LABOR INFORMALITY IN MEXICO SINCE THE 1980s: THE REINFORCED POVERTY-GENDER NEXUS

A THESIS SUBMITTED TO THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF MIDDLE EAST TECHNICAL UNIVERSITY

BY

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF MASTER OF SCIENCE
IN
THE DEPARTMENT OF LATIN AND NORTH AMERICAN STUDIES

OCTOBER 2019

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ABSTRACT

LABOR INFORMALITY IN MEXICO SINCE THE 1980s: THE REINFORCED POVERTY-GENDER NEXUS

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October 2019, 142 pages

The presence of labor informality, defined as one of the fundamental sources of income for the vast majority of people, is a wide-spread phenomenon among developing countries, especially in Sub-Saharan Africa, South Asia and Latin America. The prevalence of labor informality has been considered as one of the major obstacles in the development process for developing economies due to its linkages with poverty and inequality. Furthermore, the concept manifests itself in different forms that are determined by sectorial and gender differences at national and international levels. The purpose of this study is to investigate the linkage between the persistence of labor informality and poverty-gender nexus by analyzing the case of Mexico since the transition to neoliberalism that had been carried out by different administrations. The main research questions in this study are how and to what extent the implementation of neo-liberal policies has affected the Mexican labor informality since the 1980s and how labor informality, poverty and gender differences in the labor market affect each other during this period.This study argues that the labor informality is more prevalent among the female workers in Mexico severely affecting the livelihood women more than men. Consequently, the issue of poverty has become

more prevalent among women who are working informally under unfavorable working conditions.

Key words: informal sector, neoliberalism, development, Mexico, gendered informality

ÖZ

1980'DEN GÜNÜMÜZE MEKSİKA'DAKİ KAYIT DIŞI İŞÇİLİK:
PEKİŞTİRİLMİŞ YOKSULLUK VE TOPLUMSAL CİNSİYET BAĞI

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Yüksek Lisans, Latin ve Kuzey Amerika Ana Bilim Dalı
Tez Yöneticisi: Prof. Dr. Aylin Topal

Ekim 2019, 142 sayfa

Birçok insan için temel gelir kaynağı olarak tanımlanan kayıt dışı işçilik, gelişmekte olan ülkelerde özellikle Sahra altı Afrika, Güney Asya ve Latin Amerika'da sıkça görünen bir fenomendir. Yoksullukla ve eşitsizlikle olan ilişkisinden ötürü, kayıt dışı işçilik gelişmekte olan ekonomilerde kalkınma sürecinde bir engel olarak görülmektedir. Ayrıca kavram, sektörel farklılıklar ve cinsiyet farklılıklarından ötürü hem ulusal hem de uluslararası seviyede farklı formlarda kendisini göstermektedir. Bu çalışmanın amacı, yaygın kayıt dışı işçiliğin yoksullukla olan ilişkisini Meksika örneği üzerinden, farklı yönetimler tarafından uygulanan neoliberal politikaların uygulanmasından beri, göstermektedir. Bunlara ek olarak, kayıt dışı işçilik ve tartışmasına ilkinin toplumsal cinsiyetle olan ilişkisi de incelenmiştir. Neoliberal politikaların Meksika'daki kayıt-dışı işçiliği nasıl ve ne ölçüde etkilediği; toplumsal cinsiyet farklılıklarının kayıt dışı işçilik, yoksulluk ve emek piyasası üçgenindeki etkisi, bu çalışmanın temel araştırma sorularıdır. Çalışmanın iddiası kayıt dışı işçiliğin kadın işçiler arasında daha yaygın olduğudur. Bunun sonucu olarak, yoksulluk problemi kayıt dışı işçi olarak kötü koşullar altında çalışan kadınlar arasında daha yaygın olduğu öne sürülmektedir.

Anahtar Kelimeler: kayıt dışı sektör, neoliberalizm, kalkınma, Meksika, cinsiyetçi kayıt dışıcılık

To my dear family, for their endless support and devotion

ACKNOWLEDGMENTS

I would like to express the deepest appreciation to my supervisor Assoc. Prof. Dr. Aylin Topal for her direction, guidance, support and patience. I would also like to express my profound thanks to members of the examining committee, Assist. Prof. Dr. Bahar Gürsel and Assist. Prof. Dr. Gözde Somel for their suggestions and comments.

I would also like to thank to my family, especially my sister Mürüvvet Şahin and my mother, for their patience, support and understanding. Also, I would like to thank to Ceren Urcan, Merve Şenol and Ali Serhan Çağan for their technical and moral supports. Finally, I am very thankful to my friends, Özgün Sönmezer and Burcu Dağlı for their moral supports.

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LIST OF ABBREVIATIONS

CTM	Confederation of Mexican Workers
ENEU	National Urban Employment Survey
ENOE	National Survey on Occupation and Employment
FORLAC	Programme for the Promotion of Formalization in Latin America and the Caribbean
GDP	Gross Domestic Product
ICLS	International Conference of Labour Statistics
ILO	International Labour Organization
IMF	International Monetary Fund
IMSS	Mexican Social Security Institute
INEGI	National Institute of Statistics and Geography
ISI	Import Substitution Industrialization
ISSSTE	Social Security Institute for Civil Servants
LAC	Latin America and the Caribbean
LTF	Federal Labor Law
MDGs	Millennium Development Goals
NAFTA	North American Free-Trade Agreement
NGOs	Non-Governmental Organizations
PAN	National Action Party
PREALC	Regional Development Programme for Latin America and the Caribbean
PRI	Institutional Revolutionary Part
PRSC	Poverty Reduction Support Credit
SAPs	Structural Adjustment Programs
SMEs	Small and Medium-sized Enterprises
UNDP	United Nations Development Programme
UNT	National Union of Workers
WIEGO	Women in Informal Employment: Globalizing and Organizing

CHAPTER 1

INTRODUCTION

Some researches defined the phenomenon of the informal employment as a result of both poverty and inequality[1], others dealt with it without referring to the issues of poverty and inequality. While some authors agreed on the positive linkage between labor informality and poverty (ILO, 2018: 48; Kucera and Roncolato, 2008: 326; Freije, 2001: 3; Bacchetta, Ernst and Bustamante, 2009: 92; Loayza, Serven and Sugawara: 2009: 14; Williams and Youssef, 2014: 7) others refuted the belief that poverty is entirely resulted from labor informality (Rosenbluth, 1994: 172; Perry and Olarreaga, 2007: 124-5). The underlying rationale behind the negative link between labor informality and poverty was that not all informal workers were poor nor did all the poor worked in the informal sector (Rosenbluth, 1994: 173; Cartaya, 1994: 223). For that reason, there was no a simple linkage between working informally and being poor (ILO, 2002: 31; Chen, Vanek and Carr, 2004; xvii). Indeed, examining the linkage between labor informality and poverty is complex and conducting statistical studies is essential to shed light on the linkage between labor informality and poverty.

When the underlying rationale behind the chronic poverty and inequality is taken into account in Latin American countries, the literature connecting poverty and informality appears to provide more persuasive claims. The empirical researches proved that poverty was more prevailing among informal workers compared to their formal counterparts due to lower productivity and lower income in the informal economy (ILO, 2018: 1). For that reason, there seemed to be a positive correlation between the incidence of poverty and the informal employment (Loayza, Serven and Sugawara: 2009: 14; Williams and Youssef, 2014: 7).

[1] Indeed, the fact that informal employment is viewed as a consequence of poverty seems controversial because the continuance of incessant entrance into informal sector induces the persistence of poverty and inequality as well. In this sense, informal sector is produced by poverty and reproducing poverty. These two concepts are intertwined and reinforcing each other.

There has also been a strong overlap between labor informality, gender and poverty (WIEGO, n.d.b; Valenzuela, 2005: 8; Chen, 2001: 76; Charmes, 2000:1; Chen, Vanek and Heintz, 2006: 2137; Sethuraman, 1998: 112). In other words, a country in which there is higher incidence of poverty has higher labor participation in the informal employment where the share of woman participation in the labor market is more than their men counterparts. Finally, it might be stated that the gender-poverty nexus is reinforced by labor informality in the labor market that implements discriminatory labor policies and subordinating women workers to their men counterparts.

In the light of what is abovementioned, the significance of this study is to indicate and to empirically reveal the relations between the prevalence of labor informality that has increased as a result of socio-economic changes since 1980s and the persistence of poverty regarding the gender issue in the labor market. In this regard, this study is aimed to scrutinize the overlap between labor informality, poverty and gender in the Mexican context and to problematize whether there is a gendered labor informality in the Mexican labor market or not. In order to analyze the Mexican labor dynamics in terms of labor informality, the particular period is determined as a time starting from the implementation of neo-liberal policies to the present. However, the examination of the Mexican political administration regarding the discussion of labor informality is limited to four Mexican political administrations including the de la Madrid (1982-1988), Salinas (1988-1994), Zedillo (1994-2000) and Fox (2000-2006) due to the importance of structural changes carried out by them. Finally, this study asserts that the implementation of neo-liberal policies of 1980s has further intensified the chronic poverty in Mexico by increasing the rate of labor informality. Moreover, Mexican women workers have been affected by increasing rates more than their men counterparts in the labor market, which indicates that labor informality disproportionally functions within itself by reinforcing poverty-gender nexus in the Mexican context.

The main research questions in this study are how and to what extent the implementation of neo-liberal policies has affected the Mexican labor informality since 1980s and how labor informality, poverty and gender differences in the labor

market affect each other. In this study, firstly, the conceptualization of labor informality is discussed in details while providing empirical data on its rates all around the world since the 1980s. Secondly, theoretical framework reasoning the emergence of labor informality is given to comprehend how the concept is addressed by different theoretical approaches. Thirdly, the historical evolution of the Mexican labor informality that has been taken place since the 1980s under four different administrations: de la Madrid, Salinas, Zedillo and Fox is discussed to understand how labor dynamics have been changed in Mexico during three decades. In this chapter, the linkage between the implementation of neo-liberal policies and labor informality is deeply analyzed while focusing on fundamental changes in terms of political, economic and social context under neo-liberal ideology. Lastly, how the incidence of labor informality in the Mexican labor market has affected both the issue of poverty and gender is discussed to see gendered labor informality in Mexico. In this chapter, firstly, dual linkage between labor informality and poverty is addressed as separately from their relationship with gender dimension. After making a connection between these two variables, gender dimension of labor informality is added to this dual linkage to comprehend how labor informality has reinforced poverty-gender nexus in the Mexican context.

In this thesis, methodology that I used includes both quantitative and qualitative studies to comprehend the prevalence of the informal sector world widely, and more specifically, in the Mexican context. As a quantitative method, the study used statistical information, which was provided by the ILO, OECD, CEPAL and World Bank databases. Furthermore, statistics on labor informality in Mexico were collected from both the National Institute of Statistics and Geography (INEGI) and household surveys conducted by the National Survey of Occupation and Employment (ENEO). On the other hand, the qualitative method of the study was collected through secondary resources, which included both academic books and articles, and case studies conducted by scholars.

1.1 Definitions of the Informal Employment and Informal Sector

The first conceptualizations of the informal employment and informal sector coincided with the beginning of the early 1970s. Later on, those concepts entered into the discussions of economic and sociological studies in the academic literature. Although the concept of informality in labor markets was discussed even before that particular time of period, the first initiative to define the phenomena was taken by the economic anthropologist Keith Hart in 1971. Hart defined the informal employment and sector by characterizing and diversifying self-employed workers whose activities went beyond "shoeshine boys and sellers of matches" (1973: 68). His report to the International Labour Organization (thereafter only ILO) was about urban labor market in Africa where informal activities were highly prevalent for a major survival strategy. For that reason, the first definition of the informal labor employment seemed to be concentrated on this particular continent instead of involving other continents in which informal economic activities had also been preferred as income sources by the vast majority of people. Therefore, it might be stated that the definition of informal employment was born as a term belonging to the Third World rather than its universal definition (Portes and Haller, 2005: 404; Portes, 1996: 147).

Providing the universal definition of the informal sector seems problematic because its definition varies from one country to another over time. Furthermore, the existing literature on its definition might lead to some confusion because there exist manifold definitions including different meanings, concepts and requirements to be informal. Therefore, when the phenomenon is problematized, the complexity of giving universally-accepted definition manifests itself. Although the universal characterization of the informal sector is not an easy task due to the lack of generally accepted definition, the institutionalized definitions of both the informal sector and employment were characterized by the ILO, 1993 and 2003 respectively at the International Conference of Labour Statistics (ICLS).

> The informal sector was defined by the 15th ICLS (ILO, 1993a, 1993b), referring to the characteristics of the economic units in which the persons work: legal status (individual unincorporated enterprises of the household sector); non-registration of the economic unit or of its employees; size under five permanent paid employees; and production for the market (Charmes, 2012: 106).

In addition to this definition, the 17th ICLS adopted a broader definition of the informal employment due to the misconception that only informal workers concentrated in informal economic activities. In fact, the earlier descriptions of the informal employment only included those who were working in the informal sector without any social contracts while not paying their compulsory taxes to their states, and consequently, not benefiting from national social security systems in their countries. However, the new definition of the informal employment launched by the 17th ICLS had included those who were working in the formal sector as well. Those workers would be considered as informal due to the lack of completed legal requirements in accordance with the relevant country's labor law. Although it seems that formal workers are perceived as those who have formal status in their workplace, this assumption does not entirely reflect the reality behind the labor market relations. For that reason, the informal employment and the characteristics of workers, formal or informal, were redefined as:

> whose employment relationship is, in law or practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave...) because of non-declaration of the jobs or the employees, causal or short duration jobs, jobs with hours or wages below a specified threshold… place of work outside premises of employer's enterprise (outworkers), jobs for which labour regulations are not applied, not enforced, or not complied with for any other reasons (ILO, 2003).

In other words, both the informal employment and informal sector consists of workers those who concentrate in any category of employment, whether formal or informal, and those who are not contributing to social security systems of their countries. For that reason, these workers are not able to take advantages of social protections provided by governments.

1.2 An Overview of the Sector

The available data and reports suggest that there has been an increasing rates of informality in the labor force across different regions. The ILO's latest report, *Women and Men in the Informal Economy: A Statistical Picture (2018)*, indicated that the overall rate of the informal employment comprised of more than 60 percent of the world's employed population. This meant almost 2 billion people worked informally in all countries, regardless of their level of socio-economic development (2018: V). Although each country has a certain degree of labor informality, it is observed that labor informality is more prevalent in developing countries compared to developed countries. Moreover, the rates of informality vary from a country to another country and a region to another region. These differences in the proportion of the informal employment were also indicated by the ILO's latest report. The five main regions- Africa, Asia and the Pacific, the Arab states, the Americas and Europe and Central Asia- had different proportions of labor informality. Among these regions, the highest rate of labor informality existed in Africa (85.8 percent), which was followed by the Arab states and Asia and the Pacific where the rates were almost the same (respectively 68.6 and 68.2 percent), by the Americas (40.0 percent) and Europe and Central Asia (25.1 percent) (ILO, 2018: 13-4). These percentages of labor informality belonging to different regions are strong evidences to argue that economic activities in developing countries depend more on informal activities than those in developed countries.

It is necessary to compare the available data on the labor informality since the 1970s to understand how the phenomenon has changed over the past four decades in the developing countries. A study conducted by Jacques Charmes[2] (2012) indicated that there had been a steady increase in the rates of the informal employment including non-agricultural sector especially in developing countries. For instance, the informal

[2] In his study, Charmes worked on the issue of labor informality varying from region to region and country to country. He mainly focused on the informal employment by observing it in six regions that were Northern Africa, Sub-Saharan Africa, Latin America, Southern and Southern eastern, Western Asia and Transition countries (in total seventy three countries). His empirical study is essential to comprehend changing trends in the informal employment that took place from the 1970s to the beginning of the 2000s. Furthermore, empirical data was collected through censuses and surveys (in the 1970s and 1980s), mixed surveys (in the 1990s), and household surveys (in the 2000s) to determine the characteristics of the various components of the informal sector in selected regions and countries.

employment in Northern Africa continuously grew from 39.6 percent in the 1970s, and up to 58.4 percent in the 2000s. In Latin America, the rate increased from 52.5 percent in the 1970s to 57.7 percent in the 2000s, while in Southern and South-eastern Asia, it increased from 52.9 percent in the 1970s to 69.7 percent in the 2000s (Charmes, 2012: 110-1).

After giving the overall rates of labor informality all around the world, dynamics behind the higher incidence of the informal sector in Latin America, especially in Mexico as the focal point of this thesis, should be examined to understand the phenomenon within the Mexican context.

1.3 The Historical Evolution of Labor Informality within the Context of Latin America

The issue of labor informality in Latin America reveals different patterns in terms of its percentages since the 1970s. Although the concept of labor informality was launched in the early 1970s, the prevalence of the informal sector came about in the Latin American countries even before its institutionalized definition. The available statistics on labor informality in Latin America indicated how the phenomenon decreased and increased over time.

From the 1950s to the 1980s, labor informality expanded from 29 percent to nearly 31 percent of urban employment including only non-agricultural sector (Tokman, 2008: 15). According to ILO, during the 1990s, approximately 60 percent of newly created jobs were in the informal sector (Gwynne and Kay, 2004: 55). Furthermore, the informal employment in non-agricultural sector increased from 57 to 63.3 percent between 1990 and 2005 (Tokman, 2008: 3). However, between 2009 and 2013, downward trend in the rate of the informal employment of non-agricultural sector was observed, the rate decreased from 50.1 percent in 2009 to 46.8 percent of total non-agricultural employment (Ramirez, 2016: 2). Even though decreasing trends in the informal employment took place in 2013, the substantial numbers of people, nearly 130 million workers, still concentrated in the informal employment (FORLAC, 2013; Ramirez, 2013: 1). According to the ILO's latest report, the number of informal

workers remarkably expanded from 130 million to 183 million within 5 years in the Americas which 18.1 percent of the informal sector is in the Northern America, 53.1 percent in Latin America and the Caribbean (LAC)[3] (ILO, 2018: 33).

The enlargement of the informal sector in Latin American countries was coincided with the beginning of the 1980s when many Latin American countries encountered severe debt crises[4]. To come out the crisis, the Latin American governments had to seek financial assistances from the International Monetary Fund (IMF) and World Bank (WB).[5] These international financial institutions lobbied Latin American governments to dismantle their statist economy and implement liberalization reforms, which are well-known as "Structural Adjustment Programs" (SAPs). Therefore, foreign credits for indebted countries were "conditioned" by the full compliance with Washington Consensus agenda. Within the principles of SAP, these conditions were supposed to comply with economic policy package including

[3] At the subregional level, the highest shares of the informal employment existed in the Central America (58.0 percent) and the Carribbbean (57.6 percent). At the country level, the share of the informal employment, which included agricultural sector, varied widely from country to country in LAC countries. For instance, share of the informal employment in total employment was 83.1 percent in Plurinational State of Bolivia (the highest share in the region), 79.7 percent in Guatemala, 79.9 percent in Honduras, 53.4 percent in Mexico, 46.0 percent in Brazil, 69.2 percent in Peru, 60.6 percent in Colombia. The lowest share of the informal employment was in Uruguay with the percentage of 24.5 (ILO, 2018: 86-7, Appendix B table B.1). However, the share of non-agricultural informal employment in LAC countries differed from these given numbers.

[4] The grass roots of severe debt crises in many Latin American countries at the beginning of the 1980s traced back to economic performance of these countries that took place during the twentieth century. As a late comer in international economic competition, Latin American countries could not catch up with the already developed countries. Although the period of State-led industrialization (roughly from 1950 to 1970), also known as ISI, brought about economic growth to Latin American countries at the above-average rates, they lagged behind Western European countries. Since the ISI policies implemented by the governments eventually failed, many Latin American countries encountered severe debt crises in the beginning of the 1980s. The economic performances of these countries were poor without any signs of recovery for a while. For instance,the region's share in global GDP fell back to 8.0% in the last decade of the 1980s (Ocampo, 2013: 14).

[5] These international financial institutions, sometimes referred as the Bretton Wood institutions, had been implied under the authority of Washington Consensus. The Washington Consensus also involves the U.S. Treasury Ministry, yet the Consensus generally referred to the IMF and World Bank. The main objective of IMF relies on the financial assistance for countries which are in need for external loans to recovery their economies. This assistance is provided to remedy the short-term balance of payment problems. On the other hand,the main purpose of the World Bank is to assist these countries in the long-term balance of payment problems.

deregulatory schemes in labor market, finance and trade such as fiscal discipline, elimination of subsidies, tax reforms, market determined interest and exchange rates, trade liberalization, foreign direct investment, privatization of state enterprises (Fraile, 2009: 215; Gwynne and Kay: 2004: 15).

Although it seemed that the economic package of neoliberalism could improve the bad economic performance of Latin American countries, the reality indicated that their economies were destroyed at the large scale. Under these circumstances, changes in the macroeconomic regime, especially in privatization and opening of economies under the discourse of economic growth, had detrimental effects on economies and labor markets of Latin American countries. SAPs entailed the reduction in the government spending that was resulted in the decline of the formal sector employment and it also froze wages while increasing the rate of the informal employment and subcontracting relations to the formal sector (de la Rocha, Perlman, Safa, Jelin, Roberts and Ward, 2004: 187). The implementation of SAPs not only severely affected employment structures of Latin American countries but it also led to significant increases in income inequality (Portes and Hoffman, 2003: 58).

The dismissal of greater numbers of workers due to greater labor flexibility created by labor reforms was resulted in the rise of unemployment in Latin America (Tokman, 2007: 82). Thereby informal sectors played an important role to contain the unemployment, eight of ten jobs were created in the informal sectors (Tokman, 2008: 15). In other words, both greater labor flexibility and competitiveness in the global economy, as a result of the implementation of neo-liberal policies, led to a substantial decrease in the formal jobs meaning an increase in the informal jobs.

The prevalence of the informal employment is often linked with poverty and inequality in the Latin American countries since its conceptualization in the early 1970s. In addition to the linkage between the informal employment and poverty, there has been revealed another significant connection that adds the gender-based analysis to the discussion on the informal employment and poverty. However, the discussion on the connections among the informal employment, poverty and gender does not go back to the discussion on the connections among the informal employment, poverty and inequality. Indeed, the former has just begun to be discussed in the literature

compared to the latter. This thesis therefore aims to contribute to the literature that discusses the connections between gendered urban poverty and informality.

CHAPTER 2

THEORETICAL FRAMEWORK

2.1 Different Perspectives to the Concept of Labor Informality

In the literature, different theories and approaches have focused on divergent forms of labor informality in the Latin American context. These theories and approaches do not differ only by providing divergent forms of the concept but also by claiming different reasoning for the emergence and persistence of labor informality in Latin America.

Despite their differences, they agreed on the same fundamental reason behind the emergence of labor informality. They reached at the same conclusion that the emergence of the informal economy in Latin American countries had been resulted from the rapid growth of urban population as a result of migration from rural areas creating a labor surplus in urban cities (Portes and Schauffler, 1993: 33). Even though different theories share this common ground about the grass roots of the labor informality in Latin American countries, they take distinct stands explaining the mechanisms behind its emergence.

2.2 Migration-Informality Nexus

The theoretical framework explaining the roots of labor informality in the labor market in terms of migration-informality nexus focus on the results of the mass migration flows from rural to urban areas during the 1950s to the 1980s.[6]

[6] However, it must be remembered that the historical patterns of migration in Latin American countries can be traced back to the Spanish colonial period (Gwynne and Kay, 2004: 98).During these times, a majority of rural population had seasonally migrated to urban cities. However, the most substantial migration trends had begun after World War II. For this reason, the rural-urban migration that took place during the 1950s to the 1980s is mostly associated with the emergence of informal economy in the literature.

Historically speaking, this dramatic increase in the urban population in many Latin American countries (see Table 1) as it happened in other developing Third World countries took place following World War II. The underlying reason behind the dramatic growth of urban population was also rooted in the rapid overall population boom in the Latin American countries. In the second half of the twentieth century, the rise in the birth rate accompanied by decreasing in mortality rate eventuated in mass population growth in Latin America[7]. It meant that economically active population grew rapidly a result of this rapid population growth.

Table 1 : Latin America: urban share of population in selected countries, 1930–2000

Country	1930	1950	1970	1990	2000
Argentina	38	63	79	87	90
Bolivia	14	34	42	58	62
Brazil	14	37	56	78	81
Chile	32	61	75	84	86
Colombia	10	43	59	71	74
Ecuador	14	29	41	55	65
Guatemala	na	25	36	35	40
Mexico	14	43	59	71	74
Peru	11	35	60	70	73
Venezuela	14	54	77	84	87

Source: Gwynne and Kay, 2004: 95.

From the 1950s to the 1980s, along with urbanization, Latin American governments implemented industrialization policies, advanced particularly in the second phase of the import substituting industrialization (ISI). Unlike previous seasonal migration flows to urban areas, the new patterns of migration took place permanently, which meant that cities started to be the important centers of Latin American life (Gwynne and Kay, 2004: 98). The impulse that pushed many Latin Americans to migrate from rural areas was to benefit from the advantages provided by urban cities. For the sake of having better living conditions, the vast majority of rural

[7] The statistics indicate that within five years (1960-1965), regional population growth reached its peak and the average of annual growth rate was 2.9 percent. Even some Latin American countries such as Brazil, Mexico, Venezuela and Costa Rica exceeded this average with 3.0 percent (Portes and Schauffler, 1993: 33).

population moved to urban cities. The reason behind this migration trend was that urban cities attracted the newcomers who were eager to hunt one of those newly created jobs with access to better public services such as electricity and safe drinking water. Within three decades, from the 1950s to the 1980s, urban population grew 4 percent per annum and the total number of people living in urban cities increased from 45 percent to 68 percent (Tokman, 2008: 14).

In the second half of the century, Latin American countries adopted ISI policies as a new macroeconomic development strategy that generated significant job opportunities for those who were in search of. Between 1950 and 1980, significant growth in employment took place in Latin America, especially in the non-agricultural sector of urban cities (Garcia, 1982: 45). In other words, during the ISI, newly-created industries did generate labor demand in urban cities of Latin American countries. The size of demand was also overwhelmed by the number of new migrants. Consequently, as a result of both the rapid population growth and massive rural-urban migration, the issue of labor surplus has started to become more visible in urban areas where available labor force was proportionally higher than the numbers of available jobs. The ISI policies failed to house this population growth bringing about an unemployed growth.

Eventually, low level of absorption of labor[8] ended up with higher ratio of unemployment in urban areas because the structure of employment started to change in the region. The discrepancy between skilled and non-skilled workers became more visible in the process of industrialization where non-agricultural sectors were privileged over agriculture. While more educated and skilled workers had more advantages in the search for a job, their counterparts, especially immigrant groups, did not have the same privileges. At this point, these immigrants did not have another choice, and thereby they had to generate their own income by creating their own occupations as a survival strategy (Tokman, 2008: 15). Eventually, this survival strategy resulted in the evolution of the informal sectors that were rooted from low human capital and the lack of access to capital.

[8] On the issue of low level of absorption of labor, Victor Tokman (2008: 14) stated that the root of the problem relied upon the existence of low investment, inadequate technology and insufficient growth.

2.3 Modernization Perspective

The second approach has explained the grass-roots of the emergence of the informal sector in labor market all around the world is the modernization theory. Although the students of modernization theory did not touch the issue of informal sector specifically, comprehending its way of handling the problem of underdevelopment is essential to find out the roots of the informal sector in Latin America.

Following World War II, in the 1950s and the 1960s, the modernization theory was developed by the Western intellectuals[9] who proposed solutions to the Third World countries struggling to overcome with outstanding economic challenges in the process of their economic development. By providing a theoretical as well as a historical, path to the economic development for the Third World, modernization theorists aimed to facilitate economic integration of late-comer developing counties into the world-system. In fact, the initiative taken by underdeveloped countries was based on the imposition that was placed by Western countries, rather than developing countries choosing their own path of development.

The Modernization theory stemmed from the concept of modernization that was opposed to traditional societies and its values and it was grounded on secularism and individualism which were absent in traditional societies (Steans, Pettiford, Diez and El-Anis, 2010: 82). Furthermore, in the tenets of modernization theory, the notion was that underdeveloped/traditionalist countries would catch up with already developed/modern countries by following the process of economic development[10]underwent by the latter. The idea was that underdeveloped

[9]For more information about modernization theory, see the works of the prominent modernization intellectuals such as Daniel Lerner (1958), Seymour Martin Lipset (1959) and Walt Whitman Rostow (1959). They argued that the only way to be modern and developed, the rest of the world had to follow Western way of development.

[10] On the issue of the process of economic development, Walt Withman Rostow who was one of the outstanding modernization theorists stated that all societies went through five stages while following Western way of economic development; the traditional society, the preconditions for take-off, take-off, the drive to maturity and the age of high mass consumption (1959: 4-13).

societies/countries needed to break their traditional norms and institutions down to be fully integrated into the social, political and economic transformations of the modern world (Valenzuela and Valenzuela, 1978: 538).

Moreover, the issue of underdevelopment was not rooted from capitalist exploitation or extraction. Indeed, the rationale behind socio-economic backwardness of the Third World originated in the inability of their incorporation into the modern-capitalist system. Modernization theorists asserted that as long as the Third World choose the First World road as a guide for national development, it would be fully integrated into the world-capitalist system or international economy by modernizing their institutions, political systems and economies. Moreover, when the conditions were fulfilled, the only obstacle that underdeveloped countries would face was the matter of time in order to catch up with the developed First world.

