but since these are limited, the informal economy is the main option for work.

According to the same issue paper, in many developing countries, informal employment comprises more than half of non-agricultural employment: 51% in Latin America and the Caribbean; 45% in the Middle East and North Africa; 66% in Sub-Saharan Africa; 82% in South Asia; 33% in urban China; and 65% in East and South-East Asia.

Women generally form a greater share of the non-agricultural informal economy workforce than men. They comprise the majority of those employed in informal sectors with the least income, security and status. Young people are also over-represented in the informal economy.

3. The various forms of informal employment as per ILO/UN definition

In current ILO/UN terminology (which the Philippine government mostly follows), the bulk of informal employment means any form of employment in the so-called informal economy, the core of which is found in the informal sector. They consist of:

- owner-operators (See Figure 1: Cells 3, 4 and 8)
- informally hired labor (See Figure 1: Cell 6)
- contributing or unpaid family labor (See Figure 1: Cell 5)

There are also other forms of informal employment outside the informal sector. They consist mostly of:

- workers that are informally employed by an increasing number of formal-sector enterprises (e.g. corporations, unincorporated enterprises); many seasonal and contractual workers and industrial outworkers are in this category (Cell 2)
- paid domestic workers employed by households (Cell 10)

Some special categories, which are not useful for our purposes, include:

- contributing family workers working in formal-sector enterprises (Cell 1); these are probably “unpaid” members of the family that owns a formal-sector enterprise, such as what is usual practice in Chinese family-owned large groceries
- own-account workers engaged in the production of goods exclusively for own final use by their household, if considered employed (Cell 9)

(Note: See Figures 1 and 2 further down, for reference to “cells” or diagram divisions that indicate specific categories of informal employment. Most of them are found in the informal sector, although some are employed by households, and a fraction is found in the formal sector. Whichever the case, they are called “informally employed” in the sense that they are not fully covered by national labor laws as compared to regular workers.)

In certain situations, some types of production of goods and services are explicitly forbidden by law—and thus involves illegal employment). These would include those involved in drug trafficking, sex trafficking, and illegal gambling (in countries where these are illegal). The ILO-UN scheme counts them separately from the informal sector. In Marxist-Leninist parlance, they are part of the lumpen proletariat although some Marxist analysts label such sectors as “criminalized industries,” and consider their workers as part of the exploited semi-proletariat or “sub-proletariat”.

In other situations, which may be categorized as underground livelihood, the production or service activities are legal when performed in compliance with regulations, but which are deliberately concealed from public authorities because their owner-operators don't fully comply. In the Philippines, an example would be many home-based gunsmiths and fireworks factories. Even in industrialized countries like in Europe, many types of personal services (e.g., house-cleaning) are transacted as underground livelihoods.

Underground production or even illegal production may blend almost imperceptibly into informal but legally allowed production when a country's laws are ambiguous or widely circumscribed; e.g., in the Philippines, “colorum” transport drivers; barkers and street vendors who double as tong collectors or jueteng bookies; and female “entertainment workers” (“guest relations officers” or GROs). In many parts of the Cordillera region, marijuana plantations and cottage-processing have become the main source of income of entire rural villages.

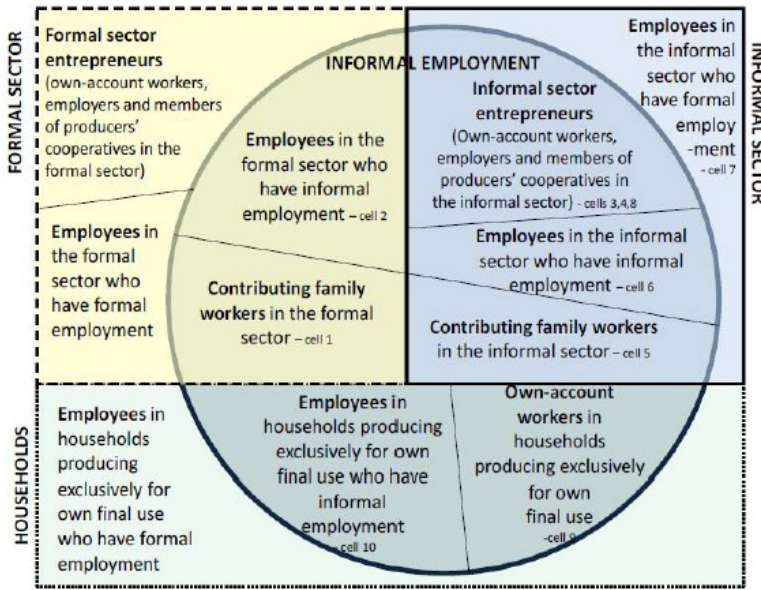
In general, the Philippines complies with the ILO-UN definitions of “informal sector” and “informal employment”, and its 2008 statistics are based on the 17th ICLS definition. However, in pre-2008 and especially circa-2002 documents and data, there is a big bulk (categorized by ILO as Type/Cell 2, i.e. informal employment by formal-sector enterprises), where there is ambiguity or tendency to classify as formal employment.

