INFORMAL LABOR

INTRODUCTION: THE ECONOMY AND INFORMAL LABOR IN OCCUPIED PALESTINE

Definitions of the informal sector are numerous; however, the most common definition is that of the International Labor Organization (ILO), outlining the informal sector as all non-associative family enterprises, which do not dispose of available accounting or tax records, nor qualify as facilities, in addition to re-registering employees in the tax system. Moreover, different insights exist on the nature and circumstances of the phenomenon of informal labor. Some economic experts and researchers believe that the phenomenon of informal sector (economy and labor) is an indicator of the structural deformation of the state’s economy, and consider that this phenomenon ought to be tackled and organized. Meanwhile, others perceive the sector as an act of rebellion against state laws, and thus should be controlled and its actors compelled to abide by a set of laws, including by way of imposition of taxes and fees. In contrast, a third point of view considers this sector to be an attempt at societal adjustment, given the current pressure exerted by the state and its policies, deemed inconsiderate of the poor classes, particularly since developing countries have adopted neoliberal policies, forcing the state to relinquish some of its roles, and abandon the full responsibility of organizing the economy, while handing over the reins of these matters to the private sector. The private sector was granted all the possible privileges as well as the adoption of new business-friendly tax and investment laws. This has led to widening the gap between classes, shrinking the middle class, forcing many to join the ranks of the unemployed and the poor. Thus, these categories attempted to find methods and measures of adaptation, mostly in the informal economy.

The International Labor Organization (ILO) defines the informal sector in the Occupied Palestinian Territories (OPT) as comprising of non-associative family enterprises, and projects that do not fall under the facility or corporation categories, in addition to workers and employees in a facility or an enterprise unregistered in the tax system. The Palestinian Central Bureau of Statistics (PCBS) defines informal labor as all jobs in the informal sector, as well as jobs of an informal nature in other sectors of the economy. In case these specific conditions apply, most important of which are: the self-employed who are the end users of their own products; the self-employed producing commodities for the purpose of trade or barter and working in the informal sector; employers in the informal sector; all workers in family enterprises such as unpaid family members; employees in the informal sector; and employees in informal jobs in public sector institutions.

The study of the informal economy in the case of the Occupied Palestinian Territories, in both the informal sector and labor, gains a pronounced singularity since the country remains under colonization. Proceeding from an analytical approach of the economy of resilience - an economy based on production, the boycott of the occupier’s economy to the extent possible, wide geographic distribution of economic facilities, exhaustive employment, and reliance on the agricultural and industrial sectors, as the two main pillars of the economy - it is possible to recognize the informal economy as a tool of economic and social resistance, operating outside the occupation’s hegemony and dependency, helping in the establishment of social networks supporting the Palestinian society, by catering to its needs. Therefore, any study of the informal sector in the Palestinian case ought to take into consideration this sensitive and profound specificity, going beyond the idea of economic fuddles in the Palestinian authority, regardless of their importance.

Nonetheless, it is challenging to study the phenomenon of informal economy independently from the historic context of the development of the Palestinian economy until this moment, and the ensuing social and economic transformations inside the Palestinian society. It is possible to summarize the characteristics of the Palestinian economy as an economy structurally affiliated with the Israeli occupations’ economy, meaning that any development in the Palestinian economic structure is completely connected to the Israeli economy, which does not allow it to take an independent decision in choosing its developmental path; 90% of the authorities’ revenues came directly from “Israel,” to which two thirds of the authority’s exports go. In addition, the Palestinian economy is connected to the international market through the gate of the occupation’s economy. The current Palestinian economy is characterized by high reliance on tax collection and services, at the expense of the productive sectors. It is also an unequal economy, since the historic geographic rupture between the West Bank and the Gaza Strip led to the emergence of fundamental differences in the local economic growth between the West Bank and the Gaza Strip, and the demolition of the sector’s economic characteristics. Most importantly, the state has adopted a neoliberal development model, ranging from legally framed and politically articulated official policies and the major private sector corporations to the market margins and the imposed new patterns and distortion of productive and enabling sectors that could improve the resilience of regular people. The deepening gap between classes, the tendency towards consumption, and the expansion of the services sector at the expense of other productive sectors are of the associated consequences of this tendency, which almost covers the urban and rural areas alike. Perhaps these traits could summarize the political economy in the Occupied Palestinian Territories. The Palestinian economy suffered from the absence of the nation state structure, which supplanted by an external structure and which hindered the establishment of an institutional and legal framework capable of shaping the Palestinian economy, according to local economic and social circumstances. This unbalanced development in the state’s structure and duties caused disfigurations in the labor market, translated in the growth of the informal economy, where the informal labor is its most pronounced feature.