The proponents of the modernization theory explained the emergence of the informal sector by seeing it as one of the features of traditional societies where pre-capitalist modes of production and subsistence economy were prevalent among isolated rural people (Yusuff, 2011: 626). In this sense, the dichotomy between modern/traditional economies once again manifested itself in the discussion of the formal/informal sector. While the formal sector was perceived as an integral part of modern capitalist economy, its counterpart was depicted as some residue of the traditional economy. In this dichotomy, workers were divided into two categories in terms of their skills and levels of education. Those who lacked proper education and skills were enforced to leave out of modern capitalist system (ibid.). However, what modernization theorists missed out is that the informal sector is not peculiar to traditional economy, indeed, modern capitalist economies also consist of substantial numbers of informal workers.

For the eradication of the informal sector, the proponents of the modernization theory asserted that the informal sector was only a matter of time (Faruk and Crichlow, 2000: 3) and both economic development and modernization would eventually eradicate it (Williams and Youssef, 2014: 2). In this regard, modernization theorists asserted that both industrialization and economic development would pave the way for the absorption of urban labor surplus by creating new job opportunities. However, all

assertions claimed by modernization theorists did not become fact in the reality. Although underdeveloped countries went through stages of economic growth to a certain extent, the rate of the informal sector did not decrease as expected. The available data including rates from the 1970s to the 2000s indicated that the rate of the informal employment increased in the Third World countries (Charmes, 2012: 110-1). For Latin American countries, the rate grew from 39.6 percent in the 1970s, up to 58.4 percent in the 2000s (ibid.).

Moreover, the idea that the informal sector was depicted as residue or remnant of pre-modern/traditional countries did not reflect the reality. In fact, the reality showed that the informal sector not only existed in underdeveloped countries but there was also a relative size of it in high-income developed countries (Jütting and Laiglesia, 2009: 11-2; Williams, 2014). In other words, it is a worldwide problem that each country has a certain degree of the informal sector regardless of its level of development.

2.4 The Neo-liberal Perspective

The main premises of the classical modernization theory was heavily criticized by different schools of thought due to the shortcomings of its assumptions (Williams and Youseff, 2014: 2). Thereby, it was replaced by a political economy perspective that saw the informal sector as an integral part of the modern-capitalist system rather than as a separate entity and the mechanism to make profit and to reduce potential costs (ibid.). According to the proponents of this school of thought, the emergence of the informal sector is depicted as a consequence of de-regulated capitalist system where the state mechanism is not well-functioning to regulate labor market relations and not able to impose its sanctions when necessary.

The change of the perception concerning the informal sector as aforementioned promoted the emergence of the neo-liberal perspective that develops a distinct interpretation on the emergence of the informal sector. For the proponents of the neo-liberal approach, the underlying rationale behind both the emergence of the informal sector and its prevalence is over-regulation imposed by the state actor on the labor

market. Since the state mechanism, which is seen as corrupt one, levies heavy taxes on economic activities that interferes in the free-market too much, the informal sector naturally or inevitably emerges as a consequence. In briefly, "[i]nformality is a response to burdensome controls, and an attempt to circumvent them" (Nwabuzor, 2005: 126).

The study conducted by Perry and Maloney (2007), *Informality: Exit or Exclusion*, truly reflects the tenets of neo-liberal perspective and its way of dealing with the problem of informality regarding the labor market. The study conducted by these authors plays an essential role to fully comprehend the tenets of the neo-liberal approach on the issue of the informal sector. First of all, labor informality was highly associated with small enterprises[11] where less than five people were employed without registering in the social security system (Perry and Maloney, 2007: 9). In this respect, neo-liberals see labor informality as particularly associated with small firms and businesses instead of their counterparts, big firms and businesses. Furthermore, Perry and Maloney examined the emergence of the informal sector through two lenses: *the choice of exit* made by informal firms and/or workers and *the issue of exclusion* that meant that informal workers were excluded from any social and economic benefits provided by the state due to the existence of labor segmentation.

Firstly, they explained *the choice of exit*, which was initially termed by Hirschman (1970), by stating that decisions made by many firms, workers and families were conditioned to their cost-benefit analyses related to formality and to the state ability to enforce its sanctions (ibid. 2). In other words, firms and workers make their choices by calculating their individual cost-benefit analyses in their relations with any legal procedures of the state. In this decision-making process, the critical point is to decide whether remaining in formally-working would provide any benefit to firms/workers compared to its possible costs in the case of entrance into the formal employment.

[11] In addition to small enterprises, self-employed professionals, micro-firm owners, street vendors, artisans, domestic employees and unpaid family work were seen as economic activities in the informal sector by neo-liberals(Perry and Maloney, 2007: 4-5).

Secondly, *the issue of exclusion*, also known as labor segmentation, was discussed by the authors. The existence of labor segmentation led to exclude some workers from working in the formal sector and to leave them only one room that was staying in the informal sector (ibid. 1). In other words, informal workers were enforced to work informally because they did not have any other choice than the informal sector in the labor market. Exclusionary features of the labor market, or labor segmentation, pushed informal workers into the informal sectors in which they did not have the choice of voluntary exist from there.

In their analyses on options between *exit* and *exclusion*, Perry and Maloney concluded that most of self-employed workers were more likely to opt for labor informality rather than labor segmentation because these workers did not see any benefit to work formally (2007: 6). Consequently, the proponents of the neo-liberal perspective argued that operating in the informal sector was a rational economic choice made by micro-enterprises to evade higher taxes and legal constraints imposed by the state mechanism and this was the very rationale behind the emergence of labor informality (Williams, 2005: 55).

For the neo-liberals, the resultant remedy to eradicate informal enterprises relied upon tax reductions, tackling state corruption and deregulated/minimized state interventions in free market (Williams and Youseff, 2014: 3). In this regard, tenets of the neo-liberal approach are based on the notion that higher levels of labor informality are directly associated with a state structure in which higher levels of taxes, corruption and state intervention in the free market exist. Even though these mentioned policy implications are intended to reduce labor informality, they may not be sufficient to attain desired results. Thereby, there must also be improvement in human capital to prevent unskilled workers from "preferring" the self-employment (Perry and Maloney, 2007: 14). Even if unskilled workers could find a formal job, their earnings would not be higher than those earnings in the informal sector. By increasing human capital, unskilled one would upgrade his/her level of education and job skills, and thereby they could earn as much as their formal counterparts. In addition to this improvement, the process of formalization plays essential roles in the reduction of labor informality. By

lowering legal barriers to formalization and simplifying bureaucratic and administrative procedures, reduction in labor informality could be achieved (ibid. 17).

2.4.1 Criticisms to the Tenets of Neo-liberal Perspective

Although the supporters of the neo-liberal theory attempt to prove their propositions about the issue of labor informality by using empirical data, the theory has come under heavy criticisms owing to its recognition that there has been a positive relationship between higher levels of labor informality and the existences of state corruption, higher taxes and state interference in the free market. For instance, Williams and Youssef[12] (2014) heavily criticized neo-liberal recognitions of positive correlations between the level of the informal employment, the higher degree of taxation, state corruption and de-regulation.

Firstly, the neo-liberal taxation assertion, based on the notion that the prevalence of labor informality is a direct consequence of higher tax rates imposed by the state on goods and services, was evaluated by the authors, and the findings indicated that there was no significant relationship between these two variables (Williams and Youssef, 2014: 6). Consequently, the neo-liberal taxation assertion is not based on a solid evidence as the neo-liberals asserts. Thereby, reducing the level of taxes is not an appropriate solution to tackle the persistence of labor informality.

Secondly, the neo-liberal corruption assertion, which is based on a notion that labor informality is more prevalent in countries with higher levels of public sector corruption, was analyzed by Williams and Youssef. By using Transparency International's perceptions of public sector corruption index, they concluded that there was not a positive correlation between these two variables (ibid.).

[12] In their methodology part, Williams and Youssef used the ILO's databases including the statistical information on the level of the informal employment in 16 Latin American countries (2014: 4). Firstly, they evaluated the neo-liberal taxation hypothesis (H1) by comparing 16 Latin American countries with European countries while taking statistical information from World Bank country-level indicators(ibid.). Secondly, to evaluate the neo-liberal corruption hypothesis (H2), they benefitted from Transparency International's Corruption Perceptions Index (CPI,2013) and The Inter-Country Risk Guide Corruption Index (ICGR,2013) (2014: 5). Finally, they evaluated the neo-liberal de-regulatory hypothesis (H3) by using World Bank development indicators (ibid.).

Lastly, the neo-liberal de-regulatory assertion, which higher levels of labor informality is more common in countries with greater state intervention in the operation of free market, was evaluated by the authors who came to the conclusion by looking different types of state intervention in free market. Firstly, the authors state that there was no significant relationship between the rate of labor informality and the required time to set up a business that was seen as a burdensome regulatory system by the neo-liberals (ibid.). Furthermore, no evidence was found that state interference in social protection system leads to increase in the level of labor informality. Even the authors came to a converse conclusion against the neo-liberal allegation about the issue of labor informality and the generosity of social protection system. Unlike the doctrine of the neo-liberal perspective, when there was a greater state interference in the economic realm to protect workers from the poverty trap, it was observed that the share of labor informality decreased as a result of this state interference (ibid. 7). In the lights of what Williams and Youssef found in their study, it might be stated that neo-liberal explanations about both the emergence and persistence of informal sector seem unconvincing when its tenets are carefully examined.

2.5 The Dualist Perspective

The fourth approach analyzing the existence of labor informality is dualism that addressed the issue in a very different way, compared to previously mentioned approaches. In theory, the dualist school emerged as a reaction against single sector models that were predominant on the discussion about economic growth models (Field, 2007). Rather than only focusing on a single economy, including labor and market, the intellectuals of the dual economy emphasized on the fact that economies would be better characterized by having more than one sector, which is also known as the dual economy model.

In their theoretical explanations, the dualist economy modelers asserted that economic sectors in the modern- capitalist economy were divided into two distinct camps: one of them was considered as relatively advanced sector and the other one was seen as a relatively backward sector compared to the former. As Field (2007)

argued, the dual economy was built up in terms of the dichotomies between capitalist/subsistence, formal/informal, modern/traditional economy, industrial/agricultural sectors, urban/rural and good jobs/ bad jobs and so on.

This school of thought played significant role in examining the emergence of labor informality. The reason behind was that one of the well-known proponents of this perspective was Keith Hart whose contributions were seen as a threshold matter on the issue of labor informality. Thereby, it might be stated that the phenomenon of labor informality was firstly taken into account by the dualist theorists as a concept in the literature.

The informal economy was emerged as a term of the Third World owing to many urban studies conducted by the economic anthropologist, Keith Hart (Portes, 1996: 147; Portes and Haller, 2005: 404). In his report to the ILO (1972), Hart analyzed the structure of urban labor market in Ghana, particularly in the city of Accra where migrant groups live, known as the Frafras. His African-based study led to emergence of a dualist model of income opportunities taking place in the urban labor force. Hart stated that the underlying reasons behind higher informality in urban labor market were price inflation, insufficient wages and extra labor surplus (1973: 61). In such a bad economic circumstance, urban sub-proletariats were enforced to seek supplementary jobs to satisfy their needs, and consequently, that situation left room for emerging new economic sectors in addition to the formal sector. That new pattern of economic sector, known as the informal sector, was depicted as possessing a separated or distinct feature from the formal sector by the dualist school. As a fundamental distinction[13], Hart defined the formal and informal income opportunities as wage-employment and self-employment (ibid. 68). The former came from economic activities made under the regulation, and the latter, both legal and illegal activities, were far away from the scope of the same regulation (Hart, 2006: 5).

[13] In fact, Hart clarified the distinction between wage employment and self-employment by arguing that it was the degree of rationalization of working conditions that made the former different from the latter (Hart, 2006: 5; Hart, 1973: 68). Those who worked in wage employment had a permanent and regular repayment as a response to their work but it was not the case for those who worked as a self-employed.

Furthermore, in Hart's analysis, the informal economy[14] was depicted as the low-productivity urban sector, the reserve army of those who were underemployed and unemployed and urban traditional sector that the bureaucratic measurement was escaped (Hart, 1973: 68). After determining general characters of these two sectors, Hart came to conclusion that the formal and informal sector were separated and located in different places rather than operating together (Hart, 2006: 2). More specifically speaking, the 'formal' sector encompassed a group of people who had universal qualities and were equal and same, and its antithesis was the 'informal' sector in which these qualities were absent (ibid. 9). In the case of improving the linkage between these two sectors, the informal sector would be related to its formal counterpart through four different ways: as division, as content, as negation and as residue (ibid.10). Unlike other dualist scholars, Hart's conceptualization of the informal economy was never pronounced with and did not touched upon the terms of poverty[15] and marginality (Yusuff, 2011: 627). Rather he made clarification by referring to his early writing of 1973 that Accra people of the Southern Ghana were not unemployed and even their informal statuses were technically accepted as working (Hart, 2006:5) because informal activities, which were seen as buffer against unemployment, provided opportunities to increase real incomes of those who would encounter the case of being jobless otherwise (Hart, 1973: 79, 83).

In addition to Hart's contribution to the dualist school, there are other scholars whose studies are seen as significant contributions to the dualist theory in the discussion on the dualist structure of the modern capitalist economy. Among the dualist scholars, studies of W. Arthur Lewis and Simon Kuznets highlighted the dual

[14] Hart divided economic activities into two camps: formal income opportunities including public sector wages, private sector wages and transfer payments/pensions and unemployment benefits, and the other one, informal income opportunities including both legitimate and illegitimate dimensions. Moreover, economic practices in the informal economy defined by Keith Hart included mainfold operations, ranging from small enterprises to larger ones. These informal economic practices, for instance, were farming, self-employed artisans, shoemakers, petty traders, musicians, barbers and begging on the legitimate side. Besides, illegitimate activities included jobs such as gambling, prostitution, drug-dealers and bribery (Hart, 1973: 69).

[15] However, the meaning of the informal sector given by Keith Hart was undergone a change by the ILO bureaucracy that redefined and institutionalized the concept as synonymous with poverty (Portes and Haller, 2005: 404; Portes, 1996: 148).

nature of economies. Two economic sectors, relatively advanced and relatively backward ones, were differentiated from each other in terms of their mode of production, the process of economic growth and the structure of labor market (Field, 2007: 1). Firstly, Arthur Lewis (1954) talked about dual nature of the economy that was based on closed economy and open economy in his essay, *Economic Development with Unlimited Supplies of Labour*. The closed economy encompassed the subsistence sector that lacked the ability to use the capital reproducibly due to its lower level of output per head (Lewis, 1954: 407). On the other hand, the open economy contained the capitalist sector within itself. Unlike the subsistence sector, the capitalist sector was a part of the economy in which the capital was reproducibly used and had the higher level of output per head than the subsistence sector (ibid.). In the Lewis's analysis, while industrial goods were the products of the capitalist sector, agricultural goods, services and commercial activities were produced in the subsistence sector (Fields, 2007: 1).

Secondly, just like Arthur Lewis, Simon Kuznets who won the Nobel Prize owing to his dual economy model wrote a pioneering work revealing the tenets of the dualist school. In his main study, titled as *Economic Growth and Income Inequality* which was written in 1955, Kuznets made some fundamental differences between groups of "immigrants" and "residents" who lived in the urban cities by comparing their relative income levels to determine existing income inequalities between these two groups (Kuznets, 1955: 2). Unlike the single sector modelers, Kuznets made distinction between the industrial sector and the agricultural sector while intending to elicit unequal distribution of income that was generated in these two economic sectors. Although Kuznets did not explicitly touch upon the issue of the informal sector, his explanations are useful to comprehend the distinction between the agricultural/non-agricultural sectors and rural/urban population. In his analysis on income inequality in both rural and urban areas, Kuznets came to conclusion that sectoral shifts from the agriculture to industry were the underlying reason behind greater inequalities in a country because per capita income of the non-agricultural sector was higher than per capita income of the agricultural one (ibid.12). As Fields stated, Kuznets believed that

the only possible option for modern economic growth relied upon the shift from lower-income to higher income sectors (2007: 1).

To sum up, the dualist school of thought developed four hypotheses about the issue of the dual labor market and labor segmentation. Firstly, the theory divided the economy into two different camps: a primary and a secondary sector. Secondly, there existed obvious differences between the primary and the secondary sectors in terms of wage and employment. Thirdly, those who worked in the secondary sector could not leave their current sector because economic mobility between these two sectors was very limited. Lastly, there was a pervasive underemployment in the secondary sector because workers of this sector were seen as unskilled even though they could get training for skilled jobs (Wachter, 1974: 639).

Regarding both the dual market theory and labor segmentation, a new approach is taken form under the name of the human capital theory that shed light on existing duality in the labor market by referring to the significance of human capital in searching and having a job. Among the human capital scholars, like Gary Becker and Theodore W. Schultz, pinned the human capital down as an essential element for economic growth in the modern world (Becker, 1993: 23-4; Schultz, 1961: 3).

Schultz argued that different amounts of investment in the human capital were resulted in differences in workers' earnings and if agricultural workers would engage in non-agricultural sector, they would earn substantially less than industrial workers (1961: 3-4). As following what the human capital scholars argued, it might be stated that the investment in the human capital, especially in the terms of education, caused the dualist conditions in the labor market. On the one hand, there are well-educated, skilled workers who are more likely to be engaged in good jobs and to receive more salaries, and the other side of coin shows the opposite group of people who are unskilled and uneducated. In this sense, the human capital is absolutely essential in the creation of the dual labor market.

Related to the issue of labor informality, it might be argued that the investment in the human capital plays significant roles by dividing the labor market into two camps: the formal and the informal. In the case of the informal sector, workers are mostly uneducated and unskilled compared to their formal counterparts in the labor

market. Thereby, one of determinants of labor informality is fundamentally rooted from the different levels of investment in the human capital, including the level of education and job skills.

2.5.1 Criticisms to the Tenets of the Dualist Perspective

Although the tenets of the dual market approach to the emergences of labor dualism and segmentation caught a considerable attention among the scholars, some scholars attempted to criticize what the theory tells about labor conditions in the modern economy. Firstly, the economist Michael Watchter made heavy criticisms on the assumption of the dual labor market theory while grounding his critiques on the empirical evidence. He criticized the dual labor market approach in many respects by arguing that the theory focused too much on policy issues of the dual labor and labor segmentation while drawing little attention on the development of overall framework for its analysis (Watchter, 1974: 638).

Firstly, Watcher argued that the dualist views on the dichotomy between primary/secondary sectors, non-existence of labor mobility between these sectors and the bipolarization of the wage structure were not empirically proved by the data (ibid. 678). In other words, although the dualist scholars made clear distinction between the primary and secondary sector in their theoretical framework, they missed to provide empirical evidences that would substantiate what they assumed in the theory.

Secondly, Watcher criticized the dualist interpretations of efficiency and productivity that led to create dichotomy between the primary and the secondary sector. For the proponents of both the dualist and the human capital scholars, good and desirable jobs were inherent to the primary sector in which both productivity and receiving higher wages existed. Contrary to privileges in this economic sector, bad and undesirable jobs in the secondary sector were more likely to be filled with workers whose levels of productivity were lower, and thereby, their wages were lower than those in the primary sector. Watcher argued that although investment in the human capital was an important determinant in the labor market, it was not the mere indicator in the labor market. He stated that the wage structure was dominated not by efficiency

considerations but rather by custom and habits; and that good jobs went to people who were already with the firm by methods of promotion that largely reflected institutional arrangements (Watcher, 1974: 643). In this sense, the human capital, job skills and abilities are not predominant factors in both determining sectoral position in the labor market and wage structure as they are dictated by the dualist scholars.

Moreover, the dualist statement about the description of job skill is not clear enough to determine whether a worker is compatible with working in the primary sector or not. Since the meaning of skill has a multidimensional array, it is impossible to determine a worker's skill only by looking at one variable such as education requirement. Other determining factors such as quantity of schooling and manual dexterity are essential in the determination of a worker's skills but these variables are unmeasurable. In this case, the missing analysis of the dualist approach relied upon the fact that its human capital requirement seemed inadequate (ibid. 653). Lastly, the solution proposed by the dualists to eradicate both poverty and unemployment was criticized. As the dualist scholars argued, creating both more good jobs and permanent public service jobs for secondary workers were seen as a solution in the agenda of the dualist approach. However, that solution would be resulted in the creation of more monopoly rent, and thereby it would not sort the structural problems out (ibid. 680). Instead, the promising solution recommended by Watcher was that existing barriers in the labor market had to be removed through antidiscrimination laws.

The second approach that criticized the dualist view of the labor market was the neo-liberal approach that intended to empirically disprove what the dualist theorists argued. One of the most well-known neo-liberal scholars, William Maloney, tried to refuse the dualist view by particularly examining the labor conditions of Mexico with his writing in 1999[16]. In terms of what Maloney found by using both interviews and data taken from the National Urban Employment Survey (ENEU), he argued that the conventional dualist perspective about informality and labor dualism did not truly

[16] In his article, Maloney attempted to answer the question of whether labor informality did lead to labor segmentation in urban labor markets by particularly looking at the Mexican labor case. In his methodological framework, Maloney used the empirical data taken from The National Urban Employment Survey (Encuesta Nacional de Empleo Urbano, ENEU) that conducted interviews with approximately 15.000 individuals who were men and aged at 16-65 and whose education levels were higher (Maloney, 1999: 278).

reflect the whole reality behind formal/informal positions in the labor market when the Mexican case was taken into account (Maloney, 1999: 276). For Maloney, the unskilled workers could be integrated into both the formal and informal sectors and this integration took place voluntarily rather than compulsorily. The data collected by ENEU indicated that at least two-thirds of workers who changed their sectors from the formal salaried employment to the self-employment entered into their current sectors voluntarily owing to both greater labor flexibility and the chance to earn higher salaries (ibid. 292).

Furthermore, he gave two motivational reasons why many Mexican workers deterred from formal salaried employment. The first reason was that the implementation of labor protection laws often put burdensome costs on workers' shoulders and this led to the reduction of wages. The second reason was that the informal employment would provide some advantages over the formal employment by creating more flexible working conditions and opportunities for training. In his findings, Maloney came to conclusion that wage differentials between the formal and informal sectors could not be seen as a strong evidence to claim labor segmentation in the market. Instead, he found that sectoral movement from self-employment or contract work to formal salaried employment brought about substantial declines in remuneration while the opposite movement led to a substantial increase (ibid. 284).

Consequently, attempts taken by Maloney and Watcher showed that overall theoretical framework of the dualist approach seems inappropriate when other determinants are seriously taken into account. Of course, the dualist interpretation of the modern-capitalist economy highlighted overlooked points that economies all around the world were seen as belonging to one single economic sector by single sector modelers. However, their theoretical framework is not compatible with statistical information that disaffirms some issues such as wage differentials and sectoral mobility between the formal/informal sectors. Another missing part of the dualist analysis relies upon the fact it sharply cut ambiguous line between the formal and informal sectors by putting the former as separately from the latter in a different box. However, the reality does not reflect that these two economic sectors function independently from each other, and instead there exists interdependent relation

between them. Furthermore, as Maloney argued, the dualist scholars overlooked preferences of those who had different primary motives when they were engaged to find a job in the labor market. It cannot be denied that some workers have to work informally because they do not have any other choice and they are trapped in the informal sector. In this case, decisions taken by informal workers are based on a compulsory basis rather than voluntarily one but it is also known that some workers voluntarily enter into the informal sector by making the cost-benefit analysis before entering into the formal sector.

2.6 The Structuralist Perspective

The fifth approach to the emergence of the informal sector is the structuralist perspective that addressed the problem of labor informality by contradicting theoretical explanations of previously mentioned approaches, which are modernization, dualist and neo-liberal. At the very beginning, the theory was developed by some Latin American scholars such as Raul Prebisch and Anibal Pinto and others who were members of the Regional Development Programme for Latin America and the Caribbean (PREALC). After a while, their studies contributed to the development of structuralist approach (CEPAL, 1994: 157). Among its scholars, Moser (1978) and Portes (1989) are accepted as precursors of this approach.

For the proponents of the perspective, the informal sector was seen as one part of the structure of economy (Estrades, Terra, 2011: 3), rather than separately operating parts of economy as it was argued by the dualist perspective. Unlike modernization and dualist scholars, the structuralist scholars stated that the problem of excess labor supply, as a direct result of rural-urban migration, had more complex results in the urban economy where the poor were the at margin of the society and struggling to survive(Portes, 1996: 150; Portes and Schauffler, 1993: 48). In fact, the informal economy was not as a strategy of survival for those who were at the margins of the society (Portes and Castells, 1989: 12) as the dualist school of thought asserted.

Contrary to earlier descriptions of the function of the informal economy, the structuralist approach argued that economic activities in the informal economy were

interlinked with economic activities in the formal economy (Portes and Schauffler, 1993: 48; Fernandez-Kelly, 2006: 4), and it could not be treated as separate entity from the whole economic system (Slavnic, 2010: 16).

The very linkage between the formal and informal sectors was clarified by the structuralist scholars. Firstly, the informal sector was a supply side of the formal sector that was inclined to avoid from higher costs of goods and services (Portes, 1996: 150). In other words, the informal sector is desirable for the formal sector because average cost of producing goods is substantially decreased in the informal sector, and thereby the formal sector can maximize its output profits in the end by decreasing the initial cost of the production.

Additionally, a substantial reduction in outputs of goods and services was a direct result of reduction in the labor costs of the informal sector (Portes and Walton, 1981: 86). In other words, lower labor costs in the informal sector paved the way to maximize benefits for the formal sector and to increase wages for its workers because informal workers could produce the same products by receiving lower wages than their formal counterparts. The informal sector where there was a lack of legal arrangements was preferable for firms and employers who were mostly eager to avoid legal regulations that led to substantial increases in labor costs. To avoid these labor costs, managers of firms mostly preferred to hire informal workers under subcontracting, new downsizing and outsourcing arrangements (Portes, 1996: 151; Portes and Schauffler, 1993: 49).

In the tenets of structuralist perspective, the issue of subcontracting and outsourcing arrangements were seen as an informalization from the below. Slavnic (2010) argued that there were two notions of informalization that took place in the modern capitalist economy and these were *informalization from the below* and *informalization from the above.* Firstly, informalization occurred from the below through subcontracting, new downsizing and outsourcing strategies. This kind of informalization included wide ranges of marginalized actors such as low-income earners, small business enterprises and immigrant workers. These marginalized actors did not have any legal statuses and social protection provided by the state mechanism and they had to generate their own incomes in order to survive in the labor market

(Slavnic, 2010: 3). In the wake of any legal restriction imposed by the state, these actors produced and reproduced informalization that was growing.

Secondly, Slavnic also talked about the other form of informalization taking place from the above that took two different dimensions: *accommodation of capital* and *accommodation of the state*. For informalization from the above occurring through accommodation of capital, Slavnic talked about structural changes within the relationship between employees and employers over time. Within the Fordist economic model, mutual affinities between employees and employers were created to guarantee well-functioning capitalist economy. To regulate these mutual affinities, it was essential to have internal labor market that dealt with all concerns regarding the labor market, such as employment, unemployment, working hours, labor conditions, holiday and so on (Slavnic, 2010: 9). In the course of time, however, the conflict between old modes of production and new regime of accumulation became unavoidable when the internal regulation was unsuitable for the perceived needs of production (ibid. 9). It means that the employment relationship under the new economic model, the post-Fordist model, has started to change over time, the conflict between the capital and labor has become more visible since 1980s. The employment relationship was shifted from a traditional form providing permanent and full-time jobs to a new form that includes all uncertainties within the labor market such as part-time, temporary, subcontracts and precarious employments.

Informalization from the above through accommodation of the state took place when the role of the welfare-state started to change in the course of time. Due to changing conditions in the employment relationship, the state actor altered its interventionist roles in the economic activities where big firms and companies tended to avoid labor regulation laws. As it is known during the transition to neo-liberal economy, the role of state was seen as a real threat to create free-market and more competitive economy. The state lost its control over regulation of economy against the capitalist firms during the transition period. Rather than guaranteeing welfare rights, the principle of competitiveness in the labor market became vital for the state actor (Slavnic, 2010: 13). In other words, demands of big capitalists and competitive nature

of the capitalist world economy were privileged over workers and their rights which were guaranteed by the state actor before.

In sum, Slavnic saw the roots of economic informalization as a natural consequence of structural conflict occurring between old modes of regulation (the welfare state) and new regimes of accumulation (neo-liberal principles) (Slavnic, 2010: 17).

Another salient characteristics of the informal economy defined by the structuralist perspective was the fact that the informal sector was internally heterogeneous (Portes and Castells, 1989: 15; Portes and Schauffler, 1993: 51; Portes, 1996: 151; Fernandez-Kelly, 2006: 5). Instead of homogenous class positions in the labor market, the informal economy encompassed various types of economic activities within itself. The modern capitalist economy functions in terms of both regulated and unregulated economic activities that give another room for those who are engaged to be part of the economy. As different from formal and informal workers, these actors position themselves as intermediary in the labor market.