In NSCB Resolution No. 15, series 2002, the informal sector has a more limited coverage of “household unincorporated enterprises”, that is, those that are owned and operated by own-account (self-employed) workers either alone or in partnership with members of the same household or of other households. They are called “informal own-account enterprises” if they employ unpaid family workers as well as occasionally/seasonally hired workers, and do not employ employees on a continuous basis. They are called “enterprise of informal employment” if they employ one or more employees on a continuous basis. (PSA-DOLE, 2015)

There is also an over-simplified definition of the informal sector that only includes the self-employed and the unpaid family workers. NSCB 15-2002 excluded from the informal sector the following:

- corporations
- quasi-corporations
- unincorporated enterprises (production units) with 10 or more employees
- corporate farms
- commercial livestock raising
- commercial fishing

Figure 1. Component of informal employment



Source: International Labour Organization (ILO). "Measuring informality: A statistical manual on the informal sector and informal employment"

Conceptual Framework: Informal Employment

Production units by type	Jobs by status in employment									
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives		
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal	
Formal sector enterprises					1	2				
Informal sector enterprises ^(a)	3		4		5	6	7	8		
Households ^(b)	9					10				

(a) As defined by the 15th International Conference of Labour Statisticians (excluding households employing paid domestic workers).
 (b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

Note: Cells shaded in dark grey refer to jobs, which, by definition, do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Un-shaded cells represent the various types of informal jobs.

Informal employment: Cells 1 to 6 and 8 to 10.
 Employment in the informal sector: Cells 3 to 8.
 Informal employment outside the informal sector: Cells 1, 2, 9 and 10.

[Source: Measuring the informal economy: From employment in the informal sector to informal employment, Working Paper No. 53]

To summarize, the UN community now generally recognizes the following categories of informally employed people:

- employers in informal-sector enterprises

- “regular” employees in informal-sector enterprises
- own-account or self-employed workers
- casual wage workers or day laborers
- industrial outworkers, subcontracted workers, and homeworkers
- unpaid contributing family worker

This paper considers most of these as part of the urban semi-proletariat, although certain sections could be part of the petty-bourgeoisie (e.g. most owners of informal-sector enterprises that employ non-family members), while other sections are part of the proletariat (i.e. many casual day laborers or industrial outworkers).

MAGNITUDE AND SITUATION OF THE URBAN SEMI-PROLETARIAT

1. The size of the Philippine urban semi-proletariat

According to the 2008 ISS (PSA, 2009), there were about 10.52 million informal-sector (IS) operators in the country. Of this figure, 9.16 million were self-employed while 1.36 million were employers. The figure could be much higher if we add the additional helpers in these IS enterprises, of which there were 4.2 million unpaid family workers and a (still-unreported) number of informally hired labor. Of the 10.52 million, 58.7% were engaged in non-agricultural activities, including wholesale and retail trade (29.6%), and transport, storage and communications (10%).

Based on the conservative figure of 13.36 million (where we add 9.16 million self-employed plus 4.2 million unpaid family workers), of which nearly 60% is non-agricultural, we can estimate the size of the urban semi-proletariat or USP (including unpaid family labor) at a minimum of 8 million people as of 2008. The balance of over 5 million agricultural or rural semi-proletariat will logically blend into the rest of the peasantry—which could run into 50 to 60 million people around the same year.

