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PRECARIOUS EMPLOYMENT IN METROPOLITAN AREAS:  
A QUALITATIVE COMPARATIVE ANALYSIS TO IDENTIFY CAUSAL PATHWAYS  
TO PUBLIC POLICIES

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ELIZABETH MARIE O'CONNOR

DIRECTORES DE LA TESIS:

DRA. CLAUDIA MALDONADO Y DRA. GRACIELA BENSUSÁN

LECTOR:

DR. MANLIO FELIPE CASTILLO SALAS

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## **Abstract**

There is a growth of precarious employment in many global metropolitan areas, as the effects of the gig economy, outsourcing, sub-contracting and other non-traditional and precarious employment practices spread through urban labor markets. Moreover, global cities are growing in population and generating new employment faster than other areas. As a result, cities are generating social costs faster than their ability to generate fiscal revenue, creating dilemmas for metropolitan governments. While some metropolitan governments have created labor policies to address growing precarious employment, others appear to take little or no policy action; and there have rarely or never been studies on the decision-making process to address precarious employment at the level of metropolitan cities, despite their importance in addressing this increasingly significant policy challenge. This study employs a mixed models method in eleven global gateway cities, first using Qualitative Comparative Analysis (fsQCA) to look at issues of local agency, political and structural tendencies, and social actors, particularly trade unions, to understand what casual recipes lead to the decision and how the decision unfolds as governments and different models of trade unionism interact. We find that there are two causal pathways to a policy decision to protect workers from precariousness. One, more top-down in process, relies upon the presence of a pro-worker government, local agency over policy-making and a poor labor market; the other, more bottom-up, upon the presence of a pro-worker government, local agency over policy-making and the presence of social movement unionism. The study next does process-tracing for two successful examples where cities chose to develop a policy on precarious employment, in Mexico City and Los Angeles, each of which represents one of the two causal pathways. Finally, the study adds a short reflection on the impact of the COVID-19 pandemic on precarious employment in each city, as well as the new policies each city has taken to deepen its support of precarious workers during this time.

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# 1 INTRODUCTION

## 1.1 Introduction

There is a growth of precarious employment in many global metropolitan areas, as the effects of informality, the gig economy, sub-contracting and other non-traditional and precarious employment practices spread through urban labor markets (ILO 2016a). Moreover, global cities are growing in population and generating new employment faster than other areas (Kabbani 2018). As a result, cities are generating social costs (for housing, education, health, and other issues) faster than their ability to generate fiscal revenue, creating dilemmas for metropolitan governments (Friedmann 1986), yet how cities are responding to these policy challenges, and why they choose to do so, remains understudied. Some cities have developed policies to address this problem – for example, Delhi has raised its minimum wage and improved conditions for sub-contracted city workers (NCT, 2018), as has Los Angeles (LA OWS 2017); while Sao Paulo has developed an innovative policy to measure and ameliorate social exclusion (Shah et al. 2015) and Mexico City’s new constitution mentions significant new labor rights for all employment modalities (CDMX 2018). However, while some local and metropolitan governments have created labor policies to address growing precarious, casual and otherwise sub-standard employment, others appear to take little or no policy action. While the decision-making process for public policies has been examined extensively,<sup>1</sup> including, to an extent, as relates to employment quality,<sup>2</sup> there have rarely or never been studies on the decision-making process to address precarious employment at the level of metropolitan cities, despite their importance in addressing this increasingly significant policy challenge.

Drawing upon past studies of policymaking as relate to issues of precarious end non-standard employment, this study identifies a number of factors that may lead metropolitan

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<sup>1</sup> See, among others: Scartascini et al. 2011; Murillo et al. 2006; Spiller et al. 2008; Machado, Scartascini, and Tommasi 2011; P. A. Sabatier and Mazmanian 1980; Lasswell 1951; P. A. Sabatier 1991)

<sup>2</sup> See, among others: Bensusán and Temkin 2014; O’Connor 2014; Bensusan and Carillo 2010; Mosley 2010a



governments to regulate precarious employment, including issues of local agency, political and structural tendencies, and social actors, particularly trade unions, which may combine in different casual recipes to lead a city to take one or more policy actions to address precariousness. We use a mixed-models method of quantitative and qualitative analyses to examine the institutions and actors that shape this decision for eleven governments of global metropolitan cities to address the effects precarious employment (See Table 1). Qualitative Comparative Analysis (fsQCA) is employed to look at the jurisdictional and political conditions of this set of eleven global gateway cities, which tells us what factors lead to the decision, and then process-tracing for how the decision unfolds as governments and different models of trade unionism interact. We find that there are two causal pathways to a policy decision to protect workers from precariousness. One, more top-down in process, relies upon the presence of a pro-worker government, local agency over policy-making and the absence of active unions; the other, more bottom-up, upon the presence of a pro-worker government, local agency over policy-making and the presence of strong, social movement model trade unions.

