

# **Reality and Analysis**

## **Personal and Technical Reflections on the Working Lives of Six Women**

**April, 2004**

**Cornell-SEWA-WIEGO  
Exposure and Dialogue Program  
Gujarat, January 10-15, 2004**

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**Abstract:** A group of development analysts – researchers, activists, and practitioners - engaged in an unusual exercise in early 2004. They had a dialogue about labor market, trade and poverty issues, but they preceded the dialogue with exposure to the realities of the lives of six remarkable women in Gujarat: Dohiben, Kalavatiben, Kamlaben, Kesarben, Leelaben and Ushaben. These women are all members of SEWA (the Self-Employed Women’s Association) of India. Their struggles provided the frame for the technical dialogue that followed. This is a Compendium of personal and technical reflections of the analysts involved in the exercise.

**Dedicated to the courage and kindness of our host ladies:**

**Dohiben, Kalavatiben, Kamlaben, Kesarben, Leelaben,  
and Ushaben.**

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# **Foreword**

**Ela Bhatt**

## Conceptual Blocks \*

I have prepared for decades for such a moment. I am satisfied and happy that you are here. I am from a trade union background having joined the Textile Labour Association in 1955 and was working with textile workers who are urban industrial workers in fixed employee-employer relationships. At that time, I had observed other workers who weren't in fixed employee-employer relationships and saw their problems including poverty, squalor, and poor working conditions. I also saw the difference between being a protected and unprotected worker. Both sets of workers were contributing, but only one set was counted and recognized by the state, the press, and the society. Although I saw these workers, it had also taken me many years to recognize these other workers – from 1955 to 1970! It was about then that it became clear to me then that 89% of workers were outside the trade union movement and unprotected by law. In addition, 80% of women who were rural, poor, illiterate, and economically active were outside the women's movement. These workers should be included in trade unions and these women should be playing a leading role in the women's movement. That is what I thought when we started SEWA. However, we haven't reached there yet.

The first conceptual block we encountered was when we tried to register SEWA as a trade union under the Trade Union Act of India. We did not fit into their definition of “worker” or “trade union.” We were an organization of chindi workers, cart pullers, rag pickers, embroiderers, midwives, forest produce gatherers; but we were not “workers.” Moreover, we did not have a fixed employer to agitate or fight against and so the government resisted against our registration as a trade union. Labour laws could not be applied to us. According to them, we were not workers; we did not work. The day we registered SEWA, we questioned the definition of work.

We had a similar experience with our cooperatives. For example, our members wanted access to financial services and so we decided to open a cooperative bank. But when we looked into registering the cooperative, they said how can you have a bank for illiterates? Women were capable of saving, borrowing, and repaying, but just couldn't sign their names and so could not have a cooperative bank. Thus what was obligatory was the signature, not the transactions. Just like with the Union and the Bank, registration has been the beginning of most of our struggles. In the case of our labour cooperative of rag pickers, the registration authorities asked what products will you make. In the case of the village mid-wives' cooperative, they asked how can delivering babies be called an economic activity. In the case of the video producers cooperative, they said illiterates can't be producers, technicians, script writers. As for the vegetable vendors and vegetable growers cooperative, they said we can't register one cooperative of separate geographical jurisdictions, urban and rural. Then for SEWA University, they said how can there ever be universities of illiterates. Perhaps some of you may agree with them. The Education Ministry still has denied this registration and so we have SEWA Academy instead, which is where you are all sitting today. You are welcome in SEWA Academy, but why did you take so long to come!

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\* Welcoming address to the Cornell-SEWA-WIEGO EDP, SEWA Academy, January 11, 2004.

Because their livelihoods are not perceived as work, only factory or office work is “work”, those millions engaged in other work are not counted and recorded. Therefore, their work and livelihoods are not protected, enhanced, planned, or budgeted for. They remain conveniently “invisible” to the “blind” policy makers, statisticians, and academicians. How did this come about? Who decides what is “mainstream?”

The divide between the formal and informal sectors of the economy is artificial. It must be for the convenience of analysis, of facilitating administration, of the control of allies of big industries and rulers. Even unions did not recognize this! I was ridiculed in the National Labour Organization<sup>1</sup> in 1981. When I introduced a resolution for protection of the home workers, even the word home worker wasn’t understood. How can this happen in my country where most of the production of goods and services is still done through the self-employed, through family based work. Couldn’t all this be seen by the wise knowledgeable people? Historically, culturally, and traditionally, self-employment has been the way of earning one’s livelihood in India.

Due to the domination of the small formal sector which is supposed to be the mainstream of the economy, the vast working population of the country has suffered, become poor and ‘backward’, devoid of protection and enhancement, and lacking investment of resources. It’s no wonder; they are the victims of the contract system, middlemen, moneylenders, pawn shops, policy and the literate. Everything has to fit into a definition, a category, a theory, whether of growth or poverty or work or the person.

A small farmer works on her farm and if it’s not a good season, on other’s farms as a labourer. When the agriculture season is over, she goes to the forests to collect gum or other forest produce. Year round, she produces hand embroidered items either at a piece-rate for a contractor or sells it to a trader who comes to her village to buy goods. Now how shall we categorize her trade? Does she belong to the agricultural sector, the forestry sector, or the handicraft sector? Is she the farmer or the farm worker? Is she self-employed or a piece-rate worker? For the lack of fit into a category, her work status suffers and her right of representation in the union movement is unrealized. The tyranny of definition has condemned her to be a nobody. In meetings, people often say “what do you mean by this.” We are not able to explain within the definitions and so what we have to say all becomes a non-starter. Sometimes, it seems that they aren’t even interested in the issues; instead they are just enjoying the debate. Then sometimes we don’t have the language to participate in the debates.

In regards to labour laws, the problem is with interpretation of the law. The same law can be applied to the informal sector, but the mindset of the officials and judges is fixed with the formal sector labour proving an employer-employee relationship. For example, consider the case of Hawabibi, a bidi worker, who was working with an employer for 16 years and then kicked out. She wants to be reinstated by law, but the labour commissioner says that as she works at home, she is not an employee. Then take the case of Kankuben, a cart puller, whose knees were broken due to an abrupt traffic stop. We took her case to court and the judge said the act for compensation does not

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<sup>1</sup> The National Trade Union Federation where SEWA was a member.

apply to her because she is not a “worker.” After we finally convinced them that she is a worker, they said how do you determine her wage?

I’m saying we need labour laws because if they are there, we can use them for seeking justice and making demands. On the other hand, the present climate is that labour laws should be abolished. The employers lobby is strong and is against labour laws, as are many economists. The argument is that labor laws cause market rigidity, they destroy employment opportunities, and industries can’t compete with countries like China. Employment protection creates a distortion in the market and the industry will move away to another country or state. Minimum wages are an outdated concept. We are a Trade Union but we often find that we are unable to look to the main trade unions for support. Trade unions of the formal sector fight for the rights of their own workers. They create a privilege class within the working class. We are just coming up and getting strength. For example, our members need a minimum income; this includes a minimum wage when they have wages and a minimum income when they work on their own. We can’t fight for minimum wages in a narrow sense; we want minimum income. However, before we can get the minimum income by way of right, we will find that even the existing protective laws such as Minimum Wages Act will be gone.

Social protection is another conceptual block issue. Social protection means so many different things. There are different definitions here, in the west, in the ILO. There are those who don’t agree to any contributory part of the social protection scheme. They believe it is the government’s sole responsibility to provide for health care, child care, housing, insurance, and pensions. We had to deal with such a mindset with our slum up-gradation programme; some said the slum dwellers should not pay even a token. The municipal corporation should pay everything. This attitude threatened to derail our programme where the slum dwellers were going to contribute.

Then there are those who hold the opposite view that the government must not get into these activities. This view is becoming stronger: social insurance and protection, even enforcement of minimum wages should not be done by the government. They believe that the Government should not interfere in anything. Recently there was a commission headed by M.K Dave looking at pensions and the report recommended that the pensions should be entirely privatized. Many advisors to the government and also government officials themselves believe that social protection is not the responsibility of government. Everyone should compete in the open market.

So we are caught in-between these two views. Now we are stronger as an organization and are more visible; however, there are so many expectations and the currents are opposite.

Furthermore, where are the mechanisms for delivery of the developmental inputs? Whenever we discuss a developmental programme with the Government and the policy makers they get overwhelmed by the sheer numbers which have to be served. But they are the majority and we do believe mechanisms can be worked out to serve them. Our politicians have lost touch with the people and can’t envision proper mechanisms,



although if such mechanisms existed people would participate enthusiastically. For example, the government introduced a contributory pension scheme, for Rs. 20, so people started giving the required Rs. 20 but the scheme failed because the banks which were to collect this contribution had no interest in taking Rs. 20 each month for poor people. They didn't want to deal with the long lines and the administration.

As for trade and liberalization, we are not opposed to the present reforms but it is not a black and white story. Only the strong can stand in the market. Without any inputs provided to the poor in terms of resources, financial services, capacity building, R&D, skill up-gradation, better tools, how can we stand firm in the competitive market on our own and be competitive?

A link between the poor producers and the trade opportunities have to be set up. Where are the institutions that can do that? After independence, those who had the resources benefited and those who had none to little lost out. SEWA's producers' organizations make serious efforts to take benefit of today's opportunities but it takes a lot of time and commitment and is very difficult.

These are our issues. Please tell us how to present them to the different worlds at different levels- National and Global. We do not have the language to put forth our arguments. It takes us so long to first understand the issues, then give them a language, make others understand what we are saying, and finally translate all that into action. For example, we started the vendors struggle over 25 years ago. Now the Prime Minister is sympathetic and gave his full approval in the newspaper but then what? We have learned now how to go from a slogan to a taskforce to a draft. Learning these steps took so much of struggle and action to understand, to learn how to plead, move, change things, and be successful. So now we will have a National policy for street vendors but still the States will need to endorse it. We will have to deal with local vested interests, local party politics.

The education system is not helpful and generally students are taught the poor are responsible for their own problems. The Indian Institute of Management teaches students that they are the best, that they deserve 1 lakh salary per month. This is the culture. But which institute teaches the poor that they are worthwhile or shows society the positive things that they achieve. It took us so many years to show that the poor are bankable but what school of commerce taught this or teaches this? The poor are insurable but people are still not convinced. As a result, who suffers? The poor – the ones who need the insurance. It is often said that an economic activity for the poor is not "viable." What does this mean? "Viability" is worth studying. What is the meaning of "viability?"

Among the poor, all women work. Without women's participation, poverty can't be removed. Of course, things are improving in that we are able to bring out new ideas and there are supportive organizations like NCAER and WIEGO. This meeting creates strong hope for us. WIEGO is very important for us; it is WIEGO who could bring you to SEWA. Thanks to all of you.

**Ela Bhatt**

## **Introduction**

**Martha Chen**  
**Renana Jhabvala**  
**Ravi Kanbur**  
**Nidhi Mirani**  
**Karl Osner**

## INTRODUCTION

A group of development analysts – researchers, activists, and practitioners - engaged in an unusual exercise in early 2004. They had a dialogue about labor market, trade and poverty issues, but they preceded the dialogue with exposure to the realities of the lives of six remarkable women in Gujarat: Dohiben, Kalavatiben, Kamlaben, Kesarben, Leelaben and Ushaben. These women are all members of SEWA (the Self-Employed Women’s Association) of India. Their struggles provided the frame for the technical dialogue that followed. This note provides a brief introduction to this Exposure and Dialogue Program (EDP). It explains how the program came about, and what it consisted of.

### **Genesis of Activity**

There are two main strands in the genesis of the Cornell-SEWA-WIEGO Exposure and Dialogue Program (EDP) that took place in Gujarat State, India, January 10-15, 2004. The first strand starts with SEWA.

SEWA (the Self-Employed Women’s Association) is a trade union that organizes and provides services for informal sector women in India. Its base is in Gujarat State, but its 700,000 members now come from five states in India. The combination of organization and economic services has been recognized internationally as highly successful in improving the lives of SEWA members. But as SEWA has gone about its ground level tasks it has come across policy constraints and what Ela Bhatt, the founder of SEWA, calls a “mind set” among policy makers and national and international agencies that makes it difficult to convey the ground level realities that are faced by SEWA members. One such example is the fact that the informal economy tends to be less well covered by statistical agencies, making fact-based discussion on the informal economy more difficult. Another example is the traditional difficulty that formal sector trade unions have in comprehending the notion of bargaining and labor organizing in the informal economy where many workers are not engaged in a standard employer-employee relationship. Yet a third example is the problems in conveying not only the importance of insurance for poor women, but the difficulties that national level insurance regulations (designed as they are for large insurance companies from formal sector) present to microinsurance agencies like SEWA.

As SEWA has been drawn into national and international level policy discussions it has felt the need to extend and expand its analytical capacities. The SEWA Academy provides training for SEWA members across a wide range of areas, and also conducts research and analysis based on its teams of grass roots researchers. At the national level, SEWA conducts joint research with organizations like the National Council of Applied Economics Research (NCAER). At the international level SEWA has helped to found WIEGO (Women in Informal Employment Globalizing and Organizing), which has a Secretariat at Harvard University and is an international research policy network of researchers, activists, and practitioners working on issues of the working poor in the informal economy in the context of rapidly changing trade and technology relations in the

world. This network gives SEWA an access to international level research and statistics on issues that concern its members. In addition, SEWA has links with individual academics nationally and internationally, who visit SEWA and engage in dialogue with SEWA organizers. SEWA Academy has instituted a “SEWA Chair” program, through which international academics and analysts come and visit the academy and engage in research of relevance to SEWA. Martha Chen (Harvard) and Ravi Kanbur (Cornell) are the first incumbents of these positions.

SEWA and WIEGO have faced particular issues in their discussions with mainstream economists, as they engage in policy dialogue at the national and international level. It was thought useful, therefore, to put together a group which would engage in intensive discussions around a set of specific topics to clarify, for SEWA and WIEGO, the underlying frameworks and assumptions of mainstream economics. Cornell University agreed to become part of this group, particularly through participation of four of its economists. However, rather than having such a meeting just as a conference at Harvard, Cornell or in Ahmedabad, it was decided to precede the dialogue with an exposure to the realities of the lives of SEWA members, which the analytical dialogue was meant to be about.

This brings us to the second strand of the genesis of this activity. The Exposure and Dialogue Program (EDP) is a program developed by Karl Osner and the German Association for Exposure and Dialogue Programmes. The central idea behind EDP is to give senior level technocrats and bureaucrats in development assistance an exposure to the realities of the lives of the people whom their policies and projects might affect. The modality is simple. First, the exposure. Accompanied by local facilitators, these senior officials spend a few (two, three or four) nights actually staying in the home of the object of their assistance or policies. Then, the dialogue. For a period of one or two days, those who have undergone exposure discuss the implications of what they have seen for their day to day work. The back ground to EDP, and its use in dialogue on specific issues, is discussed in the Epilogue.

SEWA is one of the organizations that have participated in EDP as a facilitator. The circle was thus closed, and we decided to modify the basic EDP methodology to launch the dialogue we had in mind.

### **Objectives of Activity**

A detailed discussion of objectives and plan of activities is given in the Appendix. The basic objective of this Cornell-SEWA-WIEGO EDP at SEWA was to start a dialogue between mainstream labor economists, SEWA activists, and WIEGO researchers around key assumptions of neo-classical economics – and neo-liberal economic policies - which “trouble” ground-level activists and researchers working on issues of employment and labor, including:

1. why “full employment” or, simply, “employment” is no longer an objective of macro-economics and is not seen as a key causal pathway between different patterns of growth/trade liberalization and poverty outcomes
2. why interventions in labor markets – e.g. minimum wage legislation, hiring and firing laws - are seen as creating distortions or rigidities

As planned, the Cornell-SEWA-WIEGO Exposure Dialogue Program represented an opportunity to expose mainstream economists to ground-level realities (of selected SEWA members) and ground-level perspectives (of SEWA organizers and WIEGO researchers) and to expose ground-level activists and researchers to key assumptions and concepts of mainstream economics. The hope was that the ground-level activists and researchers would come away from the EDP with a better understanding of mainstream economic theory so that they can better formulate and frame their own analysis and advocacy; and that the mainstream economists would come away from the EDP with a better understanding of the ground-level perspectives on key assumptions of mainstream economics so that they can better formulate and frame their own analysis and theories. The hope was that both groups would find a way to continue the dialogue to deepen understanding on both sides of certain key economic issues. The intent was to avoid the familiar stylized debates between radical critics and neo-classical economists and to enter into a serious dialogue.

### **Nature of Activity**

We decided initially to focus on two substantive sets of issues: (i) work and labor markets and (ii) trade and technology. The choice of SEWA “host ladies” in whose homes the outsiders would stay during the exposure part of the program, the allocation of analysts to the host ladies, and the choice of SEWA facilitators, were all guided by these issues. The final allocation is given in the table below.

After an initial half day of orientation at the SEWA Academy, each group stayed for two nights and a day in the homes of their host ladies, and then returned to the SEWA Academy training center for two days of dialogue. The dialogue consisted of half a day with the host ladies themselves present, where the host ladies also gave their own accounts of their impressions of the visitors, and a day and a half of technical discussions in a group that included the SEWA facilitators, other SEWA officials, and the founder of SEWA, Ela Bhatt. After they returned to their institutions, the outside analysts wrote up their personal and technical reflections in the form of brief reflections. These are the notes that are brought together in this document. Most analysts separated their reflections into personal and technical notes. Some combined them into a single note. We think you will agree that they form a remarkable compendium of the influence of the exposure on the analysts, and on their frameworks of analysis.