In another study, employment in the informal sector in 2008 was estimated at 14,815,000, or 43.5% of the total employment of 34,089,000. The breakdown is as follows: 10,654,000 self-employed, and 4,161,000 unpaid family workers. If we use the same proportion of 60% non-agricultural informal sector as in 2008 ISS, we come up with a slightly higher figure of nearly 9 million USP.

In an ILO report entitled “Women and Men in the Informal Economy: A Statistical Picture,” published in 2013 and updated for its 3rd edition in 2018, statistical data for the Philippines (also dated 2008) showed that 15,150,400 persons were in informal employment outside agriculture; this was 70.1% of non-agricultural employment.

The breakdown in terms of status of employment was as follows: 39.3% of such persons were employers, own-account workers, and members of producers' cooperatives; 8% were contributing family workers; and 52.8% were employees. The breakdown of employees according to type was as follows: 37.5% were informal-sector employees; 5.1% were formal-sector employees (i.e., informally employed but in formal-sector firms); and 10.1% were

domestic workers employed by households. This set of figures gives us a much bigger magnitude of 15.1 million USP.

According to the 2015 Updating of the List of Establishments (PSA, 2017), some 75% of establishments in the country have an employment size of 1-4 individuals each. Most of these establishments are engaged in retail trade, automotive repairs, food service, and small-scale manufacturing. Most of these establishments employ USP's as informal laborers or self-employed workers.

2. Typical clusters of urban semi-proletarian employment

The typology of the rural or agricultural semi-proletariat can only be covered sufficiently by another paper. Note, however, that growing numbers of peasants and small fisherfolk also engage in non-agricultural activities that earn extra cash during periods of slack in farm work. Typically, this would include small-scale food processing, handicrafts, peddling, and sidelines in construction and transport, as well as seasonal home-based work jobbed out from nearby factories (in garments, footwear and leathercraft, for example). Thus, in the next descriptions and in other parts of this paper, we can see how the urban semi-proletariat often melds imperceptibly into the rural semi-proletariat or peasantry, especially during these times of higher mobility.

In small-scale transport. The bulk of owner-operators and non-owner drivers of jeepneys, tricycles/habal-habal, and pedicabs are part of the semi-proletariat. Further investigation will show how much semi-proletarian labor is also found among proletarian wage-workers among the operators, drivers and helpers in small fleets of taxicabs, "utility vehicle express" (UVEs), delivery trucks, vans for hire, and motorized passenger bancas; and among cargo handlers in small/provincial ports and food terminals. Closely related to semi-proletarians in small-scale transport are those employed in micro- and small automotive and related repair shops, some of which are also involved in vehicle/vessel fabrication and assembly.

These USP's are very close to the industrial proletariat since they handle automotive machinery and are often hired as drivers and mechanics by the bigger capitalist-owned truck and bus fleets. They are usually self-organized into transport operators' and drivers' associations (TODA) and fleet-based associations. According to ILO data for the Philippines (2013), 85.5% of those employed in transportation had informal-employment status.

In small-scale retail and food handling. Most street/sidewalk/market vendors, ambulant vendors and foodcart vendors, and paid helpers in sari-sari stores, carinderias, market stalls, and small neighborhood stores (groceries, eateries, bakeries, second-hand shops) are part of the USP. Traditional markets—both public and privately owned markets—also teem with semi-proletarian laborers who work as small-scale food processors, repackers, haulers, porters and delivery persons.

Many owner-operators of such stores, stalls and shops are usually petty-bourgeois, but they too are close to semi-proletarian livelihoods and lifestyles to the extent that they and other family members contribute to labor. The entire political economy of supplying the traditional markets, which involve small wholesale dealers (*biajeras*) in rice, fruits, vegetables, fish, meat and poultry, etc., has to be studied in their main patterns. While most of them belong to the petty bourgeoisie or rich peasants, most of their helpers (including drivers and *pahinantes*)

belong to the USP or poor peasants doing off-farm work. According to ILO data for the Philippines (2013), 86.7% of those employed in trade had informal-employment status.

In small-scale mining and construction. Most workers in small-scale mining and quarrying belong to the semi-proletariat, as are those who are seasonally employed in road-building, road repair and other public works. Most skilled workers who are self-employed in the construction trades such as carpenters, masons, welders, plumbers and electricians (especially in small-scale construction and repair of residential houses) also belong to the USP, although they easily slide into the proletariat when they are hired by big construction firms for long-term contracts. According to ILO data for the Philippines (2013), 87.2% of those employed in construction had informal-employment status.