**Table 1: The Eleven Selected Metropolitan Areas**

<b>Metropolitan Area</b>	<b>Country</b>	<b>Population</b>
Delhi	India	26.0
Guangzhou	China	25.0
Istanbul	Turkey	14.8
Johannesburg	S. Africa	7.8
Los Angeles	United	18.8
Mexico City	Mexico	22.0
Miami	United	6.1
Santiago	Chile	7.0
Sao Paulo	Brazil	21.2
Shenzhen	China	23.3
Warsaw	Poland	3.1

Source: Data from (J. L. Trujillo and Parilla 2016)

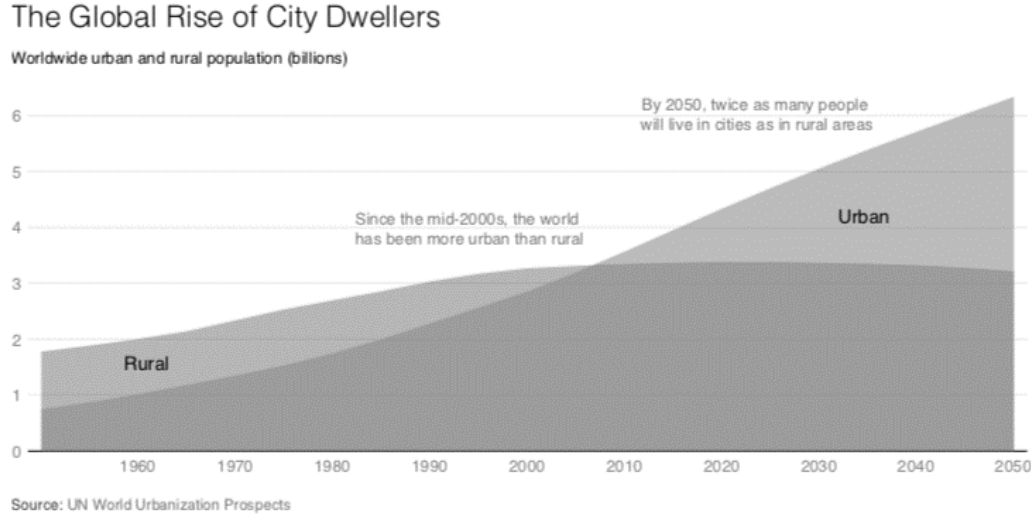
## **1.2 Significance as a Public Problem**

### **1.2.1 Why be concerned about employment in metropolitan areas?**

The world's economy is growing, with cities generating much of its wealth, as has been the case for decades (Jacobs 1969). The world's population is also becoming increasingly urban, especially in emerging economies, while the benefits of economic growth are being distributed in an increasingly unequal manner (ILO 2016b; Francese and Mulas-Granados 2015; OECD 2016). These trends have implications not only for workers but also for their governments and their economies. Today, global gateway cities have the world's highest rates of economic growth, and of job growth (ILO 2016b; Jacobs 1969; Kabbani 2018; Parilla 2015; J. L. Trujillo and Parilla 2016), meaning that employment policies in metropolitan areas affects large segments of the global workforce.

While in 1950, about 28% of the world's population lived in urban areas, today one in five people lives in a city with over one million inhabitants and nearly 55% of the world's population is urban. That number is projected to reach 68% by 2050 (UN 2018). The world economy grew an estimated 3.1% in 2015 (ILO 2016b) with metro centers as the drivers of much of this growth. The largest 123 metro economies have about 13% of the world's population while producing nearly 80% of the global economic output (J. L. Trujillo and Parilla 2016). In 2014, one third of the world's largest cities were "pockets of growth," with both faster GDP per capita and economic growth than their respective national rates; even more cities registered faster growth on one of these two indicators (Parilla 2015). In all, much of the world's global activity is concentrated in its urban areas, however, metro areas also show the most variation in economic performance, with wide differences depending on development stage, region and dominant industries (Parilla 2015). See Figure 1.