**Martha Chen  
Renana Jhabvala  
Ravi Kanbur  
Nidhi Mirani  
Karl Osner**

<b>Host Lady</b>	Dohiben	Kalavatiben	Kamlaben	Kesarben	Leelaben	Ushaben
<b>Outside Analysts</b>	Kaushik Basu Jeemol Unni	Françoise Carré Gary Fields	Martha Chen Ravi Kanbur	Karl Osner Carol Richards	Suman Bery Frances Lund	Nancy Chau Imraan Valodia Nidhi Mirani
<b>SEWA Facilitators</b>	Reema Nanvata Uma Swaminathan Saira Baluch	Manali Shah Shalini Trivedi Subhadra Bogha	Joyti Mecwan Lena Vyas Lalitha Vasava	Renana Jhabvala Krishna Dave Chandrika Patel	Mirai Chatterjee Rashim Bedi Manjula Patelia	Namrata Bali Geeta Koshti Ramila Parmar

## **1. Dohiben**

**1.1 Kaushik Basu**

**1.2 Jeemol Unni**

## **1.1 Kaushik Basu**



## Jakotra Impressions

Jakotra is a tiny village, on the edge of the *rann*—the salt deserts of Gujarat. When we arrive in Dohiben's house in Jakotra it is already dark. A large number of villagers have gathered to see us. All are women, the men-folk being mostly away working as labourers in other villages. Two coir cots are pulled out for the urban guests and the villagers squat comfortably on the courtyard floor. I need no persuasion to sit on the cot. Somewhere during the long journey from Ahmedabad, while chatting with Jeemol Unni, Uma, Sairaben and Dohiben, I had asked Sairaben if there were snakes in the region, regretting my question as soon as it escaped my lips. She had promptly assured me that on that score there was no dearth. In fact, there were so many that I may be lucky enough to be able to see one that night itself. It turned out I was not lucky enough but I, nevertheless, sat on the cot, feet off the ground.

The women, without fail, tell us about how their lives have been transformed by SEWA that helps them market their embroidery work, to build up small savings, and enables them to get low-interest loans. SEWA has also been instrumental in their breaking away from the confines of caste-rules and male domination in the household.

Dohiben's own story is typical. She was married to Ajai Aahir and had five children. When the youngest child was five months old, her husband died and that is when her travails began. They were always poor but once the main breadwinner was gone life became a perennial struggle to stave off starvation. She would work long hours, collecting gum from the *babul*, but the earnings were so small that she feared that they would perish. So she began to travel to all over Gujarat in search of work, and often had to be away for several months at a time, leaving the eldest child in charge of the younger ones.

She was literally saved by a senior SEWA official, who, while working in a nearby village, met Dohiben and persuaded her to return to her traditional work as an embroidery artisan and assured her that SEWA would help market her product in Ahmedabad and elsewhere. Soon Dohiben became a member of SEWA and one of its 'self-employed workers'. But being a SEWA member meant that she had to, at times, travel to Ahmedabad. This caused eyebrows to be raised. The senior male members of her '*samaj*' met and decided that such travels could not be condoned and so decided to outcaste her. Dohiben, who, despite her quiet ways, is a strong personality, tells us that she, in turn, was outraged. These men, who did not say or do a thing when she traveled all over in search of work just to survive and feed her children, had the audacity to outcaste her when she started doing a bit better for herself and interacting with city women.

The senior SEWA officials came and spent long sessions with the men, explaining to them the SEWA philosophy, which at root is essentially Gandhian, and trying to douse the crisis. Gradually the dust settled and especially when more and more women joined SEWA and more money flowed into the village through the better marketing of the products, the *samaj* seniors came around. In Jakotra, where now

virtually all women are members of SEWA, the men seem to be a pretty docile bunch (there may soon be need for a SEMA), relegated to the background. It was not that way always, I am assured.

As our impromptu meetings disbands, I count there are 38 women and I am the only man (Dohiben's younger sons would join us much later) and am relieved by the thought that this must make up a little for the hundreds of reverse gender-imbalanced meetings that I have attended in America and elsewhere.

**Kaushik Basu**

## Technical Notes for SEWA

One abiding concern of the artisans of Jakotra is that, with globalization, their craft—embroidery with mirror works—will come under competition from large-scale machine-made similar products and that will be their undoing. This came up in my conversation with Chauriben, Puriben and, less articulately, Dohiben (who with all her guests must have had enough distractions on hand). Implicit in this discussion was a censoring of globalization.

I find myself caught in a dilemma. I cannot side with the market fundamentalist economist, who will say: “So be it. In our ascent to the Paretian peak some will, inevitably, fall by the way side. Just look the other way.” Nor can I ignore the fact that at one level it is globalization that brought the level of prosperity (whatever little it be) that one sees today in Jakotra. It is the ability to sell their embroidery far and wide—and there is effort afoot to market it abroad—that has increased the demand and hence the price. Indeed there is some evidence that the handicrafts sector has boomed during the post liberalization phase of the Indian economy, that is, from 1991 onwards. Handicrafts exports rose from being 2% of India’s manufactured exports to 5% during the last decade.

At the same time it is true that one day, some manufacturer will almost certainly manage to produce more or less similar products at lower costs by using lots of machines and few human beings. What happens then? How does one protect the artisans of Jakotra, and indeed the tens of thousands of other handicraft producers spread all over India?

Traditionally what the government of India did was ban certain goods from being produced large scale. This had protected small craftspersons but may not be a good policy anymore in this age of globalization. The reason is that the Indian government can stop Indian entrepreneurs from large-scale factory production but not the Chinese or the American entrepreneurs. Under such circumstances, such a law amounts to tying the hands of your own producers behind their backs and asking them to compete.

What then does one do? Should government allow free trade (which increasingly India will anyway be forced to do because of WTO requirements) and large-scale production but subsidize small-scale handmade goods? What about the fiscal deficit? I feel it is okay to use some limited subsidies and think of cuts in expenditure elsewhere. But most importantly, I think it is time to think of social welfare and some minimal social security. This will enable workers to acquire new skills and be flexible in this age of change, globalization and technical advance.

Another question on which I am eager to have your views is child labor. There is increasing global pressure to boycott any product that has a child-labor input. But in these village crafts it is difficult to avoid child input. After school hours, children do help (and learn) these crafts. Moreover, even where children do not work, it will be difficult for people like Dohiben to persuade international labeling agencies that children do not

do any work in the production of their crafts. Should we therefore oppose labeling? In Pakistan lots of small producers of soccer balls had to close down precisely for this reason. What should our line be on matters like this?

**Kaushik Basu**

## **Is Globalisation a Force For Good in India?**

After driving from Gujarat's commercial capital, Ahmedabad, for four hours, the highway meanders into a narrower, bumpier road and the landscape is flat and parched. This is the edge of the salt deserts of Kutch in Gujarat.

The vegetation consists of the ubiquitous babul, a shrub-like plant that spreads all the way to the horizon. The babul, I am told, is not natural to this region. It was planted by some government officials to stop the spread of the desert, and has been fighting a losing battle ever since.

### **Desolate Village**

For the inhabitants of the region, survival depends on a life of perennial foraging for water and firewood. But there is another activity for those who have the skill. That is embroidery, especially mirror work, stitched into fabric.

I am going to Jakotra, where I will stay at the house of one such craftsman, Dohiben. Jakotra is a poor, desolate village, in the middle of nowhere. By the time we arrive there it is night.

At dawn, a winter mist hangs low over the dusty village roads and cows and goats stir languorously. The womenfolk are out in their ornate, embroidered clothes, bare feet, and sets of three progressively smaller pots on their heads, in search of water.

Over the next two days, in Jakotra and Manipur, outside Ahmedabad, I talk to a number of village artisans about their precarious lives. They are producing enormously labour-intensive handicrafts and barely making ends meet. My thoughts turn inevitably to globalisation and its effect on such poor people.

It is a subject that one week later would be roundly castigated at the World Social Forum in Bombay (Mumbai). To take a one-sided view on globalisation seems wrong.

The reason why artisans like Dohiben are better off today than 10 years ago (and they readily admit this) is because of the merits of globalisation. If they had to sell their products only in the neighbouring villages, the demand would be tiny and prices abysmally low. This is true at a more macro level as well. The handicrafts sector has been a major beneficiary of India's globalisation.

### **Villagers' Fears**

Research by Tirthankar Roy and Maureen Liebl shows that the export of handicrafts has surged since the reforms of 1991, with its share in India's manufacturing exports rising from two percent to 5% during the last decade.

The number of people employed in the handicrafts exports sector grew from just under four and a half million to nearly 10 million over the same period. At the same time sitting in Jakotra I could not dismiss the palpable anxiety of the villagers that they will eventually be out-competed by mechanized, large-scale manufacturers from far and wide.

The Indian government used to guard against this risk by declaring that certain products must only be produced in the small-scale sector. Such policies may have been fine earlier but is folly in today's global village, since other nations can go for cheap, large-scale production of those goods and export them to India. So, although globalisation has so far served the handicrafts sector well, there is no denial that some of these products will come under attack and India will not be able to ward that off.

### **Action Plan**

Unless one is a market fundamentalist, one is forced to confront the question: What should the government do? First, it will have to spread education so that workers are able to shift from one sector to another as demand shifts. Second, it will have to provide a system of social security to protect the poor against new competition and adjustment unemployment.

Instead of opposing globalisation or leaving it all to the market, pressure should be put on government for those kinds of limited interventions which provide shelter for the groups at risk. Such a policy is pragmatic.

Globalisation and technological progress are the outcome of individual actions of millions of people. It is doubtful if there is any government, organisation or corporation that can stall it, certainly not the governments of South Asia. This being so, it is better to channel India's energy to counter its possible negative fall-out. To pit oneself against a phenomenon where one has no chance against it is to court failure.

As Oscar Wilde said on his deathbed in a drab hotel room: "This wallpaper is terrible. Either it goes or I do."

**Kaushik Basu**  
**From: BBC Online**  
**16 February, 2004**

## **1.2 Jeemol Unni**

## Reflections on Dohiben's Traditional Skills

Our two days of EDP was clearly in two parts. The first was the visit to the remote border village in the drought prone area of Patan district, to the home of the traditional embroidery worker, Dohiben. The second was following Dohiben on her exposure visit through the garment value chain, a garment production chain being set up by SEWA to link the products of women embroidery workers to the export markets.

**Life in a Remote Village:** Dohiben was a widow with four children. She looked well above sixty years of age, but after some quick calculations based on the age of her youngest son, Kaushik Basu and I settled for about 48-50 years. In this drought-prone area, the last year had exceptionally good rainfall due to which they had a bumper cumin seed "jeera" crop. None of the male folk were visible when we arrived at night, presumably because they were guarding the precious crop and slept in the "jeera" fields.

What was most visible about Dohiben's house was the 'community' around. In this crowd it was impossible to tell who actually lived in this house. We had to specially ask for the daughter-in-law of the house, who turned out to be a young girl of maybe eighteen years. Dohiben, as she recounted the next day, was quite touched by our efforts to seek out her family and understand her problems.

What I observed about the family was the calmness with which they withstood the invasion into their privacy. The hospitality of the family, from the delicious food at night, the sleeping arrangements made and the hot water next morning for bathing, was provided without making much ado about it.

I was very conscious of the fact that we were in a very water scarce region of the state. Six of us using all that water in the morning got me quite agitated. After enquiring about the source of the water, which was a pipeline coming from kilometers away, all of us took a pot each and walked to the underground tank in the village where this water was stored. We replenished the water we had consumed at Dohiben's house much to the amusement of the villagers.

'Water' it is said will be the cause of the future wars in the region and definitely the source of strife between states within federal India. Most of my write up has focused on water, because without it sources of livelihoods in this remote area are almost non-existent.

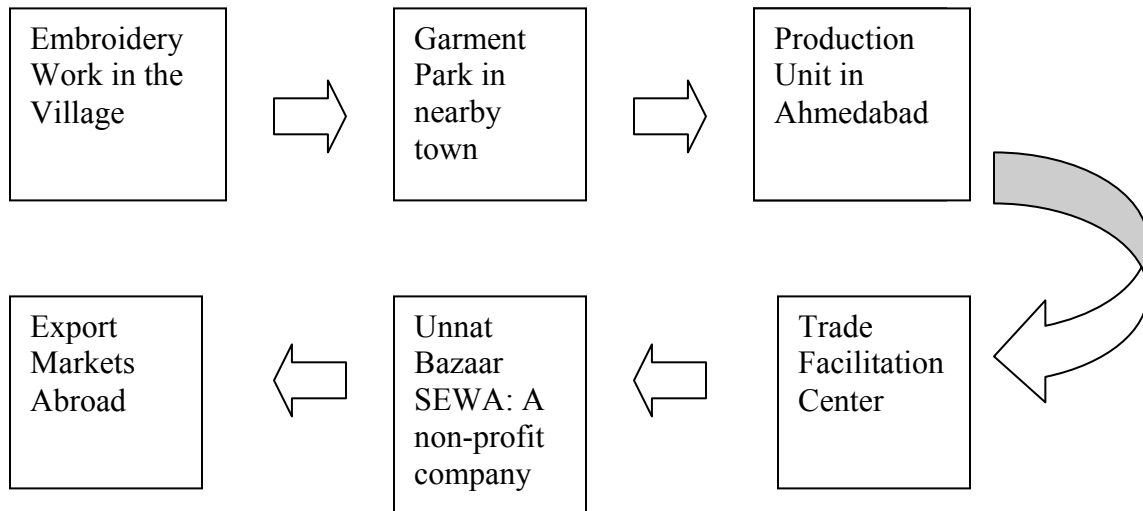
**The Global Value Chain:** This brings us to the theme of the second EDP, and the traditional skill of Dohiben and other women in Jakotra. SEWA has clearly identified the otherwise dying traditional skill of these women, embroidery as the major source of livelihood that keeps them going when the rain gods play truant year after year. However, where are the markets for these goods?

The next day we followed Dohiben on her exposure tour of the National Institute of Fashion Technology (NIFT) at Gandhinagar, where SEWA was training a whole team



of women garment workers in a garment factory. These garments would be embroidered with the intricate work of women in Dohiben's village and nearby villages.

The Value Chain in construction part by part is depicted below:



The rest of our EDP was quick walk through the various elements in this value chain with Dohiben. While Dohiben constitutes the beginning of this chain, many other members of SEWA are engaged in the construction of the rest of this chain to link Dohiben's products to the international markets. The garment park in the nearby town will house the women embroidery workers under one roof to increase their productivity; the production unit in Ahmedabad will be set up in one of the closed textile mills; the Trade Facilitation Center will hunt for the export markets; Unnat Bazaar SEWA will be the company where all the workers, from Dohiben to the production workers in the factory and others will be share holders.

Obviously the questions were running fast and furious in our minds, but we were convinced after many group discussions with the women involved in the various parts of the chain, that SEWA will make this production chain a reality and a success.

**Jeemol Unni**

## **2. Kalavatiben**

**2.1 Françoise Carré**

**2.2 Gary Fields**

## **2.1 Françoise Carré**

## **Personal Reflection on EDP**

Kalavatiben is 45 years old, she lives with 3 of her 4 sons, daughter-in-law, older husband, and a granddaughter (age 10-11) and grandson (5-6) whose mother, one of her daughter-in-laws, died at a young age. Her eldest child, a daughter, is married and living somewhere else in town.

She was orphaned at 3 and raised by an aunt and uncle. Married at age 9. She moved up to Ahmedabad from Andhra Pradesh (Padmashalis group) in her teens. Her husband worked in the textile mills. She had her 5 children by her mid twenties.

She rolls bidis for a living.

### **Her joys:**

- She looks forward to the imminent wedding of her daughter's daughter (named Padma, about 20 years old). She has full responsibility for the upbringing of her two young grand children. During our visit, the little boy spends much of his time preparing himself and his kite for the festival and she keeps having to holler him down from the roof.
- Her sense of humor and toughness. She says "when you visit, I laugh. I don't think about my worries."

### **Her sources of worries:**

- She pays interest on a large debt (20,000 rupies incurred when one of her sons divorced).
- She rents this one room house from her husband's brother. Over the years, she and her family have had to leave this place upon his request and she does not feel that she can count on staying there.
- There are sources of family unhappiness: 1 or 2 of her sons have difficulty with drinking and gambling; her husband as well. One of her sons does not contribute to the household expenses. She does not know how much her husband earns; he only gives her money for the interest on a debt. Her husband lost his job when the textile mill closed. He now works nights and sleeps during the day but she does not tell us what he does for a living. He is a fleeting presence in the household. We barely see him as he climbs the steps to the loft where he sleeps. He did not sit to share dinner with the sons.

### **Setting- the neighborhood:**

Kalavatiben and her family live in Pilli Chawl, a neighborhood built by textile mill owners for their workers. One room houses line paved pathways, with a gutter in the middle, and that are swept and washed by the neighborhood's women every morning.

The Chawl is in the old part of the city; within walking distance from a market where we get our dinner supplies. There is extremely dense traffic.

We arrive on a Sunday. The house is full of visitors, another son and daughter-in-law with her newborn, many neighbors. The whole neighborhood is full of visitors; we are told it is Sunday, and everyone visits. Yet everyone, household members, visitors, also prepare leaves for bidi rolling, rolls, ties, counts and prepares bundles for delivery.

All neighbors want to check us out. As each evening wears on, children and adolescents stream in. The older ones want to practice their English. The younger ones want to see us up close.

### **Tending to the household:**

Kalavatiben rises at 6 a.m., so does her daughter-in-law. Kalavatiben tends a small wood stove in front of the house where she heats water in buckets for baths for all family members. When that is completed, one of them sweeps the front of the house and wipes it clean. Her daughter-in-law and her do the laundry and hang it out to dry. I mention all of these steps for two reasons: as we look up and down the alley, all neighborhood women engage in the same activity at the same time (Manaliben notes that from hour to hour the appearance of the alleyway changes with these phases of activity); and these household activities last till about 11 a.m. By then, the daughter-in-law has prepared breakfast for the whole family. In fact, her daughter-in-law seems responsible for most of the food preparation, the bread baking, and for all of the serving and cleaning afterwards. I very rarely see her step foot outside the hallway kitchen in the back of the one room. (She came up from the South to get married and speaks Telgu, does not understand Hindi. She comes across as having a very good disposition and I cannot help but wonder how lonely her life might feel away from her family of origin).

### **The work:**

The work of rolling bidis starts after the household chores are done. Bidi rolling then goes on for the better part of the rest of the day and into the night. She works on bidis but so do her daughter-in-law, granddaughter, visitors, and other female family members. Everyone helps with hers or does their own. This is women's work. The men, if they are not away, stand on the edge of the bidi rolling circle, getting ready for their day, observing, eating, or performing religious observances.