According to Structuralists, informal activities vary by sectors largely. In the typology of the informal economy, economic activities included direct subsistence activities, informal activities, marketing in the formal sector, and autonomous informal enterprises where modern technological equipment was available and somewhat capital accumulation could be attained (Portes, Castells and Benton, 1989; 302-303). It seems that economic activities within the informal employment are not only focused on particular types of works that are firmly accepted as informal but some formal activities are also included in the typology of the informal employment. Furthermore, the informal sector is also equipped with advanced technology for capital accumulation that is seen as peculiar to the formal sector and this is evidence to argue that the informal sector does not lag behind the formal sector in access to advanced technologies.

2.7 The ILO's Characterization of the Informal Economy and Victor Tokman's Contributions

Although examining the emergence and persistence of the informal economy is not taken as a theoretical approach, it is essential to mention about the ILO's characterization of the informal sector. By approving Hart's characterization of the informal sector, the ILO added further characteristics on the issue of the informal sector. In the ILO bureaucracy, the informal economy was an "urban way of doing things" defined as (1) low entry barriers in terms of skill, capital, and organization; (2) family ownership of enterprises; (3) small scale of operation; (4) labor-intensive production with outdated technology; and (5) unregulated and competitive markets(Haller, 2005: 404).

Among the ILO's authors, Victor Tokman is known as one of the outstanding contributors in the understanding of labor informality. Most of his studies were particularly focused on the dynamics of the informal economy taking place in Latin American countries. In addition to redefinition of the informal economy, Tokman made further contributions to the literature on labor informality by touching upon other explanatory factors underlying behind the emergence of labor informality in Latin American countries. He saw the roots of labor informality in Latin American countries as results of low levels of productivity and low capacity for accumulation. The lack of labor absorption in the market was resulted from insufficient accumulation capacity in Latin American countries (Tokman, 1982: 125). Historically speaking, Latin American countries experienced industrialization and urbanization after World War II. Unlike expectations, rapid increase in the urban population that took place during the 1950s to 1980s did not end up with higher proportion of labor absorption in the urban market. According to Tokman, the fundamental reason behind the lack of labor absorption in the urban market was due to low investment, inadequate technology and insufficient growth (2008: 14). Even Latin American countries experienced rapid industrialization and urban population growth in the urban areas in the second half of the twentieth century, they could not achieve their expected economic growth due to the lacks of investment and technological advancements. As a result, this non-

absorption of labor resulted in higher levels of unemployment especially for those who immigrated from urban to rural areas.

To escape from unemployment trap, these new comers were enforced to choose one of two main options that were self-employment or informal wage workers but most of them found themselves in the informal economy rather than self-employment (Tokman, 2008: 21). Furthermore, Tokman explained the motives behind decisions made by newcomers. He argued that being self-employed or informal differentiated from each other when available options were served to newcomers. It was observed that attempts taken to enter into self-employment were based on voluntary decision but it was an opposite situation when newcomers entered into the informal employment (ibid.).

The initial appearance of the informal employment was coincided with the years of the 1950s and the 1960s in many Latin American countries. Until the 1980s and 1990s, the problem of labor informality was not visible and did not create serious problems for national economies. With the major economic crises at the beginning of 1980, however, labor informality became more visible, and thereby both international institutions and states no longer ignored it. Contrary to what is believed, Tokman did not see the effects of SAPs on employment relationships as negative or detrimental. He argued that the existence of labor informality paved way for the creation of new job opportunities for those who would be otherwise unemployed (Tokman, 2008: 15).

In sum, the ILO's institutionalized definition enriched the content of the informal sector by adding further particular characteristics belonging to this type of employment in which firms are small and employ uneducated and unskilled workers in unregulated and competitive market places and in which there is outdated technology. As the ILO's author, Victor Tokman was particularly interested in labor informality and its underlying reasons in Latin American countries. He stated that the emergence of the informal sector was a natural result of non-absorption of labor in the urban market stemming from low investment, inadequate technology and insufficient economic growth. Those who were not able to enter into the formal employment in urban regions opted for the informal employment rather than falling into unemployment trap. However, it must be noted that Tokman did not regard the

informal employment as failed economic policies of neoliberalism, instead he believed that the emergence of the informal sector saved the vast majority of people residing in the urban regions from the unemployment trap.

CHAPTER 3

THE CASE OF MEXICO

3.1 The Informal Sector in Mexico: Its Evolution and Dynamics

As it is previously mentioned, the phenomena of labor informality is wide-spread and universal, which means that it might be seen or observed in any labor market of economies all around the world. However, the existing literature shows us that the persistence of the informal employment is highly associated with developing and underdeveloped regions of the world, such as Africa, Asia, Central and South America.[17]

As it is a focal point of this thesis, the rationale behind both the persistence and existence of labor informality in Latin American countries is explained in the previous chapter while addressing the problem in terms of different theoretical approaches. In this chapter, the aim is to examine the phenomena of informality in the Mexican labor market that is seen as highly prevalent among Mexican workers. In this regard, this chapter might be summarized as follows: firstly, the size of the Mexican labor informality is provided by empirical data to understand the severity of the situation. Secondly, the dynamics and the characteristics of the Mexican labor informality are mentioned while explaining the reasons behind the evolution of the Mexican informal employment. Thirdly, the historical evolution of labor informality in Mexico is explained while touching upon historical-structural changes in the Mexican labor market that have been resulted from the implementation of neoliberal policies.

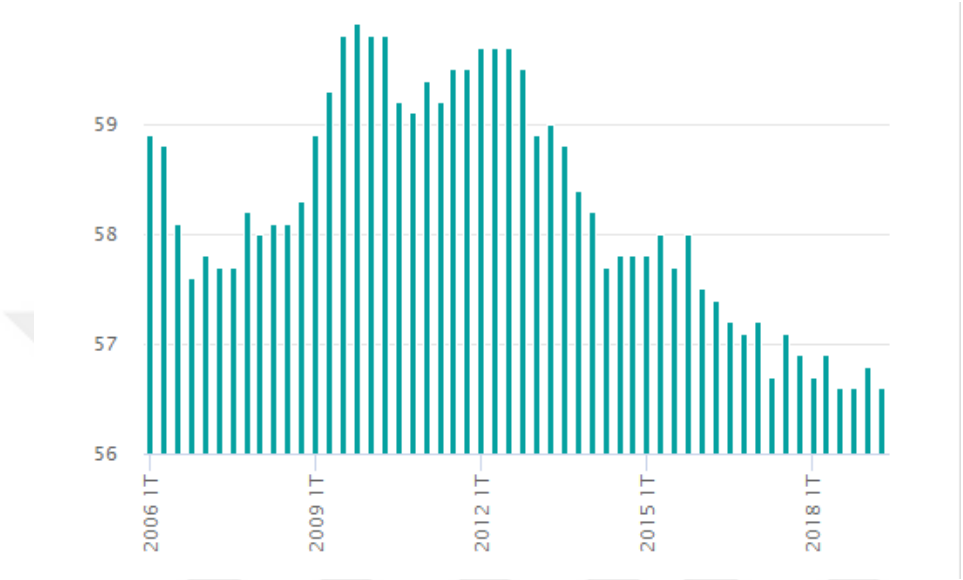
[17] The rationale behind this assertion relies upon the fact that levels of labor informality in these regions exceed optimal levels of labor informality that are seen as normal or at least expected in the labor market.

3.2 The Size of the Mexican Informal Employment

In the twenty past years, the Mexican economy had been characterized by relatively low economic growth that was recorded with the percentage of 2.6 at an annual average, which the labor supply could not be absorbed (FORLAC, 2014: 4). When the 2008 financial crisis hit, the Mexican economy was severely affected and had become much worse than its pre-crisis economic performance. As consequences of this crisis, its GDP growth felt by 7 percentage points and the unemployment rate increased from 3.5 percent to nearly 5.5 percent (Freije, Lopez-Acevedo and Rodriguez-Oreggia, 2011: 40).

This dramatic economic slowdown also led to outstanding changes in the structure of the Mexican employment and the Mexican labor market as well. Unemployment rates dramatically increased and the rate of open employment sharply decreased. In such a bad economic circumstance, the Mexican economy was characterized by the huge and persistent informal employment (FORLAC, 2014: 4). Since the 2008 financial crisis, the rate of labor informality in Mexico has showed slightly decreases to the present. At the four-year intervals, the rates of the Mexican labor informality had showed ups and downs but these ups and downs did take place at slight proportions. According to the National Statistics and Geography Institute (INEGI), the Mexican labor informality accounted for 58.3 percent in the last quarter of 2008, 59.5 percent in the last quarter of 2012, and 57.1 percent in the last quarter of 2016. The recent data taken from the same resource indicated that the rate of the Mexican labor informality accounted for 56.9 percent in the first quarter of 2019 (INEGI, 2019) (see table 2). As it is understood, the ratio of the Mexican labor informality did not show dramatic decreases and increases within these four years and it only changed at small proportions. Moreover, the latest data is a solid evidence to claim that more than every other person in the Mexican labor market works informally, which gives us strong clues about how the Mexican labor market severely functions within itself. In this regard, being informal or working informally in the Mexican labor force might be perceived as normal when the huge and persistent rates of labor informality is considered.

Table 2 : Labor Informality Rate in Mexico(2006-2019)



Source: INEGI, 2019.

The latest and more detailed statistical data about the Mexican labor informality is conducted by Encuesta Nacional de Ocupacion y Empleo-ENOE[18] (The National Survey on Occupation and Employment) in 2015. Under the recommendation of the ILO, household surveys conducted by ENOE give us statistical evidences about the share of the informal employment in total employment in terms of sexes, regions and sectorial differentials.

[18] In fact, ENEO annually published the rates of labor informality in Mexico. For instance, according to the 2018 ENEO's data, the total numbers of workers those who concentrated in the informal sector accounted for 30, 693, 039 million people which was equal to 56.5 percent. In terms of occupations, domestic paid workers accounted for 2, 230, 717 million, companies and government insitutions accounted for 7,528,698 million and agricultural workers accounted for 6, 074, 549 million. However, these numbers did not have detailed information about the Mexican labor informality that took place in terms of gender differentials. For that reason, the 2015 data of ENEO that provided gender differentials in the informal sector was used to examine the concept in Mexico (Crisolhoy, 2018).

According to the 2015 data of ENOE, share of the informal employment in total employment was 53.4 percent that 29.1 percent of it worked informally and 19.8 percent worked informally even though they were in the formal sector. In terms of sex indicators, the share of the informal employment in total employment for men workers accounted for 50.1 percent which 27.9 percent of it belonged to the informal sector and 21.6 percent with the formal sector. On the other hand, the share of the informal employment in total employment for women workers accounted for 58.8 percent which 31.0 percent of it worked in the informal sector and 17.0 percent worked informally in the formal sector (ILO, 2018: 87).

The same survey also provided information about sectors in which the Mexican labor informality takes place. In this sense, it was found that share of non-agricultural employment accounted for 53.2 percent in total which 33.1 percent of it was in the informal sector, 14.9 percent was in the formal sector. In this non-agricultural employment, the rate of men who worked informally was 33.8 percent, and the rate of formal workers accounted for 15.1 percent (49.6 percent in total). For women workers, statistical evidence indicated that 32.2 percent of women worked informally, on the other hand, the percentage of the working formal women was 14.7 (58.2 percent in total) (ibid.). In the light of all the statistical evidences above-mentioned, it might be concluded that the numbers of people who worked informally for both women and men were higher than their counterparts in the formal sector (for non-agricultural sector).

For the other sectors, the share of the informal employment was divided into three different sectors: agriculture, industry and services. Agricultural informality was 14.1 percent, industrial informality was 24.5 percent, and lastly, service sector was 61.4 percent. By sexes, informally working men accounted for 20.5 percent, their counterparts in industry accounted for 32.4 percent, and lastly, those who worked informally in service sector accounted for 47.2 percent. For working women, 4.6 percent of them was in the agricultural sector, 13.3 percent was in the industrial sector, and lastly, 82.1 percent was in the service sector (ILO, 2018: 122).

It might be stated that the share of the informal employment in the service sector was highest for two sexes and the lowest rates of women and men were in the

agricultural sector. Moreover, these highest and lowest percentages indicated that there occurred sectorial changes from agriculture to services in the Mexican labor market over time. The fact that the share of the informal employment in the services has the highest rates revealed the current employment structure of Mexico that was based on the agricultural sector in the past.

Finally, ENEO gives us information about the share of the informal employment that differentiates in terms of regions. It is found that urban non-agricultural informal employment accounted for 46.9 percent, on the other hand, rural non-agricultural informal employment accounted for 59.8 percent (ILO, 2018: 93). In other words, the informal employment seems more frequent in the rural regions than urban regions.

3.3 The Dynamics and Characteristics of the Mexican Labor Informality: The Main Reasons behind Labor Informality in the Mexican Labor Market

As it is mentioned in the previous part, the Mexican labor market has consisted of the huge numbers of labor informality and estimates showed that over half of the economically-active population had informal relationships in Mexico at both the formal and informal firms (IMF, 2018: 3) and this percentage was almost equal to 30 million people in more exact numbers. This higher rate of the Mexican labor informality dictates to examine the phenomena in the Mexican context. Thereby, the dynamics and characteristics of labor informality in Mexico will be summarized while touching upon the underlying reasons behind the huge and persistent Mexican labor informality that has taken forms in the historical process.

First of all, the definition of labor informality in the Mexican context should be provided in order to understand the way the issue is seen and called by the Mexican policy-makers. It also gives us strong clues about how the Mexican authorities endeavor to eradicate the problem of the huge Mexican labor informality. The definition of labor informality provided by INEGI included those who worked in non-agricultural at informal and formal firms, who was self-employed agricultural workers, unpaid and non-salaried ones and who did not have access to social security health

services at both informal and formal firms (IMF, 2018: 3). It seems that the Mexican labor informality has broaden definitions by including distinct types of jobs and sectors that might be seen as one of the reasons why higher rates of labor informality take places in Mexico. Furthermore, working in the formal sector or formal firms does not always provide an opportunity to benefit from the Mexican social security health services if the contractual relationships between the employees and employers are drawn up in the informal basis.

Secondly, there are fundamental reasons explaining the rationale behind the huge and persistent labor informality in Mexico. One of reasons is seen as very consequence of the structural problems arisen from the Mexican political, social and economic structures. It was argued that the current structural problems stemmed from overregulation of formal enterprises and the Mexican taxation system (Garro, Melendez and Rodriguez-Oreggia, 2005, Cited in Rodriguez-Oreggia, 2007: 91) and the Mexican social security system (Hanson, 2012: 6). In this sense, these structural problems are regarded as push and pull factors that compel firms and workers to opt for doing their businesses informally.

The other reason is rooted from economic difficulties or challenges encountered by Mexico in its historical process, ranging from the debt crisis of the 1980s to the 2008 financial crisis. There are positive relationships between economic recessions and the rates of labor informality (WIEGO, n.d). When a country encounters severe economic or financial crisis in its history, the rate of labor informality in that country shows substantial increases, regardless of the levels of economic growth of that country. As it is common in all economies, when the Mexican economy was severely hit by serious economic and financial crises in its history, the rates of the Mexican labor informality increased. The opposite result, decrease in the rates of labor informality in the Mexican labor market, took place when the economic recovery was accomplished.

3.4 The Relationship Between the Current Structural Problems and the Levels of the Mexican Labor Informality

It is empirically proved that labor informality in all economies was determined by the issues of labor regulations and tax burdens[19] (Buehn and Schneider, 2012: 159). The underlying rationale behind this statement relied upon the fact that obligation of labor regulations in the formal sector enforced workers to enter into the informal sector because it led to increase the costs of formal labor (Almeida and Carneiro, 2012: 64). In fact, workers and firms opt for the informal system in order to evade higher taxes and overregulation in the labor relationships. Additionally, existing legal barriers to entrepreneurship and higher levels of corruption, which caused to increase transaction costs urged small firms to not stay in the formal sector (Hernandez, 2015: 11). Indeed, these given reasons determining labor informality were confirmed by some conducted studies. For instance, Sean M. Dougherty and Octavio R. Escobar (2019) found that bureaucratic barriers led to increase costs to start a business limited entrepreneurship, and eventually this was resulted in the creation of self-employment that was often informal in Mexico (4188). Furthermore, they argued that widespread corruption which was also another determining factor behind labor informality discouraged both workers and firms to enter into the formal employment in Mexico (ibid.).

Related to the Mexican case, some studies were conducted to empirically prove the positive relationships between increasing tax rates, changes in the labor regulation and the share of the informal employment. The Mexican informal sector was resulted from a natural consequence of its restrictive regulation, in particularly labor relations, (Leyva and Urrutia, 2018: 28) and it was also determined by issues of high inflation, prevalence of agricultural sector and weak government (Vuletin, 2008: 4). In other words, high degrees of employment protection and the burden of labor regulation regarding taxation systems in Mexico play pivotal roles in determining the rates of

[19] In their study, Buehn and Schneider empirically examined the impact of tax burdens and labor regulations on the rates of labor informality, or shadow economies that how they called. In their methodology, they used a MIMIC model in order to make comparisons among 162 countries all around the world, including Eastern-European, Central Asian and high-income OECD countries. Their findings showed that increasing tax ratio and regulations played significant roles in determining the shadow economy (Buehn and Schneider, 2012: 139).

labor informality in the country. Since the implementation of neo-liberal policies, the Mexican labor market has been regulated to put higher restrictions or constraints to employ workers in the formal employment owing to existing higher taxes and higher costs to employ them formally. For the employers in Mexico, they are more likely to opt for the informal sectors in order to evade from these higher taxes and legal barriers. They see the informal sector more profitable than paying higher taxes to the state mechanism because costs to employ workers in the formal sector lead to decrease their margins of profit. On the other hand, most of the Mexican employers are enforced to work informally owing to their employment relations with their employers. At that point, it might be stated that informal workers do not have the right to decide their working status, otherwise they have to accept losing their current jobs and being unemployed.

Decisions taken by the employers who opt for the informal employment and impositions on the workers to work in the informal sector are the results of the Mexican labor-market relations which have been changed since the implementation of neo-liberal policies. For that reason, analyzing the historical evolution of the labor-market relations in Mexico related to structural changes that have resulted against workers and their rights is essential to comprehend the persistence of labor informality in the country.

3.5 The historical evolutions of Revisions on the Mexican Labor Law and Social Security System

The initial outstanding structural changes that have detrimental effects on the Mexican labor market had occurred at the beginning of the 1980s when the Mexican economy was hit by serious debt crisis of 1982. Unlike the previous crises, this one caused radical structural changes in both the Mexican economy and its labor market. Firstly, Mexico's development strategy underwent considerable changes in its economic policy that was previously state-guided Import Substitution Industrialization (ISI) that was replaced by a market economy (Hata, 2010: 18). Under the new development strategy, Mexico had started to implement structural adjustment

programs that included some economic measures such as trade liberalization and privatization of state-owned companies. All these new economic measures in the Mexican economy were implemented under four administrations: The de la Madrid (1982- 1988), Salinas (1988-1994), Zedillo (1994-2000) and Fox (2000-2006) whose reforms had substantial impacts on the labor market and social security system in Mexico. In this section, firstly, structural changes made by these four administrations will be summarized in order to understand better changing dynamics in the Mexican labor relations during the implementation of neo-liberal economic policies. Scrutinizing the political actions made by the Mexican presidents, who are abovementioned, is essential to comprehend challenges encountered by the Mexican workers who would be either informal or formal.

3.5.1 Structural Changes in the Mexican Labor Market since the Implementation of Neo-Liberal Policies

When the emergence of the informal sector is considered in more details, it is clear that structural changes in the labor market that had been taken place since the 1980s played pivotal roles in reconstructing labor dynamics of Latin American countries. Relatively speaking, Latin America had a different labor structure that was highly organized and was entitled to collaborate with the state mechanism in the policy implementations. In other words, politically powerful labor unions were able to determine the political action taken by the political administration.

Throughout the twentieth century, Latin American governments privileged labor unions and their leaders since they played essential roles in determining the continuity of existing political administration. In other words, governments had to correspond demands of labor unions in order to remain in the office. In their collaboration, both the political administration and labor unions endeavored to be winning side of implemented economic, political and social policies as much as they would. In the case of clash of interests, two politically powerful actors would come to an agreement with each other by making compromises from their own interests.

In addition to overall conditions of labor unions in Latin America, the Mexican state-labor relations have its own characteristics when the historical trajectory of the country is taken into consideration. Historically speaking, the dynamics of the Mexican state-labor relations substantially relies upon structural changes that took place as responses to both internal and external circumstances.

Throughout the twentieth century, the Mexican state structure underwent remarkable changes in terms of political, economic and social context. At the first half of the twentieth century, the Mexican state structure established under the Institutional Revolutionary Party (PRI), Partido Revolucionario Institucional, is mostly considered as a corporate political system. As Philippe C. Schmitter argued:

> Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed(if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports (Hata, 2010: 19).

The Mexican corporatist system, which was established by PRI during the twentieth century, is vital to understand the state-labor relations in Mexico since the establishment of the Party. In the following section, the PRI system will be mentioned in more details to figure out changing relations between the state and the labor that took place in the twentieth century.

In addition to changes in the political realm of Mexico, there occurred considerable structural changes in its economic realm during the twentieth century. In particular, after the second half the century, Mexico experienced severe economic and financial crises that caused unprecedented radical changes in terms of economic, political and social context. By shifting from state-oriented development strategy to its counterpart market-oriented one, Mexico has started to implement neo-liberal policies that coincided with the initial years of the 1980s. Related to the issue of the Mexican informal sector, economic policies conducted under the neo-liberal ideology are important to comprehend how the state-labor relations has been reshaped. For that

reason, these neo-liberal policies that had detrimental impacts on the Mexican labor market will be touched upon in the following section.

3.5.2 The State-Labor Relations under the PRI System in the 1980s and 1990s

The first half of the twentieth century is known as a period in which Import Substitution Industrialization (ISI) was implemented as an economic development strategy. This strategy was adopted by developing countries from the 1950s to the 1970s. By the early 1970s, the development strategy of ISI started to fail its promises and it no longer distributed economic prosperities as it was supposed in its initial point (Ocampo, 2013: 14).In the Mexican context, the failure of the ISI policy manifested itself in sharp declines in oil revenues, increasing in the rates of unemployment, higher inflation rates and balance of payment problems (Soederberg, 2004: 36). In such a bad economic circumstance, the Mexican state found itself in the pressure imposed by different classes of the society: the working class and the capitalists. On the working class side, workers were discontent owing to decline in the real wages and their demands were to ameliorate or at least alleviate direct impacts of bad economic performance. On the other hand, the capitalist class was dissatisfied with the state's involvement in the economy and was demanding from the state not to intervene in the economic sphere of the country (ibid.).

Additionally, Mexico underwent heavy pressures imposed by the IMF and World Bank to borrow external financing (Cypher and Delgado-Wise, 2010: 32). Here, it must be noted that international financial institutions played pivotal roles in the transition to neoliberalism in Mexico by increasing the pressure on the country, which was seen as the only way to implement neo-liberal policies in Mexico in a more legitimate way.

In upcoming years, bad economic performance in Mexico was ended up with the 1982 debt crisis that was marked as a starting point for Mexico to shift its economic policy from import substitution industrialization to export promotion industrialization (Soederberg, 2004: 37). By shifting its policy orientation to the latter, the first wave of neo-liberal policies implemented by the De La Madrid Administration (1982-1988)

has been started and continued until the Salinas Administration (1988-1994) whose term of office was also called as the second wave of implementation of neo-liberal policies in Mexico.

3.5.3 Constructing Neo-liberal Policies in Mexico under the de la Madrid Administration (1982-1988) regarding the State-Labor Relations

As it is above-mentioned, the 1982 debt crisis played a significant role in the transition to neo-liberal policies in Mexico. Hence, the first decade of the implementation of neo-liberal policies had been initiated under the directions of international financial institutions such as IMF and World Bank. However, both economic crises of the 1980s and the transition to neo-liberalism eventuated in higher unemployment, decreases in the real wages and diminished labor union privileges that severely affected organized labor (Cook, 1995: 77).

In the Mexican context, the unexpected consequences of the implemented neo-liberal policies changed the state-labor relations that were resulted in disadvantages of the labor unions and their leaders whose prerogatives previously were taken for granted in the Mexican politics and economy. By the 1980s, it was observed that the political system of corporatism started to lose its ground under the de la Madrid Administration whose economic policies ended up with declined real wages, cutting or eliminating social spending (ibid. 79). In fact, the rationale behind the government's economic policies was based on the fact of Mexican bad economic condition in terms of the gross domestic product (GDP), inflation rates and open unemployment during the 1980s. For instance, the available data provided by INEGI indicated that the Mexican gross domestic product (GDP) was negative in 1982, 1983 and 1986 with the rates of respectively -0.6, -4.2 and -3.8 (Zapata, 2006: 439-440). The same database also gives us concrete information about inflation rates during the de la Madrid Administration. Within a decade, inflation levels reached the highest in three times: in 1983, 1987 and 1988, which were respectively 131.8, 101.6 and 114.2 (ibid.). Furthermore, open unemployment rate steadily increased from the 1980 to the 1983 (from 4.7 percent to 6.1), and then, it started to decrease thereafter.

In addition to declining and cutting wages and social spending, the administration seriously engaged in the privatization process in the Mexico under the discourse of economic liberalization. In this sense, 37 percent of the government-owned enterprises was sold or closed between 1982 and 1990, and this privatization strategy was ended up with a wave of job cuts which was estimated more than 400.000 (Dillon, 1997, Cited in Soederberg, 2004: 40-41).The very linkage between the privatization process and the labor issue relies upon the fact that those who lost their jobs due to the privatization policy found themselves jobless, and thereby they were enforced to make sectorial changes in the labor market, instead of being unemployed. More specifically, there occurred tremendous sectorial shifts, from the formal sector to its informal counterpart.

Another structural change taking place in this particular period manifested itself in the labor structure that underwent unprecedented alterations within itself due to the government policies. As it is previously mentioned, the existence of labor unions had always been at the core center of Latin American politics owing to its privileges provided by the governments. For that reason, in the political agenda of any Latin American government, labor unions and organizations played both essential and critical roles in determining the political actions of their countries. Within the Mexican context, the power of labor unions is explained in terms of their historical evolution that traced back to the beginning of the twentieth century. Indeed, the corporatist political system of Mexico was associated with the labor organizations that were initially incorporated by President Lazaro Cardenas in the 1930s (Collier, 1982, Cited in Cook, 1995: 78). Workers and peasants through large corporatist labor organizations, which were the Confederation of Mexican Workers (CTM, in 1936) and the National Peasants Confederation (CNC, in 1938) were integrated into the corporatist political system (Leal, 1986: 31). In this incorporation, labor unions and organizations that had closer allies with the state had several privileges because of their participation in PRI exchange for supporting the party in the political elections. In approximately 50 years, both political and economic prerogatives possessed by the labor unions and their leaders were continued without any serious disengagement. However, it should not mean that successful incorporation of the labor unions with the

state smoothly worked for the benefits of these two political actors. In fact, conflict of interests often occurred between the government and labor on both political and economic issues. As Cook (1995) stated that union leaders often disagreed on the government policies and they used their political influence in order to gain both political and economic prerogatives (ibid.). This political influence used by union leaders was based on their mobilization power that played significant roles on unionized workers. In particular, those who were unionized under any labor union or organization were seen as important actors who were able to completely change the future of Mexico in the political elections.

By possessing great leverage on the Mexican workers, labor unions and organizations had been always seen as indispensable dimension of the Mexican politics. Their involvement in the party politics via the channel of unionized workers meant that they were possessing direct influence on the political agenda of Mexico. For instance, if the existing government attempted to make changes in its economic policies, union leaders had to be persuaded to put these targeted changes into the practice (Cook, 1995: 78).Otherwise, there would be a resistance imposed by labor unions and its workers to avert what the government aimed. For that reason, political power posed by labor unions and their leaders had to be weakened in a substantial manner when the government engaged in radical changes in its economic policies, and thereby there would not be any obstacle in the implementation of new economic policies.

In particular, likewise in other Latin American countries, the Mexican government under the de la Madrid administration made significant changes in its labor market. For the transition to neo-liberal policies, the administration needed to decrease powers of labor unions and their leaders, otherwise, what Washington Consensus dictated under the discourse of neo-liberal ideology would not be penetrated into social, political and economic spheres of Mexico.

For that reason, firstly, by the early 1980s, there was a salient attempt to weaken the labor's role within the PRI who engaged to make changes in the party's sectorial composition in terms of territorial representation (Cook, 1995: 80). Secondly, and more importantly, a provision mentioning about collective contracts that allowed

labor unions to have control over working processes and operating the internal labor markets such as hiring and layoff procedures was removed and new provision related to the flexibilization of labor market was adopted (Zapata, 2006: 442-443). The issue of labor flexibilization was one of the outstanding structural changes under the discourse of the neo-liberal policies, and it caused to reveal new and mostly unprecedented dynamics in the Mexican state-labor relations compared to the old dynamics. In the first wave of the implementation of neo-liberal policies, labor flexibilization took place to a certain extent that might be seen as an initial point, but not to a greater extent, because attempts taken for greater labor flexibilization occurred in the second wave of neo-liberal period under the Salinas administration.