**Figure 1. The Global Rise of City Dwellers**



Source: (UN 2018)

Metropolitan areas with the fastest growth rates overall were concentrated at “gateway” cities, those that are serving as hubs for the global economy. Gateway cities in emerging economies, as major business, financial and transportation hubs for regional markets, are driving global economic growth and account for 80 percent of the 60 best-performing metropolitan areas (Kabbani 2018). These are fast growing, national and regional hubs where job growth is occurring more rapidly than in the rest of the world, where employment policy has the potential to impact the greatest number of workers. Migration patterns mean that large number of workers are entering these cities each year looking for work (Friedmann 1986; Ilkkaracan 2016). Moreover, employment in the gig and platform economies have grown as fast as 25% a year in urban areas, according to some reports (Lowrey 2017). In other words, policies enacted in these cities to address precarious employment will affect one of the largest and fastest-growing segments of precarious employment across the globe. The eleven cities examined in this study all fall in this category, in an effort to understand the decision-making process in this important, yet understudied, level of government as relates to labor and employment policy.

### 1.2.2 Why be concerned about precarious employment?

Meanwhile, inequality is higher and growing more quickly in cities than in non-urban areas (OECD 2016), due to trends in skills distribution and the division of labor in the new

global economy. Wage growth has decelerated in recent years, falling from 2.5% to 1.7% in 2015 (ILO 2016b). Wages have not kept pace with rising productivity levels in most countries, and the IMF (2018) has found that the deregulation of labor protections has led to a decline in the labor share, and contributes to inequality. In addition, there are growing levels of wage inequality across the globe, due not only to differences in skills, education and other worker characteristics, but also in part to differences among and within workplaces (wage polarization and modes of contracting in high-skill and low-skill industries, restructuring, outsourcing and other workplace characteristics) contributing to slow and uneven wage growth (ILO 2016b; Mishel, Schmitt, and Shierholtz 2013; Autor 2019). The “fissured workplace,” with increased outsourcing and fragmentation of operations has also led to declining labor standards (Weil 2011), both in traditional manufacturing firms, as well as advanced producer services, such as law firms and accounting (Noguchi 2018a).

In addition to wage levels, other employment quality indicators show that precarious and informal employment remains high in some regions and is on the rise in others (IDB 2004; ILO 2002) along with non-standard employment practices (ILO 2016a). Some estimates in the United States predict that half the workforce will be engaged in gig work, contract or casual work in some manner by 2020, either as a secondary source of income or primary job (Sullivan 2019). This has serious implications for both workers and government, particularly local governments.

For workers, poor job quality means less or no access to health care, retirement funds and social services. Non-standard and informal employment is likely to mean less income, more precariousness and greater vulnerability in the case of family emergency or illness (Drache, LeMesurier, and Noiseux 2015), and as both older and younger workers are the most likely to be employed in this manner, the most vulnerable workers are the least covered (García-Verdu, 2007; Mahoney, 2008). Even when non-traditional work arrangements are well-paid, the “anxiously employed” face income volatility that makes it difficult to plan for the future, to invest in a career or education or to start or expand a business (Donahue, McDearman, and Barker 2017; Hendrickson and Muro 2018).

For governments, precarious and informal employment often means less revenue with which to sustain social programs or to finance collective solutions to social problems. Cities in the Global South often have fewer public resources per capita to begin with, and precarious,

sub-contracted or other alternative work arrangements often replace other employment with the intention, or at least effect, of avoiding fiscal, social and tax obligations. Uber, for example, has presented a challenge to local governments who rely on taxes from local drivers, taxi and bus companies to maintain public roads (Flint 2018). In addition, there is a well-studied “vicious circle” between informal and low wage work and low productivity levels (Maloney 2004). Workers without access to health services or social protections tend simply to be less productive and firms on the border of formality, with low labor costs, have few incentives to invest in worker training or to acquire new production technologies, opting to compensate with a larger, more contingent but less productive workforce. Lower productivity slows economic growth and in turn, the ability to raise tax revenues.

This effect of sub-standard employment is often felt first and most acutely at the local level, in the form of lower public revenues coinciding with the need for higher spending on social services. Global metro areas, therefore, are grappling not only with matters of economic growth, but also with the need for inclusive growth and the creation of quality employment. Donahue et al (2017) find that high levels of precarious employment acts as a drag on metropolitan economic growth and that the effects of inequality are felt more acutely at the local level, having a negative effect on local business.