LABOR MARKET, LABOR FORCE AND UNEMPLOYMENT IN THE OCCUPIED PALESTINIAN TERRITORIES

The population of the West Bank and the Gaza strip (including the Palestinian population in Jerusalem) until mid 2015, reached 4,682,000, with a growth rate of 2.9% recorded during the same year. The working-age population (15 years old and above) reached 1,537,000, against 1,299,000 under the working age (under 15 years old). Labor market statistics indicate that the working-age population falls under two categories: the first category, or the population part of the labor force, reached 1,299,000, or around 45.8%. The second category, the population outside of the labor force, reached 1,537,000 and recorded 54.2% of the working-age population. The labor force was divided into two categories: the workers, constituting 54.1% of the total labor force, and the unemployed, representing 5.9%.
It is noteworthy that the rate of female participation in the labor force is lower than that of males, scoring 45.2% and 72.7%, respectively. In fact, the participation rate of women is not considered a good indicator to measure the economic productivity in the informal sector, but ignore the fact that the majority of the informal sector works in women’s households’ context, thus making them not officially part of market transactions. In addition, they conceal their relevant contribution to the national economy. The participation of women in the informal sector to the GDP at a higher percentage than the Palestinian Central Bureau of Statistics (PCBS). According to the first and second Intifadas, the percentage of female workers in the settlements, estimated at 65.3% of the total Palestinian workers in “Israel” and the settlements. Workers inside the Greater Palestinian Economic area in all categories. The first category is formed by formal workers, i.e. holders of entry and work permits inside the Green Line, most of them earning salaries and employment contracts, while the second category of workers do not hold permits, work informally, and do not enjoy social security, healthcare or any type of contracts and protection. Most often, they are laid off without collecting their wages, and are subjected to prosecution, detention, and fines by the occupation forces.

In comparing the working conditions of workers in the Palestinian territories and inside the Green Line, we conclude that the average working week for females is 45.4% higher than males. The percentage of female workers in the informal sector to the GDP, followed by agriculture and fishery with 9.2%, and retail and wholesale with 18.6%. The majority of female workers working in the West Bank and the Gaza Strip, with 71.7% and 54.9% respectively. In fact, the participation rate of women to the labor market in the Gaza Strip, while workers in “Israel” and the settlements are paid 59.4% shekels during the same period. In addition, the average monthly workdays in the second half of 2016 reached 23.1 workdays in the West Bank, 23 days in the Gaza Strip, against 23.4 workdays in “Israel,” as well as the registration of the majority of facilities and enterprises in the informal sector are numerous. Some do not see the need for registration, while others believe that registration entails large sums of money.

However, informal labor (in the formal and informal sectors) encompassed 59.9% of the total number of workers in the West Bank and the Gaza Strip, with 63,520 female and male workers, respectively. The percentage of female workers in the population in the West Bank against 44.2% in the Gaza Strip. The number of workers in the informal sector enterprises reached 199,400 women and 460,400 men in the agricultural activities; 91% in the industrial activities; 19.8% in the construction and industrial activities; and 16% in the transportation and services sectors. In Palestine, the geographical distribution peculiarities at the heart of the informal sector is noticeable. The sector is comprised of around 22% in the West Bank, while in the Gaza Strip, it ranges between 38% and 40%. The geographical growth and labor opportunities do not lead to a palpable increase in the rate of female participation in the labor force, nor a drop in the female unemployment rate.