In manufacturing (including repair). Most workers in small-scale or micro (home-based) manufacturing, particularly in food processing, garments, furniture, etc. belong to the semi-proletariat. The same is true for those operating (or employed by) small-scale shops that repair or buy-and-sell mechanical and electrical/electronic appliances and devices; small computer shops; and small photocopy/printing/signboard/art services. Finally, there are the street cleaners, waste and junk collectors, and small-scale recyclers. Although they are more diverse, dispersed and less in number than the earlier clusters, they also slide easily into the proletariat when their livelihoods are subcontracted by bigger firms or by the government. According to ILO data for the Philippines (2013), 64.8% of those employed in manufacturing had informal-employment status.

Personal service providers. Most domestic helpers (e.g. family cooks, housekeepers, drivers, nannies, and so on), and beauticians, hairdressers, barbers, masseurs, etc. (either salon-based or self-employed), belong to the USP. They are the most dispersed and fewest in number; they also tend to mimic the thinking of their petty-bourgeois household masters or shop clients that they serve. According to ILO data for the Philippines (2013), 50.6% of those employed in services other than trade or transportation had informal-employment status.

3. The basic problems of the Filipino urban semi-proletariat

In the Philippines, the continuing existence of the USP is a product of the semi-colonial and semi-feudal system. The feudal backwardness of agriculture, the lack of national industries, the chronic economic crises, and the continuous violation of people's rights, all converge to create a chronic situation in which more and more people find themselves with no regular factory jobs (and thus can't join the industrial proletariat), no access to the land and its resources (and to that extent does not belong to the peasantry although this is a fluid situation), and very limited access to other means of production or capital (so can't even sustain themselves at the level of petty bourgeois simple commodity production).

They continuously suffer neglect and persecution by the state. Yet there are millions of people like these, with their families, who have to survive by tooth and nail. So they eke out extremely diverse and precarious sources of livelihood in urban and town centers (outside of agriculture) that entail very low productivity, very difficult or dangerous and irregular working conditions, very low and often unpredictable markets and incomes, and persistent violation of their rights by the state and ruling classes.

Globally, unemployment is an inevitable part of capitalism, occurs on a large scale during crises of overproduction, and is persistently high in countries affected by chronic crisis like the Philippines. The constant threat of unemployment and the actually existing reserve army of labor are capital's mechanisms for further depressing wages. In the Philippines, the vast ranks of the semi-proletariat serve as this reserve army of labor. Especially in today's globalized world, giant capitalist firms will take advantage of continuous super-excess in labor supply in Third World countries to hire new laborers at lower rates, often using informal arrangements. In this sense, the semi-proletariat blends imperceptibly into the proletariat as the labor market situation ebbs and flows.

In modern social-welfare states, as exist in advanced capitalist countries, workers who are thrown out of regular jobs can survive open unemployment for extended periods because they are covered by some social protection schemes or social safety nets ("on welfare"), or by accepting other part-time or temporary wage jobs at lower rates. They remain part of the proletariat, although often tagged as the "precariat". In underdeveloped countries, such as the Philippines, the severity of unemployment is simply too massive due to imperialist and feudal oppression. Here, the lack of safety net mechanisms drives the bulk of the unemployed to all sorts of informal or undocumented or even "underground" employment as semi-proletarians.

Unemployment, no access to resources. In this context, the first and foremost concrete problem of the USP is the lack of full, regular, and productive employment and access to productive resources. Their individual and often collective efforts have carved out niches of livelihood among their ranks and within their communities, typically without any significant help from the government or ruling classes, but these are not enough for a living or decent income. Whether they are self-employed, or work as hired helpers, or as unpaid family labor, such livelihoods entail very low productivity and irregularity of work; long hours of difficult and tedious menial work (often outdoors in all kinds of weather). On the other hand, at other times there is not enough work, and much of their supposed "working hours" are spent in idle waiting for customers or in seeking other scarce income opportunities.