In order to earn about 36 rupies per day, Kalavati needs to complete 1,000 bidis per day. Making bidis entails buying supplies (leaves, tobacco, and color string) from the contractor, who lives on the other side of the alley. Leaves are soaked to soften overnight, they must be deveined, then rolled (with different types of fold and tuck representing different kinds of bidis). Women hold the bidis between their fingers while making them. When they reach 10, they tie each, then tie 25 in a bundle. All the way to 1000... each day. (Bidis are sold to a local contractor who is also the one who sells them supplies and who takes his cut and passes them onto the next step up. and eventually the company that packages and markets them. On the way, bidis are dried in a chamber before packaging.)

Garybhai and I, tried our hand at deveining (failed), and rolling (failed again). Manaliben and Shaliniben do slightly better than us (not much, these tasks require high dexterity).

I note that, on Sunday, every woman who is around the house and can contribute to the bidi work. Supratiben (spelling?), Kalavatiben's friend and SEWA leader, works without cease. On Monday, we have several interruptions: a SEWA leader who rolls incense sticks for a living stops by to ask Kalavatiben to speak to a meeting about the benefits bidi rollers have gained, we visit a SEWA dispensary, and we go to a negotiation with employers around the creation of a "provident fund." All of these interruptions are coupled with our incessant questions about how and why.

It becomes quickly apparent that Kalavatiben will not come close to making 1,000 bidis a day in any of these days. This, in spite of everyone helping out, and in spite of her working till 11 p.m. each night. This is when I understand that there is no room in her day except for tending to household chores, watching over the family, and rolling bidis. It is unceasing work and it is also apparent to me that Kalavatiben works very fast both at the household chores (her daughter-in-law does household chores all day too) and the bidi rolling. There is no give in her day. If she cannot maintain her earnings at 36 rupies for 1,000 or if any of the basic expenses go up, she will face the prospect of even less sleep and rest.

#### **The role of SEWA in her life and bidi work:**

Kalavatiben is one of the bidi rollers who helped the SEWA organizers establish the "employer relationship" between the bidi company owners (the owners of the label and marketing capacity) and the myriad of individual bidi rollers, all of whom are considered self-employed, piece rate, workers. Bidi company owners had been arguing that they purchase products, not labor services, from the contractors who in turn do the same from the bidi rollers.

SEWA documented how bidi company owners have distanced themselves from bidi rollers through a chain of contractors and "self-employment" work relationships. The company owners kept arguing they were not employers and did not need to bargain with SEWA over piece rates, or over establishing a provident fund (benefit fund). We were told Kalavatiben presented for sale some bundles of bidis tied with a string of the color of another company. The owner was quoted as saying "these are not my bidis." Thus Kalavatiben and SEWA gathered evidence of his control of, and involvement with, the production process making it difficult for him to argue that bidi rollers run their own business.

We joined Kalavatiben, Supratiben, other SEWA leaders, and the two organizers for a negotiation with three bidi company owners taking place in the offices of the Gujarat Commission of Labor. SEWA Bidi workers have been able to win the formation of a "provident fund" (health and welfare fund). The purpose of the meeting was to negotiate how to establish and structure a tripartite (employer, state, SEWA) fund (employers paying 10 percent on top of piece rate compensation into the fund). SEWA

organizers have explained the plan to us, and its structure for collecting employer contributions resembles what I know of multiemployer plans in the US for construction or janitorial workers (other industries with subcontracting arrangements and multiple, ever shifting, employers and subcontracting). A key part of the negotiation was SEWA workers' demand that they maintain the right to sell their bidis/a.k.a. 'work for' more than one contractor and that their earnings be tracked across contractors for purposes of collecting employer contributions and receiving benefits. This was won. Based on my experience, this is a realistic way to deal with multiemployer plans, with the fluctuations in the work and the fact that an individual might need to roll bidis for more than one contractor in order to earn enough.

Another key piece of SEWA's approach is to insist on tri partite negotiated processes both for the establishment of this fund and also, we see in another case, for setting a minimum piece rate for kite makers (other meeting). By so doing SEWA and its leaders muster the power of public policy (however limited) and officials to bring employers to the bargaining table. Also, reliance on negotiation seems to enable SEWA to obtain better enforcement of minima (through better employer compliance) than would be possible with bureaucratic decisions only.

One final observation on bidi work: the social character of the work is very striking. Bidi rollers "compete" with each other; they live next to each other and sell to a contractor who lives nearby. During our visit, word gets to Kalavatiben's house that one local contractor systematically undercounted bidis (that day or that week) a delegation of SEWA sisters and organizers goes to find him at his house, in another alleyway. He is not home, his wife is, and she is a bidi roller herself! I wonder how he perceives his role and constraints in the face of his wife's role and constraints.

I am left with questions about the future as well as with admiration for the successes of bidi workers with SEWA and for Kalavatiben's determination:

- I don't know for sure but it seems that bidis are consumed largely by other people with limited resources. Prices for the product are not likely to go up so that there will be pressure on bidi rollers to moderate their demands over time.
- Also, chewing tobacco has entered the market and begun to compete for the same consumers. Chewing tobacco entails little processing mostly done by machine. If it crowds bidis out of the market, there will be decreasing amounts of work for bidi rollers. I heard reports that the volume of work has decreased somewhat.
- Looking for another income generating activity that uses the high dexterity of bidi rollers, and enables them to also tend to their household, will be the challenge to face for women and for SEWA. (The ability to tend to the household seems very important. All chores are done by hand and by women.)
- What will the next generation of daughters do? The 10 year old granddaughter Pinkiben works in a garment "factory" in a nearby alley for a

few hours daily after school. It is one room with 3 young adults at sewing machines, and 3 young children sitting on the floor trimming threads.

She is the last picture in my mind, staring at us seriously and rather sadly, when we the visitors of 2 days wave goodbye on our way to the car. What work will she do in the future? Will bidi rolling be a sufficient source of livelihood for her? Will the school that now seems to teach her few reading skills, but some math skills, help her learn a trade different from that of her grandmother?

**Françoise Carré**



## **Reflections on the Cornell-SEWA-WIEGO Dialogue at SEWA Rural Training Centre**

I came away from the dialogue with a clearer understanding of the arguments that SEWA and other organizations representing low income workers encounter in policy circles in India and in international organizations. I heard that SEWA increasingly encounters arguments based in “competitive market” models.

A personal observation about the day and a half of discussions: I very much appreciated the willingness, and ability, of all to engage with differing perspectives on issues of great importance to each of us. A lot of headway was made on several of the topics addressed. Rather than revisit these achievements, I raise points that have occurred to me since the conclusion of the dialogue.

First, the issue of how the predictions of the competitive model regarding unemployment play out in a world where self-employment and piece rates prevail could use more exploration.

During the discussion, there was general agreement that wage levels that are far/noticeably/etc...higher than the market clearing equilibrium level will generate unemployment—of any kind and in most circumstances. Tentative agreement was reached with the notion that it is possible to have a negotiated minimum piece rate because its level is determined by a mechanism that enables the negotiators to “test the waters” on the elasticity of employer demand for labor. (And SEWA is savvy about studying the market as, for example, being aware of bidi piece rates in the neighboring state). Also, some saw minimum wages that are not enforced (as in construction) as a bargaining tool, enabling workers to get more than they would otherwise.

Still, a number of SEWA representatives kept saying that the term “unemployment” does not fully apply to the situation of their sister workers who are mostly self-employed. Instead, SEWA members may experience pressures to lower the piece rate, higher rates of rejection of their output as defective, higher cost of supplies provided by the employer/contractor, or widely fluctuating earnings. They may not experience the “zero-one” scenario of “unemployment versus employment.” (Also, I wonder, they may operate in a world where, for example, all existing bidi rollers in the city may be substitutes for each other but no member of another caste might be hired to roll bidis so that employer discretion in labor deployment is not complete.)

In retrospect, this persisting puzzlement reminded me that the word “unemployment” came to have its current meaning in industrialized countries in the context of the growth of the modern corporation and its incorporation of the workforce into the wage employment relationship (Cf. Alex Keyser’s or Robert Salais’s history of unemployment). And the economic model was developed along modern capitalism and in the context of the wage employment relationship. (Early US factories used contractors who “subbed” production to workers on piece rate and all performed their task right on the factory site without being wage workers.)

Therefore, it may be worthwhile spending some time thinking through the various ways that input cost pressures might impact employer demand for labor in an environment of self-employment and piece rates. Clearly, SEWA knows that very high piece rates would lead to no work in many circumstances (bidis get done in neighboring state and shipped). But what about all intermediate situations where production does not completely stop? How do the pressures play out practically in this world of self-employment? And what might that say about the predictions of the economic model?

Second, I also realized that in future dialogues of this kind, it might be good to have industrial economics topics addressed a bit more comprehensively alongside labor topics.

The tenor of the conversation, because of its focus on labor costs and the effects of the bargaining stance and demands of worker organizations, ran the risk of conveying in a subtle way (though not by design) that firms/employers operate in mostly/fully competitive product market conditions and usually behave in economically rational ways. In contrast, worker organizations make demands that bump against this economic rationality (and more often than not make less-than-rational economic arguments).

We ran the risk of focusing on the impacts of worker organization —on otherwise functional competitive markets for products and other inputs—to the risk of overlooking the impacts of employer/firm “organization.” There may be collusion among firms for price fixing (final products or inputs), oligopoly or monopoly conditions. Or employers may discriminate in economically irrational ways (e.g. construction employers don’t believe women workers can be skilled and paid more). These topics were certainly raised in the trade discussion but received less attention in the discussion on labor issues. Including equal attention to the effects of these firm-side market distortions alongside those created by worker organizations might round out the picture a bit. It might enable SEWA to have additional analytical tools for stating its position and role as well as for assessing points of leverage for action.

Third, I was left wondering what might be most useful to organizations like SEWA: tackling the assumptions of the models of academic economists; or addressing itself to those writers who do the most to affect the beliefs of editorialists and others who contribute to shape the thinking of policy decision makers. A number of times, we commented that academic economists have moved off, or tempered, the assumptions and predictions of the neoclassical models but that economic news editorialists have not absorbed this shift in thinking.

Finally, in terms of future research, I am particularly interested in thinking about “dependent self-employment” (e.g. industrial homework). How the notion of economic dependency (and degrees of dependency) might be incorporated into an operational definition and how a reliable statistical category can be constructed.

Also, I support the recommendation to explore policy frameworks that allow organizations like SEWA to form, and grow. We can conceive of the role of policy as, at

a minimum, removing hurdles in the way of such organizations, that is, creating conditions in regulation and implementation that do not hinder their growth. At best, policy can actually foster the growth of such organizations. I would welcome thinking with others on this topic. It is also by the way an issue that is quite alive in US research on organizing nonstandard/informal workers as well.

**Françoise Carré**

## **2.2 Gary Fields**

## Reflections on My Immersion in India

I'm going to divide my reflections on my days with my host lady, Kalavatiben, into two parts. First, I'll talk about the human experience. Then, I'll talk as an economist.

Kalavatiben and her family are relatively fortunate poor people. I was amazed that they lived in a cement house with two rooms and a loft, electricity, running water, a toilet in the house. From what I knew of the kind of work she does and the poverty of India, I was thinking it would be a shanty without any of these amenities. The house was in quite good shape, much better than those of many other city-dwellers doing comparable work in other poorly-paid occupations.

Kalavatiben exhibited an incredible sense of hospitality. She took so much time away from her productive work to be with us and to cook and clean. Because she works on a piece rate basis, she couldn't be rolling beds during those hours, and so she lost days of badly-needed wages, which made me feel terribly guilty. I insisted to our SEWA facilitators that I give her money for the lost wages, which went against SEWA policy. The compromise we reached is that I could buy them needed provisions, which I did. Kalavatiben was overwhelmed. "What did I do to deserve so much from you?" she asked. My answer to her was, "You've opened your home to us and shared all you have with us. This is a small way of thanking you for all you've done." Given her circumstances, her generosity was extraordinary.

I was struck too by the sense of community on her street. The more I took pictures and talked to neighbors, the more people came out to be a part of things. They invited me into their homes, asked for their pictures to be taken, and offered tea (and in one case, sweets). These people may be poor financially but they have a very rich community, much richer than we do in Ithaca (the town where Cornell is located).

Kalavatiben has lived a life marked by great personal pain. She was orphaned at age 3, married at age 9, and taken far away from her home (Solanpur) to Ahmedabad at age 13. She has suffered an abusive husband, harsh in-laws, death of a daughter-in-law, and two sons who have caused much trouble, one because of gambling and one because of drinking. Following the death of her daughter-in-law, she also has responsibility for two grandchildren, who live with her. She exhibits much love for them. Her husband lives up in the loft and came downstairs to use the toilet and eat, always by himself. I never saw her look at him with any kind of love or even friendliness.

Kalavatiben said her neighbors wondered how she could look after us. Her response to them was, "They will stay with me and sleep where I sleep and eat what I eat." That is what we did. She made us a part of her family. We stayed the night sleeping on the floor in the main room with all the others. It wasn't comfortable but it was special. As for the eating, the food Kalavatiben and her daughter-in-law prepared was delicious. In Ithaca, we have two Indian restaurants. I told Kalavatiben, "If you could make such delicious food in our town, you'd drive those two restaurants right out of business."

Turning to the professional side of the trip, our facilitators, Manaliben and Shaliniben, are both labor lawyers. We were fortunate in being able to accompany them to the Gujarat Commissioner of Labor's Office. We sat in on two meetings, the first to establish a minimum wage for kite-makers and the second to establish a Provident Fund for bedi workers. We watched as SEWA negotiated with the three employer-owners. "We" included the negotiating team led by Manaliben, as well as Padmaben and myself and Kalavatiben and five other bedi rollers. I can't even begin to imagine that in the U.S. there would be a group of workers like this welcomed into a meeting with the assistant commissioner of labor. Though they didn't speak, they were there, and their very presence added a very vivid touch to the proceedings. The negotiations were successful, so for Manaliben and Shaliniben, it was a day of victories.

Because of what I saw on the ground, my professional judgment about minimum wages and supplementary benefits changed. With the standard labor economics model in mind, I had worried that the minimum wage might hurt the very women it was meant to help, because of a loss of jobs. In this context though, the minimum wage does not act as a wage floor. It acts as an aspirational target. If bedi rollers earn Rs. 36 per 1000 bedis and a minimum wage is set at Rs. 80 or 90, there would probably be major job losses. However, the SEWA team is astute enough to take this into account, and so they negotiate for minimum wages, expecting that they will not be paid, at least not now. However, the very fact that a minimum wage is set at so (relatively) high a level strengthens SEWA's negotiating position.

In this context, the "minimum wage" is not the usual one of an above-market-clearing payment per unit of time. It is, rather, a negotiated piece rate. Similarly, a Provident Fund, with contributions from employers and workers, is also better seen as an increase in the piece rate. Watching the employers negotiate, they seemed to be quite unconcerned about the effect of the Provident fund on their costs. It appeared to me that they would continue, as now, to buy up at the negotiated rate as many bedis as the women produce. It appears therefore that these women will earn more with essentially no effect on their employment.

Set in this way by negotiators who take full account of possible job losses as well as earnings gains, the minimum wage and Provident Fund are meant to help all of the women in their respective occupations and not, as is often the case in other contexts, insiders at the expense of outsiders. This kind of "wage" increase is something that I favor. Without this experience on the ground, that is not something I would have said two days earlier.

I will conclude with one final thought. I have long thought that if I do my homework before I set off on a trip, nine out of ten notions that I had before are confirmed, but it is the tenth one that makes the trip worthwhile. That is exactly what happened this time. Truly, this was a life experience I will never forget.

**Gary Fields**

### **3. Kamlaben**

**3.1 Martha Chen**

**3.2 Ravi Kanbur**

## **3.1 Martha Chen**



## **DUKH (SORROW) AND SUKH (HAPPINESS): IN UNEQUAL MEASURES**

### **I. KAMLA-BEN'S STORY**

My name is Kamla-ben Chagan-bhai Vankar. I am from Napad-Wanta village. I am 48 years old, having been born in 1956. My life has been full of *dukh* (pain) – *dukh* has been my constant companion. But my *dukh* has given me strength (*hemat* or *shakti*) as well as, people say, good qualities (*gun*). In recent years, my life has been filled with *sukh* (happiness) as well.

I was the 13<sup>th</sup> of 13 children. My parents were landless laborers from a Harijan community, the Vankars. As was the custom in our caste, I was married when I was only 1.5 years old. One of my older sisters carried me on her hip around the ceremonial fire during the wedding ceremony. My husband was 12 years old when we married. I spent my childhood – until I reached puberty – in my parental home. As the youngest, I was everyone's favorite – especially my Mother's. I went to school for two years.

When I was 12, I moved to my husband's home. His parents – also landless laborers – taught me how to work in the tobacco fields and factories. Our first child, a son, was born when I was 15. We had four more children over the next decade or so – two sons and two daughters. But our first son died of measles. When I was pregnant with our fifth child, my husband died. He had been ill and blind for one year. I was in my late 20s at the time. Soon after, our fifth child – our second daughter – died, also of measles.

Widowed at a young age with three young children to raise, my life was very difficult for some time. I continued to work in the tobacco fields (which is back-breaking work) and in the tobacco factories (where the dust clogs our lungs). I was expected to live in my father-in-law's home: his wife – my mother-in-law had died some years before. But my father-in-law constantly harassed me, asking for money and accusing me of promiscuity. Other male relatives of my late husband also harassed me, until my sons were old enough to fight back on my behalf. At one point, I returned home to live with my parents for some time. But, as our society expected me to do so, I eventually returned to live in my father-in-law's home.

When my life became intolerable again, I told my father-in-law that I was going back to my parent's home. He and his relatives taunted me, saying "She's going home to marry her brother." I felt so ashamed and despondent that I tried to throw myself into a well. But a Muslim neighbor rescued me – catching hold of my long braid of hair as I was about to throw myself in. When he carried me back to my father-in-law's home, my father-in-law asked, "Why did you bother to rescue her?" I wouldn't wish the life of a widow on anyone, not even my enemy.