The number of workers in “Israel” and the settlements reached 154,200 workers in the second quarter of 2016. HOLDERS of permits constituted the greatest share of workers in the informal sector, which produced 40,000 worker-produced households, which without work permits, and 13,200 holders working an Israeli document or a foreign passport. The construction sector situation is the most critical one, where most of the female workers, traders, and 45% of the total female construction workers, are engaged in the informal sector to the GDP at a higher percentage than the Palestinian Central Bureau of Statistics (PCBS). According to the first and second Intifadas, the percentage of female workers in the settlements, estimated at 65.3% of the total Palestinian workers in “Israel” and the settlements. Workers inside the Greater Palestinian Economic area in all categories. The first category is formed by formal workers, i.e. holders of entry and work permits inside the Green Line, most of them earning salaries and employment contracts, while the second category of workers do not hold permits, work informally, and do not enjoy social security, healthcare or any type of contracts and protection. Most often, they are laid off without collecting their wages, and are subjected to prosecution, detention, and fines by the occupation forces.

In conclusion, it is possible to say that there is a semi-absolution of the shape of official policies targeting the informal sector and labor, aiming at formalizing the economic sector or the labor force. On the contrary, the informal labor in the West Bank and the Gaza Strip lack the basic professional, union and social protection. This ushers the permanence of a large informal economy, and the existence of a greater number of barely paid workers in the informal sector, who do not benefit from the legal, social, and professional protection, as well as healthcare, in their various facilities and enterprises.

In particular, the National Campaign for Social Security, established for the purpose of amending the social security law approved in March, and proposed the elaboration of a clear mechanism for the inclusion of informal labor in social security, in which the government contributes to the membership subscription; and encourages workers to join the Palestinian Social Security Corporation (PSSC), which guarantees dignity and better living conditions. Despite the widespread societal dissatisfaction with the national team and the Ministry of Labor did not see the necessity of including informal workers in the system, leaving the door to voluntary membership wide open for workers in the informal sector, which is not a productive strategy based on previous experiences of similar systems.

Despite the negative circumstances of workers in the informal sector, the main question in the Palestinian society concerns whether the move from the informal to the formal is desired. Points of view are affiliated on this subject. Some believe that there is no economic benefit to the formalization of facilities in terms of economic productivity, the incapacity of facilities to access loans, either because of high interest rates, or the impossible terms and conditions imposed by banks, in addition to the Palestinian government’s focus in the investment law on the major companies in the services sector. In contrast, there’s another point of view pertaining to the social roots of these facilities in the informal sector.

Accordingly, the majority of these facilities work in the legal activities of the economy, they have contributed and present a source of income for the Palestinian society during the major upsurges, especially during the first and second Intifadas. Even though points of view might diverge, everyone agrees on the need to promote the conditions of informal labor in all economic activities, while increasing economic and social rights, especially the rights of labor and workers. DEVELOPMENT PLANS AND OFFICIAL POLICIES

The majority of female workers are informal, since the percentage of informal female workers represents 46% of the total number of female workers. By the same token, the formal sector tends to employ more women informally. The number of female workers in the informal sector totaled 30,600 informal female workers, against 48,000 formal female workers. While it’s challenging to formulate broad specific characteristics of female informal workers, the Palestinian society agrees on general specific attributes such as poverty, relatively advanced age, and low educational attainment. All of these characteristics are not limited to the individuals who work in the Palestinian society and the fragile participation of women in the labor force; women’s productive roles are still restricted to their reproductive roles, and their participation of women in the market labor is a difficult task, especially in light of the low quality care facilities (few kindergartens) in the West Bank and the Gaza Strip. In light of the aforementioned, the situation of those who are worth mentioning that the issue of low educational attainment is no longer a conclusive attribute directing women into the informal labor. Despite the availability of higher education opportunities for women, the limited openings in the formal labor force educated women to venture into the informal labor.

Even though the informal sector offers greater employment opportunities for women, this kind of labor does not provide the necessary protection in terms of income or rights, not to mention the incompatibility of the work conditions with the Palestinian labor code. However, violations in the informal labor are met by violations of a different nature in the public sector, which is characterized by reluctance to hire women. This can be explained by the conditions imposed on the informal sector to avoid the costs that might arise from employing women, like remunerating maternity leaves, or paying new fees for the registration of the informal workers. Women prefer working in the public sector for the financial and occupational stability it has to offer, in addition to the protection it ensures. Women working in the informal sector face the risk of sick leaves and maternity leaves. However, the drop in public employment opportunities pushed a growing numbers of women to work in the informal sector.