### **1.2.3 Why be concerned about policy-making and precarious employment in metropolitan areas?**

Given the role of cities and metro areas as drivers of economic and job growth in many regions, and as major population centers, it is important to consider their role in addressing the public problem of precarious or sub-standard employment. Many cities continue to focus on a particular vision of being a global city, competing for corporate headquarters and advanced producer services through low wages and few regulations, in the assumption that this will lead to broad-based-economic growth (Holder 2018; Jones and Zipperer 2018). However, there are some cities that have been leaders in developing policies to better regulate employment practices and to protect informal and precarious workers while also ensuring that public resources support inclusive economic growth and quality employment (Donohue, McDearman and Barker 2017). In most cases, these policies are fledgling or piecemeal efforts; most cities have yet to develop a comprehensive labor policy to regulate all aspects of the emerging gig economy and non-

traditional employment. On balance however, metropolitan governments have been quicker to recognize changing employment patterns as a policy issue and have been more responsive than most national governments, which in recent years have often been faced with political division and paralysis. Given the immediacy of the jobs issue for many metro governments, as well as their increasing autonomy and leadership in developing policies that regulate or influence workplaces and enterprises locally, along with a greater presence on the global stage (Harkness et al. 2017), local governments have at times been innovators in connecting economic development and employment policy in ways that will shape how the new economy is successfully managed to the benefit of all.

### **1.3 Policy Solutions: What can be done about precariousness?**

While this research is focused on the *decision* to regulate precarious employment, rather than policy solutions per se, it is helpful understand at the outset what types of policy action has been recommended or implemented, in other words, what sorts of policy options are available to metropolitan governments. The industries of global cities are competing in an environment of rapidly changing employment patterns while most labor regulations are designed for more traditional labor markets (Harris and Krueger 2015; ILO 2017; Sassen 2011; Stewart and Stanford 2017; ILO 2011) and in most cases labor law falls under national jurisdiction. Nonetheless, many global cities have developed innovative policy responses in the absence of action nationally - these measures may include local minimum wage increases, improved local enforcement of labor regulations, expanding social protections to vulnerable categories of workers, responsible contracting policies to hold public sector contractors accountable to higher labor standards, and others. City and local governments may affect employment quality at several levels – they are usually significant local employers; public resources are used to contract services and build infrastructure and federal labor regulations are implemented and enforced by local agencies. Also, much of the licensing and fiscal regulation of companies in the platform and gig economies is carried out locally.<sup>3</sup>

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<sup>3</sup> See: “*When Calling an Uber Can Pay Off for Cities and States*” by Winnie Hu, New York Times, Feb 8, 2018. <https://www.nytimes.com/2018/02/18/nyregion/uber-lyft-public-transit-congestion-tax.html>

Given the multiple manifestations of precarious work, and its various causes, what policy solutions exist to the problem of precarious work? Indeed, given the characteristics of some types of precarious work that some workers find desirable - such as having flexible hours or being self-directed – should policy-makers attempt to eliminate all precarious work? What makes precarious employment a public problem are the negative effects of precarious conditions for workers, their families and for governments. Low wages, poor protection from termination of employment, a lack of access to social protections and benefits usually associated with full-time standard employment and a limited access of workers to exercise their rights at work, often due to a lack of clarity about the employer or unclearly assigned legal responsibility for working conditions (ILO 2011) are conditions that should be addressed by policy-makers to ensure that the growth of precarious employment is not a public problem. Overall, regulations should ensure that self-employment and casual work is not a way to evade the law, and to ensure that basic social protections and the right to organize are protected.

Some argue that precariousness is best addressed by deregulating labor markets, as employment regulation only affects those “inside” standard or formal employment relationships, and that more regulation is likely to push more workers into the realm of informal, unprotected work.<sup>4</sup> The solution, therefore, is to delink social protections from work, creating universal health and retirement programs, or even establishing universal basic income (Standing 2011). The counter argument to this is that such universal policies, while egalitarian, depend on government funding, are costly, and may change or be undone as governments change. Rubery (2015) argues that while these policies are necessary to include those workers traditionally excluded from formal labor markets, such as domestic workers and the informal parts of the economy, policy solutions must also require that employers face social obligations for a broader range of workers and employment relationships. The ILO (2011) also advocates for a set of policies that “...protect workers *in* precariousness and protect workers *from* precariousness” (ILO 2013), encompassing both economic or social macro solutions along with legal reforms

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<sup>4</sup> As described by Rubery (2015), mainstream economists from the OECD, WB and others first argued for deregulation of labor markets to make them more efficient. However, as that argument found little evidence over the years, the insider/outsider argument gained prominence, arguing that employment regulations created a small, protected insider class of workers while a larger outsider groups were left out.

that close loopholes that allow employers to evade responsibilities for their workers with atypical or triangular employment relationships. The pragmatic approach of most metropolitan governments means that *if* they have decided to take policy action in this arena, they have looked at both government and employer obligations for solutions. While an integral policy would include both, in most cases policy-making has been driven by local circumstances and actors and what has been considered either most urgent to address, or most feasible. For this study, we will group the actions into four main areas of employment policy to protect precarious work, which may take on various forms and be implemented to various degrees (See Figure 2).