In recent years, especially since I joined SEWA, I have found some peace and happiness. It has always been in my nature not to quarrel with anyone or to complain.

Even when my father-in-law would harass me, I always left the house with a smile on my face – I kept my sorrows (my *dukh*) to myself. I get along with everyone – including my Muslim neighbors. They help me – they take care of me when I am sick. One of my Muslim friends – an older woman – comes to massage my forehead when I have a fever. A young Muslim man donated blood for me when I was seriously ill a couple of years ago.

Since becoming a local area leader (*agewan*) for SEWA, I have had the opportunity to travel to other villages and to other states of India. I have learned a good deal and gained a lot of respect in my village and elsewhere. With loans from SEWA, I have bought the bricks and cement needed to build two adjoining huts for my sons: on a plot of land that my husband and I were allotted years ago under a government scheme for Harijans. The plot is adjacent to my in-laws' house where I live. With a loan from SEWA, I recently bought a cell phone which will come in handy, especially in the organizing work I do for SEWA. Once before I had a cell phone, when I was visiting a near-by village at night, two men started following me. To avert them, I reached into my bag and wrapped a small notebook in a handkerchief to look (at least in the dark) like a cell phone and pretended to call the police.\*

Some of us in the SEWA savings association recently formed a *bhajan* (devotional song) association. We thought it would be nice to be able to sing and pray to god together – we meet 3-4 times a month. We collected donations from our employers to buy cymbals and drums. We plan to apply to the government, which has a long-standing fund for *bhajan mandalis* such as ours, in order to buy some larger instruments as well.

For the last 10 years, I have always worked with the same gang of seven co-workers – all members of the local SEWA savings society. We get along well and try to lighten the load of work by singing, telling stories, teasing each other, and making jokes. Our gang includes the husband of one of my co-workers. He prefers working with our gang – rather than a male gang – as, he says, we have more fun. Our gang also includes one Muslim woman – who also prefers working with us – rather than other Muslim women. Recently, one of our employers (*malliks*) cheated us of 50 rupees – he claimed that the tobacco field that we had weeded was only 3.5 *bighas* (not 4 *bighas*). We have taken a vow not to work for him again – unless and until he returns the 50 rupees.

Our current employer is mild-manner and trusting. He lets us take breaks during the day. In one month (early February), the tobacco fields will be harvested. Until then, we have two more rounds of weeding to do in his fields. From March until the monsoon rains come, we will work in the tobacco factories – feeding tobacco leaves into machines that chop and sift them; and collecting the chopped leaves and powder into gunny sacks. The field work is back-breaking: as it involves bending over plants row after row under the hot sun – to pluck off new unwanted shoots (called *peela*). The factory work is bad

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\* The local word for the most common form of handbag is "thaili." The nickname in SEWA for cell phones is "thailiphone," as the women carry the cell phones in their thaili.

for our health – as the factories are filled with the soot and dust of the tobacco leaves. For both kinds of work, we earn about 35 rupees a day – sometimes 40 rupees a day.

Although the work is arduous, we need work. But many of the factories are getting mechanized. While non-mechanized factories hire over 100 workers, mechanized factories hire only 12-15 workers. Also, many farmers are converting their tobacco fields into sugar cane, banana, or potato fields. These crops do not require the regular weeding – or pruning – that the tobacco crop does. So there is simply less work available – and we worry about the future.

Just a few months ago, my daughter – Raksha – was married. In our caste, we practice bride price, not dowry. But I decided not to ask for a bride price – as I knew I wouldn't be able to offer a bride price when my sons get married. Her marriage cost 42,000 rupees: I only had to borrow 6000 rupees (from SEWA). Between us, my two sons – one is a truck driver, the other a vegetable vendor - and I managed to save 36,000 rupees. In part because I did not demand a bride price, and with the help of my sister's husband, I was able to find a good husband for my daughter. His family is better-off than ours. Now, my only dukh (worry) is how to get my two sons married as I can't afford to pay the bride price.

## **II. MARTY-BEN'S REFLECTIONS**

### **Personal Pain, Courage, and Resilience –**

Kamla-ben's personal story was all too familiar to me, as I had conducted a survey of all ever-widowed women in 14 villages in India (2 each in 7 states) in the early 1990s. The courage and resilience that so many widows display is clearly bolstered and can only be transformed into real economic and social power with the backing of solidarity, friendship, and bargaining power that comes with belonging to an organization.

### **Being a Member and Leader of SEWA –**

In Kamla's case, being a member of SEWA has meant having access, for the first time, to savings, loans, and knowledge of the wider environment. Further, being a local leader for SEWA has meant having opportunities, for the first time, to travel beyond her natal and conjugal homes, to receive training and education (she is now literate), to gain respect in her own community and beyond.

### **Tobacco Industry –**

Having been exposed to the reality of life and work of *bidi* rollers, I was pleased (if that's the appropriate word) to have the opportunity to observe the earlier stages – the backward linkages – in the industry: both the field work (learning for the first time of the need to weed or pluck the tobacco plants at regular intervals); and the factory work (experiencing first-hand, albeit a very limited exposure, the legendary dust and pollution

of the tobacco factories). What also struck me is how uniform the wages or earnings are across all stages of the industry – from planting, weeding, harvesting, leaf processing, cigarette rolling – for those who do the hard physical labor: workers in all of these stages of the industry earn between 30-40 rupees per day. Admittedly, the bidi rollers in Ahmedabad might not be earning 31-32 rupees per day if it were not for the organizing and negotiating efforts of SEWA.

### **Sense of Community –**

Throughout our visit with Kamla-ben, I was reminded once again how most people in India live out their lives surrounded by family and community. There is, of course, a dark-side to this social embedded-ness, as illustrated by Kamla-ben's treatment as a young widow by her in-laws. But there is also a bright-side, as illustrated by the endless flow of visitors (mainly neighbors, both Hindu and Muslim) through Kamla's home. While Ravi and I were there, many of them dropped by to see the foreign visitors. But there was such a natural comfort-level between the visitors and Kamla-ben, that I felt she receives visitors quite often and always with the same natural grace. We heard several testimonials to Kamla's character and friendship – mostly from Muslim neighbors and her Muslim co-worker in the tobacco fields. Also, the enthusiasm and joy with which Kamla and her friends sang and danced during the bhajan (devotional song) session the first evening of our visit was palpable. On a personal level, I miss the social embedded-ness of living in India. In the US, the pace of life and the preoccupations of work mean that get-togethers with friends, and even family, often have to be planned well in advance.

**Martha Chen**

## **POINTS OF DISCONNECT AND CONVERGENCE; AND FUNDAMENTAL DIFFERENCES?**

The Cornell-SEWA-WIEGO EDP was an important first step in bridging the gap or disconnect, as Ravi Kanbur puts it, between the assumptions of neo-classical economic theory and the reality of work, specifically for workers in the informal economy and especially for women. On behalf of WIEGO, and also personally, I am very grateful to Ravi Kanbur for his willingness to help bridge this gap or disconnect; to our mainstream economist colleagues for their willingness to engage in this unique exposure-dialogue; to Karl Osner for his willingness to contribute to the adjustment of the classical EDP methodology to suit the purposes of this specific exposure-dialogue; and to our SEWA sisters – both organizers and “host ladies” – for their willingness to open up their homes, work experiences, minds and hearts to all of the non-SEWA participants.

### **I. POINTS OF DISCONNECT**

What follows is a stylized version, as I see it, of the disconnect between the assumptions of orthodox neo-classical economics and those of most WIEGO researchers and SEWA organizers.

#### **A. Orthodox Economics**

Most orthodox neo-classical economists subscribe to the following assumptions on labor and development, namely:

- labour is just another factor (like capital, land, or any other good)
- labour markets behave just like other markets
- markets are perfectly competitive (with no asymmetries of power or information)
- labor is perfectly mobile (at least domestically)
- employers all seek to maximize profit
- inflexible labour markets – specifically, wage rigidity - have adverse effects: notably, increased unemployment
- systems, structures, processes, and technology choice are largely given (non-negotiable or changeable)
- trade liberalization is good for development and for labor

Based on these assumptions, the ready prescription of orthodox neo-classical economists for developing countries with chronic unemployment or underemployment is to abolish minimum wages, lower wages, eliminate job protection, and privatize social security. In so doing, they tend to emphasize greater efficiency in economic policy and to overlook the risks, vulnerabilities, and volatility associated with economic reforms and globalization. More fundamentally still, they tend to de-link issues of efficiency and distribution: putting the primary focus of economic policies (including labor market legislation) on efficiency and handling issues of distribution through general legislation aimed at redistribution.

Some of this disconnect may be attributable to the fact that most orthodox labor economists, at least in developed countries, have focused primarily on so-called “standard” employer-employee relations. In their preoccupation with “standard” employment relationships, they tend to overlook non-standard wage employment and, more so, self-employment. In regard to non-standard employment, mainstream labor economists emphasize that a wider variety of arrangements allows a better match between the increasingly heterogeneous preferences of workers and the varied requirements of firms. Any deterioration in wages, benefits, and advancement opportunities for workers is presumed to be offset by flexibility, including the enhanced ability to coordinate work with family obligations. Those who pay attention to self-employed tend to assume that the self-employed enjoy higher average earnings than standard wage workers although they do not enjoy employer contributions to social security.

## **B. SEWA-WIEGO Perspective**

Most WIEGO researchers and SEWA organizers subscribe to an alternative set of assumptions on labor and development, as follows:

- labour is not just another factor
- labour markets do not behave just like other markets
- most markets are not perfectly competitive (due to significant asymmetries of knowledge and power)
- labour is not perfectly mobile (even domestically)
- capital is perfectly mobile (both domestically and internationally)
- employers do not necessarily seek to maximize profit only
- flexible labour markets have adverse effects on workers
- inflexible labour markets – through minimum wage interventions – do not necessarily increase unemployment
- systems, structures, processes, and technology choice can be changed through negotiation (especially if workers are organized)
- trade liberalization has potential benefits but also tends to marginalize certain groups

What is needed, from our perspective, are new concepts and theories - as well as statistical classifications and methods - to reflect and capture real world realities: for instance, to capture the full range of employment status categories, of employment relationships, and of employers.

## **II. POINTS OF CONVERGENCE**

The mainstream economists who participated in the EDP do not necessarily subscribe to all of the orthodox assumptions outlined above. Also, it soon became clear that all of the EDP participants shared a concern about the welfare of workers. And that some of the disconnect between the perspectives of the various participants – which were not as marked as the stylized disconnect outlined above - stemmed more from different

analytical and empirical methods (e.g. different contexts, units of analysis, and time-frames) than from differences in goals or objectives. Further, the mainstream economists who participated in the EDP reflected a range of perspectives. Indeed, some of them are working on the frontiers of economic theory and, therefore, do not subscribe to all of the orthodox assumptions outlined above.

One of the fundamental sources of disconnect relates to the “unit of analysis.” Economists, especially policy economists, are called upon to consider the economy – or the workforce – as whole. Since virtually all policies create winners and losers, as Ravi Kanbur explained, economists cannot take a “do no harm” policy stance – as this would only lead to paralysis. Instead, many policy economists follow the “compensation principle”: namely, to adopt policies such that the gains of the winners *could* compensate the losses of the losers. SEWA organizers and WIEGO researchers tend not to consider the economy – or the workforce – as a whole. But, rather, to look at specific groups – notably, informal workers and women in particular – in specific trades and industries; and to look at the winners and losers within these trades or industries. While they understand that there are winners and losers under most policies, they tend to focus on the losers; and to promote policies that would assure that the winners *will* compensate the losers.

By the end of the EDP, it was not clear which of the orthodox assumptions outlined above are now considered outdated and which are still widely held, or by whom. But a consensus among the EDP participants seemed to emerge around the following:

- labour is not just another factor
- labour markets do not behave just like other markets
- markets are not necessarily competitive (asymmetries of knowledge and power exist)
- labour is not perfectly mobile, especially in traditional societies (in which occupations, roles, and responsibilities are ascribed by caste and gender)
- capital is far more mobile than labor, especially trans-nationally
- negotiated settlements with employers are difficult but possible (especially if workers are organized)
- minimum wage interventions – provided the wage is not set too high and is not strictly enforced - do not necessarily increase unemployment
- systems, structures, processes, and technology choice can be changed through negotiation (especially if workers are organized)
- trade liberalization has potential benefits but also tends to marginalize certain groups

### **III. FUNDAMENTAL DIFFERENCES?**

It was not clear, at least to me, whether all of the differences in assumptions or perspectives between orthodox economics and heterodox social science can be overcome. This is because of fundamental differences in a) how we are trained to think and do research; b) what unit of analysis and time-frame we use in our research; and c) the basic objective of our empirical research and analytical work.

The fundamental differences between orthodox economics and heterodox social science, as practiced by myself and others in the WIEGO network, can be schematically presented as follows:

	<b>ORTHODOX ECONOMICS</b>	<b>HETERODOX SOCIAL SCIENCE</b>
Training and Methods –	Deductive Empirical = testing models using existing data sets  Use of data	Inductive Empirical = detailed field work to produce new data sets Production of data
Research “Stance” –	Predictive power Whether macro policies are good for the poor Long-term future of low-end trades Process/system as given	Descriptive power Which micro policies are good for the poor Present reality/needs of low-end trades Process/system as changeable
Research “Objective” -	Changing models (need for clarity)	Changing systems (need to recognize complexity)

In conclusion, the EDP helped me identify and understand the points of disconnect, convergence, and fundamental differences outlined above. On a personal level, I am grateful to our mainstream economist colleagues for listening so carefully and responding so thoughtfully and clearly to my many concerns. I look forward to a continued dialogue on these and related issues, particularly as they affect the working poor.

**Martha Chen**



## **3.2 Ravi Kanbur**

## A Typical Scene

The front room of Kamlaben's house. Napad village, Kheda district, Gujarat state. You enter the front room from the verandah, and the front room leads to the back room of the two room house. We are sitting on the floor—Martyben, Kamlaben, Jyotiben and Leenaben. Martyben and I are the outsiders. Jyotiben and Leenaben are SEWA organizers. Two others are watching and listening from the back room--Kamlaben's two sisters.

We are finding out about Kamlaben's life and her struggles. Married at two, living with her husband at thirteen, first child at fifteen. We learn about two children who died due to inadequate health care. We learn about the death of her husband, and ill treatment from in laws that is the lot of widows in India. I am quiet—unusual for me. Martyben is asking the questions. Without having discussed it, we know that such questions are best put by a woman.

The door to the front verandah has been closed against the evening winter chill. It opens and in streams a family of women, children in tow. They have heard that there are guests in the village, and they have come to meet and greet.

The news of guests in the village spread fast, and it is easy to guess why. Earlier in the day we were walking to the shop where Kamlaben buys her provisions. Martyben's fair complexion and light colored hair was of course attracting a lot of attention. Young children stopped flying kites and fighting to stare. Old men started talking to each other, animated. I imagined the conversation they were having:

“So, who is that white woman surrounded by all those Indian women?”

“Oh that. You know there's an election coming. Congress wants to win here. That must be Sonia Gandhi.”

“Yes, and that Indian man next to her, the one in the black trousers and blue shirt who nods at everything she says—he must be her Commando bodyguard.”

My mind drifts back from the imagined conversation to the scene in front of me. A typical scene of friends visiting friends. The women have settled down on the floor, arms linked with Kamlaben and her sisters. Attention is focused on the youngest of the children in tow—a six month old baby girl. She is passed around for hugs and admiration. She is of course passed to Martyben, and then after a while the mother takes her back, worried that the baby is about to do what babies do do.

A typical scene. Except that the baby's name is Hina and the mother's name is Mumtaz. This is a Muslim baby being passed around a Hindu house for hugs and kisses. A house in a district that was racked by the communal riots of 18 months ago. The conversation naturally turns to the riots, in which unspeakable acts of communal violence, rape and murder were committed. But there was no trouble in Napad. The

visitors said that Kamlaben had told them to come to her house if there was any trouble. Any Hindu who came after them would have to deal with her first. And Kamlaben said the same about her neighbors—their Muslim house would be a sanctuary for her. Ever since the organized communal violence in Gujarat I have been searching the internet, almost obsessively, for journalistic reports of individual acts of courage and kindness in the middle of the mayhem. Sitting on Kamlaben's floor I realize I can stop my search. I have found my own story.

Unclean analytical thoughts keep bubbling up in the face of this purity of the human spirit. This is a Muslim majority village. But the Muslims are in a minority in the surrounding area. Rational choice calculations might then suggest that Hindus and Muslims in this village might actually behave in this way. My thoughts turn also to work I have been doing with Indraneel Dasgupta on mathematical models of communal division and tension. I think back to one of our models, in which cross communal activity lessens communal tension. The women in the room all belong to SEWA, and are part of the SEWA savings group and other groups. I realize that I am sitting in the middle of our theoretical proposition. I also get excited about how one of our models can be modified based on the realities I have observed, leading to a new model, a new paper, and a new publication in a refereed journal—the holy grail of academic existence.

Analytical thoughts erupt uncontrolled for a while. Such eruptions are an occupational deformity of the academic mind. But I suppress them for now. Let me savor what I am seeing in Kamlaben's front room, a scene that is typical as it unfolds, and yet so remarkable because it is happening at all.

**Ravi Kanbur**

## Some Issues Emerging from the EDP

I want to highlight three issues that stood out for me from the exposure to Kamlaben's life:

1. Displacement of manual workers by technology
2. Cross-communal economic activity and communal peace
3. The role of people's organizations like SEWA

These issues are not of course new. But they appear in stark relief against the realities of Kamlaben's life.

### Technology and Manual Labor

Kamlaben is landless. She is a manual tobacco worker. In the growing season she works in the fields. In the processing season she works in tobacco factories. Both types of work are unpleasant. I learnt the meaning of the term "backbreaking labor" after spending a day with Kamlaben in the tobacco fields. She worked the full eight hours. I did four and felt the effects for days afterwards. We also visited a factory that Kamlaben works in during the processing time—at this time the factory was only processing "tobacco powder." I could not breathe because of the fine tobacco dust and had to come out.