Meager incomes, extreme poverty. The second concrete problem of the USP, and closely related to the first, is extreme lack of sufficient and stable income, leading to extreme impoverishment. This is due to the type of livelihoods they engage in—generally precarious livelihoods where there is low job security.

Those who are self-employed do not have sufficient market (or they are too many competing in a limited market) to generate enough revenue, and do not have enough capital to expand their livelihood. Whatever daily income they earn are immediately consumed by their family, or to pay loan sharks, with just enough or not enough savings to continue their livelihood for the next day.

Those who are hired helpers suffer worse due to extremely low pay, often based on informal wage rates and with no clearcut benefits. Their constant job-seeking makes them susceptible to outright capitalist exploitation as contractual, subcontractual, casual/temporary, or part-time/seasonal workers who will accept wage rates (or piece rates, or other ways of computing their share of value added) way below what the capitalist pays for its regular workers. Women and minors are paid even much less.

Either way, they literally live from hand-to-mouth (*isang kahig, isang tuka*). Any untoward

occurrence—an illness in the family, a workday lost, an accident—leaves them deeper in debt. All these lead to extreme kinds of impoverishment in terms of the most basic lack of daily capacity to provide food, shelter, clothing, medical care, and education for themselves and their children.

Lack of social protection and services. The third concrete problem of the USP is that, to the extent that they are not officially listed as working individuals, and even heavily restricted by the state, they are generally denied the basic mechanisms of social protection that are at least formally recognized among the ranks of workers and employees who are hired in standard ways. Most of them are not covered by SSS and Philhealth, although in theory they can join.

Living in informal urban settlements further aggravates their lack of access to social services. In such settlements and workplaces, congestion and overcrowding creates hazardous environmental conditions such as lack of access to clean water and sanitation (leading to disease outbreaks), dangerous electrical connections (leading to destructive fires), and improper disposal of waste (contributing to floods, for which they are totally blamed).

Violation of basic rights. The fourth concrete problem of the USP is that their most basic socioeconomic rights are either neglected or actively violated by the state, big business, and other elements of the ruling classes. Being part of the so-called informal sector, they are constantly pursued by the state—purportedly to have them registered to enjoy legal recognition and benefits, but actually to extort all kinds of fees and taxes from their meager incomes, to restrict or even eradicate their independent livelihoods on various alibis, or to have these livelihoods captured by big business.

If they resist, or turn to underground operations, the state and big business declare their livelihoods illegal, eject or arrest them, confiscate or impound their meager means of livelihood, and take over whatever tenuous territory and economic space they occupy. They are obliged to pay fees, penalties, and bribes of various kinds to various local authorities simply to be able to pursue their livelihoods with reduced state harassment. Related to this, their right to self-organization is not recognized or supported and assured, and so they are denied a collective voice and representation in decision-making processes that affect them and in social dialogues as a whole. And yet, they are superficially urged by local governments and barangays to “organize” to serve as anti-crime force multipliers and as voting blocs during elections.

In the 2002 International Labor Conference, a Resolution on Decent Work and the Informal Economy recognized that informal workers (both employed and self-employed) have the same rights as formal workers to decent work, and promotes the organization of informal workers. But these have not been fully reflected in Philippine law.

THE SEMI-PROLETARIAT AND THE DEMOCRATIC MOVEMENT

1. The urban semi-proletariat as long-term socioeconomic and political force

In this paper, we have focused on the urban or non-agricultural semi-proletariat, as a distinct

sector of the working people engaged in micro-scale production and services as their main source of livelihood. Since in theory they are not part of the peasantry (although in practice there is much blending between the urban semi-proletariat and the peasantry or rural poor), they are often not seen as part of “the main force” of the national democratic movement. And since in theory they also don’t belong to the modern industrial proletariat (although again, in practice, most of them have nothing else but their labor power to sell to employers), they are often under the radar of the workers’ trade-union movement.

Clearly, however, as the chronic crisis of the semi-colonial, semi-feudal system worsens, the USP grows even much faster. It has to be treated as a long-term socioeconomic and political force side by side with the working class and the peasantry. Indeed, it carries the hybrid features of both the working class and the peasantry.