In the first phrase of flexibilization in the Mexican labor market covered only structural changes such as layoffs, subcontracting and payment system. However, it does not mean that the labor flexibilization did not have detrimental effects on the workers and their rights. Indeed, labor conditions were altered at the expense of those whose rights and privileges were guaranteed by the labor unions. However, new labor conditions dictated by the neo-liberal ideology created a new labor market where labor unions and their leaders did not have authority over the Mexican labor. With the labor flexibility, the new decision maker became firms that had higher controls over the labor issue at the production unit and tended towards gaining greater flexibilization to adapt themselves to changes in both national and international markets (Zapata, 2006: 445). For instance, changes in the productivity level were directly related to the payment systems which means that amounts of payments were determined by outputs.

In sum, it might be stated that the first wave of the implementation of the neo-liberal policies taken under the de la Madrid administration would be seen as a starting point for fundamental changes in the directions of the Mexican economy, politics and labor market under the discourse of neo-liberal ideology.

3.5.4 The Second Wave of the Neo-liberal Policies under the Salinas Administration (1988-1994) and further Structural Changes in the Labor Market

In the 1988 presidential election, Carlos Salinas de Gortari (1988-1994) became the Mexican president with the termination of the De La Madrid term. Regarding structural changes in the labor, it was obvious that what the Salinas Administration intended to make changes in the labor was not different from the De La Madrid's policies and yet his policies might be labelled as the continuation of neo-liberal policies implemented by the president de la Madrid. By doing so, the adaptation of what Washington Consensus dictated was substantially fulfilled. Within six years of his presidency, Salinas widened the scope of neo-liberal policies by opening the country for more flexible economic conditions (Soedeberg, 2004: 42).

Related to the state-labor relations, the political administration asserted to create new labor unions in addition to old labor unions under the name of democratization process (Cook, 1995: 81-82).For instance, a new labor union, which was called as the Fesebes, was created during the Salinas administration in order to make the labor structure more modernized. However, initiatives taken to create modern labor unions like the Fesebes were interpreted as the government's act to dominate the labor rather than making the labor more modernized. It was firstly understood that the government who aimed to make the labor movement modernized by dislodging some labor organizations and their leaders who had considerable influences over the Labor Congress created the Fesebes (ibid.85). In other words, it became apparent that initiatives taken under the Salinas Administration did not aim to make the labor more modernized even such democratization lost its meaning within labor unions. As a strong evidence to this statement, considerable numbers of those who were members of labor unions, approximately half of labor members, dismissed from their labor unions since 1989. Indeed, such democratization was accepted to be seen in many different labor organizations such as organizations of oil workers and the telephone workers. However, all measures to democratize the labor organizations

ultimately failed except the teachers' union[20]. Generally speaking, it might be concluded that under the discourse of democratization, displacing old leaders of the unions did not resulted in greater degree of democratization but even many of these organizations and their workers were deprived of their prerogatives over both political and economic affairs. In fact, the underlying rationale behind the discourse of labor modernization relied upon the fact that the main objective of the Salinas Administration was to remove all constrains eliminating any abuse of worker rights such as arbitrary decisions for layoffs, losing seniority rights and other benefits. By doing this, the government had greater chance to intervene in the internal affairs of any labor organization.

Furthermore, the creation of the Fesebes causing the subordination of labor to both the state and the executive is discussed within the context of deinstitutionalization of state-labor relations in Mexico. The phenomena under the Salinas Administration might be summarized as following:

> (1) the declining significance of formal institutions in which labor has traditionally participated in favor of ad hoc agreements or pacts that curtail labor's substantive participation(e.g., the declining influence of the tripartite National Minimum Wage Commission in setting wages in favor of the Pact for Stability and Economic Growth, the successor to the Economic Solidarity Pact), (2) the circumvention of labor law to achieve labor flexibility and destroy union militancy, and (3) the reduction of labor's presence in a restructured PRI (Cook, 1995: 86).

As a whole, it might be stated that the phenomena of deinstitutionalization meant outstanding weaknesses of the labor unions against the Salinas Administration and it created sort of dependency relations between the labor and itself. This subordination or subjugation of labor unions against the state mechanism was naturally ended up with the depolitization of labor unions that led to make them weaker than before over the political and economic matters.

[20] As an only exception, the teachers' union took advantages of the fact that their union's leader was discharged from the labor union leadership under the discourse of democratization in 1989.With the ouster of their leader, the union became more democratic within its internal affairs than its previous situation (Cook, 1995: 86).

The last years of the Salinas Administration coincided with entry into force of the free-trade agreement, known as NAFTA (The North American Free-Trade Agreement) that was signed among the United States, Mexico and Canada in 1992 under the directions of outgoing the U.S. President George H.W. Bush, the Mexican President Salinas and the Canadian Prime Minister Brian Mulroney. The objectives of the NAFTA agreement are well outlined in its Article 102[21]. In general, it aims to pave the way for the cross-border trade of goods and services and to eliminate obstacles to trade. Looking through the Mexican side, the Agreement had the asymmetrical nature in which was resulted in structural changes for Mexico and had lesser impact on the U.S. (Cypher and Delgado-Wise, 2010: 53). However, it does not mean that the Agreement is seen as an unimportant initiative for the U.S., rather it played substantial roles for the U.S. in the global economic blocks.

Instead of touching every issue regarding the NAFTA and its impacts on its parties, the discussion about both positive and negative effects of NAFTA on the Mexican labor will be addressed in order to catch the overall picture of the Mexican labor market. By doing this, it is easier to comprehend the precarious labor conditions in Mexico that is directly associated with the labor informality in the country. Since it is empirically proved that there has been upward trend in the degree of the Mexican labor informality from the 1980s and 1990s, scrutinizing the relationship between the labor informality and the Agreement is pivotal.

3.5.5 The Zedillo Administration (1994-2000) and the NAFTA

After the end of the Salinas Administration, Ernesto Zedillo became the new President of Mexico who was in power from the 1st of December 1994 until the 30th of November 2000, as the last Mexican President from the PRI. Only weeks after he took

[21] The Article 102 of the NAFTA includes the objectives that are: (1) the elimination of obstacles to trade and to pave the way the trade of goods and services that are carried out within the cross-border context, (2) rising investment chance for the Parties of the Agreement, (3) supporting fair competition in the free-trade area, (4) giving sufficient and efficient protection and enforcing intellectual property rights of the each party, (5) constituting sufficient prodecures to implement and apply the Agreement for the each party and for the resolution of the disputes, (6) creating a framework to achieve further trilateral, regional and multilateral cooperation in order to expand and improve the advantages of the Agreement NAFTA (n.d.).

the office, Mexico witnessed serious political and economic crises which facilitated deepening neo-liberal policies rather than leading to a crisis of authority which was in the case of the 1982 debt crisis (Topal, 2012: 44). In fact, the peso crisis of 1995 strengthened powers of international institutions such as the IMF and World Bank and these institutions have started to exert more influences over determining the country's economy and politics.

Regarding the issue of the state-labor relations, the Zedillo Administration will be only mentioned under the discussion of the full integration of NAFTA into the Mexican economy and politics because the implementation of the agreement has negative impacts on the Mexican labor market and the Mexican economy. Firstly, NAFTA makes the Mexican labor more flexible which is resulted in disadvantages of the Mexican workers, and secondly, the full integration of NAFTA makes the Mexican economy more competitive in the global economy where interests of companies and firms are more privileged over the Mexican workers and their rights.

Before the implementation of NAFTA, the state-labor relations in Mexico already underwent serious structural changes that were as direct consequences of the neo-liberal policies of the 1980s. When the free-trade agreement was signed, labor unions and organizations were already weakened against the state mechanism both politically and economically. Firstly, with the implementation of the NAFTA agreement, the political and economic weaknesses of labor unions became more visible because it brought about further structural changes in the Mexican labor market. New developments provided by NAFTA affected the Mexican labor and these developments would most probably continue in the short-run by maintaining layoffs and imposing further flexibility on the labor with the channel of challenging the collective bargaining contracts and of repressing labor unions to insist upon changes (Cook, 1995: 88). In this sense, the free-trade agreement did not hinder increased layoffs instead it led to greater flexibility in the Mexican labor market.

Secondly, one of the direct consequences of NAFTA is the creation of the maquiladora industry in Mexico, known as the maquiladorization of the Mexican economy. This newly created economy, which is speedy-growing sector of productive economy, is the assembly plants that are set up through the U.S.-Mexico border

(Soederberg, 2004: 44). Although these maquiladora firms are located in the northern region of Mexico, they are mostly owned by foreign corporations which gathered finished goods and services for the markets in the U.S. (ibid). Historically speaking, the grass roots of the Maquiladora sector traced back to the year of 1965 when the Bracero Program of temporary Mexican farm workers was terminated during the World War II (Cypher and Delgado-Wise, 2010: 79). Like the Bracero Program, the maquila program was an official agreement between the U.S. and Mexico and its fundamental purpose was to provide job opportunities for the Mexicans who were in need and living in the northern region of Mexico. Although the program did not provide substantial financial contributions to Mexico in its first year, its contributions to the national economy became visible after the second half of the 1980s[22]. In particular, profits gained by the maquiladora industry have started to increase after 1994. The fact that the years of the second half of the 1990s followed increasing earnings in the maquiladora sector was owing the implementation of the NAFTA agreement.

As its fundamental purpose, the maquiladora sector is focused on the export-led model of manufacture. Its operating logic relies upon the notion that Mexico imports the inputs from the .U.S. such as parts and components of the product, and then, combines these inputs with cheap production labor and finishes the final stage of the product, and finally, re-exports to the U.S. (Cypher and Delgado-Wise, 2010: 80; Kose, Meredith and Towe, 2004: 15). In other words, the very logic behind the existence of this industry is to produce some sort of goods and services as cheaper as possible in Mexico and to allow these final products to penetrate into the U.S. economy. The maquiladora firms are especially concentrated and specialized in manufacturing of some productions such as electronics, automobile and textile apparel industries.

For the Mexican side, the maquiladora industry provides job opportunities and contributes to the Mexican economy. In this regard, more than half of the new jobs were generated by the export-led sector between 1994 and 2000 and over 15 percent

[22] In this sense, the maquila sector only generated 2.9 percent of the total export earnings in the 1983 which was seen as a pivotal year of this sector (Cypher and Delgado-Wise, 2010: 80).

of Mexican manufacturing jobs, where 1, 137, 862 people were employed in the maquiladoras (TeamNAFTA, 2016). Although the neo-liberal export-led model of the maquiladora sector created employment opportunities for the vast majority of Mexicans, it is also interpreted as a weakness of the Mexican economy. According to James Cypher;

> It cannot provide socially sustainable levels of employment in the context of the lowest acceptable international labor and environmental standards, and progress on the employment front can be made only through greater foreign dependence (2001: 12).

In addition to James Cypher's statement, Kathryn Kopinak argued that this newly created maquiladora economy offered fewer job opportunities than those which were lost due to the privatization of state-owned agriculture and industries (1993: 150-151). Furthermore, she stated that researches conducted on the maquiladora industry indicated that the maquiladoras offered jobs, which were comparatively unskilled and poorly-paid[23], which caused to decrease in purchasing power, and hence increased economic inequality.

In the light of what these authors argued about the maquiladora industry, it might be stated that contrary to what is alleged about positive impacts of it, the maquiladora industry has detrimental effects on both the Mexican economy and Mexican workers. As Martin Hart-Landsberg stated;

> Despite Mexico's rapid growth in the production of manufactured exports, the country's manufacturing value added has remained generally unchanged over the decade of the 1990s. The reason is that the government's neoliberal policies have largely hollowed out the country's domestic industrial base and the new exports are heavily and increasingly dependent on manufactured imports (2002: 19-20).

[23] Like Kathryn Kopinak, Martin Hart-Landsberg mentioned about bad conditions of the maquiladora workers while making comparison with non-maquiladora workers. He argued that the maquiladora workers gained earnings considerably below the earnings of non-maquiladora manufacturing workers. By the year of 1994, the gap between these two groups of workers was notably high. Average maquiladora earnings were merely 47 percent of their counterparts' earnings (2002: 20-21).

In addition to its negative influence on the whole Mexican economy, the Mexican workers are affected by the maquiladora economy. As a direct consequence of the shift to the neo-liberal policies that were heavily focused on the manufactured exports, several workers' status were shifted from permanent, full-time working conditions to low-wage and uncertain working conditions (Soederberg, 2004: 45). In this regard, it might be argued that the export-led model of the Mexican economy led to create a working environment where nothing was guaranteed or protected for the advantages and privileges of the Mexican workers. In such a precarious working condition, workers would have working status for one day but they would be unemployed for another day. This problem might be also interpreted in terms of the issue of the Mexican labor informality. Workers working without any labor contracts, which guarantee their rights, would find themselves in any informal sectors due to the possibility of losing their jobs in their current conditions. Furthermore, the shift from permanent and full-time jobs to temporary and low-wage jobs are mostly associated with being informal in the labor market. This shift explicitly triggers to create more precarious working environment that is often resulted in the higher levels of the Mexican labor informality.

Lastly, the fact that the maquiladora economy provided fewer job opportunities than those which were lost owing to the privatization of state-owned industries might be analyzed in line with the Mexican labor informality. Those who became unemployed after the harsh privatization process did not have any alternative but they would choose the informal economy rather than being unemployed in order to continue their survival strategies. All these changes have kind of reciprocal effects setting off the emergence of labor informality in Mexico. As Cypher and Delgado-Wise argue that the new export-led model caused many stratifications in the labor market and one of them was called as survival sector, mostly known as an informal sector, where people had to create their own jobs as a response to the precarious and lacking working conditions in the formal employment(2010: 139).

Additionally, the linkage between labor informality and the transition to the neo-liberal policies related to the Mexican context was defined as a unique description, known as labor pauperization by James Cypher and Raul Delgado-Wise. The issue of

labor pauperization has been started to be associated with the harsh implementation of neo-liberal policies in the 1980s, and later on, it has continued with the implementation of NAFTA in the first half of the 1990s.

Furthermore, adapting the export-led economy led to create uncertain working conditions as mentioned before. As a result of these structural changes, the Mexican labor market also underwent radical changes within itself, and ultimately, different dimensions were brought in the characteristics of the Mexican labor market. For instance, the labor vulnerability, greater flexibility, the creation of uncertain and insecure working conditions for workers, the development of the maquiladora industry and sectorial changes taking place from agricultural sector to industrial one became the new characteristics of the Mexican labor market. These economic, political and social changes in the labor market manifested themselves in the Mexican new employment structure, also called as the general characteristics of a growing pauperization process, put restriction on the growth of the formal sector employment (ibid. 142). Consequently, this pauperization process of the Mexican employment structure compelled workers those who were not able to find formal jobs, and thereby, who had to seek other job alternatives such as working informally or being migrant in another country.

The underlying rationale behind the emergence of labor pauperization relies upon facts that there is the lack of the creation of formal employment positions and the presence of two powerful groups, the Mexican large holding companies and the TNCs, which are able to control the wages below (ibid. 143). The lack of job creation in the formal sector ended up with increases in the numbers of workers who were working informally. Moreover, the extreme labor pauperization was highly related to the enlargement of subcontract issues (ibid. 144). In this sense, it might be summarized that the political, economic and social changes in the Mexican context since the 1980s have resulted in the newly created Mexican employment structure where the emergence of labor informality is as a response to these structural changes. In general, labor pauperization is mostly associated with the phenomena of labor informality in the Mexican context due to its direct impacts on the emergence of the latter.

3.5.6 Changes in the Mexican Labor under the Fox's Administration (2000-2006)

By winning the 2000 presidential election, Vicente Fox became the Mexican president who defeated the PRI candidate in the election. For the first time, Mexico witnessed unique presidential election in its history because the country's dominant party, the PRI, was defeated by the PAN (Partido Accion Nacional, National Action Party). In its longer history, for the seventy-one years, Mexico was governed and controlled by the PRI which has adopted the corporatist structure in Mexico since the Cardenas Administration (1934-1940).

As expected, transfer of political power in the Mexican political regime has initiated changes in the political, social and economic spheres. Although all dimensions of these changes have profound impacts on the country's destiny, the only change regarding the state-labor relations under the Fox Administration will be mentioned in this section in order to understand the Mexican labor conditions.

First of all, transfer of political power in Mexico was understood pivotal to establish independent labor movement (Bensusan and Cook, 2003: 231). Under the PRI regime, labor unions were significant alliances of the Mexican political system that was based on the authoritarian rules. For instance, the Confederation of Mexican Workers (CTM), known as one of the most important labor unions in Mexico, worked with the PRI regime very closely. However, this sort of corporatist relationships between labor unions and the PRI did not exist when it comes to the National Action Party (PAN). With transfer of political power, the belief that labor movements would be saved from the authoritarian regime started to manifest itself. In particular, democratizing both labor unions and organizations is of vital importance in achieving labor rights since all obstacles stands against demanding better working conditions in the labor circumstance would be removed by the democratization in the Mexican politics (ibid.249).

During his presidential candidate, Vicente Fox promised to alter the Mexican labor conditions in which the corporatist structure of the Mexican politics was deeply penetrated. For instance, Fox gave strong clues about the new labor reforms in the case

of his presidential victory. Furthermore, he signed a document that was developed by different groups of people advocating themselves to defend labor rights, such as labor experts, intellectuals and human rights activists. This document, termed "The Agreement on twenty Commitments to Freedom, Union Democracy, Enforcement of Individual and Collective Rights for the Labor Agenda and Government Program[24]" and its fundamental purpose was to provide institutional and democratic reforms in the labor relations (ibid. 248).

After the electoral victory, Vicente Fox immediately embarked on the labor law revision by setting up a team that comprised of labor experts and trade unionists who were the developers of the labor reform. In this sense, two labor law reform processes were initiated to make radical changes in the Mexican Federal labor law. The underlying rationale behind these reform processes relied upon the modernization of the Federal Labor Law- LTF, which was intended by the Fox Administration to revise the legal structure of the Mexican labor (Mayer, 2003: 73). Since the LTF played profound roles in determining the Mexican labor conditions, it was essential to overhaul it to be able to make changes in the Mexican labor relations. An attempt taken to revise the LTF took place in the first round of negotiations (2001-2002) and in the second round of negotiations (2003). Before moving into more details about these two reform processes, the analysis of the Mexican Labor Legislation must be carried out at the outset to comprehend better the Mexican labor relations which are substantially determined by the Federal Labor Code and Article 123 of the LTF.

Regarding the state-labor relations in Mexico, there are two significant legal foundations regulating and controlling the labor conditions: the Constitution and the LTF which enable the government to be an active participant in the labor relations (Befort and Cornett, 1996: 276). In other words, the Mexican government, especially under the PRI system between 1929 and 2000, used its political authority to directly

[24] Within the proposal of the agreement, the aim was to establish new conditions in the Mexican labor conditions, such as providing just working conditions, legitimating collective bargain agreements, democratizing unions and improving the labor justice systems. By doing so, it was anticipated that the Mexican labor would gain importance in terms of both legal and institutional reforms that would facilitate the improvements in gaining worker rights.

intervene in the labor issues by predicating their interference on the constitutional foundation.

3.5.6.1 The Significance of the Federal Labor Law in Determining the Mexican Labor Conditions

The LTF, used as a legal tool by PRI leaders, included manifold provisions limiting Mexican worker rights and their freedoms of association and organization (Mayer, 2003: 74). In this sense, the 1970 Federal Labor Code and the Article 123 of the Constitution have considerable positions in determining the Mexican labor structure and dynamics. For that reason, the importance of the LTF, including the Federal Labor Code and Article 123 of the Mexican Constitution, will be examined in below section.

Firstly, the LTF, based on the 1917 Political Constitution, played significant roles in determining the social rights of the Mexican workers and was responsible for guaranteeing and protecting these rights via the law (McGuinness, 2014: 6). It deals with the clarification of legal procedures determining the labor conditions such as work contracts, term of job, holidays, limitations on child labor, conditions causing the termination of employment and so on. Furthermore, the LTF is entitled to decide which labor unions could be created and be able to receive legal status.

Despite its protective character, it also imposes several restrictions and obstacles on the Mexican labor by giving extensive authority to the state mechanism interfering in the labor-management. Firstly, many clauses of the LTF imposed limitations on Mexican worker rights, freedom of both association and organization (ibid. 74). In this sense, if the corporatist structure of the state was threatened by any action taken by the labor side, the state de facto involved into this action by grounding on its legal tool, the LTF, to take control over the Mexican labor. Labor unions and their leaders could not hold strikes if labor authorities did not approve (Burgess, 1999: 121). In the light of what is aforementioned, actions taken by labor unions and their members were under the control of the LTF which was used by the state mechanism. In such a limited legal ground, it is impossible for workers to defend their rights when

necessary. If the overall picture of the Mexican labor is taken into account, it is dominated by the state control, which means that governments are able to dictate their political and economic policies over the labor at the expense of worker rights. In the long run, this controlled labor manifests itself in insecure working conditions which are directed for the benefits of capitalists and the state mechanism.

Article 123 of the Constitution regulating the labor relations, has two sections. While Part A mentioned about the private sector, Part B spoke of public workers (Befort and Cornett, 1996: 275; Mayer, 2003: 78). Particularly, Part A consisting of thirty-one sections mentions about particular regulations and benefits for those working in the private sector, such as working hours which are limited to eight for a day, the minimum wage, worker's compensation, and health, security regulations and so on. This part also entitles both labor and capital to the right for strikes and lockouts. On the other hand, Part B regulates the labor rights of public workers. However, unlike Part A, the right to strike for those who were working under Part B was effectively banned (Cook, 1996: 80-81, Cited in from Mayer, 2003: 79). In other words, worker rights provided and guaranteed by the state mechanism differentiate from each other when sectorial differences are taken into consideration. While workers of Part A are taken for granted by the Constitution, workers of Part B and their rights are restricted by the same legal foundation.

In sum, while the LTF set "main tools" to form the Mexican labor market and to determine the tripartite relations among workers, capitalists and the state, Article 123 established "ideal standards" for the state-labor relations in Mexico (ibid. 76).

It might be stated as a conclusion that the LTF and Article 123 of the Constitution are the fundamental legal bases regulating the state-labor relations and they are used by the Mexican governments as controlling tool to intervene in any labor matters. By basing upon a legal foundation, the state mechanism is able to intervene in the labor issues by limiting or imposing restriction on workers' actions.

3.5.6.2 Two Negotiation Processes for the Reform of the Labor Law under the Fox Administration

During the Fox Administration, two negotiation processes to reform the Mexican labor occurred respectively in 2001-2002 and in 2003. The underlying rationale behind these two negotiation processes was to reform the Mexican while modernizing the LTF (Mayer, 2003: 73). As a cornerstone of the state-labor relations in Mexico, three different groups were expected to participate in the negotiation: the state, entrepreneurs and labor unions. The first negotiation, formally called the Process of Workers-Entrepreneur Dialog and Negotiation for the Reform of the Labor Law, consisted of twenty-two persons: eleven union representatives and eleven business representatives (ibid.79-80). In addition to these three parties, the Union Nacional de Trabajadores (National Union of Workers, UNT), one of the autonomous labor unions in Mexico, was invited by the Fox Administration to make the negotiation talks more inclusive.

During the first negotiation, two proposals to reform the Federal Labor Law were on the table. The first proposal, which was mentioned to the Congress on 31 October 2002, aimed to weaken the state power over the labor affairs and to make the Mexican labor more independent. The second proposal, introduced to the Congress on 12 December 2002, intended to bring changes to the labor, such as greater labor flexibilization, more flexible working hours, social protections for those who were discriminated and were subjects of sexual harassment and so on (ibid.83-84). However, the first proposal failed to reform the Federal Labor Law due to the inability of participating parties who could not reach the consensus in the end.

Since the first round of the negotiation came to an impasse, in summer 2003, the second round of it was introduced to receive what was aimed by the former but not reached in the end. For this time, the Fox Administration invited the Congressional Committee on Labour and Social Welfare to be party of the talks process in order to build consensus among different parties of the negotiation (ibid.93). As it happened in the first negotiation, the second process also failed and any consensus was not reached in the end of the process due to the conflict of interests taking place among

different parties of the negotiation. The salient failures of two negotiation processes indicated that although the Fox Administration came to the office by calling for radical structural changes in the Mexican labor in order to break relations with the corporatist system, legislation revision over the labor matters did not occur in the end. The failure of the Fox Administration about the labor law revision was a strong evidence to argue that changing in the political administration did not essentially bring about reforms in the state-labor relations (Zapata, 2006: 446). It might be stated that the continuity of the corporate political system of Mexico explicitly manifested itself though power of the PRI was dismantled by the victory of the PAN.

As it is discussed above, the Mexican labor conditions under the Fox Administration did not perform well and promises given by the administration did not become reality. Trends in the labor market underwent sectorial changes within itself. Compared to previous decade, the period 2001-2003 showed different rates of labor informality which tells us that there was a downward trend in the rate of the formal employment. Formal employment was decreased during the period 2001-2003 while the share of temporary employment started to increase (Hata, 2010: 35). The informal employment in urban areas decreased from 43.4 to 39.4 percent between 1995 and 2000, however, the period 2000 and 2004 showed upward trends, from 39.4 percent in 2000 to 42.8 percent in 2004 (ILO, 2006: 62). In other words, increased rates of the informal employment is a clear evidence to see the failure of the Fox Administration who promised to bring remarkable changes to the Mexican labor market.

Additionally, the Mexican social security system should be analyzed within the discussion of greater employment flexibility that is one of outstanding results of increases in the number of the informal employment. Understanding the linkage between employment flexibility and labor informality is essential in the discussion of the Mexican informal employment because the more the Mexican labor becomes flexible, the more informal sector exceeds its formal counterpart. For that reason, the Mexican Institute of Social Security (IMSS) will be analyzed in the next section in order to comprehend the very linkage between employment flexibility and labor informality.

3.5.6.3 The Analysis of the Mexican Institute of Social Security (IMSS) under the Discussion of Labor Informality

Throughout Latin America, the history of social security system traced back to the twentieth century when many Latin American countries adopted the ISI as a tool for economic development. As expected, with the end of ISI model and serious economic crises, social security systems in Latin American countries started to decline in the 1980s and 1990s (Hernandez, 2015: 47). In other words, a shift in economic development model taking place from state-led growth to market-led growth was ended up with cutting back on social security systems provided by the government.

Indeed, the underlying rationale behind the adaptation of social security systems led by Latin American governments was based on a political reason which governments used social security systems as a tool to gain electoral supports of working class. When circumstances of the century were considered, it was not a surprising that many countries governed by populist leaders such as Brazil, Mexico and Argentina used social security system to receive organized working class's support (Dion, 2008: 434). In this sense, the adaptation of social security system was based on certain political interests rather than merely providing social assistance for those who were in need of.

In the Mexican context, social security or insurance is provided by two institutions: the Instituto Mexicano del Seguro Social (the Mexican Institute for Social Security, IMSS created in 1943) and Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado (Social Security Institute for Civil Servants, ISSSTE created in 1960). The former covered workers in the private sector and the latter covered workers in the national public sector (Hata, 2010: 36). The main principles of these two institutions are to provide workers with particular benefits such as health insurance, pensions, compensation insurance and so on. By possessing right to have social insurance, workers secure their lives and are able to demand aforementioned benefits when necessary.

Although the Mexican social insurance system is well-functioning and providing numerous advantages for workers, the very structure of it reflects some

discriminative features. The fact that a great majority of the population, who was especially working in rural agriculture, small and informal enterprises, was excluded from social insurance made the system regressive (Dion, 2008: 435). Historically speaking, the very foundation of the Mexican social security system was dismantled by rapid economic collapse in the 1980s. As a response to the economic crisis, the Mexican government engaged in the process of structural adjustment in order to stabilize prices and to recover the national economy. As it is previously mentioned, Mexico has undergone radical structural changes owing to the transition to the principles of neo-liberalism in terms of its political, economic and social context. In this sense, the structure of social insurance had been deteriorated under the discourse of ameliorating the national economy. There occurred spark declines in the government's social spending, especially in non-contributory social programs which substantially decreased (ibid. 436). Previously provided social assistances such as health care and pensions became more costly owing to the government action that led to decreases in its social spending.

In the discussion of this deterioration, it is apparent that there exist strong relationships between the derogation of social assistance provided by the government, the economic crisis and adopting neo-liberal principles which are seen as a guideline for country's destination. Firstly, the implementation of neo-liberal principles manifested itself in the alternation of the very structure of the Mexican social insurance system which was resulted in immediate privatization of both the IMSS and the ISSSTE[25] which were seen as two essential channels for social assistance to the Mexican people. The privatization of these two institutions was thereafter followed by the privatization of other social security systems such as pension and health care systems. The economic cabinet of President Salinas (1988-94) under the neo-liberal reform agenda discussed the privatization of the former firstly but the entire privatization of the Mexican pension system did not come true under this administration. When the Zedillo administration (1994-2000) came to the office, it

[25] The privatization processes of these social insurance institutions took place the early 1990s in which the Mexican governments sought to decrease public revenues allocated for social assistance in order to equilibrate the worsened national economy.

decided to engage in the privatization process focusing on the IMSS pension system. In 1995, the institutional reform in the IMSS pension system entirely took place and the old pension system shifted from collective public pension system to an individual-based account system which was controlled by private pension fund administrators (ibid. 438). In this regard, it might be argued that the first pension system guaranteed by the state passed in privately funded institutions' hands which signaled predomination of international actors over the internal affairs of Mexico. The fact that international actors or institutions have the power of controlling pension system creates precarious conditions in the Mexican society in which the Mexican government is not able to intervene and protect lives of many when necessary.