The work is unpleasant, but it brings in income. However, technological change is dramatically reducing the need for manual labor in the factory and in the fields. We heard anecdotes of 500 workers being replaced by 50 in some tobacco factories. While it is difficult to think how the pruning of tobacco leaves (which is what we were doing with Kamlaben) could be mechanized easily, there are now chemical treatments that do the job. This practice has already begun in the area.

Economic analysis tells us that such labor saving technical change will in the short run create unemployment and in the long run reduce the wages of manual labor. In days gone by we might have discussed working on the labor demand side by "banning" such technological advances. But we are in a different time now, and in any case it is not clear whether the bans worked in the good old days, or whether they simply created rents for those who were meant to enforce the ban but did not, for a consideration.

What to do? On the demand side there is the option of waiting for labor demand to pick up because of general economic growth. New vegetable crops are coming in Kheda district, fuelled by urban demand, which is in turn fuelled by overall growth. All the more reason, it is argued, not to stand in the way of economic liberalization. The rising tide will eventually lift all the boats. Thereby hangs a debate, but I want to set that aside for now.

On the supply side there seem to be two options: (i) migration to areas of high manual labor demand, and (ii) training of manual workers in skills that are newly in

demand. On the latter, there are two aspects—general education, and specific training. Specific training is what we are effectively talking about for cases like that of Kamlaben. But it has to be specific training targeted towards emerging opportunities, which is then retargeted as the pattern of labor demand shifts again.

Such finely tuned and rapid shifts are not possible with a government organization. What is needed is a people’s organization like SEWA, but they will in turn need help from state organizations not just in terms of funding but information on market and technology trends. The SEWA Trade Facilitation Center is one example, but it is targeted to women who have craft skills. This is not the answer for women like Kamlaben, who have been manual workers and do not have traditional craft skills.

I do not think we have an analytical framework that can help guide a discussion of such specific and targeted training for manual workers (there is a lot of course on general matters like literacy and primary education). But this will be important in the coming decades as shifts in technology and markets may well render women like Kamlaben destitute even as there is average improvement in well being in the country.

## **Communal Peace**

Events in Gujarat have shown how fragile communal peace is. The divisions that erupted in Gujarat 18 months ago were religious. But other communal divides of caste, ethnicity, tribe and language are ever present, in India, Africa, and elsewhere. How is communal peace maintained? The importance of macro factors, government enforcing rule of law for example, is crucial. But micro level collaboration across communal groups in social and economic activities is also important. Ashutosh Varshney makes this argument convincingly in his book “Ethnic Conflict and Civic Life” (Yale University Press). Indraneel Dasgupta and I explore this issue theoretically in "[Bridging Communal Divides: Separation, Patronage, Integration](#)" and related work. Ted Miguel also touches on this in his paper "[Tribe or Nation?](#)".

The role of people’s organizations like SEWA, quite apart from any social (in the case of SEWA, Gandhian) ideology they may have, in bridging communal divides through cross-communal economic activities needs to be explored. In particular, the role of trade unions in bridging communal divides, by providing a common economic project, a cross-communal public good, needs to be set against any efficiency losses that might be incurred as suggested by standard economic theory. This “Harberger triangle” of inefficiency needs to be set against the “Okun gap” of communal tension. Indraneel and I will be working on this over the next year.

## **People’s Organizations**

Exposure to Kamlaben’s life highlights the importance of non-party-political people based organizations like SEWA. As noted often during the dialogue, there is no shortage of government schemes targeted at people like Kamlaben. Indeed, she has been the beneficiary of a housing scheme for the poor—in fact, there were three government

schemes available, and she explained to us why she chose the one that she did. What is needed, however, are intermediaries like SEWA to help access these schemes, to channel and modify them if necessary to help their members, and to hold government accountable.

The central policy question then is—why are there not more organizations like SEWA? What are the constraints that organizations like SEWA face in growing to meet the enormous demands put on them? What sort of policy framework encourages the emergence of organizations like SEWA? Is the current policy framework in India adequate? These issues are important but hugely under researched. I believe that emerging out of the Cornell-SEWA-WIEGO EDP should be a program of work on understanding, analytically, the successes (and failures) of people based organizations, leading to a program of policy and regulation reform that would make it easier for organizations like SEWA to emerge and to prosper. Indeed, such a reform might be a key part of a second generation of “pro-poor” reforms in India in the coming decade.

**Ravi Kanbur**

## **4. Kesarben**

### **4.1 Karl Osner**

### **4.2 Carol Richards**

## **4.1 Karl Osner**



## **On Converting Mechanisms:**

### **The Story of the Non-Corrupt Handkerchief**

#### **I. Market Practices at the Jamalpur Vegetable Wholesale Market**

##### **Competition and Pricing**

The market constitution prescribes the grower's price to be set by the Market Committee, the APMC. The Committee changes the prices, if necessary, every two to three hours according to supply and demand. Nevertheless, the regulation of prices by the Committee reduces direct price-related competition among the brokers / wholesalers.

Besides, two practices in the vegetable market hinder fair competition and accordingly determine prices. These put the agents on both sides of the supply chain, especially the small farmers on the one side and the street vendors on the other, in a situation of dependency on the wholesalers. These practices are, first, the hidden setting of wholesale prices to be paid by the vendors\* and, secondly the dependency of suppliers and retailers on wholesalers in their function as creditors.

##### **Hidden Contracts**

The wholesalers and the retailers have a practice of negotiating their deals in the presence of the farmers in such a way that the farmer does not know the resulting price. They do it without words. They use their hands, covered by a cloth. The "language" - one finger ten rupees, the thumb five rupees and the forefinger one hundred rupees, and so on - is well known among the traders and brokers.

The farmers, especially less well-informed small growers, do not have any chance of influencing the price negotiations for their own produce. They have to accept the officially fixed price and to trust (due to the lack of information) that the wholesaler is actually offering this price.

The imposed practice of hidden contracts reduces market transparency and allows the wholesaler to get an exploitative margin (estimated at around 50%) of the sales tax: this exploitative margin is applicable to very poor and small farmers. Better off and big farmers are able to bargain for a better deal and the wholesalers only get 10% margin.

#### **II. The Practice of Pricing at SEWA's Wholesale Shop 40**

During our exposure we went, together with the son of our host lady Kesarben, who is the wife of a small vegetable grower in Chekhla, to the Jamalpur wholesale

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\* See: Annette Krauss, "Entering the Mainstream of the Economy – Establishing SEWA's Vegetable Wholesale Shop 40", study quoted in the Program Concept for the World Bank Group Grass Root Immersion Program (GRIP) at SEWA in November 2003, pages 14 to 16.

market to sell tomatoes. We went to the SEWA Wholesale Shop 40 at the entrance of the market. There we experienced price negotiation as practiced by Shop 40:

A retailer came along. He showed an interest in buying the tomatoes. The Secretary of Shop 40 apparently used, at least that is how it seemed to us, the same usual practice of hidden pricing: In the presence of the producer the Secretary took the hand of the retailer covered by a handkerchief. As usual - without words - he asked the retailer at what price he would buy the tomatoes. On this day the price for 20 kg of tomatoes was 51 rupees. The undercover answer given by the retailer was, we were told afterwards, 45 rupees. The Secretary then asked the grower what price he would be prepared to sell his produce for, the answer was “50 rupees.”

The Secretary of Shop 40, now knowing what the grower and the retailer expected, asked them if they would agree to a compromise and sell and buy at 47 rupees per 20 kg. The retailer answered “no“ and went away. No deal was struck.

### **III. The Role of SEWA Shop 40 and the Secretary of SEWA Shop 40: To Act as an Intermediary**

After the retailer had left, the Secretary answered our questions, explaining that he was acting as an intermediary, trying to help ensure that deals are made with conditions that are fair, but also as near as possible to the price expected by the small farmers. In order to find out what a fair price might be he uses the undercover language.

The main difference to the usual practice of hidden pricing is that, if a deal had been struck, the agreed price would have been paid to the grower in full view of all parties to the transaction.

The deal would have been completely transparent and both sides, grower and retailer, would have known that the Secretary had not received an excessive margin for himself as the intermediary (wholesaler).

In reflecting on the story one could conclude that the same mechanism of pricing as usually practiced in the Jamalpur wholesale market may be used in a non-exploiting way by making the deal transparent and by having somebody in whom the small producers put their trust supervise the process. The hidden pricing mechanism is the same in appearance, but it is used with another aim in mind, namely to ensure fair and transparent pricing.

To ensure transparency in pricing, Shop 40 makes the price negotiated under the handkerchief known to all. This price is “open“ for several (5 to 6) hours. When a fresh load of vegetables arrives at the wholesale market, then a new price is negotiated with the handkerchief and made public.

SEWA has also already tried - and will continue with these efforts - to find other wholesalers in the Jamalpur Market who would be prepared to practice transparent pricing as well. But, so far, SEWA has not found anyone. There is one organization,

“Khedoot Sabha“ (farmers’ organization), which has already approached SEWA. SEWA has even given them training. But they still do not yet follow transparent pricing methods.

With regard to the pricing as practiced by SEWA Wholesale Shop 40, one could perhaps say: The mechanism of pricing has been "**converted**" by the **non-corrupt handkerchief**.

**Karl Osner**

## **4.2 Carol Richards**

## Chekhalu Village, Gujarat State

Kesarben, thin as a rail, darts energetically around the field in her sari, checking on the family vegetable plants interspersed among the tomato crop being harvested for the city market. On this morning there are two calves in a wattle hut, two very large bullocks at the field's end, and ten tomato pickers if you count the five visitors who refuse to behave like guests and insist on helping to pick. Kesarben works constantly. She has a mission: to pay off the mortgage on this field. She and her husband Sardarkhan recently mortgaged half their land to pay the bride price for their youngest son.

The guests are given a tour of the village at dusk. We encounter a dusty cluster of mud huts and are told, those are the people who have a very bad life. What is a very bad life? They have no land to farm. They do not always have one meal a day. They have no tea, no sugar. They are a quarter to a third of the village.

Kesarben grew up without land, tea and sugar. She missed school entirely in order to raise her infant brother while her mother and father went out as day labor in the fields. Marriage before puberty did not improve her economic security until the birth of a son, her second child. Around that time her husband's father gave the family two and a half acres of land. This field now helps support two sons and their new wives, who share the work.

Kesarben told us, "I have a brain of the fields." What does this mean? Perhaps she means that the fields are all I know; I don't know other things. Yet, there seems another layer of meaning incorporating pride: this is who I am; my thoughts and understanding are shaped by the fields--with all the demands and opportunities these fields bring.

**First lesson:** The way to escape a very bad life is to hold onto the field.

**Second lesson:** Fields may be necessary for economic security, but they are not sufficient. Other challenges face the villagers, such as: drought and a rapidly falling water table; population pressure; accidents and health crises; and, of course, the tragedy of sectarian violence that engulfed the region recently.

To better understand the economic prospects of Kesarben's family, it is helpful to have a broad "political economy" framework that includes consideration of trust, reciprocity and collective effort that supports cooperation over conflict. Where do we find reciprocity and cooperative effort in Chekhalu village?

### **Two examples:**

The sarpanch (village head) is also head of the agricultural coop in the village. The coop was founded fifty years ago by his father according to Gandhian principles and practices. Chekhalu is a village of approximately 4800 and has no police force. During

the recent tragic riots in Gujarat, the sarpanch acted fast to set a curfew enforced by himself and the panchayat, with help on the second night from a small police contingent from the larger town some twenty minutes away. There were no casualties in this village, where one third of the families, including Kesarben's, are Muslim.

SEWA, also founded on Gandhian principles, is very active in the village. SEWA has established a milk coop; created savings and credit associations that make possible other economic enterprise such as a tree nursery; and has established a wholesale vegetable market stall in the city to reduce middleman costs to the farmers. All the SEWA enterprises, along with leadership training, are designed to achieve full employment and self-reliance of low-income women workers.

**Carol Richards**

## **Technical Notes**

### **1. Cooperative Economic Models**

This may be the right time to do a research and policy paper on cooperative economic models, in the context of rapid economic growth that increases the gap between wealth and poverty. SEWA is uniquely positioned to guide this work, which could focus on low income workers in India. It could also include consideration of international implications. The assumption would be that both the state and private sectors benefit from strengthening civil economy and reducing social and economic inequality.

### **2. The Voice of Small Farmers**

What is the future of Chekhalu village? It turns out that this question is very much on the mind of the sarpanch. He asked his mysterious visitors from Europe and America to meet with villagers in the evening. Their question to us: what are the agricultural policies of our countries? We talked about large farms and corporations taking over from small farms, with government subsidy. The sarpanch asked: what then should be the policy of India toward the WTO? What is the future for small farmers in India? I would add, what is the future for Kesarben with her “brain of the fields?”

Perhaps there is an opportunity for SEWA to work in coalition with others on policy questions relating to the impact of trade reforms on agricultural policy and on small farmers in particular. This could be an opportunity to pursue the hard questions of the sarpanch to create a nuanced approach that recognizes the benefits and costs of growing for export and other trade opportunities coming apace.

### **3. The pace of reform**

With “exposure” fresh in our minds, our tiny band of policy thinkers around the SEWA table seemed to reach consensus on the desirability of a measured pace for second generation economic reforms to permit closer attention to social security and economic security including enhancing skills. What kind of evidence can we marshal to convince the hard nosed who truly believe that faster is better?

**Carol Richards**

## **5. Leelaben**

**5.1 Suman Bery**

**5.2 Frances Lund**



## **5.1 Suman Bery**

## **Mother Courage and Her Children**

### **An Ahmedabad slum reveals strong social capital but little interest in education**

My organisation, the NCAER, has had a long-standing and productive relationship with the Self-Employed Women's Association (SEWA), based in Ahmedabad.

SEWA in turn is an active member of a global alliance called WIEGO (Women in Informal Employment Globalizing and Organizing), headquartered in Cambridge, Massachusetts. SEWA and WIEGO are advocacy organisations; SEWA is a registered trade union.

Despite this mission of advocacy, both organisations are unusual in their commitment to objective research, and to the importance of building bridges to the analytic community.

I was invited by SEWA and WIEGO to participate in what was called an 'Exposure and Dialogue Programme' (EDP) in Ahmedabad in early January. An additional partner in this event was Cornell University which has a distinguished faculty working on poverty and labour issues, several of whom (Ravi Kanbur, Kaushik Basu, Gary Fields and Nancy Chau) also participated.

The purpose of the event was to help build bridges and establish a common language between activists and mainstream economists on issues of globalisation, employment and labour market interventions. The heart of the event was a two-night stay in the home of a SEWA member/organiser.

A senior South African academic and I were assigned to the home of a vegetable vendor in the heart of Ahmedabad, in the company of two senior SEWA facilitators, who also acted as interpreters.

Our hosts lived in a two-room chawl (chali) in the heart of Ahmedabad. The chawl was on land that had once belonged to an adjoining mill. The mill had been acquired by the National Textile Corporation and had recently been closed.

The house had electricity, a black-and white television, and a municipal pipe that dispensed water for a couple of hours each morning. The family made use of a communal toilet a short distance from their house, although a neighbour graciously made their private bathroom available to us.

Our lady host (who I will not name for reasons of privacy) was in her thirties, and lived with her husband, two unmarried teen-age sons and an unmarried teen-age daughter.

The family was Hindu, and belonged to a traditional urban trader caste, the Patnis. Husband, wife and eldest son were engaged in the traditional activity of selling vegetables from a handcart (ladi) at a fixed location within the walled city. The younger son had opted out of the family trade, and had recently joined a printing press.

This was my first experience of an urban slum in India. Two things surprised me: the fact of an established urban 'working class' culture; and the apparent extent of social capital in that environment. While India is a country of ancient cities (and the largest urban population in the world), somehow it is rural tradition that gets the attention.

This is in sharp contrast, say, to England, which has long glorified its Cockneys and coal-miners, the US celebration of the Lower East Side immigrant culture in Manhattan, or the strong medieval traditions of cities like Florence and Siena in Italy.

Accordingly, I was surprised to see the city through the eyes of my hosts, and to learn of their urban traditions of courtship and marriage.

On social capital, my expectations were largely framed by my knowledge of the Americas, where life in the urban slum is nasty, brutish, violent, and often therefore short. I was quite amazed (as was my South African colleague) by the relative absence of a sense of physical insecurity in the slum, and the overall sense of gregariousness.

Our arrival in the neighbourhood was obviously a big event, and people dropped in all evening. There were the usual squabbles and quarrels, but nothing remotely resembling the armed violence of Rio de Janeiro or Johannesburg.

The chawl bordered on a Muslim area and was close to the scene of serious rioting last year, but our hosts dismissed this as politically motivated and not a source of serious long-term worry. I was also struck by the social confidence of our hosts in receiving and entertaining us.

I cannot say whether this is the dividend of democracy, a characteristic of Gujarat or attributable to SEWA, but there was an ease in the relationship which I would not have expected.

Against these positive surprises, it was difficult not to feel discouraged by the working existence of the family. The whole day built up to a relatively brief selling period in the afternoon, starting at five and more or less over by seven in the evening.

The three working members of the family stocked two push-carts with vegetables, one with higher-valued vegetables, such as carrots and brinjals, the other with cheaper leafy vegetables.

For this ninety minutes of trade they were active much of the day, going to the wholesale market at Jamalpur, transporting their wares to their sale site by auto-rickshaw, setting up their carts, and waiting.

According to SEWA research, an experienced vegetable vendor clears between Rs. 60 and Rs. 100 per working day, or Rs. 3000 per month. It was our (somewhat hazy) impression that this was the amount that our host family earned from two carts, and that the family budget could only be met through resort to borrowing.

They observed that business had been declining. Economic activity in the old city had been affected by the earthquake and the rioting, so purchasing power was reduced. The affluent were moving to the modern suburbs, outside the walled city.

In due course supermarkets and organised retailing will take a larger share of the trade. Economic dislocation had added to the number of vendors who were sharing a fixed clientele.

To a development economist, it seemed obvious that the wise thing for the family to do was to invest in their children's education, both to diversify family income, and to provide an escape from a declining trade.