The bulk of the USP is not solidly engaged in production of goods, but mostly in service-related activities such as transport, retail, repacking, repair, and personal services, as well as in construction and peripheral processing. In this sense, most of them are not in the strategic or vital sectors of the economy. On the other hand, the type of services they provide are precisely those that touch the daily lives of the urban population in their millions—those that ride their jeepneys, those that buy food from their sidewalk and corner stores and market stalls, even those petty-bourgeois families who rely on them to take care of their children and house chores or repair their clogged sinks and toilets.

While the USP may be very diverse and heterogeneous in their sources of livelihood, and contribute only a small fraction to the GDP, they nevertheless comprise a huge economic force that tends to be highly concentrated—almost on a 24/7 basis—in urban poor communities, in the market areas and commercial centers of cities and towns, and along the main lines of transport. More studies are needed to show, in more granular detail, the geographic distribution of the USP—estimated between 9 million to 15 million as of 2015—in the country’s cities and towns. But extreme mobility is turning out to be a growing trait.

Often displaced by disruptions to their livelihood, or remaining mobile as they look for better opportunities, many of them tend to seasonally migrate from rural to town center to urban, and back to rural areas again, or even commute daily along highways. They are thus an important physical and social connection between the urban and rural areas, and between the proletariat and the peasantry, partaking a bit of the attributes of both.

They can be patiently organized into community or trade-based associations and cooperatives, craft guilds, if not as unions dealing with multiple employers and government agencies. They can be reached, organized, mobilized and developed as an important motive force of the people’s movement wherever they are, but especially in communities and commercialized areas where they concentrate.

Apart from launching mass struggles against their class enemies, their organizations can participate in longer-term transformative programs, collective self-help projects of immediate benefit, and various types of people’s resistance against imperialist and fascist onslaughts. Together with other classes with which they relate to in their daily livelihoods, they can exercise political and socioeconomic empowerment towards higher forms of cooperativism and political activism.

Their mass organizations can steadily raise the level of socioeconomic and political struggle, mass education and agitation among their various sectors, to the level of advocating comprehensive basic reforms in society that will serve their interests, including national industrialization and agrarian reform.

In a long-term program of democratic reconstruction and nationalist industrialization with a socialist perspective, the USP as a whole is expected to be gradually absorbed into the modern industrial proletariat. Other semi-proletarians will most probably be absorbed into the new middle peasantry benefited by agrarian reform (as middle-middle and upper-middle peasants) and increasingly into the socialist peasantry as the level of cooperativism increases.

However, since this socioeconomic development process will take probably at least 10 years or more after democratic reconstruction, it is important for any comprehensive socioeconomic reform program to improve and support the livelihoods and protect the rights and welfare of the USP—as they exist, where they exist.

2. Concrete proposals on the USP and the informal economy

The semi-proletarians—whether they work in small- or micro-scale enterprises (as self-employed or informally employed), private households, cooperatives, or employed by formal firms as temporary laborers or as home-based industrial outworkers—should be ensured of protected livelihoods, full and productive employment, a living wage or equivalent form of non-wage income, decent working conditions according to the country's upgraded labor standards, protection of labor rights, self-organization, and help in cooperativism.

Protection of small-scale livelihoods and informal enterprises

The state should ensure that legitimate and productive small- and micro-scale livelihoods and informal enterprises of the SP are legally recognized and protected, on the basis of the universal right to work—instead of being discouraged, persecuted, or banned outright, which is now the predominant policy. In enjoying state support, such livelihoods and enterprises can increase productivity, sustain employment, and raise living incomes of their informal workforce.

The state should support such livelihoods and enterprises by providing access to productive resources and to appropriate markets, financial services (including micro-credit), enterprise support (including cooperative organization), technical training, infrastructure services, and recognition of legal business identity and rights.

Such micro-enterprises, their self-employed worker-owners and their hired help may be required to register with government agencies to ensure legal recognition and protection. But registration procedures should be simple and non-bureaucratic, entail only minimal costs to registrants, and result in concrete benefits for them. Registration and regulation should not be used as tools to facilitate evictions, confiscation and impounding of assets, or to exact prohibitive fees and other unjust impositions and penalties.

Micro-modes of retail and related services (including food processing and vending, repacking and repair) should be allowed to operate in public markets and other convenient sites, subject

to basic standards of consumer rights, price control, sanitation, and public order and safety. Since these are extensions of public markets, the state must also support them with infrastructure, utility (power and water), sanitation and waste management services, and peacekeeping.