Secondly, the privatization of health insurance system was brought about by structural reforms implemented by the Zedillo Administration. In the package of health care reform, initiatives taken by the government were to privatize medical and support services (ibid. 440). Since unions and their members insisted upon to not allow the government's privatizations of medical and support services, the health care insurance was not formally privatized as the government intended. For that reason, the government embarked on a quest which was not based upon the legal foundation, rather making changes informally without a change to the IMSS legislation. Since the government realized that it could not lawfully alter the legislation regarding the health care insurance owing to the dissent from the unions, it provided the IMSS and the ISSSTE with some opportunities by allowing them to subcontract services and private sector providers. In this regard, though the legislation was not violated by the government, legal barriers against this violation were abolished in informal ways.

In the context of the Mexican labor informality, the Mexican social security system is discussed as a weak institutional tool to tackle the persistence of the informal employment. In Mexico, social security reform was restricted, and thereby it could not be efficient response to the country's increasing informal sector (Usami, 2010: 13). In other words, the very structure of the Mexican social security system, including the IMSS and the ISSSTE, covers and benefits only those who are formally working and discriminates their informal counterparts from the government's social assistance. Moreover, some authors argued that the exclusion of informal workers from the

Mexican social security system is reproduced by formal workers whose positions in the labor market is privileged compared to informal workers. Koichi Usami stated that the structure of state corporatism in Mexico only worked for advantages of formal sector workers who had tendency to protect social security policies for their self-interests, and they were often reluctant to help informal sector workers to enhance the quality of their lives (2010: 14). From formal workers' point of view, they are paying taxes to the government to benefit from its social assistance provided via the Mexican social security system and their informal counterparts do not have the right to benefit from the same social assistance because of their non-payment conditions. Thereby, formal sector workers do not perceive themselves as responsible for helping informal sector workers to improve their conditions. However, it should not be forgotten that there is an unfair working standard between formal and informal workers. Firstly, formal workers earn more than informal workers due to their privileged positions in the labor market, and therefore, they are able to pay their taxes regularly. However, it is not possible for many who are working informally, earning less money and continuing their lives under very bad conditions. Many of these informal workers just earn money which they can only survive with this earning for one day. For that reason, their non-payment conditions seem not optional when the unfair condition in the labor market is taken into account.

Moreover, if a formal sector worker can earn more than the average worker, the underlying reason behind this reality is that an informal worker whose labor force is exploited earn less than the former. Regardless of the size of a firm, many large firms or companies are employing informal workers and subcontractors to maximize their profits and minimize potential costs. The added values created by paying less to informal workers are returned as higher payments to formal workers. Since companies and firms need skilled workers for their own interests, they cannot reduce these higher payments to their formal workers, and thence they employ subcontractors and informal workers whose costs are less than their formal workers in order to maximize their profits.

Additionally, the fact that there is no unemployment insurance is another issue which triggers to increase in the demands for the informal employment. As previously

mentioned, there is a positive correlation between the unemployment rate and increases in the numbers of those who are entering into the informal sector. When the Mexican economy was heavily hit by the economic crises in its history, unemployment rates increased as it was observed in the debt crisis of 1982 and in the peso crisis of 1995. When the economy was in the recovery period, increased unemployment rates showed considerable decreases. For instance, the available data indicated that the percentages of the informal sector (1990-1995) exhibited upward trends, with 38.8 percent in 1990 to 43.4 percent in 1995. When the economy went into the recovery period as it happened in 2000, the higher percentage of it decreased in 39.4 percent in 2000 (OIT, 2006: 64). In the time of economic disasters, the numbers of those who were entering into the informal sector showed substantial increases in its rates. For instance, immediately afterwards the launching of NAFTA, the number of newly-created jobs increased to some extent but then fell due to the peso crisis of 1995 (Cypher and Delgado-Wise, 2010: 140). Declining trends in the formal employment was directly resulted in increases in unemployment, precarious employment, migration and underemployment. At that point, the existence of the informal sector became a buffer for those who were in need for searching a job.

Additionally, the lack of unemployment insurance in Mexico enforced unemployed people to find jobs in the informal sector because they did not have enough time to search another alternative (Hata, 2010: 32). In other words, the Mexican people had to choose entering into the informal sector, rather than being unemployed but this compensation also manifested itself in the growth of the informal employment in the country. At that point, it might be stated that the available alternative, working informally, became a buffer for those who could not afford to queue up for a job to escape from the unemployment trap. In the short-run, entering into the informal sector might seem beneficial instead of being unemployed but it inevitably brings several harms to both the national economy and the Mexican people in the long-run.

CHAPTER 4

LABOR INFORMALITY: POVERTY-GENDER NEXUS

In this chapter, the linkage between labor informality, the incidence of poverty in the informal sector and gender issue will be analyzed on a global scale, and more specifically, on the Mexican scale. Before adding the gender dimension to the discussion of this link, the overlap between the incidence of labor informality and the issue of poverty must be considered as separately from the discussion in which three terms are discussed together.

4.1 Labor Informality-Poverty Nexus

In the discussion on the link between labor informality and poverty, there seems to exist that the first conceptualization of labor informality given by Keith Hart in 1973 does not include or does not refer to the issue of poverty, and in fact, Hart only highlighted the characteristics and diversity of self-employed workers whose activities went beyond "shoeshine boys and sellers of matches" (1973: 68). However, when the ILO got involved in the discussion on labor informality, the concept of labor informality has been redefined by ILO and has been started to be associated with and even seen as synonymous with poverty (Portes and Haller, 2005: 404; Portes, 1996: 148). Thus, the issue of poverty has been started to be get involved in the discussion when labor informality is addressed by economic development goals of international institutions and national policies. In the agenda of economic development goals of both international institutions and countries, labor informality is seen as big obstacle for the economic growth and the alleviation of poverty, and hence tackling labor informality has become essential issue that must be eliminated or at least decreased to some extent in order to achieve economic growth and to tackle the issue of poverty.

Among many authors, it was stated that there was a necessarily positive relation between labor informality and poverty (ILO, 2018: 48; Kucera and Roncolato, 2008: 326; Freije, 2001: 3; Loayza, Serven and Sugawara, 2009: 14; William and Youssef, 2014: 7). While some authors agreed on the positive linkage between labor informality and poverty, others refuted the belief that poverty was entirely resulted from labor informality (Rosenbluth, 1994: 172), and in fact, there was no a simple linkage between working informally and being poor (ILO, 2002: 31; Chen, Vanek and Carr, 2004; xvii). The reason behind this notion relies upon the fact that not all informal workers are poor, for instance, employers in the informal sector or own-accounted workers might earn more incomes than workers those concentrate in the formal sector. For that reason, which occupations informal workers are concentrated in and their earnings in these occupations must be clearly stated before making positive or negative relation between labor informality and poverty.

Furthermore, some authors saw labor informality as a permanent buffer to deter the growth of unemployment (Martin, 2000: 9) in terms of their particular case studies which are focused on some countries. Regarding the linkage between unemployment and poverty, according to some authors, labor informality would provide job opportunities to those who would be otherwise unemployed. In this regard, labor informality does not cause to increase poverty but it instead paved the way to decline the poverty risk among the working poor. In the light of this argument, it might be stated that labor informality decreases the incidence of poverty among the working poor, especially in the times of economic and financial crises, instead of increasing poverty rates because the availability of occupations in the informal employment enables unemployed people to concentrate in one occupation at least in their survival strategies.

4.1.1 The Positive Linkage Between Labor Informality And Poverty

The first group emphasizing on the positive relation between labor informality and poverty explained their arguments by addressing labor informality as one of the determinant factors of poverty. In the literature, this way of understanding was labelled

as pessimistic view due to its positive correlation between these two variables (Gerxhani, 1999: 21). According to this pessimistic view, the existence of labor informality entailed to increases in poverty rates among the working poor. By considering the global picture, the vast majority of the 1.7 billion poor people were dependent on their labor in their survival strategies (Jütting and Laiglesia, 2009: 13).

According to this pessimistic view, the underlying reason behind the positive linkage between labor informality and the issue of poverty particularly depends on average earnings[26] in both the formal and informal sector, and further, within the informal sector itself. For instance, by using comprehensive data of CEPAL, it was found that average earnings of informal sectors were always the national average in the Latin American context but there also existed wage differentials in the informal sectors in which the worst wage hierarchy belonged to domestic service workers (Freije, 2001: 6). In other words, lower earnings in the informal employment, especially in particular occupations such as paid domestic work, were not sufficient to escape from the poverty risk, and the working poor were rather enforced to survive with their lower earnings (see Table 3).

[26] The lower average earnings in the informal sector was directly associated with the incidence of poverty (Freije, 2001: 26).

Table 3 : National Average Income and Informal Average Income by Employment Position (as a multiple of the national poverty line per head)

	1979	1980	1981	1984	1986	1989	1990	1991	1993	1994	1997	1998
Argentina		6,9					6,4			8,6		7,2
wage earners		5,1					3,6			-		-
domestic workers		3,1					3,5			3,3		2,6
self-employed		5,2					7,2			-		-
Bolivia						4,2				3,5	3,6	
wage earners						2,7				2	2,2	
domestic workers						1,6				1	1,1	
self-employed						3,8				2,2	2,3	
Brazil	5,6						4,7		4,3		5	
wage earners	2,5						2,6		2		2,5	
domestic workers	1,1						1		1,1		1,5	
self-employed	5,2						3,4		2,7		3,7	
Chile							4,7			6,2		7,4
wage earners							2,4			2,9		3
domestic workers							1,4			2		2,2
self-employed							5			4,9		6,5
Colombia		4						2,9		3,8		3,8
wage earners		-						-		-		-
domestic workers		2,1						1,3		1,7		1,6
self-employed		3,7						2,2		3		2,9
Costa Rica			6,6				5,2			5,7		5,6
wage earners			3				3,2			3,6		3,2
domestic workers			1,9				1,5			1,6		1,8
self-employed			6,9				3,4			4		3,6
Ecuador							2,8			2,9		3
wage earners							2,3			1,9		1,8
domestic workers							0,8			0,9		0,9
self-employed							1,9			2		2,1
El Salvador										3,4	3,8	
wage earners										2	2,3	
domestic workers										1	1,9	
self-employed										2	2,1	
Guatemala					3,1	3,5						
wage earners					1,5	1,7						
domestic workers					1,7	1,4						
self-employed					2,2	2,9						
Honduras							2,8			2,3	2	
wage earners							1,6			1,3	1,1	
domestic workers							0,8			0,5	0,5	
self-employed							1,5			1,6	1,2	
Mexico				4,8		4,4				4,4		4,1
wage earners				-		-				-		1,9
domestic workers				1,7		1,4				1,2		1,3
self-employed				4,1		4,4				3,3		2,6
Nicaragua											2,6	
wage earners											1,6	
domestic workers											0,9	
self-employed											1,9	
Panama	5,6							5		5,1	5,6	
wage earners	-							2,6		2,4	2,6	
domestic workers	1,4							1,3		1,3	1,4	
self-employed	2,9							2,3		3,4	3,4	
Paraguay					3,1		3,4			3,6	3,6	
wage earners					1,7		1,8			2	2,3	
domestic workers					0,7		0,8			1,3	1,2	
self-employed					2,2		3,6			2	2,5	
Dominican Republic											4,4	
wage earners											2,4	
domestic workers											1,4	
self-employed											4	
Uruguay		0,6					4,3			4,8	4,9	
wage earners		3					2,5			2,9	3	
domestic workers		1,8					1,5			1,7	1,8	
self-employed		8,1					5,1			3,5	3,5	
Venezuela		7,6					4,5			3,8	3,6	
wage earners		6,7					2,5			2	1,7	
domestic workers		4,1					2,1			1,9	1,4	
self-employed		4,9					4,3			3,8	3,9	

Source: CEPAL, 1999-2000, Panorama Social de America Latina

Source: Freije, 2001.

In addition to wage differentials leading to poverty, other outstanding characteristics of the informal employment such as the lack of social security coverage and unstable activities increased the issue of poverty (Assaad, Ramadan, Nazier and 2014: 2). As Chen (2005) stated that the informal employment had direct and indirect costs on informal workers (17). As one of indirect costs of the informal employment, workers in this employment lack the social protection provided by either the state or companies and firms, such as worker rights including overtime compensation, severance payment and paid sick leave. In the case of the absence of these worker rights, the working poor in the informal sectors concentrate in precarious working conditions where any right is guaranteed or protected by any political institutions. The absence of these workers' rights in the informal employment increases the likelihood of falling and trapping into poverty more than formal workers whose rights are already protected by the state or companies and firms.

Another case study indicating the positive relation between labor informality and poverty was conducted by Loayza, Serven and Sugawara in 2009. In their study[27], *Informality in Latin America and the Caribbean*, they analyzed the impact of labor informality on both economic growth and poverty and their regression results indicated that there was a positive relationship between the prevalence of labor informality and the incidence of poverty (Loayza, Serven and Sugawara, 2009: 8).

Regarding the positive link between labor informality and poverty, there are limited case studies which specially shed light on the Mexican case in terms of this linkage. Santiago Levy (2008) carefully scrutinized the Mexican informal labor markets in his famous book, titled as *Good Intentions, Bad Outcomes: Social Policy, Informality and Economic Growth in Mexico*. Even though his book does not entirely deal with the linkage between labor informality and poverty, Levy stated that the persistence of labor informality in Mexico turned into the persistence of poverty due to the low-productivity and low growth rates in the former (2008: 229-230). In this

[27] The authors conducted their case studies by using cross-country regression analysis including the LAC countries (twenty countries plus Chile). They achieved the emprical result by looking at both the level of GDP per capita and the ratio of government expenditures to GDP.

positive linkage, poverty reduction would be only accomplished if job opportunities in the formal employment would be increased.

Furthermore, Calderon, Lopez and Paez[28] (2016) conducted a study on the poverty and labor market deterioration in Mexico during the last two international crises. They questioned how labor market deterioration, which referred to very low wages and reduced or null social protection, influenced the poor and the non-poor population of Mexico during the 2008 financial crisis. The authors found that the global crisis affected lower income households, which had the higher share of losing their jobs, more than upper income households (Calderon, Lopez and Paez, 2016: 37). In other words, labor market deterioration, which refers to the informal sector with lower wages and reduced or null social protection, is consistent with the incidence of poverty. In fact, labor market dynamics in Mexico determine and increase the poverty risk among the working poor. In the case of economic and financial crises, it is a well-known fact that the poor are affected more than other segments of the society due to their labor force participation in the market in which they suffer from low payments. For that reason, it might be summarized that the working poor is more likely to fall into poverty due to their occupations in the labor market as informal workers.

4.1.2 The Case of non-direct Linkage between Labor Informality and Poverty and the Importance of Other Determinant Factors

Although the pessimistic view formulates a positive relationship between labor informality and the incidence of poverty, the idea based on the non-direct linkage between these two variables is also supported in the literature. Rather than making positive correlations between labor informality and poverty, the proponents of this approach argued that there seems to exist other determinant factors which played pivotal roles in determining positive or negative relations between them. For instance, Rosenbluth (1994) stated that even though the assumption on the links between labor

[28] In their methodology, the authors gathered statistical information by developing "double statistical matching" technique which statistics were taken from two national surveys: The Encuesta Nacional de Ingresos y Gastos de los Hogores (ENIGH/2010) and the Encuesta Nacional de Occupation y Empleo (ENEO from 2006 and 2010) (Calderon, Lopez and Paez, 2016: 25).

informality and poverty would seem accurate, it did not reflect the whole reality in fact (156). By using empirical data from 1990 provided by CEPAL, which also included Mexico in the analysis, it was found that the incidence of poverty was observed not only in the informal sector but in the formal sector as well (Rosenbluth, 1994: 172). Indeed, the underlying rationale behind this statement is based upon the fact which categories of the informal employment workers are concentrated in or the quality of job and the amount of earnings in the informal sector play significant roles in determining the relations between labor informality and poverty. For instance, the case study conducted by Jacques Charmes who analyzed fourteen countries, which included Mexico as well, found that there existed wage disparities between the micro-entrepreneurs and employees of the micro-entrepreneurs, and earnings of the former was higher than the earnings of the latter (Chen, Vanek and Carr, 2004: 35). In this regard, it might be stated that claiming the positive relation between labor informality and poverty seems irrelevant without considering earnings in the different segments of the informal sector and occupational differences. It is apparent that although micro-entrepreneurs and self-employment are seen as the part of the informal employment, their earnings are higher than employees of the micro-entrepreneurs and wage earners in the self-employment, and hence these micro-entrepreneurs and self-employers cannot be seen as poor despite the fact that they concentrated in the informal employment.

4.1.3 The Informal Employment as a Buffer against Unemployment and Poverty

The third group supported the notion that the informal employment played essential roles as a buffer against the growth of open unemployment and poverty in the case of economic crises and shocks (Leyva and Urrutia, 2018: 5; Martin, 2000: 9; Schneider and Karcher, 2010: 19; Lo Vuolo, 2008: 4-5).

This belief seems coherent for the cases of developing countries which encountered serious economic and financial crises during the 1980s. For instance, the buffer role of labor informality in the urban labor market manifested itself in Latin

American countries in the lost decade of the 1980s and the 1990s. After severe economic and financial crises, the implementation of SAPs in Latin American countries ended up with sharp declines in government spending which was resulted in the decline of job in the formal sector and privatization of public services. Furthermore, decreasing in real wages and employment entailed to emerge the informal sector in Latin American labor markets. As Lu Vuolo argued, the informal sector had two functions in the Latin American context: as a permanent buffer against labor flexibility and as an economic sector which reduced the costs of the formal sector (2008: 4-5). Also, the emergence of the informal employment belied the notion of both marginality and culture of poverty, which stated that the poor were excluded from economic and cultural realms and they were left alone in their survival strategies (de la Rocha, Perlman, Jelin, Roberts and Ward, 2004: 187). In fact, the poor created their own occupations in the informal employment in order to survive when economic crises hit their countries.

In the Mexican context, Gary Martin (2000) analyzed the Mexican labor informality which acts as a buffer against unemployment. Firstly, Martin explained the emergence of the informal sector as a reaction to the economic crises and the lack of social protection provided by the state mechanism. He argued that since Mexico did not have the program of unemployment compensation, people who could not wait to find more desirable jobs entered into the informal sector (Martin, 2000: 8). In this regard, the informal sector became a buffer against the persistence of unemployment, especially in the times of economic and financial crises. Briefly, it might be stated that the existence of the informal employment in Mexico like in other developing countries has become more of an issue by creating job opportunities for those who were severely affected by the economic crises of the 1980s and the 1990s. Given that reality, it might be argued that the emergence of labor informality in Mexico decreased poverty rates among the poor rather than increasing it by acting as a permanent buffer against unemployment in the times of economic downturns.

4.1.4 The Reverse Relationship between Labor Informality and Poverty: Poverty as a Determinant of Labor Informality

In the discussion of the linkage between labor informality and poverty, the reverse relationship, from poverty to labor informality is also addressed although it is not taken into consideration as much as the former linkage, which labor informality leads to the incidence of poverty. However, it was also apparent that poverty caused labor informality by enforcing the vast majority of the poor to take up undesirable jobs in the informal economy and to accept lower incomes that entailed vicious circle of poverty (ILO, 2002: 31). Although the reverse relationship is also known and seems coherent, there is no statistical data to prove this argument. However, considered the conditions of the poor in the labor market, the lack of education, job skills and social networks enforce the poor to be trapped in the informal sector. Poor people, who are not able to be part of the formal employment, have to accept precarious working conditions in the informal employment in order to escape from poverty.

In sum, it might be concluded that both labor informality and poverty is mutually reinforcing each other but the former linkage arguing labor informality leads to poverty seems more persuasive when the overall reality is considered. In the discussions of poverty reduction and economic growth, the international institutions like the ILO perceive labor informality as a big obstacle to economic development and poverty reduction.

In the Mexican context, it is statistically proved Mexico has higher percentages of labor informality and poverty[29] since the 1980s. In the light of some conducted studies, it seems more appropriate to state that the linkage between labor informality and poverty in the Mexican context is positive but earnings and occupations in which the working poor are concentrated must be taken into consideration before claiming this argument.

[29] According to Gini Index, the latest poverty rate of Mexico accounted for 43.4 percent of the total population, which means that almost half of the total population lives in poverty. There was an increase in the poverty rate from 1984 (48.9 percentage) to 2000 (51.4 percentage). On the other hand, decreses in the poverty rate took place from 2000 (51.4 percentage) to 2016 (43.4 percentage). Although the Mexican labor informality has showed ups and downs over time, trends in the Mexican povery rate have always showed higher percentages in its history (World Bank, n.d.).

4.2 Gender Dimension of Labor Informality

In the discussion on labor informality, there is a huge literature which focuses on gender dimension of labor informality taking place world widely. While addressing the prevalence of labor informality in any part of the world, in Mexico for this thesis, it is important to touch upon female labor force participation in the informal sector. The importance of gender dimension of the issue primarily relies upon the fact the total percentage of participation in the informal sector consists of female labor force participation which is almost accounted for the half of the total number in the world.

For that reason, higher percentages of labor informality in female labor force participation should be scrutinized to comprehend the linkage between labor informality and gender issue. Furthermore, addressing the gender dimension of the issue of labor informality is essential to fight against the prevalence of labor informality or to alleviate it at least. In this chapter, the global picture of female labor force participation in the informal employment taking place in different regions of the world will be discussed while providing both empirical data from these regions and information about in which sectors are mostly occupied by women informal workers. After then, female labor informality in the Mexican labor market will be examined while giving historical background about women participation in the labor force in Mexico since the twentieth century. Moreover, labor informality in the Maquiladora Industry and paid domestic work which are over-represented by the Mexican women will analyzed to see how labor informality takes place among the Mexican women and in which conditions they are working.

4.3 Women in the Informal Sector: A Global Picture

When the total number of labor informality in the world is considered, the rates of both female and male labor informality share some similarities. According to the ILO's 2018 latest report, the rate of male labor force participation in the informal employment was accounted for 63.0 percent while the female labor force participation

was accounted for 58.1 percent in the global picture (2018: 20). In the exact number, there are the 2 billion people who are working in the informal employment and more than 740 million of those are women. When socio-economic levels of the world's countries are taken into account, it is observed that there were higher proportions of informally employed women in both low and lower-middle income countries[30]. As many authors argued women were over-presented in the informal sector world widely (Chen, 2001: 74; Sethuraman, 1998: 31; Aguayo-Tellez, 2012: 15) and thence the informalization of labor markets was often associated with the feminization of the labor force which referred the informal domestic work and other types of unremunerated work (Brown, McGranahan and Dodman, 2014: 12). For both categories, women labor force participations in labor informality are higher than men's, which means there is gender gap in the labor market which works for the advantages of men and discriminates women in the same capitalist system.

In terms of regional differences, numbers of female labor informality have also different proportions when the empirical data is checked. For instance, in Africa, share of the informal employment in total employment for women (excluding agriculture) was accounted for 78.6 percent, on the contrary, men in the same category were accounted for 67.7 percent. For Americas, share of the informal employment in the total employment (excluding agriculture) was 36.9 percent for women and men in the same category were accounted for 35.4 percent (ILO, 2018: 25). In Arab States, share of the informal employment in total employment (excluding agriculture) was higher for men (66.5 percent) than women (49.6 percent). For Asia and the Pacific, men were accounted for 62.0 percent as informal workers in the total employment (excluding agriculture) women hold 53.9 percentage of the informal employment in total employment. Compared to the last two regions, women labor force participations in the informal employment in Africa and Americas were higher than their men counterparts.

[30] The highest rates of labor informality in low-income countries were 92.1 percent for women, and 87.5 percent for men while the same rates were 84.5 percent for women, and 83.4 percent for men in lower-middle countries(ILO, 2018: 20).

Furthermore, female and male informal workers have different percentages in terms of their contributions to family workers. The proportion of women those were contributing family workers was three times higher than men's, which was equal to 28.1 percent for women, 8.7 percent for men. Also, women workers those who were informally working and contributing family workers were accounted for more than 30 percent in both low and lower-middle income countries, they were often known as unpaid for their contributions (ibid. 21).

In terms of different compositions in the informal labor market, which sectors women occupy differentiate from men's occupations in the global picture. In developing countries, the majority of women in the informal employment (excluding agriculture) are in the self-employment. For instance, the African women were either self-employed or unpaid workers in the informal employment(excluding agriculture) while women in Asia and Latin America were mostly self-employed or contributing family workers but at least as casual wage workers (Chen, 2001: 74; Chen, Vanek and Heintz, 2006: 2133).

Additionally, the major segments in the labor market based on the gender bias revealed when the proportions of those who are working in home-based workers and street vendors. Indeed, considerable numbers of women were informally working as home-based, street vendors and waste pickers (Chen and Moussie, 2017: 7; Chen and Roever, 2016: 7, 10). For three regions, including South, Southeastern Asia and Sub-Saharan Africa, significant numbers of women work as home-based and street vendors. The available data indicated that the rate of home-based work in South and Southeastern Asia was ranging from 7 to 27 percent of total employment in cities where women represented 8 to 56 percent of female employment (Chen and Roever, 2016: 9). For Sub-Saharan Africa, home-based work was ranging from 8 to 21 percent of total employment in cities in which female employment represented 13 to 33 percent, and street vending/market trading represented 12 to 32 percent of female employment in cities (total percentages of street vending/market trading represented 10 to 20 percent of total employment in those cities). For Latin America, home-based work was ranging from 3 to 6 percent for total employment in cities where women represented 4 to 6 percent of female employment in those cities. Further, rates of street

vending/market trading ranged from 3 to 9 in total employment in cities where women in these sectors represented 5 to 13 percentage of female employment (Chen and Roever, 2016: 8).

Occupational description of *home-based work* means goods and services are produced by workers for the market. Home-based workers produce goods and services from their homes or areas around their homes. As a home-based work, there are manifold branches of industry, including manufacturing such as garments, textiles and shoes, but also preparing foods, selling goods and services like laundry or hair-cutting and so on. Moreover, workers those who are working as home-based might be self-employed or sub-contracted. As a self-employed, a person might own its business or might be unpaid family worker. Those who are employed in this category might be members of producer groups or cooperatives but their work are done from home. They have connections with local customers or international markets while selling their finished goods (WIEGO, n.d.c).

They sell their finished goods mainly to local customers but sometimes to international markets. Most do not hire others but may have unpaid family members working with them. On the other hand, the sub-contracted workers were subjected to be paid per piece or paid on time by individual firms or entrepreneurs but they worked from their home as the self-employed ones (Chen and Roever, 2016: 10-11). Unlike the self-employed home workers, the subcontracted workers do not sell their finished goods.

One of the salient disadvantages of home-based work was that women in this type of the informal employment were paid less than other informal workers, and they did not receive any benefits from their employers (Carr and Chen, 2004: 7). In other words, women in home-based work are working in poorer conditions in the labor market in which their labor force are exploited by national and international firms. Though women home-based workers are seen as invisible in the global economy, they contribute to the current economic system a lot. In fact, women in this informal sector are integrated into global value chains in terms of subcontracting practices used by national and international firms or companies. Firms or companies outsourced production to those who were working from their own homes in order to maximize

profits and to cut costs (WIEGO, n.d.c). Additionally, in its contribution to global value chains, the type of home-based work is also linked to the formal sector, which occurs through subcontracting home-based workers. Again, the underlying rationale behind the illegal action of firms working as formal institutions is to maximize their profits while reducing possible costs.

Secondly, within the self-employment, street vendors were also the most visible occupations in cities (Roever and Skinner, 2016: 1). Firstly, street vending refers to activities which facilitate to access a range variety of goods and services in the public areas of cities, such as providing fresh fruits, vegetables or building materials. In this sense, it is understood that street vending consists of a wide range of activities in urban cities, and provides certain amounts of income for those who are working in this category of self-employment.

Regarding the size and composition of street vendors, it is known that exact numbers of street vendors all around the world are not certain owing to the lack of statistical data. However, the available data of labor force statistics indicated that the share of street vendors was higher in urban cities where trade played substantial roles as an economic activity (Roever and Skinner, 2016: 2; Chen, 2001: 76). According to official statistics for some countries, the share of street vendors in total urban informal employment ranged from 2 to 24 percent in African, Asian and Latin American cities (Roever, 2014:1). In African countries, street vendors were accounted for a substantial share of non-agricultural employment. This informal economic activity accounted for 13 percent in Dakar, Senegal; 19 percent in Cotonou, Benin; and 24 percent in Lome, Togo (WIEGO, n.d.a). Furthermore, the vast majority of street vendors was women in the world but African countries came first in the share of female street vendors (Roever, 2014: 1). For Asian and Latin American countries, street vendors made up a large proportion of the urban employment with 11 percent for Hanoi and Ho Chi Minh City, Vietnam and 9 percent for Lima, Peru (WIEGO, n.d.a).