Yet, while literate (like their mother, who had studied till the fourth standard), neither boy, nor the girl, had finished secondary school, and the neighbourhood was overrun by school-going children who did not seem to be at school.

On questioning, the parents expressed great skepticism on the value of education. The quality of schooling was bad; there were few jobs to be had in the formal sector; all that would be achieved was for the boys to be disaffected and unemployed.

In contrast to the Panglossian view of most economists that education is the universal salve, at the micro level it did not seem to appear to be at all appealing either to the parents or to the children themselves.

I left with mixed emotions. I applaud the efforts of SEWA to establish the rights of vendors to ply their trade free from police harassment, and to elevate the dignity of women's work.

But I also left with a sense that the larger system was failing these poor people, despite their energy, civility, and enthusiasm. For the opportunity to put a face on urban poverty, and to see Indian cities in a truly different light, I will forever be in SEWA's debt-and that of my hosts.

**Suman Bery**  
**From: Business Standard**  
**10 February, 2004**

## **5.2 Frances Lund**

## Combined Personal and Technical Notes

Leelaben Vinodbhai Patni is a vegetable vendor, and a SEWA local area leader. We stayed with her and her family – her husband Vinodbhai, and three teenage children, son Kalpesh age 19, son Jagdish aged 16, and daughter Sheetal aged 14. They live in Saraspur, in the walled part of old Ahmedabad. Our EDP ‘team’ was Sumenbhai of the NCAER, Mangelaben who is a seasoned SEWA organizer of street vendors, Rashimben, a SEWA coordinator of street vendor organizers, and Miraiben, of SEWA social insurance.

The family lives in what were originally built as mill tenements – just across the road are the ruins of the old cotton mill. The neighbours up and down the alley are mostly of the Patni group within the Jagri caste. There are, however, two families from Rajasthan, both occupied in bidi rolling. Muslims used to live nearby, but moved away during and after the communal riots.

The Patni house comprises two rooms, the inside room and the outside room (enclosed). The inside room contains the primus stove, kitchen equipment, and a single built-in bed. The house has electricity, and a water pipe. Leelaben and Vinodbhai pay 500 rupees monthly rental for the house. If I understood correctly, she had to make a deposit of 25000 rupees to secure the rental, took a high interest loan for this, then took a loan from SEWA to pay the debt. Once SEWA’s loan is paid, she hopes they can buy their own house.

I’ll give a brief outline of our activities, then turn to themes and issues. On Sunday afternoon we arrived, settled in, went on a neighbourhood walk, went out to buy kindling, and to buy local-style tooth brushes. Many neighbours came in to join the family conversation as we got to know each other. On Monday after rising at 5 am, the focus of the day was on preparations for selling at the evening market, which took place between 5 pm and 8 pm. We spent the day sourcing, carting, cleaning and arranging vegetables for the evening market. We also went to the court where Leelaben, as SEWA local leader, had to sort out an issue of summons being served on some vendors.

Work ended at about 9.30 pm, after getting home and counting the day’s takings. It was a long day, but during it there was quite a lot of ‘down time’, which may have been because the EDP team influenced the way the day was spent. On Tuesday, we again rose at 5 in the morning, and went to the Jamalpur Market, where we had a meeting with the EDP group who was hosted by Kesarben, a vegetable producer. Following that, we went to the SEWA Training Centre to start the debates.

I will turn now to some themes.

### **A Family Enterprise**

This was a family enterprise. Leelaben and Vinodbhai go to Jamalpur Municipal Market together to source the vegetables in the morning. Son Kalpesh spends the

morning selling yesterday's surplus vegetables in another small market, and meets them at Leela's market in the afternoon, to help set up the two *ladis* (handcarts). Kalpesh and Vinodbhai each manage one *ladi* with Leelaben helping with both at the busiest times. At the busiest times, all three of them were needed, to keep an eye on the goods, to keep rearranging the vegetable stock to keep them looking attractive, to make sure some vegetables did not 'disappear' from the *ladi*.

Daughter Sheetal's work on the domestic front was critical to the vending enterprise. At about midday, Sheetal arrived at the selling market with the lunch she had cooked for all of us, and she does this daily. When we got home at about 8.30 in the evening, she had the evening meal waiting for us, and had done other domestic chores. If she were not doing these things, the working day, which started at 5 in the morning and finished well after 9 in the evening, after the day's takings had been counted, would have been further extended for Leelaben.

It appeared that Leelaben needed the support of the family for her to be a SEWA local leader. Indeed, once the selling market had started quietening down, Leelaben went around the market to collect the five rupee subscription from SEWA members – and she could do this as the two *ladis* were covered by husband and son. Earlier in the day, we had gone to the municipal court so that Leelaben could intervene on behalf of some SEWA members who had been issued summonses; Vinodbhai accompanied her because of the EDP team; he would normally have continued sourcing and carting vegetables while she did this SEWA organizing.

We had a brief discussion about the advantages there could be if registration and licensing could be of the family enterprise, which Leelaben said she would prefer, rather than the individual vendor being licensed. I would like to follow this issue up. In Durban, street vendors are sometimes fined if they leave their sites or if they depute someone (other than their acknowledged *bambela*, or assistant) to stay on site for them, while they go and pay their site fees at the municipal hall. There are high costs to them of trying to enter the formal regulatory framework, and once in, to stay there.

### **Counting the Day's Takings, and The Economics of The Enterprise**

I don't know how typical this day was in terms of the Patni family's earnings. A significant expense was hiring transport to fetch and carry goods – urban transportation is expensive, relative to what they earn. Suman Beri got more of a sense of the household budget than I did, and it appeared that there was a small loss overall on the day that we were there. This, despite the fact that it was supposed to be a good market day, where the public buys particular more expensive veggies associated with the kite-flying festival.

### **At Jamalpur Municipal Market**

Much of the morning was spent by both Leelaben and Vinodbhai sourcing their veggies at the huge Municipal Market. They start at SEWA's Shop 40, where SEWA producers bring their goods. In this way SEWA attempts to gain some control over

prices, and to link producers and vendors. That day she and Vinodbhai bought a lot of fenugreek from Shop 40. When setting up her stall later in the day, it was clear that there was a lot of non-fenugreek leaf in each bunch, leading to a substantial loss as we had to clean up the bunches as far as possible, and then lower the price. Shop 40 made compensation for this loss instantly, when she reported this the next day. There is a need for quality control, however, if the buyers are to continue to enjoy benefits from supporting the shop.

On the second day, the EDP group with Kesarben, the vegetable producer, met with our group, at Shop 40, so that the links could be made between these two parts of the chain of production and distribution. I would have liked to have understood more about the economic relationship between the two groups of SEWA members, the producers and sellers; more about the potential conflict of interest between them - already, some of the costs of commission that used to be paid by producers, have been passed on to the vendors; more about how Shop 40 could be used to work in the interests of both groups; and more about other ways in which Shop 40 (and others like it, for other sectors) could be used to assist economically.

### **Creator of Work for Others**

I was struck by the numbers of people who Leelaben and Vinodbhai ‘employed’ or were in economic transactions with (not counting customers), in the course of the day. They

- hired one *ladi* for trading (their own had been damaged in the communal riots)
- paid someone in Jamalpur market to carry the heavy loads to their collection point
- paid someone to watch over their accumulating stock of vegetables, just outside the Jamalpur market wall
- paid a pedal *ladi* to transport the vegetables (and both of us!) to the selling market.

Unusually, this family does not pay for storage, as they get this free from longstanding friends who live near the selling market. Our experience in Durban is that storage can comprise a significant cost to traders; is a service that municipalities can help with; and is itself a source of employment creation for many people.

### **The Lack of Municipal Intervention**

I was struck by the relative lack of municipal services which affect vendors and their livelihoods, especially with regard to water and to garbage removal. A water pipe comes in to Leelaben’s outside room (many neighbours go to a standpipe in the street). At 5 in the morning the municipality switches on the water for two hours, so water for the day must be collected at that time, and personal washing and clothes washing done. There is no tap, so perforce much of the water goes straight down the drain. Once out in the city, I was aware of the absence of water throughout the day – for washing hands after cleaning vegetables, for cleaning vegetables, for toilets, for sluicing down the pavement after cleaning vegetables. What water there was had to be fetched from elsewhere.



## **SEWA Helping With Regulation of Street Areas**

Street markets such as the one Leelaben and her family trade in are, with few exceptions, there by informal arrangement with municipal officers and police. In the case of Leelaben's selling market, the understanding is that the vendors' *ladis* will be only two rows deep into the street. When we got there in the afternoon, some new vendors (men, interestingly, but perhaps not significantly) had set up the beginning of a third row. The authorities approached Leelaben, who negotiated that vendors made room for one new vendor, by some re-positioning of the handcarts, and the others had to move on.

This form of self-regulation, or co-operative regulation, must be of huge economic value to the municipality, in terms of lowering the costs of, and conflict around, regulation of valuable city space.

## **SEWA's Subscriptions**

Leelaben manages to integrate organizing activities for SEWA into her daily economic life, because she is supported by her family. One of her tasks is to collect annual subscriptions, which she did towards the end of trading that day. I used to be a community organizer, and have long worked with community organizations in rural and in urban areas, and I have never seen such a public and transparent procedure as SEWA's. She went from vendor to vendor, where they worked at their *ladis*, and collected the five rupees, in exchange for leaving the duplicated receipt with vendor's name and address and occupation. All saw her accept the money, all saw her write the names down.

## **Inter-generational Transmission Poverty and Ill Health, and Employers, and Caste**

During the EDP, and since, I have been grappling with the issue of time. None of this is new to any of us, but I saw it a new way through this experience. Even though there was a concession, during our debate, that possibly not all employers are uniformly selfish profit-maximisers, still, it was clear that there is an underlying assumption that employers do not worry about the health and productivity of future generations of workers. They worry about getting the biggest bang from the wage-buck, now, though some may offer say health services if this is directly related to present worker productivity.

So, in many countries, employers have never provided for or have withdrawn from aspects of 'the social wage'; part of neo-liberal economic policies has been that governments should spend less on the 'social' side too; and many workers earn too little to provide even basically adequate nutrition for themselves and their families. Children are not properly nourished, and this will have lasting effects on their productive capacity.

There is pervasive short-termism, and there has to be a time perspective if there is to be a sustainable future: but it is not only about greedy employers and misguided macroeconomic policy – caste traps people as well. Leelaben and Vinodbhai had sent their children to school for a few years each (Leelaben herself had few years of schooling), and were quite irritated, I think, by our persistent questioning about schooling. They both said

school is too expensive, is hopeless in terms of the standard of education, and would make little difference to their children's opportunities in life. And, said Vinodbhai, you don't need formal schooling to run a business, Leelaben was married at 13; she and her husband have decided that Sheetal, at 14, is too young yet for an arranged marriage, this will happen when she is 17.

In the next door *chawl*, the young bidi roller was clearly in poor health, and her nine year old daughter was clearly growth-stunted. The bidi roller manages to roll about 800 cigarettes a day, over nine hours (she is interrupted by her need to give her attention to her daughter), for which she gets about 70 American cents a day. Her daughter does go to school at present, and it appeared that some costs for this were met by her access to the welfare fund/bursary system for bidi rollers.

### **In Concluding ...**

I settled down easily in the home. I was at first anxious about the time being 'wasted' in the day. I battled with the urban squalor, the urban foraging by the cows, the animal excreta everywhere, the lack of access to water once we left the home. I battled with the noise of the city, and the air pollution was an assault; Leelaben saw me battling with it and said it is a factor in her own depression. I was proud of myself at being able to handle the experience, moving out of my comfort zone, relieved at being able to shed the white South African identity, which is so hard to escape when doing research in poor (black) areas in South Africa.

Mostly, I recognized that the uniqueness of the experience is dependent on SEWA as an organization – you simply could not do this exercise without a strong organization's culture, experience and focus. I know that SEWA knows exactly what it is doing by investing so much time and energy in the EDPs. It was that confidence, which was shared by Leelaben that allowed this to be an authentic learning experience. Leelaben articulates with great pride what SEWA has done for her. Following the EDP, she was going to Mumbai as part of the SEWA team at the World Social Forum. She astutely used our presence to consolidate and advance her (and SEWA's) own position and status – in her family, and in the neighbourhood, in the market, and in the courthouse. Translating that into a more secure economic position is the goal that her family and SEWA are striving for.

**Frances Lund**

## **6. Ushaben**

**6.1 Nancy Chau**

**6.2 Imraan Valodia**

## **6.1 Nancy Chau**

## 60 Rupees, More or Less

For Ushaben and her family, finding work is a daily wrestle. She is a construction worker, and has been since she and her husband were expelled from their extended family. The physical scars on Ushaben's body, a cowshed nearby that shelters a different family now, and a small room with concrete floors that Ushaben now calls home, tell the tale of the different stages of her struggle out of homelessness. Luck has nothing to do with it. It was all hard work, and the more or less 60 rupees that Ushaben takes home after each full day's work.

The first day of our visit started with a brisk walk to the market, about 20 minutes or so away on foot. Our facilitators were superb (although I suspect that all the hand gesturing and ultimately telepathy may all be at work), as we found ourselves chatting and laughing most of the way. "I am a happy person," Ushaben said, "and I do not want to be the kind of person who complains all the time" she explained. "By the way, what kind of food do you like? I will cook anything you choose." This is hospitality, Ushaben-style. She is warm, open, and no-nonsense. Underneath it all, I sense inner-strength, by the truckload.

By daybreak, we set out for the first of two jobs awaiting Ushaben. It was pure luck. The two tasks of the day had already been arranged and negotiated the day before, and we were spared from the otherwise indispensable daily ritual of job matching at a "kadiya naka" nearby. It is at the "naka" where the invisible hand is supposedly at work daily, matching those who need work done, with those who want work. We did take the opportunity to visit a "naka" the very next day. Evidently, the market almost always never clears. On the supply side is a majority of old-timers who are witnesses to daily influx of migrant workers. These migrant workers stood out even in the eyes of a first-timer like me. They dress differently and they multi-task -- caring for their children while awaiting work -- as though the "naka" is their home. We heard voices of discontentment, as many migrant workers are accepting jobs at less than the minimally acceptable wage -- more or less 60 rupees.

One of two things may be happening here, I thought. Either that the invisible hand needs time to work its magic, so that one may anticipate the market to one day clear but at probably less than 60 rupees. An alternative scenario may be that an almost textbook efficiency wage is lurking in the background, and persistent unemployment is likely inevitable as labor supply expands with immigration. Either way, the good old days according to Ushaben, when almost everyone gets work at a fair wage seem long gone. Later on I asked what I thought was a straightforward question -- "Had there been instances when migrant workers are told to leave the naka by locals?" -- expecting the inevitable. I was caught off-guard by the answer: "No. We are human beings."

It was at the construction site where we met face-to-face the other side of the labor market. We met with the labor contractor and the builder, who proclaimed:

"We cannot find enough workers."

"Women workers can never become skilled masons. We will not hire them."  
"Indian women should be happy to take home 60 rupees a day. That's really enough."

One could probably sleep better at night if these proclamations can be disregarded simply for being insincere. But what if these perceptions are indeed real? In what way can an economist best articulate these issues? Do we simply throw them all into the Lipsey-Lancaster-Bhagwati-Srinivasan box of the second-best? Or the Stiglitzian asymmetric information box? Better still, perhaps the Akerlof-Spence type statistical discrimination box. What do search theorists equipped with the machinery of dynamic programming and optimal control have to say about the 60 rupees benchmark? Contrary to what I expected, I became much less worried about whether the training of an economist may get in the way of truly experiencing events unfolding. Instead, I gained understanding and appreciation for the many different ways in which rigorous accounts and policy prescriptions in the face of market failures / distortions / imperfections should be taken seriously. Whether these painstakingly crafted snapshots of reality are given due popular, let alone policy attention is, of course, a totally different matter.

We set aside a few of hours towards the end of our stay with Ushaben. The purpose was simply to chat. Though it was already midnight, Ushaben remained enthusiastic about satisfying our curiosity. We talked about the 60 rupees again, and how it is supposed to pay for the monthly household food bill for a family of six; the monthly payment of two outstanding debts; the impending wedding of her eldest daughter, Chaya... slowly unfolding a picture of self-perpetuating indebtedness. Yet, Ushaben knows exactly what she needs. A secure job, which pays more or less 60 rupees *everyday*, and insurance in the event of a family emergency / work-related accident, will be all that she needs to sail through. Predictably, we did the algebra, and she is right all along.

**Nancy Chau**

## Technical Reflections on the EDP

From my own perspectives, both the experience and dialogue components of the EDP were thought provoking. First, there was the issue of categorizing market failures/distortions as rules rather than exceptions in the lives of SEWA members, and accordingly tailor a call for policy interventions. Here though, I want to raise two additional sets of questions that came up.

### 1. Job Search and the Informal Work Force

Ushaben is one of countless numbers of workers in the informal work force of Ahmedabad city. The daily ritual of job matching at street corners or "nakas", where casual workers routinely gather and await employment, and where employers instinctively go when they need casual work done, is distinctly reminiscent of the ("partial-partial") model of job search (Lippman and McCall 1976). Here, wage offers arrive stochastically, and the problem of a job seeker like Ushaben is to stage a mental strategy regarding what an *acceptable* wage offer should be, if one arrives. Experience on the ground suggests a number of potentially important deviations from the assumptions of a standard discrete time job search model. These include:

- (i) the job arrival rate is also stochastic, potentially depending on the influx of migrant workers on the supply side and other demand side shocks;
- (ii) job seekers take on multiple jobs daily, potentially depending on subsistence considerations;
- (iii) frequent job turnover, characteristic of casual / informal employment;
- (iv) multiple sources uncertainty, in the form of work-place hazards and the lack of contract enforcement (contractors simply disappear by the end of the workday), and
- (v) general equilibrium considerations (Stiglitz 1985, Lucas and Prescott 1974), where the issue of bilateral monopoly is potentially important.

Yet, the frequently mentioned fair / living wage of around 60 rupees sounds very much like the optimal "cutoff wage" / "reservation wage" strategy predicted by the standard search model. Collectively, how do the observed deviations from standard assumptions make a difference to the optimal strategy have yet to be worked out?