Likewise, micro-modes of public transport such as jeepneys, motorized bancas, tricycles and similar informal passenger vehicles, should be allowed (even encouraged) to operate in routes that are not yet sufficiently serviced by higher-scale mass transport systems such as trains, buses, passenger ships and ferries. While basic standards of passenger safety, fare rates, and operator accountability must be enforced, these should not be used as tools to squeeze out the transport SPs from their source of livelihood and deprive the commuter masses of cheap alternative transport.

Many SP livelihoods revolve around solid waste management (trash collection, sorting, and recycling) in many commercial and residential areas. These are typically the least-preferred types of work, employing the most unskilled labor and posing risks and challenges to public health and safety. The state should either formally hire the informal workers in this sector or encourage them to operate as cooperatives, improve their operations, and enter into government contracts on waste management.

SP livelihoods that revolve around construction are valuable to public works development and maintenance. They represent quick employment among the skilled and unskilled SP's throughout the country (including among the peasantry during the slack season). The state's public works agencies and government-owned construction firms should either directly hire and pay laborers or deal with cooperatives in the construction trades.

As a whole, planning agencies and local authorities must deeply understand and effectively manage the realities of the so-called informal economy, and empathize with informal workers and the communities that thrive on them (so-called "informal settlements"), as integral parts of urban and community life in developing countries. They must be seen not as "hotbeds of crime and chaos" but as positive factors for development.

These economic sectors are an important generator of jobs and livelihoods during the period of transition towards full industrialization, land reform and rural development, and may possibly serve as sources of innovation in certain niches, at certain times, even in advanced capitalist or socialist economies. Urban renewal schemes must exert efforts to incorporate their communities for on-site development rather than target them for wholesale demolition and relocation.

Full and productive employment

One of the state's fundamental duties is to provide full and productive employment to all its adult citizens of working age, of all genders—so that each individual can engage in useful work in exchange for sufficient living income, and thus contribute to national and community development.

In lieu of relying greatly on the current "labor export" policy, the state should continuously expand its local employment program—especially in the context of a long-term program of national industrialization, land reform and overall economic development—to ensure

employment of the whole labor force, detect labor market anomalies, and promptly address the problems of unemployment and underemployment at the level of policy and in actuality.

In a most direct manner, for example, the state can generate local employment by prioritizing community-sourced labor for its public works projects, government-owned public utilities, and government procurement needs. DOLE agencies, rather than merely running websites and occasional job fairs to match job seekers and hiring firms, must instead become a proactive front-line service solving problems of unemployment and disemployment all the way down to the community and workplace level.

Child labor is an excruciating issue that directly affects the semiproletariat, and must be frontally addressed. State policies must ensure that those of minor age are either at school (while also acquiring productive skills and still be allowed to help their families' livelihood outside school hours), or in government programs that combine education and gainful employment with the participation and consent of their communities and families. Forced child labor must be eradicated.

Protection of labor rights

The Labor Code and other Philippine labor laws should be reviewed and revised as needed to expand its coverage of the SP, whose various categories are not thoroughly covered at present due to their fluid employment or micro-entrepreneur status. At the very least, their provisions on SP labor rights should not be lower than existing ILO standards.

Varying modes of employment, such as regular employment, casual employment, project employment, seasonal employment, fixed-term employment, and probationary employment, should be more clearly defined to more thoroughly protect SP labor rights. All employers must be required by law to hire their workers formally, i.e., with written contracts describing the formal category of employment, concrete terms of work and payment, and other conditions.

Laws on job security, minimum wage, additional pay, regular work hours and rest periods, and rest days should apply to the various categories of the informally employed. Maternity and paternity leave, health care, disability, pension and other similar benefits, including the expanded mechanisms of the SSS, GSIS, the public health care system, and similar welfare mechanisms operated by private enterprises and cooperatives, should likewise apply to them.

Domestic workers and stay-in helpers in micro-enterprises work individually, often in isolation from each other and in restricted conditions, within the households and side businesses of the middle and upper classes. Thus, extra attention must be given to enforcing laws and measures—including strengthening the Domestic Workers Act or RA 10361—on decent working and living conditions, occupational health and safety standards, limitations on child labor, against sexual harassment, and against unreasonable restrictions on mobility, physical abuse, and other slave-like practices.