In sum, gender dimension of labor informality in the market reveals that there is a higher female labor force participation in the labor informality all around the world as much as male labor force participation. For particular regions, it is observed that female participation in the informal sector for particular occupations is higher than

male participations. Especially, it is empirically proved that women are mostly employed in the informal sector as a self-employed, unpaid family workers and own-accounted workers. Within these occupations, women are mostly concentrated into self-employment, including home-based workers and street vendors. Women in these two occupations encounter very bad working environment in which they are paid or earn less than men but it should not be underestimated these occupations generate some amounts of income for women in their survival strategies.

Although men and women are exposed to be employed in such insecure working conditions, they encounter different discrimination, segmentation and barrier when they attempt to enter into the labor market. Compared to men, women are often subject of being inferior, being paid less and facing more barriers into the labor market. Reasons why women are more disadvantaged than men in the labor participation rely upon macro-economic reasons such as the detrimental effects of economic and financial crises, the transition to the neo-liberal policies, globalization process and also, some reasons based on gender discrimination, social hierarchies and traditional norms within the society.

4.4 The Underlying Reasons behind the Female Labor Informality

As it is previously mentioned, there are manifold reasons behind higher shares of female labor informality which are explained in terms of macro-economic bases and societal and traditional norms. Firstly, macro-economic changes in both national and international economies cause to increase in the numbers of women those who are enforced to enter into the informal sector. Although economic and financial crises have detrimental impacts on peoples' lives, their consequences are disproportionally distributed among a group of people who belong to different segments of society, and also to different sexes. For instance, some vulnerable groups, including women and girls, were much worse affected than other groups of the society (Ghosh, 2011:23).

It is well-known the fact that bad consequences of economic and financial crises are felt more by vulnerable groups who earn less income and have no any social security in the times of economic collapses. When the economy enters into the

recovery period, women more often witness cases of losing jobs and reducing real wages than men. As it is seen in developing countries which witnessed economic collapses in the 1980s and 1990s, the economic recovery was achieved under the discourse of saving economically failed countries, known as SAPs imposed by the World Bank and the IMF. In terms of direct negative impacts of the implementation of SAPs, men and women were disproportionally affected owing to the existence of gender bias in the labor market. Indeed, adverse consequences of crises positioned women and men into different occupations in the labor market.[31] It was observed that more and more women participated in the labor market, mostly in informal sectors where they could not benefit from social security (Toksöz, 2011: 306). Since opportunities for paid employment were declined and unemployment rates increased, women in many countries had to choose jobs which they were employed as home-based contractors or as employees in the small units in which they were poorly paid (Ghosh, 2011: 25). While women occupied disadvantaged sectors due to the decline in the formal employment, men continued to protect their occupational positions in the formal employment or at least they were not enforced to enter into disadvantaged informal sectors.

Under the SAPs, women became witnesses of being most disadvantaged groups of the country because the largest cutbacks in the health care and education especially affected women and girls more than men, and also, sharp reductions in real wages and employment and increases in food prices had more negative impacts on women and girls residing in the lowest strata of the society (Nisonoff, Duggan and Wiegersma, 2011: 205). In the onset of the Asian crisis of 1997 for instance, it was reported that the withdrawals of girls from school were more than tripled than the withdrawals of boys, and the case of not-enrolled in school was more prevalent among girls than boys (Aslanbeigui and Summerfield, 2000: 89-90). Briefly, women and girls

[31] After several economic and financial crises in developing countries, it was observed that there occured sectorial changes in occupations in which women and men differently concentrated. For Asian and Latin American countries, female labor participation was concentrated in export-manufacturing industry, and/ or in tourism. After the crises, job loses among women exceeded men's and women were disproportionally affected by increased unemployment because women were rarely employed in full-time, secured and protected jobs than men (Toksöz, 2011: 307).

became more and more disadvantaged than their previous less privileged positions owing to the unequal distribution of economic crises.

Female labor force participation is not only affected by severe economic and financial crises, but it is also constructed and reconstructed by traditional norms and gender discrimination which produce and reproduce social hierarchies, and ultimately, marginalize women within the society. Although gender discrimination exists regardless of socio-economic conditions of a country, it is known that gender-related bias in the labor market is observed more in developing countries where traditional norms and gender bias play profound roles in the subordination of women in the labor market, and also, in home work and caring.

Firstly, gender-based discrimination in the labor market was a very consequence of the disproportionate concentration constraining women's direct access to the formal and wage employment (Sethuraman, 1998: vii, 14). In this regard, women those who are not able to find jobs in the formal employment join in informal sectors due to gender discrimination in the labor market. Even labor dynamics in informal sectors disproportionally affect women and men by making women inferior or subordinated them to men. Female workers in the informal employment were employed in poorer quality employment than male workers (Sethuraman, 1998: vii), which is a strong evidence to claim that women constitute the bottom strata of informal sectors, in which labor conditions are already worse than those in formal sectors for both sexes. In other words, within gender-related hierarchy in the labor market, women are positioned into the lowest class which means they are the most disadvantaged segments of the market. Considering conditions of women in the labor market, it was apparent that women informal workers mostly faced a double penalty: they earned on average lower wages than workers in the formal employment including both women and men, and were paid less than men those who were working in the informal employment (ILO-Wage Report, 2018: 93). This gender disparity in wages is also another consequences of gender discrimination in the labor market. Compared to the share of wage differential in formal sectors, wage differentials between women and men appear to be higher in the informal sector (Sethuraman, 1998: viii; Chen, Vanek and Heintz: 2006: 2136). According to the latest ILOSTAT database, women were

more likely to be unpaid workers and to work in low-productivity activities, and their income levels were lower than men in all income categories, for instance, women accounted for 40.9 percent in low income category while men accounted for 23.4 percent (Rubiano-Matulevich and Hiraga, 2016; World Bank, 2019a).

In their labor participation in the formal employment, women are also constrained by their traditional roles, including home making and child care responsibilities. They acknowledged about their certain statuses based on motherhood which benefited them and gave them respects in the society (Lind, 2011: 421). In this regard, women are seen only being responsible for house duties and child care responsibilities, which is resulted in underestimation and feminization of their labor force. Furthermore, these social and cultural roles strictly limited women's economic, political rights and their access to both education (ILO, 2003a: 16). Indeed, these traditional roles, seeing men as breadwinners and women as dependents, are socially-constructed at the advantages of men whose positions in economic and political realms are privileged over women. Under these stereotyped gender roles, inferior positions of women within the society are produced and reproduced to restrict their access to their fundamental human rights.

To put it simply, female labor participation is limited by both economic/financial crises, existing traditional norms and gender roles within the society. These macro-economic and social factors lead to the subordination or marginalization of women in the labor force by putting them into the bottom of economic and social hierarchies, and ultimately, they lag behind men in their labor participation. Moreover, the overall picture of female labor force participation indicates that women are witnesses of double discrimination due to the male domination in the labor force. Without looking at sectorial differentials, women are even seen as less competent than men in the formal sector and receive lower incomes than men. Moreover, if that woman is employed in the informal sector, her condition becomes even worse due to double discrimination imposed by male domination in the informal employment. In the next section, the Mexican women and their conditions in the informal employment will be discussed while providing historical background about female labor force participation in Mexico.

4.5 The Mexican Female Labor Informality: Some evidences from Historical Patterns of Their Labor Force Participations in Mexico

As in many developing counties, Mexico has witnessed higher percentages of the labor informality for both women and men during its last three decades. Available resources empirically proved that being informal in the Mexican labor market was a widespread phenomenon in the country where almost half of the economically-active population was in the informal employment[32]. However, the same database does not give us any recent information about gender-based differentials in the Mexican labor market due to the lack of statistics on gender-related labor informality. For that reason, we use the latest available data calculated by the ILO which accounted the Mexican labor informality as 31.0 percent for women and 27.9 percent for men [33](ILO, 2018: 87). Rossana Galli and David Kucera (2008) in their study, *Gender, Informality and Employment Adjustment in Latin America*, deeply analyzed the labor informality trends taking place from 1990 to 2000. For the Mexican case, they found that there was a downturn trend in the share of labor informality for both sexes but the share of the female labor informality was still higher than the share of the male labor informality in 2000. In 1990, women accounted for 15.2 percent of the total urban employment in the informal sector while men accounted for 7.9 percent. Within a decade, in 2000, women accounted for 8.0 percent of the total urban employment in the informal sector while men accounted for 5.3 percent (Galli and Kucera, 2008: 43) (see Table 4).

[32] As it is previously mentioned in this thesis, according to the Encuesta Nacional de Ocupacion y Empleo(ENOE), the Mexican labor informality accounted for 56.9 percent in the first quarter of 2019 (INEGI, 2019).

[33] The ILO's calculation is based on household surveys conducted by Encuesta Nacional de Occupacion y Empleo (ENEO) in 2015. The Mexican data covers percentages of both female and male labor force participation in the informal sector but statistical information about agricultural informal employment is excluded from this calculation.

Table 4 : Percentage of Workers in Formal and Informal Sectors by Sex,1990-2000,Mexico (urban)

	Total employment in the informal sector			Total employment in the formal sector		
	Total	Male	Female	Total	Male	Female
1990	10.5	7.9	15.2	79.0	77.0	83.1
1991	10.9	8.8	14.7	78.3	76.5	81.8
1992	10.4	8.9	13.0	78.3	76.4	82.0
1993	9.3	7.9	11.7	77.0	75.5	79.9
1994						
1995	7.0	5.8	9.0	75.5	73.3	79.6
1996	6.8	5.3	9.3	75.3	73.8	78.0
1997	6.5	5.1	8.8	75.6	74.5	77.5
1998	6.8	5.4	9.1	77.1	76.3	78.6
1999	6.0	5.0	7.8	77.7	76.8	79.2
2000	6.3	5.3	8.0	78.1	76.6	80.8
Average	8.1	6.5	10.7	77.2	75.7	80.0

Source: Galli and Kucera, 2008: 43.

Moreover, there was also downturn trend in the share of total employment in the formal sector for both sexes but the female formal employment showed decreases more than male formal employment. In 1990, the rate of the female labor force participation in the formal employment accounted for 83.1 percent while men accounted for 77.0 percent. However, in 2000, women accounted for 80.8 percent while men accounted for 76.6 percent of the total employment in the formal sector (ibid.). In the light of these numbers, it might be stated that women were more disadvantaged in terms of their share in the formal employment because decreases in the number of female formal employment was higher than male formal employment between 1990 and 2000.

The same study also found sectorial differences between men and women in the Latin American countries (see Table 5). It was found that, within a decade, the rates of women who worked as self-employed increased while their shares in the public sector decreased. Moreover, their shares in the domestic services decreased but their shares in the small firms as employees increased. It is also interesting to see that being employer or employee in the small firms is very different in the Mexican labor market.

While men were more likely to be employers in the small-firms, women were more likely to work in the small-firms as employees (ibid. 39). It is a strong evidence to state that gender discrimination plays significant roles in determining sectorial differences in terms of sexes. To understand the higher shares of female labor informality in Mexico, its historical evolution which has been shaped by political, economic and social changes since the 1980s must be examined. For that reason, in the next section, women labor informality in the Mexican market will be considered in details.

Table 5 : Employment Shares by Employment Category and Sex,1990-2000,Mexico (%of total urban employment)

	Self-employment			Domestic services			Employers in small firms			Employees in small firms			Public sector			Employment in larger firms		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
1990	19.1	19.3	18.8	4.6	0.7	12.0	3.4	4.6	1.2	11.4	13.2	8.0	19.4	17.5	23.0	42.1	44.8	37.0
1991	18.0	18.0	17.9	4.4	0.5	11.7	3.9	5.1	1.6	12.6	14.8	8.5	17.3	14.9	21.8	43.8	46.6	38.5
1992	18.4	17.8	19.4	4.6	0.9	11.6	3.8	5.1	1.4	12.7	15.0	8.5	16.9	14.5	21.3	43.6	46.7	37.7
1993	18.8	17.9	20.4	4.7	0.8	11.9	4.0	5.3	1.7	13.0	15.4	8.8	16.2	13.8	20.6	43.2	46.8	36.6
1994																		
1995	20.9	19.9	22.6	5.3	1.1	12.6	3.6	4.9	1.4	13.4	16.3	8.6	16.1	13.9	20.0	40.7	44.0	34.9
1996	20.7	19.9	22.1	5.0	1.1	11.8	3.8	5.1	1.6	13.1	15.8	8.3	15.5	13.5	18.9	42.0	44.7	37.2
1997	19.5	18.6	21.2	5.0	1.0	11.9	3.7	5.0	1.4	13.3	15.9	8.7	15.0	13.2	18.2	43.5	46.3	38.6
1998	19.4	18.7	20.5	5.0	1.2	11.5	3.7	4.8	1.7	12.9	15.4	8.6	14.4	12.5	17.5	44.7	47.3	40.1
1999	18.3	17.8	19.2	4.8	1.2	11.4	3.6	4.8	1.6	13.4	15.8	9.0	14.5	12.4	18.3	45.4	48.1	40.6
2000	18.3	17.5	19.6	3.7	0.2	9.6	3.6	4.7	1.7	13.6	15.9	9.7	14.5	12.5	17.9	46.4	49.1	41.6
Average	19.1	18.5	20.2	4.7	0.8	11.6	3.7	4.9	1.5	13.0	15.4	8.7	16.0	13.9	19.8	43.5	46.5	38.3

Source: Galli and Kucera, 2008: 39.

4.6 The Historical Evolution of Female Labor Informality in the Mexican Labor Market

When the recent economic development of Mexico is considered, there are three different periods playing profound roles in bringing the country to its recent economic position and its labor markets dynamics at both national and international levels. The first period was the *desarrollo estabilizador* (stable gradual growth), well-known as ISI, occurred from 1940 to the 1982 crisis. The second period started with the 1982 crisis and continued with the transition to neo-liberal policies by shifting its

economic development model from the previous, substitutive development, to the export-oriented economy. Finally, the last period, so-called la *restructuracion*, was the economic stage making the country more market-oriented and less state formula (de la Rocha and Escobar Lapati, 2008: 40). Considering these three economic stages, woman participation in the labor force underwent changes during three economic stages.

Although the outstanding sectorial changes between the formal and informal employment were found in the 1970s and the 1980s, the previous economic stage, including the ISI, was also associated with differences in employment trends in Mexico because the country experienced successful economic growth in this phrase. Since employment opportunities increased in virtue of inward-economic development model, both men and women were able to enter into the labor market by their own choices. The labor market dynamics during the ISI period was characterized as the formal and informal articulation which meant the formal and informal coexisted in the labor market, and variable degrees of distinction within different units of production took place (de La Rocha and Escobar Lapati, 2008: 41). Accelerated industrial development provided by the ISI economic model opened up new employment opportunities for women and men (Fernandez-Kelly, 2008: 385). Thus, for the first time, the Mexican women had greater chances to participate in the Mexican labor market as wage workers who could contribute to the household income as workers. Thus, the presence of women in the labor market began to felt, and many of them concentrated in the wage employment (de La Rocha and Escobar Lapati, 2008: 42). In other words, the Mexican rapid economic growth was proportionally shared among the Mexican people, regardless of their socio-economic status, classes and gender. Since the rapid economic growth necessitated skilled and educated labor force in the modernization process, the Mexican government engaged in the implementation of new policies, including education, health and transportation. Within the political agenda of the administration, women were also chosen as a target who needed both educational and technical skills in the labor force. In this sense, the ISI phrase offered many opportunities for men and women in their professional business lives without any gender discrimination.

The second phrase started with the Mexican debt crisis of 1982 that severely hit the Mexican economy and swept away all economic developments achieved during the ISI period. In the onset of the crisis, the economy entered into serious downturns in terms of its real wages, currency, foreign investments and so on. Real wages declined and inflation rates reached its highest peak (Zapata, 2006: 439-440). Many state-owned firms were privatized without considering its perilous impacts on the whole country and the people. Furthermore, many firms and companies closed down as a result of the crisis. The direct effects of the crisis on the labor market dynamics manifested itself in increases in unemployment rates and in the share of the informal employment[34] while the general downturn of the formal employment took place. The linkage between the formal and informal employment was resulted from macro-economic changes which led to the stagnation in employment. In this regard, the fact that the general downturn of the formal employment due to the crisis was resulted in increases in the informal employment as a whole in the labor market. Before the crisis, the most crowded sectors were formal manufacturing and services but there were substantial reductions in their shares owing to the crisis. In the 1980s and the 1990s, the employment structure underwent significant changes owing to the stagnation in employment, and two particular groups emerged: those who had no option, and thereby, had to work informally, and those who left the formal employment (Escobar Lapati and de La Rocha, 1995: 71). The former group consisted of mostly women and youths whose low levels of education and marital status enforced them toward the informal employment (de La Rocha and Escobar Lapati, 2008: 43). Since real household incomes sharply decreased in the 1980s and 1990s, the former group, women and youths, did not have any alternatives, and thereby they participated in the informal employment. On the other hand, the case of the second group was different from the former because they voluntarily left the formal employment. Unlike the former, the latter group joined in the self-employment due to the reduction in formal

[34] Informal employment substantially increased from 1980 to 1987 with 80 percent in the absolute terms, from 24 to 33 percent of the economically-active population (de La Rocha and Escobar Lapati, 2008: 43).

wages (ibid.). Working as a self-employed seemed more attractive, instead of joining in the informal employment.

Although Mexico entered into the economic recovery at the beginning of the 1990s, its economy was severely hit by another economic crisis in 1995, known as the peso crisis. Again, as observed in the previous economic crisis, women were affected more than men and their labor participation decreased more than their counterpart's participations. Evidences indicated that the vast majority of women were laid off from all sectors were fired from all sectors during the peso crisis (Carr and Chen, 2004: 9). Even though the country entered into the economic recovery period, women could not regain their previous jobs because their previous occupations in the formal employment were taken over by men, and thereby women had to join in the informal sectors.

The final stage, also known as the restructured Mexican economy, coincided with the globalization process occurring since the late 1990s. In this economic stage, two important economic initiatives regarding the employment structure have been brought in Mexico: (1) signing the NAFTA agreement which entails the creation of new jobs in the Mexican labor market, (2) the case of maquiladora industry which causes new types of division of labor for the Mexican workers residing in the Northern region. These two significant developments and their operating mechanism give us strong clues about how trade liberalization has been achieved under the discourse of globalization. Though both NAFTA and the presence of maquiladora industry is claimed as beneficial economic tools for the Mexican economic development, there are manifold disadvantages of them when their consequences on the national economy and the Mexican peoples' lives are considered.

By the 1970s, the maquiladora industry has become an important economic activity along the U.S.-Mexico border. The rationale behind the establishment of maquiladoras in the U.S.-Mexico border was based on government incentives to attract and facilitate foreign investments in the production of export-oriented goods such as electronic goods and garments (Fernandez-Kelly, 2008: 391). Furthermore, the maquiladora industry paved the way for foreign corporations by providing low-waged and disorganized labor force and giving room for these corporations to access

unregulated condition in Mexico without any trade barrier (Topal, 2012: 53). These maquiladoras are owned by subcontractors of international corporations, which mostly locate in the U.S., and their increasing importance in directing the Mexican economy is resulted from the deindustrialization process which entails to eliminate jobs in the Northern border.

Regarding the female incorporation into the labor force, the maquiladoras play significant roles because the overwhelming majority of women are employed in these export-oriented industries. Compared to men, women consisted of more than 85 percent of the labor force in the maquiladoras (Fernandez-Kelly, 2008: 391). Even though it seems there is an affirmative action for the female incorporation into the maquiladoras creating new job opportunities for women, the labor dynamics in these industries operate at the disadvantages of the Mexican women in terms of wages and maternal leaves. Firstly, women in the maquiladoras were comparatively paid less by managers and were expected to leave their jobs in the cases of getting married or pregnant (ibid.). In this sense, the success of the Mexican maquiladora program is questionable when labor conditions of women in these maquiladoras are taken into consideration.

In sum, Mexico has experienced higher female labor informality in its labor market and the case of working informally is very prevalent among the Mexican women, especially young women who concentrate in the self-employment and unpaid family workers. The historical evolution of both female and male labor informality is resulted from the macro-economic changes since the 1980s. By the 1982 crisis, the country shifted its economic development model to export-oriented economic model which entailed significant changes in both labor and employment structure of the country. However, the negative impacts of these macro-economic changes severely affected women more than men due to gender discrimination within the labor market. Although both women and men lost their jobs in the times of economic and financial crises, men regained their previous positions when the economy entered into the recovery period. However, positions of women in the formal employment were taken over by men, and thereby, they had to join the informal sector. In this regard, it might be stated that female labor force participation is explicitly determined by male

domination regardless of the country's economic performance. Furthermore, the maquiladoras, which became the direct antecedent of NAFTA, helped women by increasing manufacturing employment but labor conditions in these maquiladoras work at the expense of women workers who are paid less and are more likely to have to leave their works when getting married or pregnant. In this sense, it might be stated that although women in the maquiladoras are not working in informal sectors, they still face the risk of being unemployed in such a precarious working environment.

Additionally, considering the female labor informality in the Mexican labor market, poverty-gender nexus, which is another important issue in the discussion, must be addressed due to closer linkages between them. For that reason, the question of how gender reinforces poverty, especially in precarious working conditions like informal sectors, will be examined to grasp existing gender gap in the Mexican labor market.

4.7 Poverty-Gender Nexus in the discussion of the Mexican Female Labor Informality

In the discussion of labor informality-poverty nexus, it must be noted that not all workers in informal sectors are poor, such as employers who hire informal workers or own-accounted workers, or not all workers in formal sectors are able to escape from poverty. However, there was a strong overlap between labor informality, gender and poverty (WIEGO, n.d.b: Valenzuela, 2005: 8; Chen, 2001: 76; Charmes, 2000: 1; Chen, Vanek and Heintz, 2006: 2137; Sethuraman, 1998: 112). As Chen, Vanek and Carr (2004) stated that available data suggested that women were more likely than men to concentrate in the informal economy; poor household head by women were more likely than men to concentrate in the informal economy; and earnings and wages of women in the informal economy were lower than men in the informal economy (xvii).

However, this strong overlap is not based on a simple relationship between being poor, being woman and working in the informal employment. In fact, this linkage between these two was determined by what women did and under what conditions they worked (ibid.). The authors also stated that the underlying reason behind the higher incidence of poverty among women workers who were working

informally was based on occupations in which they were concentrated and their earnings in these occupations. Since women in the informal employment were mostly employed as home-based workers and earned extremely low wages, they were more likely to be poorer than men in the informal employment (ibid.).

Furthermore, countries with higher incidences of poverty have also higher participation rates in the informal employment, especially in self-employment. In the nexus between labor informality and poverty, its gender dimension draws greater attention since incidence and risk of poverty variously manifest itself in its proportions including both sexes, women and men.

Although statistical evidences on the strong linkage between labor informality, gender and poverty are limited, recent empirical studies[35] on particular countries proved that working informally, being woman and being poor are closely related. The overall conclusion drawn from these recent studies is the fact there is a gendered differential in poverty risk within the informal employment in which women are concentrated by having higher poverty risk[36]. The underlying reason behind higher rates of poverty among women relies upon wage differentials[37] which lead to put women workers in informal sectors where women are less paid though work longer hours. Therefore, informal women workers are positioned at the bottom of hierarchy

[35] These empirical studies included many sets of national data analyses which were conducted to find out wage earnings differentials in selected countries in terms of both sectorial and gender differences. The first set of national data included five countries: Egypt, El Salvador, India, Russia and South Africa while the second set had national data in five countries: Egypt, El Salvador, Ghana, Costa Rica and South Africa. While the third set of national data was conducted by Jacques Charmes who analysed 14 countries in his study, the final set analysed national data for urban India and Tunisia. In the end, these four sets of national data analyses show us that average earnings varied by sex and and occupation. The general conclusion from these sets of national data analyses might be summarized as: There was a hierarchy of average earnings between formal and informal sectors. Moreover, this hierarchy existed within different segments of the informal employment (WIEGO, 2019b).

[36] Ibid.

[37] Since recent statistical data on wage differentials between women and men in the informal employment does not exist, only available data based on urban wage differentials in 1994 is used here. The result indicated that women in the informal sector were earning 538.1 while men were earning 741.2 (Jütting and Laiglesia, 2009: 49).

of wage earnings and this situation leads to make them poorer than informal men workers.

Within the context of Mexico, it is a well-known fact that the country still struggles with the persistence of poverty. In Mexico, almost half of the total population lives in the poverty and almost 10 percent of the Mexican population live in extreme poverty (Cady, 2015). According to OECD and the World Bank data, the ratio of number of people whose income fall below the poverty line in Mexico accounted for 0.166, 43.6 percent of the total population, in 2016 (OECD, 2018). Although the ratio of the total population who are living below the poverty line is calculated in Mexico, recent empirical evidences on the percentage of women those who are informally working and living in poverty are not available due to the lack of empirical studies. Additionally, the analysis of gender dimension of poverty among women and men cannot be found because there exist many determining factors of poverty rates such as household size and structure, and also, individual features (ILO, 2018: 51). Because of these problems, poverty rates of informal workers for both sexes cannot be exactly known but the fact that has been proved empirically by several studies is that the highest incidence of poverty is more prevalent among women than men in the informal employment (ibid.). For the Mexican case, the unavailability of empirical data indicating poverty rate differences between women and men in informal sectors is also recognized but it is known that Mexican women in the informal labor force are struggling with poverty more than their counterparts in the labor market.

Within the Mexican context, gender-poverty nexus has been analyzed by some authors whose studies revealed the fact that households headed by women were concentrated in lower incomes, and hence poverty rates among women were higher (de la Rocha and Gantt, 1995: 22). Another case study on the linkage between labor informality, gender and poverty was conducted by Maria Elena Valenzuela in 2005. In her study, titled as *Informality and Gender in Latin America*, Valenzuela examined labor informality in six Latin American countries, Peru, Colombia, Ecuador, Argentina, Mexico and Chile, by looking at labor force participation in microbusiness sector. For all selected countries, Valenzuela argued that women in the microbusiness sectors concentrated in jobs which they suffered from low payments. Particularly, the

Mexican women in microbusiness sectors were mostly employed as self-employed and wage-earners with the percentages of 41.4 and 30.4 (Valenzuela, 2005: 14) (see Table 6). The Mexican women accounted for 23.3 percent for non-remunerated family work while the Mexican men accounted for only 4.8 percent in the same sector. The reason answering the question of why the Mexican women often opted for these microbusiness sectors relied upon gender-based barriers in the labor market that expelled them from entering into the labor market as independent employers or employees. Women workers those who were not able to be own-accounted workers in the microbusiness sector due to male domination[38] were enforced to be employed as self-employed rather than being self-employers.

Table 6 : Distribution of micro-business jobs by occupational category and sex, 2000

Country	Sex	Employers (%)	Self-employed worker (%)	Wage-earners (%)	Non-remunerated family member (%)	Total (%)
Argentina	Men	9.0	49.6	40.2	1.2	100.0
	Women	6.4	**50.6**	38.2	**4.8**	100.0
Chile	Men	9.8	29.6	58.6	2.0	100.0
	Women	6.4	**33.8**	51.7	**8.1**	100.0
Colombia	Men	10.8	58.6	29.1	1.5	100.0
	Women	6.1	**64.1**	24.2	**5.6**	100.0
Ecuador	Men	8.5	48.6	34.4	8.5	100.0
	Women	4.4	**60.4**	15.5	**19.7**	100.0
Mexico	Men	12.6	41.4	41.2	4.8	100.0
	Women	4.9	41.4	30.4	**23.3**	100.0
Peru	Men	13.0	47.7	32.3	7.0	100.0
	Women	4.6	**63.7**	18.3	**13.4**	100.0

Source: Valenzuela, 2005: 14.

[38] In the study, it was found that there was male domination in large and small scales of microbusiness sectors in Peru, Colombia, Ecuador, Argentina, Mexico and Chile. However, the largest gender gap was observed in two of these Latin American countries, Peru and Mexico. While Peruvian women accounted for less than half of independent workers as microbusiness employers, Mexican women only accounted for 15 percent as microbusiness employers which showed that Mexican women were even worse than Peruvian women in their labor force participations (Valenzuela, 2005: 16).

Moreover, Valenzuela compared women and men in microbusiness sectors in terms of wage differentials. Mexican women were paid less than men in every category of microbusiness sectors (Valenzuela, 2005: 21) (see Table 7). Related to the issue of poverty, enormous differentials in income earnings make Mexican women in the informal employment more being prone to fall in poverty line compared to their male counterparts because of these big differentials in income earnings. Hence, women in informal sectors have to find another ways in their survival strategies and they are enforced to work in more than one jobs at the same time. It is certain that those who concentrate in the informal employment, both men and women, encounter several difficulties in their survival strategies without possessing any social insurance provided by state mechanism. However, women in this category of employment are the most disadvantaged and marginalized groups owing to gender discrimination in both labor market and society.

Table 7 : Average monthly income of those employed in the microbusiness sector, by sex, 1999

Countries/years	Sex	Employers	Wage-earners	Self-employed workers	Total employed
Argentina (Greater Buenos Aires)	Men	21.7	4.0	7.1	7.4
	Women	12.6	3.2	4.3	4.8
Chile (2000)	Men	24.5	3.7	5.8	8.5
	Women	14.0	3.3	3.9	5.2
Colombia	Men	--	--	2.4	3.8
	Women	--	--	1.3	2.8
Ecuador	Men	6.4	1.8	2.3	3.4
	Women	4.7	1.6	1.2	2.1
Mexico (2000)	Men	13.5	2.4	4.7	5.2
	Women	9.7	1.7	1.4	2.8
Peru	Men	4.9	2.3	2.1	3.9
	Women	3.2	2.0	1.2	2.4

Source: Valenzuela, 2005: 21.