Three additional points may be worth noting in this context. All having to do with the role of SEWA's campaigns. First, the SEWA campaign to assist construction workers to maintain official accounts of the number of work days and to carry identity cards represent practical solutions to the question of how to formalize the informal work force. These efforts directly address (iv) above, as employment records help casual workers like Ushaben to qualify for workers protection programs. Open questions abound, however. As a start, what may be the associated equilibrium wage distribution and unemployment / employment consequences of such efforts?

A second question pertains to minimum wage negotiation in this context. A well-known result in search models is that a "general increase" in the wage distribution (in the sense of first order stochastic dominance) may in fact increase unemployment duration. Unlike the standard wage and labor demand tradeoff, scrutinized in some detail during the dialogue sessions of the EDP, the increase in unemployment duration here is purely supply-driven. What does one make of the link between the negotiated minimum wage and the distribution of wage offers to casual workers? Relatedly, is there a presumption that the duration unemployment spells should lengthen or shorten, and what about the frequency of job turnover?

Finally, the construction labor market is (at least) three-tiered, comprising of the builder (employer), the contractor (middleman), and the worker (formal /casual). Introducing these institutional characteristics into standard models may shed light on the effectiveness of and / or potential tradeoffs facing interventions such as a minimum wage, insurance and work-place protection.

## **2. Globalization**

The assertion that globalization unleashes incentives favoring competitive cost cutting, and induces employers to switch from formal to informal hiring is a familiar one. A moment's thought reveals that the argument is perhaps not as convincing as it may appear to be. If hiring informal workers costs less, hiring them should have made sense even without the jolt of globalization. Indeed, the reality, as narrated by Ushaben and others, suggests a more complicated picture. For example, the decline of the textile industry, presumably because employers have moved elsewhere, has forced many skilled workers with secure jobs in the textile sector to turn to casual work in the construction industry.

There has been formal modeling of the informal sector in general equilibrium open economy settings (Fields 1974). Several additional tasks suggest themselves:

- (i) allowing for job switching within sectors, between informal and formal work;
- (ii) allowing for job switching between sectors, and also between informal and formal work, and
- (iii) making explicit the potential employer costs and benefits of the choice between the hiring of a casual as opposed to a formal worker in terms of say skill acquisition, monitoring costs etc.

To conclude, while I definitely echo others in applauding the EDP as an invaluable experience, I would also add that the opportunity to write and think about it after the experience is also an integral part of how I will come to remember the experience in years to come.

**Nancy Chau**



## **6.2 Imraan Valodia**

## Personal Reflections

We met Ushaben at the SEWA offices at around 2pm, sometime after all of the other EDP teams have left for their visit. Ushaben, a construction worker, was unable to attend our initial meeting – she had first to finish her work for the day laying a few rows of bricks on a housing construction site, earning Rs. 50 for her days work.

We proceeded to her home in the Sabarmathi area of Ahmedabad. A curious mixture of fairly middle class housing ‘estates’, side by side with more basic structures of the poor. As a South African, I was struck by the class mixture of the Indian urban areas, so different to South Africa where the middle classes can easily lead their lives barricaded from poor and marginalised. I wondered how the most South Africans would respond to the ‘mixed masalas’ of India.

Ushaben proudly led us into her home. It was quite small – basically a 1-roomed structure which served as kitchen, bedroom, bathroom and entertainment area. The house has recently been improved. Previously it has been a cowshed and could only be entered on all fours. It was completely flooded during the monsoons, resulting in unending health problems for the family. A kind friend has loaned Ushaben Rs. 20 000 so that she could raise the walls, add a roof and a floor and thereby convert the cowshed into a habitable shelter. The family now had a home, but also a debt of Rs. 20 000 which required a monthly payment of Rs. 1500.

We met Ushaben’s kids – 2 daughters and 2 sons. Her husband, Jeevanbhai, was out on a construction site and only got home much later. Shaya, her 17 year old and oldest daughter was clearly in charge of domestic affairs and immediately took charge of welcoming the guests with tea. Shaya was engaged to be married as soon as Ushaben and Jeevanbhai could accumulate the Rs. 20 000 to meet the wedding expenses. She would marry a boy from a nearby village – chosen and approved by Ushaben. Shaya, who had not yet met her husband to be, was quite philosophical about it – this is what she expected. We learn that Shaya had not been to school – as the oldest she had to take care of her younger siblings and domestic affairs while her parents went out to work. Again, she was philosophical – bitter that she had not had the opportunities that her younger siblings had to attend school but proud that her parents had given her the responsibility to manage the household. And she exercised her responsibilities – we noticed her chiding her mum about some matter of household expenditure the next morning.

Very soon, the alleyway leading to Ushaben’s house is filled with curious onlookers – who are these visitors? Ushaben never gets visitors! Jeevanbhai gets home – looking tired. He has managed to find work today – as a painter.

We talk about Ushaben and Jeevanbhai’s lives as construction workers. Their families worked in the textile mills of Ahmedabad. Ushaben’s father left the rural areas of Bijapur to find work in the mills. But the mills are all closed. Jeevanbhai was forced to find work as a construction worker and, with the family income falling, Ushaben was forced to follow. Now, they were construction workers. The working day began at the

*naka* – a sort of ‘clearing house’ where the construction workers congregated and the contractors came to collect their daily supply of labour. In the past, both Ushaben and Jeevanbhai were certain of getting work each day – they worked every day of the month and earned enough for their survival. But now, things were tougher. Now Ushaben got work for about 10 days a month, and Jeevanbhai, because he was more skilled, even less. When she did get work, Ushaben earned about Rs. 60 per day. Their work has become extremely insecure. The earthquake and the rethinking of building regulations had brought the construction industry to a standstill. Work was very hard to come by. Migrants were working for less and less. Wages were falling.

That night we attended a meeting of SEWA members who were construction workers. I felt transported back into the early 1980s and my first introduction to the (then) emerging trade union movement in South Africa. The singing, the hope, the camaraderie, the belief that despite all through their organisation workers will improve their lot.

By 10h00 the next day we were at the *naka*. Some 200 odd workers milled around – not much chance that they would be employed today. We then went from one building site to the next, until Ushaben found the site where work had been promised. Ushaben enjoyed showing us how she carried 12 bricks stacked on her head to the upper level of the building site. Our clumsy attempts at carrying 4 bricks were met with laughter, ridicule and just a little bit of admiration. We carried bricks, mixed cement, passed plaster on to the plasterer, but mostly just got in the way. By 4 pm, Ushaben’s work was done so off we went – to another job. The kite festival was looming. The traditional meal, *Oondo* was made of a wide variety of vegetables. Ushaben had a job cleaning and peeling these vegetables at a local food seller. We cleaned, peeled, chatted and sang until 9.30 pm.

Jeevanbhai and the rest of the family were asleep by the time we got home. We spoke more about Ushaben’s life – as a child, wife, mother, and as a construction worker. We constructed a monthly household income and expenditure statement. Ushaben and her family were severely in debt, and it was spiralling out of control. If only she could get work every day, and earn Rs. 60 everyday she could settle the debt. And then she could raise the finance for Shaya’s marriage.

I took a picture of the family as we left the next morning. I marvelled at the love and intimacy of Ushaben and her family, and I longed for my family.

## Technical Notes

My EDP visit to Ushaben, a construction worker in Ahmedabad challenged and reinforced many of my thoughts on work and employment. I shall organise some of these thoughts in themes.

- **Insecurity in the informal economy**

The highly insecure nature of Ushaben and Jeevanbhai's employment and consequently of their household income was striking. We explored, in many of our discussions during the EDP, what could be done to alleviate this insecurity. Ushaben was clear – all she wanted was a predictable income *every* day. Her primary concern was not that she earned a low wages (Rs. 60) but rather that she may not get any work on the day. She and Jeevanbhai reminisced about the times when they got work everyday.

The EDP reinforced for me how informalisation of work was increasing insecurity and the urgent need for creative mechanisms to reduce these high levels of insecurity among informal workers.

- **The role of trade unions**

The role of trade unions in the informal economy is sometimes questioned since often, as was the case for Ushaben, there is no (long term) employer with whom the trade union can bargain for improved conditions of work for their membership. SEWA was working hard at pushing legislation to improve the conditions of work of construction workers I was struck, at the SEWA meeting we attended, by how important it was for many of the construction workers just to belong to an organisation. Membership of SEWA was important not only for the material benefits and potential benefits but also for the psychological effect of belonging, and sharing their burdens and hopes.

- **Efficiency wages**

Levels of productivity on the building site were extremely low. Whilst accepting that the work was physically demanding, I was quite surprised at the amount of 'downtime' on site. I was convinced that this low level of productivity was closely linked to the low wages earned and therefore an increase in wages would be met with improved productivity and improved profitability for the industry – the standard efficiency wage argument. I also thought the 'daily contract' model, where the contractors employed workers on a daily basis from the *naka* resulted in low levels of productivity on site. Surely, I thought, employing workers on a long term basis would make for a more productive work site (workers would be more familiar with the site, the work to be done, their colleagues preferences, etc and they would be 'happier' with a secure income) and also reduce workers search costs (including the time spent searching).

We explored these issues with Ushaben and Jeevanbhai. Whilst they supported the shift away from a daily contract model to more long term and therefore secure

contracts, they did not believe that there would be any productivity gains from this. We were lucky enough to meet the building contractor on site (he was not Ushabhen's employer since he had subcontracted all aspects of the construction) and to discuss the efficiency wage issues with him. He was unconvinced by the efficiency wage argument, arguing that since the employer and employee has agreed on the work to be done for the day productivity was not an issue. I remain convinced that more secure incomes and higher incomes will generate productivity gains in this industry.

- **Reservation wages, Identity and Value Chains**

The situation at the *naka* came quite close to that of a perfect market – many workers, many employers, perfect information, etc. Yet, in neo-classical terms, the market did not clear since wages remained rigid at Rs. 60 and many workers remained unemployed. The question that arises is why did wages not fall, below Rs. 60, given the large numbers of workers at the *naka* who remained unemployed?

The workers were really not prepared to work for much below Rs. 60, their reservation wage, since they believed that it was really not worth working for less than this wage. There were, however, some interesting institutional issues that emerged. The men at the *naka* were not prepared to work for less than Rs. 80 per day. There may have been a skill issue here, though, my impression at the building site was that male and female unskilled construction workers did pretty much the same work. There was clearly some institutional gender issue that kept male reservation wages higher (even though Ushaben, and not Jeevanbhai, was now the primary income earner). Given the low wages, and the high levels of unemployment, why did Ushaben and her colleagues not leave the construction industry? Their identity, as construction workers, was very strong and limited their options. I think this is an important issue which economics ignores.

Why did the employers not drive down the wages? Given their power in this market, one would have expected employers to drive down the wages. There could be a number of reasons. First, perhaps the employers are human after all and do not behave as rational maximisers. Second, using the work of Sam Bowles on contested markets, the employers may well be offering a higher wage to exert control over the workers. Third, institutional factors may again be important – the contractor on site told us that the sub-contracting arrangements on these building sites were quite elaborate and structured, so that the contracts were not really negotiated. The rates for the sub-contracts were 'fixed' in the industry. So, one needed really to understand the value-chain for the construction industry to understand the mechanisms behind Ushaben's income.

Finally, I think the EDP methodology was a fascinating way for us to explore the issues that we did. Focusing on the real life experiences of our host ladies and their families was a very useful means for us to understand their lives and concretise our discussions.

**Imraan Valodia**

## **Epilogue**

### **Using Exposure Methodology for Dialogue on Key Issues**

**Karl Osner**

## Using Exposure Methodology for Dialogue on Key Issues

“This is a book to which everyone adds themselves.” (Christa Wolf)

### What the EDP is, how it developed and how the Cornell-SEWA-WIEGO EDP came about

#### *What is EDP: Meeting person-to-person*

The overarching goal of the Immersion Program is to expose the participants to the lives of poor people.

Each participant will be challenged to see the reality of poverty and vulnerability through the eyes of a particular individual, typically a woman, and to understand how that person strives to overcome poverty and vulnerability.

Each participant will be provided with the opportunity of having an intense meeting with this one person, the host, in the environment of her family, social group (for example SEWA) and community.

The host is in the centre of the immersion. The participant, the guest, will meet his or her host in the reality of her daily life and work and is exposed to her life cycle needs. Thus poverty gets a face.

The immersion starts at the point where poverty is still present and where the struggle for overcoming poverty and more security takes place. For a short period, the participants of the EDP cross the divide, the social differences and gaps between them and the hosts. The participants will “walk in the foot steps” of their hosts, **participating in their daily life and work**. They will at least get some feeling of the host’s daily worries and needs, failures and achievements, hopes and fears. Meeting person-to-person not only provides participants with the opportunity to share the host’s daily life as it is at the moment of the visit, but also allows them to go into the past and to learn the life story of the host which is key to understanding, in-depth, about the complexity of what it means to live life in conditions of vulnerability and poverty.

During the process of exposure, reflecting and dialogue which are the main phases of the Immersion Program the participants will build a bridge which will finally lead them back to themselves and to their own responsibilities. But and this makes the difference now the participants can look at their own daily work from the perspective of the host. The poor are now at the centre.

In this sense, the Immersion Program is a challenge and an opportunity to get involved in a process of personalizing the otherwise abstract nature of relationships. As soon as hosts and guests meet **face-to-face**, the rather impersonal relationship between “donors” and the ultimate “beneficiaries” of development cooperation becomes a more

personal one. The commitment for contributing to poverty reduction is strengthened by becoming a deep personal concern.

### ***Historical development of the EDP***

#### **German context**

Over a time period of about twenty years, in two phases of ten years each, and in two completely different contexts, the EDP was able to grow. These are described below.

During the first ten years that is up to 1992, the EDP was mainly instrumental in the context of the reorientation of German government-to-government development co-operation with the aim of combating poverty through the promotion of self-help and participatory strategies. In this attempt to initiate a process of reform from *within* the system, the critical role of the decision-makers soon became evident.

At this time, for many of us in governmental institutions, poverty was an abstract phenomenon and we thought of the poor as “target groups” and as objects of our aid. Besides a set of case studies on innovative self-help approaches, what got the “bureaucracy moving”, was when exposure programmes were organised from 1985 onwards and exposure *and* dialogue programmes from 1987 onwards for MPs, managers and senior staff of the governmental bodies involved in the reform process.

EDPs offered, as already mentioned, the opportunity to get first-hand experience of the reality of life in poverty, to meet poor people, mainly women, person-to-person, to understand from their perspective and to learn about their self-help potential, for example, about the credit-worthiness of poor self-employed women.

These opportunities were offered to the government by a participatory, church-related group, the German Commission for Justice and Peace, the predecessor of the present “Exposure and Dialogue Programme” (registered) Association which is organising EDP in cooperation with its partners in the South and in Eastern Europe.

A few examples from the long and sometimes painful process of trial and error may serve to illustrate some of the core elements of EDP as it has developed:

- Meeting person to person helped participants to overcome the abstract notion of poverty, to consider the poor as *subjects* of their development, *to personalise* development co-operation, as was noted after the EDP in the Philippines in 1987.
- Meeting person to person helped to overcome the widespread attitude among decision-makers of looking at the poor as neutral onlookers from outside, leading to a change of mindset and to comprehension. In the words of Martin Buber: “to accept that I am the one who will respond” became the core idea of any Exposure and Dialogue Programme.



- Linked with the change of mindset, meeting person to person helped to change the *behaviour of the bureaucrats*, as Robert Chambers put it. The full relevance of this was understood in its political dimension when we learnt in our reflection about the notion of *structures* and of the *structural* impact of EDPs. It was rather by chance that we discovered an inspiring source, the social teaching of the church, which defines structures as the *whole* of institutions *and practices*. We began to understand that the positive response of bureaucrats could be interpreted as “*practising pro-poor practices*.”
- Building the immersion process on the three core elements: exposure reflection and dialogue, a practical instrument could be developed for *transferring the know how* of innovative people-based self-help-organisations *from the South to the North* for fighting poverty in the South by shaping pro-poor policies in the institutions of development cooperation in the North.

After ten years, the time was ripe to shift from organising individual EDPs to a permanent programme. For this an institutional basis was created.

### **Indian context**

In the above mentioned process of reorienting the form of German development cooperation SEWA played a critical role together with a number of other self-help organisations by hosting EDP. SEWA conducted its first EDP in 1991 along with the EDP Association for participants coming from BMZ, GTZ and KfW. SEWA Academy adopted this methodology and has used it for its SEWA movement training with groups coming from Universities, NGOs (India and abroad) and networks like WIEGO. For the last several years, SEWA developed its own “SEWA internal EDP” focusing on developing greater closeness with its members. With SEWA’s rapidly growing and diverse membership, the need to develop closer links with members was felt. The goal of the SEWA internal EDP, called “Tana Vana”, is “We – organisers, staff and members should interweave (Tana Vana) our lives,” developing bonds which “bind us to each other.”

### ***How the Cornell-SEWA-WIEGO came about***

“Occasions are the guru of men.” One such the occasion came when in 1999, SEWA and EDP Association could organise an EDP in the context of the preparation of the World Development Report (WDR) 2000/2001 “Attacking Poverty” for members of the WDR team and German MP’s.

In the history of the Exposure and Dialogue Programme, the story of Bhasrabai, SEWA member and sarpanch of the panchayat of Mohadi, written by the Director of the WDR team, Ravi Kanbur, as a result of his exposure experience, plays an outstanding role. Bhasrabai’s story had been chosen among the “Voices of the Poor”, illustrating both “the many facets of poverty and the potential for action”, as stated in the Overview of the WDR.

As in the opening quote of this note, “This is a book to which everyone adds themselves” the core idea of the participatory approach of EDP. Ravi Kanbur facilitated not only the access of Bhasrabai to the WDR, but also being back at his home university at Cornell, the continuing contact with Bhasrabai, SEWA and the WIEGO network, especially Marty Chen and Renana Jhabvala, led to the idea to initiate a dialogue between grassroots-level activists and mainstream labour market economists and thus, the Cornell-SEWA-WIEGO EDP was organised in January 2004.