Cooperatives and self-organization

In organizing the semi-proletariat (SP), there is no need to reinvent the wheel. Even just in the past 40 years since neoliberal imperialist policies disrupted working-class organizations, the semi-proletarian masses especially in Third World countries have found thousands of ways to

self-organize. In addition to researching these experiences overseas, the Philippine people's movement should conduct broad-ranged sharing and summing up of its own experiences in organizing the SP into cooperatives, non-union associations (such as guilds and self-help organizations), and industry-based or trade/craft-based unions.

The SP, together with petty-bourgeois-owned micro- and small-scale businesses in rural and urban areas should be encouraged to operate cooperatives. This way, they can harness their collective initiative, creativity, labor and resources, to meet the growing needs for sustaining their livelihood, generate more employment, promote their rights, and contribute to overall national development.

Such cooperatives can produce and deliver basic goods and services wherever there are supply-demand gaps that cannot be filled out by state, private, or joint state-private enterprises. Actual experience shows that such modes of livelihood can sustain small-scale or localized retail (including food processing and vending), transport, construction, and waste management.

State support for such cooperatives can be in the form of technical and financial aid, including storage and transport facilities, access to markets, and minimal-interest loans. The state can also offer market support by involving such cooperatives in government contracts, for example, in procuring fresh food, personal services, small-scale public works, and waste collection and recycling.

The state and people's organizations should supervise and regulate such cooperatives to ensure that they follow their mandate, democratic management, transparency and accountability standards, labor and environmental standards, and other laws.

Apart from joining cooperatives, SPs who mainly or solely rely on selling their labor power for wages or similar remuneration should also be urged to join labor unions based on trade/craft or locality, i.e., regardless of who their direct employer is. This way, their general rights as laborers are protected. Industry-based workers' unions should either directly accept as their members the informally employed within the industry, or assist in their self-organization.

As Nigerian labor leader David Ajetunmobi said in 2009: "Informal workers need the organizational experience of the trade unions while unions also need the vast number of informal workers to build more power to leverage more concessions on larger macroeconomic issues." ###

REFERENCES

Ajetunmobi, D. (2009). Speech delivered at the Nigerian Labour Congress 2009 Summit on Organizing in the Informal Economy.

ILO. (n.d.) Primer: The Challenge of Informal Work in the Philippines.
https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/publication/wcms_474878.pdf

ILO. (2018). Women and men in the informal economy: A statistical picture. 3rd ed.
https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf

Jonna, R.J. and Foster, J.B.. (2016). Marx's Theory of Working-Class Precariousness, Its Relevance Today. *Monthly Review*. Vol. 67, No. 11 (April 2016). <https://monthlyreview.org/2016/04/01/marxs-theory-of-working-class-precariousness/>

Lenin, V.I. (1899). The Development of Capitalism in Russia. *Collected Works* Vol. 3.

Philippine Statistics Authority, Republic of the Philippines. (n.d.) Informal Sector (Conceptual Definition). Accessed 18 October 2022. <https://psa.gov.ph/content/informal-sector-conceptual-definition-1>

Philippine Statistics Authority, Republic of the Philippines. (2009). Informal sector operators counted at 10.5 million (Results from the 2008 Informal Sector Survey). Accessed 18 October 2022. <https://psa.gov.ph/content/informal-sector-operators-counted-105-million-results-2008-informal-sector-survey>

Philippine Statistics Authority, Republic of the Philippines. (2015). Slide presentation. Regional Course on Statistics on Informality: Informal economy, work and employment (July 6 to 10, 2015, Chiba, Japan.) https://www.unsiap.or.jp/e-learning/el_material/3_Population/3_2_labor/1507_Informal/cr/phi_informalsector.pdf

Philippine Statistics Authority, Republic of the Philippines. (2017). 2015 Annual Survey of Philippine Business and Industry (ASPBI) - Manufacturing Sector for Establishment with TE 20 and Over : Preliminary Results. Accessed 18 October 2022. <https://psa.gov.ph/content/2015-annual-survey-philippine-business-and-industry-aspbi-manufacturing-sector-establishment>