The recent case study on gender and the informal economy in Mexico, analyzing particularly paid domestic work, was conducted by Georgina Rojas-Garcia and Monica Patricia Toledo Gonzales in 2018[39]. The focal point of their study is the examination of the Mexican women those who were working as paid domestic workers, who resided in rural areas and whose racial identities belonged to indigenous origins. Although previously conducted studies of paid domestic work have focused on ethnicity, gender and class, the case study of Rojas-Garcia and Gonzales has deepened analysis of paid domestic work[40] in the context of labor informality in Mexico by touching upon the lack of social security and lower payments in these categories of informal occupations (2018: 147).

By using both quantitative and qualitative information, Rojas-Garcia and Gonzales found that the total number of domestic work and other related work in accordance with INEGI-2015 data accounted for more than 3.5 million which one third of it belonged to domestic workers with 1, 932, 533 million. Furthermore, women workers accounted for 97.3 percent of domestic work as those who had any social security, and thereby their occupations were strongly related to poverty (Rojas-Garcia and Gonzales, 2018: 154). In other words, these higher numbers of women workers in domestic work make extra efforts in their survival strategies compared to their men counterparts.

Moreover, the authors gathered qualitative information by having semi-structured and in-depth interviews with 34 domestic workers in Mexico. In addition to quantitative information provided by the authors, conducted interviews which were

[39] In their study, Garcia and Gonzales followed two methodological paths: quantitative and qualitative methods. The quantitative information was gathered by using statistics from the national survey of occupation and employment, which was conducted by the Instituto Nacional de Estadistica y Geografia (National Institute of Statistics and Geography- INEGI). On the other hand, the qualitative information was provided by the authors who had semi-structured and in-depth interviews with 34 domestic workers in Mexico. These interviews were carried out between 2010 and 2011 in Mexico city and Tlaxcala (Rojas-Garcia and Gonzales, 2018: 148).

[40] In the job description of domestic paid work, those workers in this job sell their labor by producing daily house activities such as cleaning, caregiving and feeding in domestic settings or houses. In the context of Mexico, paid domestic work is basically established by the wage relation between employer(s) and employee(s) which causes the subordination of employee(s) to employer(s) (Rojas-Garcia and Gonzales, 2018: 147).

based on worker stories signified real conditions in the Mexican labor market. For that reason, these interviews play significant roles in understanding harsh labor conditions more than statistical evidences provided by household surveys. Most of domestic workers who participated in their study resided in poor urban areas and in poverty. For instance, Eva, one of domestic workers whom the author interviewed in Mexico City in 2014, lived in a house with only one tiny roof, she could not afford to put on a cement roof because she did not have enough money (Rojas-Garcia and Gonzales, 2018: 154). In most of interviews the authors carried out, they witnessed that women workers in domestic work lived in very bad living conditions due to lower payments in this category of the informal employment.

Additionally, the authors found that harsh working conditions in domestic work existed and workers in this informal employment were always under the risk of illness due to heavy working conditions. One of interviewees in Mexico City, Carmen hoped that her current job would be her last job because she had illness and pains due to working so hard (ibid. 155). Not only low payments in domestic work affect women workers badly but heavy working conditions in this sector also have severe consequences on a domestic worker's health. They cannot go to hospital to receive a treatment because they cannot afford it with their income earnings.

In sum, Rojas-Garcia and Gonzales found out that women workers in domestic workers consisted of one of the most disadvantaged segments in the informal employment by being paid less and being enforced in inhumane working conditions due to gender discrimination in the labor market. Furthermore, the common features of women workers in this informal sector were that they resided in poor rural regions, earned less income and had indigenous origin. Considering the whole reality, it is not surprising that they are more likely to fall in the poverty line compared to their men counterparts because labor dynamics determining the direction of contemporary capitalist system function at the expense of women labor force both at national and international levels. Indeed, the fact that women workers in domestic work are more likely to fall into poverty trap than men is observed among other women workers who concentrate in other categories of the informal employment such as street vending and micro-business enterprises. The rationale is based on the fact that woman labor force

is exploited by both national and international actors in the contemporary capitalist economy in which competitive nature of it leads to the subordination of women in the labor market to a great extent. These actors, including both national and international ones, attempt to maximize their benefits while minimizing their costs in economic competition. In this cost-benefit analysis, a woman worker, especially in the informal employment, and her labor force is seen as less valuable and more exploitable. If that woman is already living in poor conditions, the probability of falling in the poverty trap or escaping from this trap becomes harder and harder for her.

Related to the issue of women's poverty, the recent developments show that both international institutions and national policies have attempted to deal with the persistence of women's poverty which must be tackled in order to make women's lives better and to save them from the poverty trap. In the next section, the new approach to alleviate women's poverty provided by international institutions such as United Nations Development Programme (UNDP) and UN Women will be briefly discussed to comprehend how these international institutions approach the persistence of poverty among women and what they supposed as a permanent solution to this issue.

4.8 The New Approach to Alleviate Women's Poverty within the Scope of Millennium Development Goals (MDGs)

Considered as a sustainable solution to alleviate women's poverty resulting from economic and financial crises, a new approach adopted by some international organizations such as UNDP and UN Women has been termed as resilient development within the scope of the Millennium Development Goals (MDGs). The term often relates to the concept of vulnerability and refers to households' behaviors and attempts to cope with external shocks by diversifying their sources of incomes as ex ante strategies before macro-economic shocks (UNDP, 2011: 5). In addition to economic and financial shocks, the concept of resilience or resilient-based development approach consists of other types of risk and vulnerability such as climate change adaptation and social protection among poor urban people (Moser, Norton, Stein and Georgieva, 2010: 1). In sum, the concept of resilience has manifold

dimensions within itself by touching upon the issues of vulnerability and risk which have detrimental impacts on the poor in urban regions, and thereby it is mostly associated with the pro-poor development agenda of non-governmental organizations (NGOs). The rationale behind the policy of building resilience, in poor urban and rural areas in developing countries is to empower the most vulnerable communities and individuals who encounter serious problems including macro-economic crises, climate change and natural disasters in their environments.

Related to gender issue, this pro-poor development goal mainly focuses on women and girls who are seen as the most vulnerable and disadvantages groups of the society, especially in the times of crises. The reason relies upon the fact that women and men were disproportionally affected by economic and financial crises which led to worsen employment conditions, to reduce substantially numbers of jobs and increased living costs (Heltberg, Hossain, Reva and Turk, 2013: 711). As it is discussed before, Finding a job to have sources of income becomes harder for women who faced gender discrimination in access to labor market and credit. For that reason, women have to find an additional resource of income which has been recently provided them with the resilient-based development approach by the NGOs. Although the objective of this development path seems beneficial, it is highly criticized by some authors due to its linkage with poverty and its allegation about the adaptation of more inclusive development agenda.

Firstly, both the definition and characteristics of resilience regarding individuals and communities were not positively associated with well-being of them which proved that it did not have good outcomes on every individual's life (Bene, Newsham, Davies, Ulrichs and Godfrey-Wood, 2014: 607). In other words, the poor might be very resilient to unexpected shocks and crises thanks to resilient strategies but it does not mean that his/her conditions are well-being. The distinction between being resilient and well-being manifests itself when the poor have to adopt himself/herself to current circumstances such as economic and financial crises. That individual would create his/her own survival strategy by diversifying his/her sources of income but creating alternatives would not bring prolonged well-being rather it would only help him/her to struggle with current problems in the short-term. For that

reason, adopting resilience development approach are not sustainable when these facts are considered.

Secondly, resilient-based approach to development is criticized due to its proclaim about distributional impacts of it. Contrary to what it is claimed, building resilience did not equally distribute its benefits to every household's livelihood (ibid. 608). While some individuals or communities might benefit from resilience development strategy, it might have detrimental impacts on others who are already-marginalized in the society and whose positions are more likely to be worsened due to the adaptation of this development strategy. For that reason, the discourse about building resilience as a tool for poverty reductions seems irrelevant and it cannot be seen as a solution to alleviate poverty among the poor (ibid. 615).

Furthermore, adopting resilience development strategy has undergone criticisms by some authors who dealt with the concept by the issue of urban labor informality. The concept of urban resilience was seen as an approach which worked synergistically with the informal economy due to its emphases on the needs of low-income and vulnerable groups (Brown, McGranahan and Dodman, 2014: 34). When the characteristics of the informal economy and urban resilience are carefully scrutinized, it is apparent that these two concepts are intertwined with each other. For instance, the informal economy, especially in the urban regions, played significant roles as a buffer against unemployment and enabled the poor to respond economic and financial crises (ibid. 35). On the other hand, the logic behind the emergence of urban resilience is based on the fact that the poor should be empowered by diversifying their sources of income, which are mostly derived from informal activities, in the times of the crisis. Considered all together, the adaptation of urban resilience approach is an obstacle to tackle the incidence of the informal economy in the urban cities although it enables the poor to create their own survival strategies after the crisis. For that reason, it might be stated that urban resilience approach cannot be seen as the pro-poor development strategy, instead it further pushes the poor to be trapped into the poverty trap.

4.9 The Role of the IMF and the World Bank under the Discourse of Poverty Reduction Strategies through Providing Microcredits to the Poor Women

Like resilient-based economic development model, there exist other forms of development models which have been adopted by the international financial institutions such as the IMF and World Bank under the discourse of empowerment of the poor, especially the poor women in both urban and rural regions. The notion of empowerment of the poor has been implemented through poverty reduction strategies, especially through providing microcredits to the poor, conducted by these international financial institutions. In fact, these poverty reduction projects conducted by the IMF and World Bank were response to popular resistance against the implementation of SAPs, which took place in developing countries (Weber, 2004: 359). In these poverty reduction strategies, microcredit, which has been called the Poverty Reduction Support Credit (PRSC), has been used as a tool to help the poor to accumulate capital (World Bank, 1999: 34). Here, microcredit referred to small amounts of loans supplied by NGOs and/or the IMF to individuals for capital accumulation to generate income or for self-employment (Weber, 2004: 363-364).

Although providing microcredit to the poor under the discourse of poverty reduction strategy seems beneficial, its consequences might have negative impacts on the poor when considered. As Heloise Weber argued, evidences indicated that these microcredit supplied to the poor was not used for capital investment as claimed rather it was used for some consumption needs such as meeting daily needs(eating and shelter), educational fees and health care (2004: 364-365). In other words, the poor use small amount of loans given to them by creditors to meet his or her most emergent needs rather than turning it into capital investment. For that reason, providing microcredit to the poor do not serve the objective of poverty reduction strategy. Furthermore, the author criticized microcredit-based poverty reduction strategy of the IMF and World Bank by stating that the microcredit approach has been used to facilitate the implementation of financial sector liberalization in the global political economy through banking on the poor (ibid.356). In that sense, it might be argued that

the microcredit approach is used as a tool to facilitate further neoliberal policies in developing countries, rather than helping the poor.

Additionally, there is another dimension of the microcredit approach which is mostly missed out in the literature. By providing microcredit to the poor, especially to the poor women, the international financial institutions, the IMF and World Bank, entails to increase the numbers of informal activities in national economies. Those women who benefit from microcredit for capital accumulation set up their own businesses as a self-employed whose labor force participations are accepted as informal. For that reason, it might be stated that the IMF and World Bank encourage women to enter into the informal sectors by proving them small amount of loans used for the small and medium-sized enterprises (SMEs).

CHAPTER 5

CONCLUSION

The phenomena of labor informality has been drawn greater attentions by economic and social studies since its conceptualization owing to its closer relations with development and the issue of poverty. Although the phenomena has been defined and redefined by many scholars over time, there exists the lack of universally accepted definition of it which obstructs to tackle the persistence of the informal employment. Since the definition of labor informality varies from one country to another country, it is difficult to provide permanent solutions to eradicate the persistence of the informal employment. However, attempts taken by some international institutions make the concept more visible in the discussions regarding economic growth and poverty reduction. Workers who concentrate in the informal employment are defined as those who work without being subject to any national labor legislation, social protection, income taxation or labor contract. In other words, workers of this employment category are not paying their taxes to the state mechanism and not contributing to social security systems of their countries, and thereby they are not subject to social security systems provided by this state mechanism.

The literature on labor informality indicates that underlying reasons behind the emergence of labor informality are divergently addressed by some theoretical perspectives. Firstly, the initial theoretical framework interpreted the grass roots of labor informality related to migration trends taking place from urban to rural regions from the 1950s to the 1980s. These migration flows ended up with rapid population growth in urban cities where the labor market could not absorb the numbers of those who queued up for being employed. Consequently, this non-absorption of labor in urban cities resulted in the emergence of labor informality which emerged as a survival strategy for those who were not able to find jobs in the labor market. Secondly, modernization perspective explained the roots of labor informality in terms of created

dichotomies between modern/traditional economies. It asserted that the informal economy was peculiar to traditional economy which was perceived as separated entity from the modern capitalist economy and its emergence was based upon characteristics of traditional economy. Thirdly, neo-liberal perspective explained the roots of labor informality by pointing out over-regulation imposed by the state actor. Furthermore, it argued that entering into the informal sector was based on voluntary choices of micro-enterprises and/or workers rather than labor segmentation which enforced them to exit from the formal sector. Fourth, the dualist school of thought reasoned that the modern capitalist economy consisted of two different camps within itself: a relatively advanced sector and a relatively backward ones. The former composed of educated and skilled workers while the latter consisted of uneducated and unskilled workers who were seen as belonging to the informal employment. In that sense, the dual market theory or labor segmentation dealt with the issue of the informal economy as separately from the formal economy and the mobility between these two economies was absent in accordance with this perspective. Fifth, unlike modernization and dualist perspectives, the structuralist perspective shed light on the origin of labor informality by seeing it as one part of the structure of the modern capitalist economy. Moreover, its proponents argued that the informal employment could not be perceived as separate entity from the formal employment because they were interlinked with each other in the function of the modern capitalist system. All these theoretical approaches give us essential theoretical explanations about the emergence of labor informality but they have also some shortcomings in their interpretations of the grass roots of it.

For the neo-liberals, their assertion about the emergence of the informal sector which was seen as natural consequences of state intervention, government corruption and the imposition of higher taxes was empirically disproved by some conducted studies. Indeed, the study indicated that there were no significant relationships between share of the informal employment, the levels of taxation, corruption and state interfere as neo-liberal claimed. For this reason, neo-liberal assertion seems paradoxical when the underlying rationale behind the informal sector is scrutinized.

Furthermore, dualist and structuralist approaches missed out the fact that those who work in the informal sector might enter into the informal sector voluntarily in

terms of their cost-benefit analyses rather than being enforced to work informally. In this regard, neo-liberal explanation about cost-benefit analysis seems coherent when this fact is taken into consideration. However, among these theoretical perspectives, the structuralist perspective gives us more persuasive statements on the emergence of labor informality when the way of how the capitalist world economy functions within itself is taken into consideration. The function of the capitalist world economy completely depends on well-functioning employment structure in which the formal and informal sectors are interlinked with each other rather than operating separately.

The statistical evidences indicated that the incidence of labor informality is seen as peculiar characteristics of developing countries, especially in Sub-Saharan Africa, South Asia and Latin America. Among these countries, Latin American countries and their economies are often associated with the prevalence of the informal employment since the implementation of neo-liberal policies under the direction of the international financial institutions such as the IMF and World Bank. Historically speaking, shifting from state-oriented development strategy to market-oriented development strategy taking place since the 1980s brought about structural changes in the economic, social and political context in Latin America. In particular, Mexico was hit by severe economic and financial crises during the 1980s and the economic recovery was carried out by changing the national development strategy from state-oriented model (ISI) to free-market model (neo-liberal policies). With the adaptation of neo-liberal ideology in the economic and political realms, Mexico has undergone remarkable structural changes that entailed to create new employment structure that has been constructed by four political administrations in Mexico: the de la Madrid (1982-1988), Salinas (1988-1994), Zedillo (1994-2000) and Fox administration (2000-2006). For instance, privatizing state-owned industries was resulted in increases in the rates of unemployment and the informal employment. Related to the state-labor relations in Mexico, shifting from state-oriented development strategy to market-oriented one led to weaken the predominance of labor unions over decision-making process regarding economic and political affairs of Mexico. In other words, the adaptation of neo-liberal policies resulting in greater labor flexibility and more competitive nature of the economy empowered international companies and firms by

making them more privileged over the Mexican workers whose rights were guaranteed and protected by the state before. Thus, internal affairs of the Mexican labor market has been determined by the international companies and firms that have become predominant actors in the determining labor conditions in Mexico such as payments, working hours, holidays, hiring and layoff procedures and so on. Considered all together, economic crises of the 1980s and the 1990s and adopting neo-liberal policies in the economic and political realms of the country has ended up with increased rates of the informal, insecure and precarious employment conditions in the labor market.

In addition to the discussion about labor informality, this study also touches upon its relationship with poverty that is differently addressed by scholars. While some of them argue that there is a positive linkage between labor informality and poverty, others refute this belief by pointing out that the issue of poverty related to labor informality is determined by two important factors: which occupations informal workers are concentrated in and their earnings in these occupations. Although there are divergent approaches to the link between labor informality and poverty, it is known that the higher incidence of labor informality is mostly associated with the issue of poverty. In other words, the highest levels of labor informality in the employment structure cause and reinforce the higher rates of poverty among informal workers. However, it must be keep in mind that the persistence of poverty leads to labor informality that is mostly concentrated by the poor. In this sense, the informal sector is produced by poverty and reproducing poverty. These two concepts are intertwined, and reinforcing each other. People those who live in below the poverty line concentrate in the informal employment because their education levels, socio-economic conditions and social networks only enable them to be employed in this category of employment. Most advantages sectors of employment structure like the formal sectors are filled with workers whose education levels and socio-economic conditions are comparatively higher and whose social networks enable them to remain in their current positions in employment structure.

Finally, this study addresses the poverty-gender nexus regarding the issue of labor informality. In this sense, it is empirically proved that there is a strong linkage between being woman, working informally and being poor. Firstly, women are over-

represented in the informal sector world widely, and the share of female labor force participation in this sector is almost accounted for the half of the world population. Compared to male labor force participation, female labor force participation is mostly concentrated in the particular occupations of the informal employment such as the self-employment, unpaid family work, home-based work and street vending. The underlying reasons behind huge shares of women workers in the informal employment rely upon two factors that are macro-economic changes in both national and international economy and existing traditional norms and gender discrimination in the labor market. Both the subordination of women and the feminization of their labor force are resulted in the gender disparity in wages. It is found that women in the informal sectors are paid less than their men counterparts due to the gender discrimination in the labor market and these wage differentials play pivotal roles in determining the issue of poverty for women and men. Within the hierarchy of the informal employment, women workers concentrating in the informal sector are more prone to fall into poverty compared to their men counterparts who also concentrate in the same employment category.

Within the discussion of women's poverty, there has been emerged a new approach, known as resilient-based development model, developed by international organizations such as UNDP and UN Women. The main objective of this development model is to empower the poor who are seen as the most vulnerable groups of the society when they encounter serious economic and financial crises. Here, the poor mostly refers to poor women who reside in both urban and rural regions of developing countries and whose vulnerabilities and risks are higher than poor men. For that reason, poor women are the main target groups of this resilience approach. It is expected that the poor could create their own survival strategy after the crisis by diversifying their sources of income rather than falling into the poverty trap. Although this approach seems beneficial for the poor in the short-term, it does not provide sustainable development for the poor in the long-term and even it could be harmful when considered. The diversification of sources of income means these new alternative jobs are mostly concentrated in the informal employment, which is one of the determinant factors behind the persistence of poverty among the working poor. For

that reason, resilient-based development approach seems paradoxical when its outcomes are carefully considered.

Regarding the issue of gender-poverty nexus in the Mexican context, this study concludes that although statistical evidence and case studies are limited, the highest incidence of poverty is more prevailing among Mexican women who work in the informal sector than their men counterparts. Since women workers in the informal sectors suffer from low payment due to gender discrimination in the labor market and the lack of social security, they are more likely to fall into the poverty trap compared to men workers in the informal sectors. Further some case studies conducted within the Mexican context particularly focus on sectorial differences within the informal employment. One of these conducted studies indicates that one of the most disadvantaged groups of women workers concentrating in the informal employment is paid-domestic workers. It is found that women workers in paid domestic work who resided in rural areas and had indigenous identity suffered from lower payments, worse working conditions and the lack of social security provided by the government.

To conclude, this study finds that both the incidence of labor informality and the persistence of poverty, as results of the adaptation of neo-liberal policies, disproportionally affect women and men in the Mexican labor market where gender bias plays significant roles in subordination and marginalization of the Mexican women in the informal employment. In Mexico, the labor dynamics enforces the Mexican women to enter into the informal sector more than the Mexican men. Women workers constitute the bottom strata of the informal sectors in which their labor force participations are exploited at both national and international levels to a great extent, and they struggle with the poverty risk more than their men counterparts. In this regard, it is apparent that labor informality reinforces poverty-gender nexus by discriminating women workers in the labor market and increasing the poverty risk among them.

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APPENDICES

APPENDIX A. TURKISH SUMMARY/TÜRKÇE ÖZET

Kayıt dışı işçiliğin ve kayıt dışı sektörün ilk kavramsallaştırılması 1970'li yılların başlarına denk gelmektedir. Emek piyasasındaki kayıt dışılık kavramı her ne kadar bu tarihten önce tartışılmaya başlanmış olsa bile, kavramı ilk olarak 1971 yılında ekonomi antropoloğu Kevin Hart tanımlamıştır. 1972 yılında Uluslararası Çalışma Örgütü'ne sunduğu raporunda Hart, Ghana'nın Accra şehrinde yaşıyan Frafra göçmen grubunun kent emek piyasasındaki yapısını incelemiştir. Buna göre, Hart kayıt dışı işçiliği ve sektörü, aktiviteleri "ayakkabı boyacısı çocuklar ve kibrit satanlardan" ötede olan kendi işinde çalışan işçileri nitelendirerek ve çeşitlendirerek tanımlamıştır. Kayıt dışı işçilik ve kayıt dışı sektör, çıkış noktası olarak Afrika merkezli olmasında dolayı mevcut literatürde üçüncü dünya kavramı olarak kabul edilmektedir.

Kayıt dışı ekonomi ve kayıt dışı sektörün tanımları ülkeden ülkeye zaman içerisinde farklılık gösterdiği için, bu kavramların tam evrensel tanımlarından bahsetmek güçtür. Fakat her ne kadar kayıt dışı sektörün evrensel tanımını yapmak güç olsa bile, genel kabul görmüş,kurumsallaşmış tanımı Uluslararası Çalışma Örgütü tarafından sırasıyla 1993 ve 2003 yıllarında Uluslararası Çalışma İstatistikleri Konferansları'nda yapılmıştır. İlk olarak, 15. Uluslararası Çalışma İstatistikleri Konferansı'nda, kayıt dışı sektör, kişilerin çalıştıkları ekonomik birimleri nitelendirerek tanımlanmıştır.Bu ekonomik birimlerin genel özellikleri ise şu şekilde kabul edilmiştir: hukuki statüler (hane halkı sektörüne ilişkin bireysel girişimler); ekonomik birimlerin ve işçilerin kayıt altına alınmaması; beş kişiden az bordrolu işçilerin çalıştırılması durumda bu ekonomik birimler kayıt dışı sektör kapsamında değerlendirilmiştir.

Bu tanımlamaya ek olarak, 17. Uluslararası Çalışma İstatistikleri Konferansı'nda, kayıt dışı ekonomik aktivitelerde sadece kayıt dışı işçilere odaklanılmasına yönelik kavramın eksik ele alınması nedeni ile kayıt dışı sektöre daha

kapsayıcı yeni bir tanım getirilmiştir. 15. Uluslararası Çalışma İstatistikleri Konferansı'nda kayıt dışı işçilik, herhangi bir iş sözleşmesine tabii olmayan, devlete ödenmesi zorunlu olan vergileri ödemeyen ve bunun sonucu olarak da devlet tarafından sağlanan sosyal güvenlik sistemlerinden yararlanamayan kişilerin çalıştığı sektör olarak tanımlanmıştır. Ancak, 17. Uluslararası Çalışma İstatistikleri Konferansı'nda kayıtlı sektörde çalışanlar da kayıt dışı çalışmaya yönelik yapılan yeni tanımlamaya dahil edilmiştir. Bu işçiler, ilgili ülkenin İş Hukuku'na uygun olarak yasal gerekliliklerin tamamının yerine getirilmemiş olması nedeni ile kayıt dışı olarak kabul edilmişlerdir. Bu işçiler çalıştıkları iş yerlerinde kayıtlı işçi olarak gösterilseler bile, bu yaklaşım iş piyasasındaki ilişkileri tam anlamıyla yansıtmamaktadır. Bu nedenden dolayı, istihdam ilişkileri yasallarla ya da pratikte herhangi bir ülkenin İş Hukuku'na, gelir vergisine, sosyal güvenliğine, kazanılmış haklara (kıdem tazminatı, ücretli yıllık izin ve hastalık izni vb.) işin ya da işçilerin yasal olarak beyan edilmemesinden dolayı, gündelik ya da kısa süreli işlerde çalışma durumu, çalışma saatlerinin ve ücretlerinin belirlenen asgari seviyeden az olması gibi sebeplerde kayıt dışı sektörün belirleyici faktörleri arasında kabul edilmiştir. En kısa tanımıyla, hem kayıt dışı çalışma hem de kayıt dışı sektör, kayıtlı veya kayıt dışı olsun ülkelerinin sosyal güvenlik sistemlerine katkıları olmayan işçilerden meydana gelmektedir. Bu nedenle, bu işçiler hükümetler tarafından vadedilen sosyal korumalardan yararlanamamaktadırlar.

Mevcut bilgi ve raporlar, farklı bölgelerdeki işgücünde kayıt dışılığın arttığını ileri sürmektedir. Uluslararası Çalışma Örgütü'nün son raporu, *Kayıt Dışı Ekonomide Kadın ve Erkek: İstatistiksel Bir Görünüm*', genel kayıt dışı istihdam oranının dünyadaki istihdam oranının %60'ını oluşturduğunu göstermektedir. Diğer bir deyişle, yaşadıkları ülkelerin sosyo-ekonomik gelişmişlik seviyelerine bakılmaksızın dünya genelinde 2 milyar insan kayıt dışı işçi olarak çalışmaktadır. Kayıt dışı ekonomi hem gelişmiş hem de gelişmekte olan ülkelerde görülmektedir, fakat gelişmekte olan ülkelerdeki kayıt dışı işçilik oranları gelişmiş ülkelerdeki kayıt dışı işçilik oranlarından daha fazla olduğu istatistiksel verilerle kanıtlanmıştır. Bu argümanın temeli ise, Uluslararası Çalışma Örgütü'nün en son hazırladığı 2018 raporuna dayanmaktadır. Rapora göre, beş ana bölgeye-Africa, Asya ve Pasifik, Arap Ülkeleri, Amerika ve

Avrupa ve Orta Asya- bakıldığında kayıt dışılık bu bölgelerde farklı yüzdelere sahiptir. Bu bölgeler arasında en yüksek kayıt dışılık %85.8 oranla Afrika'dadır. Afrika'yı Arap Ülkeleri (68.6), Asya ve Pasifik (68.2), Amerika (40.0) ve Avrupa ve Orta Asya (25.1) izlemektedir.

Bu çalışmanın odak noktalarından biri olan Latin Amerika ülkelerini ayrıca incelemek çalışmanın amacı açısından önemlidir. Bu sebepten ötürü, Latin Amerika'nın tarihsel sürecini kayıt dışı ekonomi bağlamından incelemek gerekmektedir. Latin Amerika ülkelerindeki kayıt dışı sektörün büyümesi 1980'lerin başlarına, birçok Latin Amerika ülkesindeki büyük ekonomik krizlere denk gelmektedir. Krizlerle birlikte, Latin Amerika hükümetleri Uluslararası Para Fonu'ndan ve Dünya Bankası'ndan ekonomik destek alma arayışına girmişlerdir. Aslında, tarihsel süreç incelendiğinde Latin Amerika ülkeleri, kötüye gitmekte olan ekonomik performansları yüzünden uluslararası finansal kuruluşlara başvurmak zorunda bırakılmışlardır. Ekonomilerini iyileştirme anlamında izleyecek tek yol, bu uluslararası finansal kuruluşların taleplerini yerine getirmek olmuştur. Bu uluslararası finansal kuruluşlar, Yapısal Uyum Programları olarak da bilinen ekonomi reformlarını Latin Amerika hükümetlerinin eski İthal İkameci Sanayileşme kalkınma modelini (devlet merkezli kalkınma modeli) terk etmeleri koşuluna bağlamışlardır. Ekonomilerini iyileştirmek için gerekli olan dış kredilerin sağlanması, Washington Konsensüsün şartlarına bağlı kalarak Latin Amerika ülkelerine garanti edilmiştir. Aslında, bu şartlanma Latin Amerika kıtası için liberalleşme sürecinin habercesi olmuştur.