### **How the EDP at SEWA in January 2004 was transformed and how to design business and issue-related EDP**

#### ***Using Exposure Methodology for Dialogue on Key Issues***

In the process of experiential learning, Exposure and Dialogue Programmes are designed in such a way that the insights gained by the EDP participants during the first phase of the EDP, the Exposure, which is the phase of meeting and getting together with the host lady and her family, essentially determine the content of the following phases of Reflection and Dialogue. Therefore, the main sources of the immersion process in terms of content are the experiences of the participants during their Exposure.

Unlike the classic EDP methodology as practised until now, the third phase of the Cornell-SEWA-WIEGO EDP, the phase of Dialogue, was given its own conceptual basis. This conceptual basis was agreed upon in advance by the three main organizers of the EDP (Ravi Kanbur for Cornell, Marty Chen for WIEGO and Renana Jhabvala for SEWA) and it defined the key issues of the intended Dialogue on employment and labor in the informal sector. The frame for the Dialogue was reflected in the pre-formulated concept note (see Appendix) and in four issue specific introductions during the dialogue session: On labour markets interventions and social protection (Gary Fields, Cornell; Frances Lund, WIEGO), Globalization and second generation Reform in India (Kaushik, Basu) and on free trade theory (Nancy Chau, Cornell)

It was intended that the resulting Dialogue in the Cornell-SEWA-WIEGO EDP would be fed from two sources: from the ground-level experiences of the EDP participants during their Exposure and from the theoretical and conceptual inputs of the mainstream economists and the ground-level researchers and organizers participating in the Dialogue.

In methodological terms the two main sources of experience and insights were initially organized independently: The Exposure and Reflection (on January 11 to 13, 2004) formed one part of the EDP and the Dialogue (on January 14, 2004) the other. The common concern was to ensure that there was scope for the Dialogue in its own right. This EDP design raised two questions:

- How would the two parts of the EDP relate to one another? Would they take place separately and remain separate or would they prove to be mutually stimulating and enriching and perhaps even become one unit?

- Would the intended goal of the Dialogue, “to deepen understanding on both sides of certain key issues “avoiding the familiar stylized debates between radical critics and neo-classical economists” be boosted by the Exposure?

### ***Designing Business and Issue-related EDPs***

With regard to the EDP methodology, the Cornell-SEWA-WIEGO Exposure and Dialogue Programme at SEWA in January 2004 has produced, in my view, extremely important and valuable insights with regard to how to improve the Exposure methodology with the aim of increasing its *structural* impact for the shaping of pro-poor policy.

The experience at SEWA can lead to a new type of “Business and Issue-related Exposure and Dialogue Programmes for key decision and policy-makers.” This new type of EDP is meant to complement the existing types of EDPs, which are mainly concerned with sensitizing and motivating decision and policy-makers for shaping pro-poor policy.

### ***Structure of Business and Issue-related EDPs***

- **Duration of individual EDP:** not less than 4½ days, preferably 5½ days. In the following, the focus is on a duration of 5½ days.

#### **Comments and recommendations:**

- The expected impact of Business and Issue-related EDPs in terms of structural changes for pro-poor policies, concepts and instruments and the necessary change of mindset of the key actors can only be achieved through an intensive learning process. It may be possible technically to shorten the EDP by one day, but the loss in terms of quality will be unavoidable.
- The suggested standard for an EDP of this type may decrease the demand for EDPs and the number of participants. But, in the long run, the demand for EDPs will be more sustainable if the participants and the respective institutions confirm the long-term impact with regard to business and issues.

- **Exposure**

**Duration:** 2½ days including opening and orientation session, 1½ days of exposure with the host lady (participating in daily life and work), two overnight stays in the house of the host lady, traveling to and from exposure locations.

#### **Comments and recommendations:**

- It is recommended that the participants arrive one day before the EDP starts. In the late afternoon of the day of arrival, the participants meet for an introduction to the cultural and philosophical background of the host organization.

- During exposure participants meet a host whose problems and strategies are linked to the specific theme / issues of the respective EDP.
- As far as possible, the participants join in work activities of the hosts related to the issues and theme of the EDP.
- If at all possible, EDP activities are to be linked with ongoing activities of the host organization; for example, a discussion with Commissioner of Labor.
- Experience shows that two overnight stays is the minimum time period required to get a feeling for the host ladies' living conditions and to get an understanding of their struggle.

- **Reflection**

**Duration:** One full day, including individual reflection, group and joint reflection (participants, hosts and facilitators) and an open story-telling session in the evening.

**Comments and recommendations:**

- Experience shows that participants need time for reflection on their exposure experience. This includes in particular 1 to 2 hours for individual reflection
- Reflection and sharing on key events and preparation of key stories also need time
- The joint reflection of all participants should be used for gaining an overall profile of the EDP experiences of all participants and for defining issues and topics for the following dialogue part.
- The main objective of reflection is the deeper understanding of the message of the host lady's life experience; the process of "comprehending", as articulated by Martin Buber, can only be shortened at a very high price!

- **Dialogue**

**Duration:** Two days including evaluation of EDP, reflection on follow-up steps and closing session.

**Comments and recommendations:**

- The critical phase of a business and issue-related EDP is the last part of the EDP, the phase of Dialogue. The participants are challenged to combine the learning from their exposure with their professional knowledge as incentives for further action.
- A very important element of support are *specific inputs* for structured discussion at group level, but there should be enough time for open individual exchange, especially during the break (at least 30 and up to 45 minutes per break).
- The experience with especially the Cornell-SEWA-WIEGO EDP is a convincing demonstration that these little details (enough time for reflection and for open dialogue among the participants; issue-specific high standard inputs) are part of the success factors for business and issue-related EDPs.

## *Recommendations for shaping the organizational process*

- **Preparation of EDP**

- The decision at policy level about organizing an EDP should be taken not less than 9 months in advance by the organizers.
- Within three months' time a basic conceptual note should be jointly elaborated between the organizing partners. The basic note includes: objectives, expected results, specification of fields of interest, number and categories of participants.
- Issue-related selection of host ladies: The most critical criterion for selection is the significance of the host lady's problems, life story and strategy with regard to the specific focus and issues of the EDP.
- Elaboration of host lady's family and business profile by the host organization.
- Selection and briefing of senior and junior facilitators and hosts.
- Preparation of specific issue papers as inputs for the discussion during the Dialogue part of the EDP and selection of the respective resource persons who, if possible, will participate in the EDP.

- **Follow-up process**

- The basis of a sustainable follow-up process is the commitment of the participants and the respective EDP partners to be ready to participate in a follow-up process. This aspect, including institutional and individual follow-up steps ("to think and write" about the EDP experience) is indeed an integrated part of an EDP.
- An important instrument for the implementation of the follow-up process is an issue-related report which analyzes the main learnings and consequences for daily business, and, for research on issues.

## **Designing Dialogue-focused EDP**

### *Learning about methodology*

The main elements for a useful issue-based EDP are:

- **A basic conceptual note agreed upon by the EDP partners:**  
This is a written formulated description of jointly defined issues, objectives and expected results, with a commitment to dialogue, including in areas of disagreement.
- **Fields of experience**  
Issue-related, long-standing program activities of the host-organisation.
- **Selection of host ladies and families**  
Issue-related activities of hosts, significant experiences in terms of typical situation, struggle and achievements.

- **Integration of Exposure in ongoing activities of host organisation**  
Issue-related selection of concrete events which link struggle of host lady which policy strategy of host organisation for changing frame work conditions, e.g. participation in a session of labour court.
- **Elaboration of life stories**  
Issue-focussed life stories, for example, elaboration of an “insurance life story” in an understanding of an integrated development approach.
- **Composition of EDP participants**  
Issue-related selection of “dialogue-minded ” participants, representing major “schools of thought”, research disciplines, (including controversial positions) and especially representing ground-level realities, as well as mainstream macro-politics and economics.
- **Two-sources approach to Dialogue**  
Issue-related Dialogue will be enriched through two sources of experience: the exposure experience of each of the EDP participants, and specific issue-related inputs of participants during the Dialogue.
- **Linking exposure-experience with dialogue**  
Planning enough time for individual and group reflection on all aspects of the exposure-experience in the design of the EDP, and for drafting issue-specific key stories.
- **Sharing exposure experiences and reflections**  
Structured issue-oriented Dialogue in plenary, but planning enough time for informal free exchange among participants
- **Publication of conceptual results**  
Analysing the learning in terms of issue-related content and methodology, including elaboration of perspectives on consequences and follow up steps.

These ten points may serve as a kind of a guideline and as a terms of reference for designing the Dialogue. They are to be adapted to the individual EDP and its specific circumstances. They emerged from our hands on experiences and especially from the Cornell-SEWA-WIEGO EDP at SEWA in January 2004.

### ***Learning about a culture of dialogue***

The inner logic of the use of dialogue in the Cornell-SEWA-WIEGO EDP was aimed to deepen the understanding of both sides on certain key economic issues: “The hope is that the ground-level activists and researchers will come away from the EDP with a better understanding of neo-classical economic theory so that they can better formulate and frame their own analysis and advocacy; and that the mainstream economists will come away from the EDP with a better understanding of the ground-level perspectives on

key assumptions of mainstream economics so that they can better formulate and frame their own analysis and theories.”

From the experiences and reflections of the participants came some insights confirming experiences regarding the use of dialogue:

- True dialogue requires openness of mind and heart in order to meet the poor as people, and not as faceless objects.
- Dialogue is the discovery of mutual convergence on a meeting point from which to view the same reality. It is also the discovery of one’s own unique way of grasping a situation.
- True dialogue requires a disposition to share information, to share resources, to share our lives. It offers alternative perspectives that are creative, devoid of pressures and manipulation.
- Dialogue can be a collective means to create “social energy.” Its true products are cooperation and commitment towards common goals. In addition, it strengthens one to cope with reality.
- Every act of true dialogue carries with it the possibility for a genuine agreement on common ends and values, and to find a way to continue a serious dialogue especially on areas of disagreement.

### ***Learning about the combination of “Exposure” with “Dialogue” on issues***

The combination of the two elements in the Cornell-SEWA-WIEGO EDP, the “Exposure” with a “Dialogue” on issues “in their own merits”, illustrates that ‘Exposure’, in its deep sense of personalization, was both the precondition as well as a dimension of the following dialogue process.

The process of personalization and dialogue took place in the different phases of the EDP and at different levels:

- In the individual Exposure groups - the core cells of any EDP – where two of the participants, one from Cornell, one from WIEGO, met with the host lady, facilitated by facilitators and co-facilitators of SEWA.
- In the joint reflection on the individual exposure experiences together with the host ladies.
- In the structured Dialogue in plenary, as well as in the informal exchange.

There was a genuine understanding among all participants and facilitators, that the common focus was the host ladies whom the participants met. This was the strength of

the EDP. The Cornell-SEWA-WIEGO EDP illustrates that true dialogue even on controversial issues can happen, if the participants share common concerns and are open to mutual learning and exchange.

**Karl Osner**



## **Appendix**

### **Objectives of the Cornell-SEWA-WIEGO EDP**

**Martha Chen  
Renana Jhabvala  
Ravi Kanbur**

## **CORNELL-SEWA-WIEGO**

### **Exposure and Dialogue Program**

#### **OBJECTIVES**

The basic objective of the Cornell-SEWA-WIEGO EDP at SEWA is to start a dialogue between mainstream economists, SEWA activists, and WIEGO researchers around key assumptions of neo-classical economics – and neo-liberal economic policies - which “trouble” ground-level activists and researchers working on issues of employment and labor.

As planned, the Cornell-SEWA-WIEGO Exposure Dialogue Program represents an opportunity to expose mainstream economists to ground-level realities (of selected SEWA members) and ground-level perspectives (of SEWA organizers and WIEGO researchers) and to expose ground-level activists and researchers to key assumptions and concepts of mainstream economics. The hope is that the ground-level activists and researchers will come away from the EDP with a better understanding of neo-classical economic theory so that they can better formulate and frame their own analysis and advocacy; and that the mainstream economists will come away from the EDP with a better understanding of the ground-level perspectives on key assumptions of mainstream economics so that they can better formulate and frame their own analysis and theories.

In the long run, the objective is to find a way to continue the dialogue to deepen understanding on both sides of certain key economic issues. The intent is to avoid the familiar stylized debates between radical critics and neo-classical economists and to enter into a serious dialogue.

The dialogue will focus on certain key issues that often seem to divide mainstream economics and ground level activists, especially those working on issues of employment and the informal sector. Issues on which SEWA-WIEGO and mainstream economists tend to agree—for example, reforming regulations to allow informal sector activity to expand, or deregulating the forestry sector or the insurance sector—will form the backdrop to the dialogue but will not be at the forefront of the discussion. Areas of disagreement can be classified under two broad headings.

#### **1. Labor Market Interventions**

SEWA-WIEGO, while recognizing the imperfections of current labor market interventions, are basically supportive of them. Mainstream economists, while recognizing that there are conditions under which certain labor market interventions could be beneficial to the poor, are skeptical that these conditions are met in practice, and they point to the practical failures of key interventions as evidence. This area is a central one for dialogue, and the one where there is likely to be most disagreement between. The following pieces of legislation can be looked at:

\* Minimum Wage Legislation. In the basic neoclassical model this causes unemployment and hurts the poor. While neoclassical economists recognize that their model assumptions could be changed to reverse this result, they are skeptical that these conditions are met in practice.

\* Social Protection through employer contributions. Neoclassical economists tend to be skeptical of mandated benefits because in their models it is the poor who ultimately bear the costs through (i) unemployment as formal sector employers reduce labor demand (ii) through crowding of the informal sector as these unemployed workers enter the informal sector and (iii) through firms becoming informalized and thus outside the legal sphere.

\* Trade Union legislation. Again, neoclassical economists are instinctively suspicious of trade unions. In the simplest neoclassical model with competitive labor markets, unionization causes unemployment. Trade Unions are associated with undesirable legislation like that on hiring and firing, and they are seen as privileging “insiders” in the formal sector at the cost of “outsiders”, those who end up in the informal sector because of job reductions caused by Unions. While SEWA-WIEGO have called for reform of trade unions in the formal sector, they see trade unions as a necessary countervailing power against employers and their associations.

## **2. Trade and Foreign Direct Investment**

Mainstream economists are instinctively for greater openness in trade and investment. But many of them (including the Cornell group) take a nuanced view, arguing for compensating policies of different types to address adverse effects. SEWA-WIEGO also takes a nuanced view. So here the question is not so much one of sharp differences but sharpening up what exactly is entailed in a nuanced middle position. Three specific cases to look at are:

\* Textiles and garments in Ahmedabad. Should the textile liberalization, which decimated the industry in Ahmedabad and caused tremendous problems for the husbands and sons of SEWA members, have been undertaken? Could the textile liberalization have been done any differently? In what sense does the expansion of garments for export compensate for the reduction in textile jobs?

\* Export Promotion Zones. These are often seen by ground level activists as being routes to avoid labor legislation and other restrictions.

\* Child labor and the “race to the bottom” in trade competition. Many activists have argued that open competition in trade worsens the conditions of child labor as governments and employers look for competitive advantage. Many neoclassical economists tend to be skeptical of the more sweeping forms of child labor legislation, and in any case believe that the growth brought about by trade is the surest way to reduce child labor, especially in a setting where child labor legislation is weakly implemented and leads to corruption.

Underlying disagreements on these specific policy issues are a number of issues of perspective, framework, models and assumptions. These can be classified under a third heading:

### **3. The Framework of Neoclassical Economics**

Ground level activists often seem to have a different framework, and perhaps a different reality, in mind when they confront neoclassical economic analysis. These differences underly the differences in policy advocacy that are seen in national and international debates. Ground level activists might pose a series of questions to mainstream economics:

\* Why does neo-classical economics tend to separate issues of efficiency/growth (as the target of economic policies) from issues of distribution/equity/poverty (as the target of social policies)?

\* Why asymmetry of information, but not of power, is recognized as creating market distortions?

\* Why employment per se is not an objective of policies, and is not seen as a key causal pathway between different patterns of growth/trade liberalization and poverty outcomes?

Mainstream economists (especially the Cornell ones) might respond that these issues are indeed addressed, at least in some parts of mainstream economics. But the fact that activists have this perception of neoclassical economics, especially in its policy prescriptions, means there are issues to be discussed.

### **PLAN**

In the tradition of EDP, participants will be exposed to the realities of informal sector women's lives, and the dialogue between Cornell-SEWA-WIEGO will be based on this exposure. The exposure will be designed to highlight the key issues to be discussed, especially under headings 1 (Labor Market Interventions) and 2 (Trade and Foreign Investment) above. Issues under heading 3 (The framework of Neoclassical Economics) are generic and will be addressed throughout the EDP. The overall timetable looks as follows.

#### **Saturday, January 10**

Outside participants arrive in Ahmedabad.

#### **Sunday, January 11**

Morning: SEWA orientation in SEWA Academy. Discussion of objectives and expectations.

Afternoon: Departure for SEWA members' homes.

**Monday, January 12**

All day with SEWA members.

**Tuesday, January 13**

Morning: Travel back from SEWA member's homes.

Afternoon: Reflection with host ladies

**Wednesday, January 14**

All day. Dialogue.

**Thursday, January 15**

Morning: Dialogue.

Afternoon/Evening: Outside participants depart.

**Martha Chen  
Renana Jhabvala  
Ravi Kanbur**

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Renana Jhabvala has an MA in Economics from Yale University. She has been with SEWA for over 25 years and is presently National Co-ordinator responsible for spread of SEWA to the national level. She is also Chair of SEWA Bank, President of SEWA Bharat, and a founder member of WIEGO. Her most recent book was *Informal Economy Centrestage: New Structures of Employment* (Sage Publications, 2003) Co-edited with Ratna Sudarshan and Jeemol Unni.

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## **Acknowledgements**

The EDP participants would like to acknowledge the tremendous administrative support provided by the staff of the SEWA Academy, Marais Canali (WIEGO Network Manager), and Susan Snyder (Administrative Assistant, Cornell University). Financial support is also acknowledged from the Ford Foundation, the Rockefeller Foundation, and from Cornell University's Poverty, Inequality and Development Initiative.