Her ne kadar neoliberal ekonomi paketleri Latin Amerika ülkelerinin ekonomik durumlarını düzeltebilir gibi görünmüşse de, gerçekte ekonomilerini büyük ölçüde tahrip etmiştir. Makroekonomik rejimlerdeki değişikliklerin, özellikle de ekonomik büyüme söylemi altında ekonomilerinin özelleştirilmesi ve dünya pazarına açılmasının Latin Amerika ülkelerinin ekonomileri ve işgücü piyasaları üzerinde zararlı etkileri olmuştur. Yapısal Uyum Programları, hükümet harcamalarının ve kayıtlı sektördeki istihdamın azalmasına, bunun sonucu olarak, kayıt dışı istihdamın artmasına neden olmuştur. Yapısal Uyum Programlarının uygulanması sadece Latin Amerika ülkelerinin istihdam yapısını etkilememiş, ayrıca gelir eşitsizliğinde belirgin bir artışa

sebep olmuştur.Başka bir ifadeyle, neoliberal politikaların uygulanmasının sonuçları olan küresel ekonomideki esneklik ve rekabet, kayıtlı ekonominin azalmasına ve kayıt dışı ekonominin ise artmasına neden olmuştur.

Bu çalışmanın asıl odak noktası olan kayıt dışı istihdamın yoksullukla bağlantısı, Latin Amerika ülkelerinde 1970'lerin başlarında kayıt dışı istihdamın kavramsallaştırılmasıyla ortaya çıkmıştır. Toplumsal cinsiyete dayalı analiz de daha sonrası bu bağlama eklenmiş ve kayıt dışı istihdam, yoksulluk ve toplumsal cinsiyet bağlamı bazı çalışmalara konu olmuştur. Bu konunun özelinde ise, bu çalışmada Meksika ülkesi bu bağlamda incelenmiş ve neoliberal politikaların sonucu olarak artan kayıt dışı istihdamın yoksulluk ve toplumsal cinsiyet bağlamında Meksika'da emek piyasasında nasıl değişikliklere sebep olduğu sorunsalı ele alınmıştır. Bu sebepten ötürü, Meksika'daki kayıt dışı istihdamın tarihsel sürecinin incelenmesi bu analizin yapılabilmesi için önemlidir.

2008 finansal krizinden bu yana, Meksika'daki kayıt dışı istihdam oranı günümüzde hafif bir düşüş sergilemiştir. Dört yıllık aralıklarla, Meksika'daki kayıt dışı istihdam oranları artış ve inişler göstermiştir. Ancak bu artış ve inişler düşük oranlarda gerçekleşmiştir. Meksika Ulusal İstatistik ve Coğrafya Enstitüsü (INEGI)'ne göre, Meksika'daki kayıt dışı istihdam oranı 2008'in son çeyreğinde %58.3, 2012' nin son çeyreğinde %59.5 ve 2016'nın son çeyreğinde %57.1'dir. Aynı kaynaktan alınan güncel verilere göre, 2019'un ilk çeyreğindeki kayıt dışı istihdam oranı ise %56.9'dur. Güncel veriler göstermektedir ki, Meksika'da kayıt dışı istihdam edilen sayısı kayıtlı istihdam edilen sayısından daha fazladır. Bu durum, Meksika işgücü piyasasının işleyişi hakkında bize önemli ipuçları vermektedir. Kayıt dışı istihdam oranlarının yüksek olması ve zaman içersinde ciddi azalmaların ya da artmaların görülmemesi, Meksika'daki emek piyasasında kayıt dışı işçi olmanın normal olarak kabul edildiğini göstermektedir.

Meksika özelinde bakıldığı zaman, Meksika işgücü piyasası, yüksek oranda kayıt dışı istihdam içermektedir. Çalışanların yarısından fazlası, şirketlerde bir şekilde kayıt dışı çalışmaktadır ve kayıt dışı çalışan sayısı yaklaşık olarak 30 milyon olduğu tahmin edilmektedir. Meksika'daki bu devasa ve değişmeyen kayıt dışı istihdam oranlarının bazı temel nedenleri vardır. Bu nedenlerden biri, Meksika'nın politik,

sosyal ve ekonomik kurumlarındaki temel yapısal sorunlardır. Güncel yapısal problemlerin; işletmelerin, vergi sisteminin ve sosyal güvenlik sisteminin gereğinden fazla düzenlenmesinden ve yönetilmesinden kaynaklandığı ileri sürülmektedir. Mevcut yapısal sorunlar gerek işverenleri gerekse işçileri işlerini kayıt dışı olarak yapmaya zorlamaktadır.

Kayıt dışı istihdamdaki yüksek oranların bir diğer nedeni ise, 1980'lerdeki borç krizinden 2008 finansal krizine kadar Meksika'nın tarihsel sürecinde karşılaştığı ekonomik zorluklardır. Bilindiği üzere, ekonomik gerilemelerle kayıt dışı istihdam arasında pozitif bir ilişki söz konusudur. Bir ülke ciddi bir ekonomik veya finansal krizle karşılaştığında, o ülkedeki kayıt dışı istihdam oranı, o ülkenin ekonomik büyüme düzeyine bakılmaksızın önemli artışlar göstermektedir. Tüm diğer ekonomilerde görüldüğü gibi, Meksika ekonomisi ne zaman ciddi ekonomik ve finansal krizlerle karşılaşsa ülkedeki kayıt dışı istiham oranı da bu krizlerin sonucu olarak artış göstermiştir. Ülke ekonomisinin iyileşme sürecine girmesiyle birlikte yüksek oranlardaki kayıt dışı istihdam da azalmalar görülmüştür.

Kayıt dışı sektörün ortaya çıkması daha ayrıntılı olarak değerlendirildiğinde, 1980'lerden bu yana meydana gelen işgücü piyasasındaki yapısal değişikliklerin, Latin Amerika ülkelerinin işgücü dinamiklerinin yeniden yapılandırılmasında önemli rol oynadığı açıktır. Tarihsel bağlamda, Latin Amerika ülkeleri, politikaların uygulanmasında yüksek düzeyde organize olan ve devletle işbirliği yapma konusunda yetkilendirilmiş bir işgücü yapısına sahiptir. Meksika özelinde bakıldığında ise, 1980'lerde uygulanmaya başlayan neoliberal politikalar önemli yapısal değişiklikleri de beraberinde getirilmiştir. Bu bağlamda, Meksika'daki yapısal reformlar dört farklı hükümet tarafından (de la Madrid, Salinas, Zedillo ve Fox hükümeti) uygulanmıştır. Bu hükümetler tarafından dikte edilen neoliberal politikaların emek piyasasına etkisi, ücretlerin ve sosyal harcamaların düşmesi ve kesilmesi, ekonomik liberalleşme söylemiyle devlet kurumlarının özelleştirilmesi formal sektördeki iş sayısının ve olanaklarının azalmasıyla sonuçlanmıştır. Bu noktada, özelleştirme süreciyle işgücü arasında önemli bir bağlantı bulunmaktadır.Özelleştirme politikası nedeniyle işlerini kaybedenler, işsiz kalmak yerine sektörel değişiklikler yapmaya zorlanmışlardır. Bu özelleştirmelerin sonucu olarak, kayıtlı sektörden kayıt dışı sektöre muazzam sektörel

kaymalar gerçekleşmiştir. Diğer bir ifadeyle, neoliberal politikaların uygulanması Meksika'daki iş gücü piyasasını yapısal değişikliklere zorlamış ve bunun sonu olarakta kayıt dışı istihdam oranlarında artış meydana gelmiştir.

Kayıt dışı istihdam günümüzde özellikle yoksulluk bağlamında sıkça ele alınmaktadır. Özellikle hem uluslararası kuruluşların hem de ülkelerin kendi kalkınma hedeflerinin gündeminde, kayıt dışı istihdam ekonomik büyüme ve yoksullukla mücadele kapsamında büyük bir engel olarak kabul edilmektedir. Bu sebepten ötürü, kayıt dışı istihdamın ortadan kaldırılması ya da en azından bir dereceye kadar azaltılması yoksullukla mücadele ve ekonomik büyümenin elde edilebilmesi adına önemli bir konu haline gelmiştir.

Mevcut literatürde kayıt dışı istihdam ve yoksulluk ilişkisi farklı şekillerde ele alınmıştır. Bazı düşünürler kayıt dışı istihdam ve yoksulluk arasında pozitif ilişki konusunda hemfikirdir. Buna göre, emek piyasasındaki kayıt dışı istihdam yoksulluğun artmasındaki nedenlerden biridir. Pozitif ilişkinin altında yatan nedenlerden biri, kayıtlı/kayıt dışı sektör ve kayıt dışı sektörün kendi içindeki gelir eşitsizliğidir. Yapılan çalışmalar, kayıt dışı çalışanların daha az kazanç elde etmelerinden dolayı yoksullukla karşılaşma ihtimallerinin daha yüksek olduğu sonucuna varmıştır. Bir diğer neden ise, kayıt dışı çalışanların sosyal güvenlik sistemlerinden yararlanamamaları ve güvencesiz çalışma koşullarına sahip olmalarına dayanmaktadır.

Bazı yazarlar kayıt dışı istihdam ile yoksulluk arasında pozitif bir bağlantı olduğu konusunda hemfikirken, bazıları ise yoksulluğun tamamen kayıt dışı istihdamdan kaynaklandığı tezini reddetmekte ve esasında kayıt dışı çalışma ile yoksulluk arasında basit bir bağlantı olmadığını ileri sürmektedirler. Zira kayıt dışı çalışan herkes yoksul değildir. Örneğin, kayıt dışı olarak kabul edilen firmaların işverenleri veya kendi hesabına çalışan bazı işçiler kayıtlı sektörde çalışan işçilerden daha fazla gelir elde edebilmektedirler. Bu nedenle, kayıt dışı çalışanların hangi mesleklere yoğunlaştığı ve bu mesleklerden elde ettikleri kazançlar, kayıt dışı istihdam ile yoksulluk arasında pozitif veya negatif bir ilişki kurmadan önce açıkça belirtilmelidir.

Literatürdeki diğer bir görüş ise, bazı ülkelerde yapılan saha çalışmalarına dayanarak kayıt dışı istihdamın, işsizliğin büyümesini engellemede kalıcı tampon görevi gördüğünü belirtmektedir. İşsizlik ve yoksulluk arasındaki bağlantıya ilişkin olarak bazı yazarlara göre, kayıt dışı istihdam işsiz kalacak kişilere iş istihdamı sağlamaktadır. Tarihteki örneklerine bakıldığında, özellikle ekonomik krizin yaşandığı dönemlerde işini kaybeden ve işsiz kalanların kayıt dışı sektöre girdiği görülmüştür. Bu anlamda, emek piyasasındaki kayıt dışı istihdam, yoksulluğu artırmaktansa iş imkanları sunarak yoksulluğu azaltmaktadır.

Kayıt dışı istihdam ve yoksulluk arasındaki bağlantıya ilişkin tartışmada, yukarıda bahsedilen tezin tam zıddı olan yoksulluğun kayıt dışı istihdama yol açtığı hususu her ne kadar üzerinde çok tartışılmasa da ve istatistiksel olarak kanıtlanmamış olsa da var olan diğer bir gerçektir. Uluslararası Çalışma Örgütü'nün 2002 raporunda da bahsedildiği üzere, yoksul kesimin büyük çoğunluğunun, kayıt dışı ekonomide talep görmeyen işleri üstlenmeleri ve daha düşük ücretleri kabul etmeleri nedeni ile yoksulluğun bir kısır döngü haline geldiği açıktır. Yoksul kesim içinde bulunduğu şartlar nedeniyle-eğitim almamış olmak, iş becerilerinin olmaması ve sosyal ağlarının bulunmaması- kayıtlı sektörde iş bulabilme imkanına sahip değildir. Bu nedenden dolayı, yoksul kesim emek piyasasına sadece kayıt dışı işçi olarak girebilmektedir. Bu sebeplere dayanarak, yoksulluğun da kayıt dışı istihdama neden olduğu kabul edilmektedir.

Özetle gerek kayıtlı istihdamın gerekse yoksulluğun birbirlerini karşılıklı olarak kuvvetlendirdiği sonucuna varılabilir. Ancak, kayıt dışı istihdamın yoksulluğa neden olduğu yönündeki tez, yapılan çalışmalara ve mevcut istatistiklere dayanarak daha ikna edici görünmektedir.

Kayıt dışı istihdam ve yoksulluk bağlamına ek olarak incelenebilecek diğer bir bağlam türü de toplumsal cinsiyete dayalı gerçekleşen kayı dışı işçilik ve yoksulluk bağlamıdır. Bu konunun incelenmesinin önemi ise, dünya geneline bakıldığında kayıt dışı ekonomik aktivitelerin neredeyse yarısının kadınlar tarafından gerçekleştirilmesidir. Uluslararası Çalışma Örgütü'nün son raporuna göre, dünya genelinde kayıt dışı sektörde çalışan erkeklerin oranı %63.0 iken, kadınların oranı ise %58.1'dir. Kayıt dışı sektörde çalışan 2 milyar insanın 740 milyonunu kadınlar

oluşturmaktadır. Literatürde birçok yazarın da belirttiği üzere, kayıt dışı sektörde çalışan kadın emekçilerin oranları kayıt dışı sektörde çalışan erkek emekçilerinkinden fazladır. Bu durum, aynı kapitalist sistemde çalışmalarına rağmen, kayıt dışı çalışan kadınların oranca fazla olması, kadınların emek piyasasına katılımlarına yönelik toplumsal cinsiyet ayrımcılığının olduğunu göstermektedir.

Dünya genelinde bakıldığında, kadınların kayıt dışı istihdama katılım oranlarının en yüksek olduğu kayıt dışı sektörler evde istihdam ve sokak satıcılığıdır. Çok sayıda kadın, kayıt dışı sektör olarak kabul edilen ve daha çok kadınlar tarafından yapılan evden çalışma, sokak satıcısı ve atık toplayıcısı olarak emek piyasasına katılmaktadır. Bahsedilen bu kayıt dışı sektörler, özellikle kent kayıt dışı istihdamının büyük bir çoğunluğunu oluşturmaktadır.

Özet olarak, kayıt dışı istihdamın toplumsal cinsiyet boyutu, dünya genelinde en az erkekler kadar kadınlarında yüksek oranlarda kayıt dışı sektörde çalıştıklarını göstermektedir. Belli bölgelerde, belli meslekler erkeklere oranla kadınlar tarafından daha fazla icra edilmektedir. Kadınların kayıt dışı sektörde daha çok serbest meslek, ev hanımı veya kendi hesabına çalışan olarak çalıştıkları istatistiksel veriler ışığında kanıtlanmıştır. Bu meslekler içerisinde kadınlar daha çok evde çalışma ve sokak satıcılığını da bünyesinde bulunduran serbest meslek alanlarına yoğunlaşmaktadırlar. Evde çalışan veya sokak satıcılığı yapan kadınlar çok kötü çalışma ortamları ile karşılaşmaktadırlar. Aynı işi yapan erkeklere göre daha az gelir elde etmektedirler. Fakat bu mesleklerin, kadınların hayatta kalma stratejileri bakımından onlara bir miktar gelir sağladığı göz ardı edilmemelidir.

Gerek kadınlar gerekse erkekler güvencesiz olarak çalışmaya mecbur bırakılsalar da iş piyasasına adım attıklarında farklı muamelelerle, piyasa bölünmeleriyle ve engellemelerle karşılaşmaktadırlar. Erkeklere kıyasla kadınlar, çalışma hayatında daha aşağı konumda görülmekte, daha az ücret almakta ve daha çok engelle karşılaşmaktadırlar. Kadınların çalışma hayatında erkeklere oranla daha dezavantajlı olmalarının nedenleri, makro ekonomik nedenler (ekonomik ve finansal krizlerin zararlı etkileri, neoliberal politikalara geçiş, küreselleşme süreci) ayrıca toplumsal cinsiyet ayrımcılığı, toplumsal hiyerarşiler ve geleneksel normlar doğrultusunda açıklanmaktadır.

Meksika özelinde bakıldığında ise, Meksika'daki son ekonomik gelişmeler dikkate alındığında, ülkeyi hem ulusal hem de uluslararası düzeyde güncel ekonomik durumuna ve işgücü piyasası dinamiklerine taşımada büyük roller oynayan üç farklı zaman aralığı söz konusudur. İlk zaman aralığı, *desarrollo estabilizador* (sabit kademeli büyüme), İthal İkameci Sanayileşme olarak da adlandırılan, 1940'tan 1982 krizine kadar ki dönemdir. Bu dönemde, hızlandırılmış sınai kalkınmanın sonucu olarak, hem kadınlar hem de erkekler emek piyasasına kayıtlı işçi olarak katılma imkanı bulmuştur. Meksikalı kadınlar açısından bakıldığı, İthal İkame Sanayileşme kalkınma modeli ilk defa Meksika'daki çalışan kadınların emek piyasasına ücretli işçi olarak katılmasında önemli bir rol oynamıştır.

İkinci zaman aralığı, 1982 borç kriziyle başlayıp devamında neoliberal politikaların uygulandığı dönemi kapsamaktadır. Krizin akabinde, Meksika içe dönük (ithal-ikameci) saniyeleşme modelini sonlandırarak, ihrataca dayalı büyüme modeline geçiş yapmıştır. Yaşanan borç krizinden dolayı, ülkede reel ücretler azalmış ve enflasyon en yüksek seviyelere ulaşmıştır. Neoliberal politikaların uygulanmaya başlanmasıyla birlikte devlet kurumlarında özelleştirmelere gidilmiştir. Birçok yerli fabrikaların/firmaların kapanmasıyla birlikte işsizlik oranları artmıştır. Borç krizi ve ardından uygulanmaya başlayan neoliberal politikalar, işsizliğin artmasına neden olurken kayıt dışı istihdama katılım oranlarını da artırmıştır. 1990'ların başında, Meksika ekonomik iyileşme sürecine girmiştir, fakat 1995'te başka bir ekonomik krizle, pezo kriziyle, karşılaşmıştır. 1995'ten sonraki süreçte ülke tekrar ekonomik olarak iyileşme sürecine girmiştir, fakat bunun sonuçları kadın ve erkek emekçiler için farklı şekillerde sonuçlanmıştır. İstatistiksel verilere göre, ekonomik kriz dönemlerinde kadın ve erkek işçiler mevcut işlerinden çıkarılmışladır, fakat ülke ekonomisi ne zaman iyileşme sürecine girse kadın işçiler öncesi çalıştıkları ücretli işlerine geri dönememişlerdir. Buradaki kadınların işlerini kaybetmelerinden kaynaklanan işçi gücü boşluğu, erkek işçiler tarafından doldurulmuş ve kadınlar emek piyasasındaki ayrımcılıktan dolayı eski işlerine dönememişlerdir.

Üçüncü zaman aralığı ise *la restructuracion* olarak da adlandırılan, daha çok piyasa odaklı ve daha az devletleşmenin olduğu ekonomik aşamadır. Bu üç ekonomik zaman aralığı incelendiğinde, kadınların işgücüne katılımları bu üç zaman aralığında

birbirinde farklı olarak gerçekleşmiştir. Özellikle, üçüncü zaman aralığında değişen koşullar nedeniyle Meksikalı kadınların emek piyasasına girmeleri diğer dönemden farklı olarak gerçekleşmiştir. Bu zaman aralığında, en dikkat çekici değişiklik Meksika'nın Amerika Birleşik Devletleri ve Kanada'yla 1992'de imzalamış olduğu ve 1994'te uygulamaya başladığı Kuzey Amerika Serbest Ticaret Antlaşması'dır. NAFTA'nın uzantısı olarak görülen maquiladora sanayisi, bu dönemde Meksikalı işçiler için yeni iş olanakları sağlamıştır. Meksikalı kadınların emek piyasalarına katılımlarında maquiladoralar önemli rol oynamaktadır. Bu maquiladoraların %85'ini Meksikalı kadın emekçiler oluşmaktadır. Her ne kadar bu işçiler kayıtlı olarak çalışıyor olsalar bile, çalışma koşulları gözönünde bulundurulduğu maquiladora sanayisi Meksikalı kadın emekçilerin işgücünü sömürmektedir. Maquiladoralarda çalışan Meksikalı kadınlar, uzun çalışma saatlerine rağmen, erkek işçilerden daha az ücretle çalıştırılmaktadırlar.

Özet olarak, Meksika emek piyasasında kadınların kayıt dışı istihdam oranlarının erkeklere göre daha yüksek olduğu görülmektedir. Kayıt dışı istihdam, özellikle serbest meslek sahibi ve ev kadını olan genç kadınlar arasında çok yaygındır. Gerek erkeklerin gerekse kadınların kayıt dışı istihdamının tarihsel değişimi, 1980'lerden bu yana yaşanan makro ekonomik değişimlerden kaynaklanmaktadır. 1982 krizi ile ülke mevcut ekonomik kalkınma modelini ihracata yönelik ekonomi modeline kaydırmıştır. Ekonomik kalkınma modelinin değişmesi, ülkenin hem emek hem de istihdam yapısında önemli değişikliklere neden olmuştur. Ancak, söz konusu makro ekonomik değişikliklerin olumsuz etkileri, işgücü piyasasındaki toplumsal cinsiyet ayrımcılığı nedeniyle kadınlarda erkeklere kıyasla daha fazla görülmüştür. Ekonomik ve finansal kriz dönemlerinde gerek kadınlar gerekse erkekler işlerini kaybetmelerine karşın, ekonomide iyileşme yaşandığında erkekler çalışma hayatlarındaki önceki pozisyonlarına yeniden dönebilmişlerdir. Aynı durum kadınlar açısından söz konusu olmamakta, kadınların önceki pozisyonları erkekler tarafından ele geçirilmekte ve kadınlar kayıt dışı olarak çalışmak zorunda kalmaktadırlar. Bu bakımından, kadınların işgücü piyasasına katılımının, ülkenin ekonomik durumuna bakılmaksızın açık bir şekilde erkek egemenliği tarafından belirlendiği açıktır. Ayrıca, Kuzey Amerika Serbest Ticaret Antlaşması'nın doğrudan öncülü olan Meksika'daki

serbest ticaret bölgeleri, üretimi artırarak kadınların istihdamını da artırmıştır. Ancak, kadınlar daha az ücret almakta ve evlendiklerinde veya hamile kaldıklarında işten ayrılmak zorunda kalmaktadırlar. Bu nedenle, maquiladora sanayisinde çalışan kadınlar kayıt dışı sektörde çalışmıyor olsalar bile, halen işsiz kalma riskiyle karşı karşıyadırlar.

Kayıt dışı istihdam ve yoksulluk arasındaki bağlantıya geri döndüğümüzde, kayıt dışı sektörde çalışan herkesin yoksul olmadığı gibi kayıtlı sektörde çalışanların tamamı da yoksulluktan tam anlamıyla kaçamamaktadırlar. Ancak, kayıt dışı istihdam toplumsal cinsiyet ve yoksulluk arasında güçlü bir bağlantı vardır. Mevcut verilere göre, kayıt dışı ekonomide kadınlar erkeklere kıyasla daha fazla bulunmakta, erkeklerden daha az ücret almaktadırlar.

Ancak, kayıt dışı istihdam, toplumsal cinsiyet ve yoksulluk arasındaki bu güçlü bağlantı, basit bir yoksul olma, kadın olma ve kayıt dışı çalışma ilişkisi değildir. Esasında bu bağlantı, kadınların hangi kayıt dışı sektörde ve ne koşullar altında çalıştıklarına göre belirlenmektedir. Kadınların kayıt dışı istihdamı daha çok evde çalışmaya kaymış, buldukları sektörden dolayı da düşük ücretlerle çalışmayı kabul etmek zorunda bırakılmışlardır. Bu durum, aynı kayıt dışı sektörde çalışmalarına rağmen, kayıt dışı çalışan kadınların erkeklere oranla daha fazla yoksul olma riskiyle karşı karşıya kalmasıyla sonuçlanmaktadır.

Kayıt dışı istihdam, toplumsal cinsiyet ve yoksulluk arasındaki güçlü bağlantıya ilişkin istatiksel veriler sınırlı olmakla birlikte, bazı ülkelerde gerçekleştirilen saha çalışmaları, kayıt dışı çalışmanın, kadın olmanın ve yoksul olmanın yakından ilişkili olduğunu kanıtlamıştır. Bu çalışmalardan çıkarılan genel sonuç, kayıt dışı istihdamdaki yoksulluk riskinde toplumsal cinsiyet farklılıkları olduğu, kadınların erkeklere kıyasla daha fazla yoksulluk riski ile karşı karşıya kaldığıdır. Yüksek orandaki kadın yoksulluğunun arkasında yatan neden, toplumsal cinsiyete dayalı ücret eşitsizlikleridir. Her iki grupta kayıt dışı sektörlerde çalışıyor olsa bile, bu sektörde çalışan kadın emekçiler erkeklere oranla uzun çalışma saatlerine daha az ücret almaktadırlar. Bu durum, kayıt dışı sektörde çalışan kadınların ücret-kazanç hiyerarşisinde en altta yer almalarına ve kayıt dışı çalışan erkeklere göre daha yoksul olmalarına neden olmaktadır.

Meksika bağlamında, toplumsal cinsiyet-yoksulluk bağlantısı saha çalışmalarının konusu olmuştur.Yapılan çalışmalardan biri, bazı Latin Amerika ülkelerinde (Peru,Kolombiya,Ekvador,Arjantin,Meksika ve Şili) kayıt dışı istihdam, yoksulluk ve toplumsal cinsiyet bağlamını küçük ölçekli kayıt dışı sektörler üzerinden incelemiştir. Çalışmanın sonucu olarak, seçilen bütün ülkelerde küçük ölçekli kayıt dışı sektörlerde çalışan kadınların, aynı sektördeki erkek çalışanlara göre daha az ücretle çalıştıkları tespit edilmiştir. Ücret eşitsizliğinden dolayı, yoksulluk oranları kayıt dışı olarak çalışan kadın işçiler arasında erkeklere oranla daha fazla olduğu görülmüştür. Aynı bağlamda, kadınların yoksulluk riskiyle karşılama ihtimalleri erkeklere göre daha fazla olduğu tespit edilmiştir. Meksika özelinde ise, 2000 yılına dayanan verilere göre, Meksika'da küçük ölçekli kayıt dışı sektörlerde çalışan Meksikalı kadınların herhangi bir ücret almaksızın aile işletmelerinde çalıştıkları tespit edilmiş ve kadın yoksulluğunun erkek yoksulluğundan daha fazla olduğu sonucuna varılmıştır.

Yapılan bir diğer saha çalışması ise Meksika özelinde ele alınmıştır. Bir önceki çalışmanının sonuçlarına benzer olarak, kayıt dışı sektördeki toplumsal cinsiyet ayrımcılığı nedeni ile, ev işlerinde çalışan kadın işçilerin en dezavantajlı kesim olduklarını ve daha az ücretle insanlık dışı çalışma koşullarında çalışmaya zorlandıklarını tespit edilmiştir. Bu sektördeki kadınların ortak özellikleri, yoksul kırsal kesimlerde ikamet etmeleri, çok az gelir elde etmeleri ve yerli kökenli olmalarıdır. Bu hususlar dikkate alındığında, kadınların erkek meslektaşlarına göre yoksulluk sınırında yaşama ihtimallerinin daha fazla olması şaşırtıcı değildir.

Sonuç olarak, Meksika kapsamında toplumsal cinsiyet-yoksulluk bağlamı üzerine mevcut istatistikler sınırlı olsa bile, Meksikalı kayıt dışı çalışan kadın işçilerin oranları Meksikalı kayıt dışı çalışan erkek işçilerden daha fazladır. Bunun nedeni, emek piyasasında kadın işçilere uygulanan cinsiyetçi ayrımcılıklardır ve bu durum kadın işçilerin daha düşük ücretlere çalıştırılmasına neden olmaktadır.

Bu tezden çıkarılacak en genel sonuç ise, neoliberal politikaların uygulanmaya başlamasıyla artış gösteren kayıt dışı işçilik ve yokssulluk, Meksika'daki kadın ve erkek emekçileri farklı şekillerde etkilemektedir. Meksika'da emek piyasası dinamikleri, kadın işçileri erkek işçilerle kıyaslandığında daha fazla kayıt dışı

sektörlerde çalışmaya itmektedir. Bu kayıt dışı sektörlerde, kadın emekçiler hiyerarşinin en alt tabakasını oluşturmaktadır ve iş güçleri hem ulusal hem de uluslararası ekonomilerde büyük oranda sömürülmektedir. Bu bağlamda, Meksika'da kayıt dışı işçilik, kadın emekçilere yönelik ayrımcılığı pekiştirirken, kadın yoksulluğunu da artırmaktadır.

APPENDIX B. THESIS PERMISSION FORM/TEZ İZİN FORMU

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YAZARIN / AUTHOR

Soyadı / Surname : Şahin

Adı / Name : Büşra

Bölümü / Department : Latin ve Kuzey Amerika Çalışmaları

TEZİN ADI / TITLE OF THE THESIS (**Türkçe** / English) :

1980'den Günümüze Meksika'daki Kayıt Dışı İşçilik: Pekiştirilmiş Yoksulluk ve Toplumsal Cinsiyet Bağlamı / Labor Informality in Mexico since the 1980s: The Reinforced Poverty-Gender Nexus

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