### **1.3.1 A local minimum wage policy or a living wage policy**

This addresses the problem of low wages by setting a floor for wages for workers above the national minimum wage, if there is one. While wage policies most directly impact income for formal or traditional jobs, there is almost always also a direct or indirect impact on non-traditional employment as well, depending on the nature and scope of the wage policy (Boeri, Garibaldi, and Ribeiro 2011; Groisman et al. 2015). Lee and Sobeck (2012) find that raising the minimum wage reduces the problem of low-paid employment, as long as the minimum wage is set within the range of 50-72% of the median wage level. In the United States, 44 cities or localities have raised their local minimum wage for all workers. Seattle and other cities have also sought to address low wages for traditionally informal workers by passing a Domestic Worker Bill of Rights which sets a minimum wage for domestic workers, regardless of their contract status or number of employers (Sullivan 2019).

### **1.3.2 Expanding social benefits, health care, or pensions to precarious workers**

This addresses the problems of a lack of access to social programs and protections and, to an extent, the lack of protection from termination of employment or employment volatility. In general, this refers to policies that provide access to health care and pensions for workers outside traditional employment relationships. For example, the Black Car Fund in New York City provides limited health and unemployment benefits to self-employed taxi, limo and shared-ride drivers through a city-imposed surcharge on all hired car rides (Noguchi 2018b). In a similar way, Washington State is considering establishing a portable health fund for temporary, contracted, and other workers who are not classified as employees. This would require all



agencies or platforms to pay 5% of wages or \$1/hour (whichever is lowest) into a portable fund for workers to use to cover healthcare.

### 1.3.3 **Regulatory reforms**

These may address any of the problems of precariousness, but especially problems of a lack of access to social programs and protections, the lack of protection from termination and the lack of clarity about who is the employer. These could include creating improved regulations on the use of sub-contractors, improved fiscal inspections, or incorporating domestic workers and other excluded classifications into existing labor laws (Novick 2014). In Buenos Aires, Seattle and other cities, domestic workers have been incorporated into labor law by establishing their status as employees, while the state of California has sought to stop the misclassification of workers as self-employed after legal challenges by workers' advocates (Madland and Rowell 2017; McNicholas and Poydock 2019). California bill S280.3 also establishes joint liability for clients if temp agencies or contractors fail to pay wages, giving contract or temp workers greater legal protection (Blasi and Bair 2019). In Los Angeles, cash-strapped local labor inspectors have formal agreements with unions and worker advocates in particular sectors, to assist in inspecting labor sites and identifying non-compliant employers, improving enforcement (MCTF 2004).

### 1.3.4 **Public spending reforms**

In addition to its role in regulating employment, metropolitan governments also generate employment, either directly or indirectly through their hiring, contracting, public works and other programs. Public spending reforms strive to use public resources in a way that reduce or eliminate precarious conditions in particular labor markets. Examples include developing responsible contractor policies for public contractors for goods and services, establishing project labor agreements (PLAs) for public works projects or connecting economic development subsidies to job quality standards (Bibby 2012; Kotler 2009; O'Connor 2014). Walter and Madland (2018) also recommend using local power to license and permit businesses and construction projects to improve working conditions, which can include expediting permits for those with a history of compliance with labor (and other) standards, while requiring bonds or other protections from those with a history of poor practices. For example, Austin, TX developed an expedited permitting process to assist small construction businesses with the

complex process, but requires that program participants provide evidence of a history of compliance with labor regulations (Neely 2017).

**Figure 2. Policy outcomes: Four main areas of employment policy to protect precarious workers**

1. Local minimum wage policy (or living wage policy)
2. Expanded social benefits, health care, or pensions
3. Regulatory reforms
4. Public spending reforms

Source: Own elaboration.

In addition to these specific policy actions, precariousness in employment is also countered by having a collective voice representing workers in the policy process. Collective bargaining is directly linked to reducing low pay (Lee and Sobeck 2012; Oosthuizen 2012). As the traditional labor movement is largely confined to traditional models of employment, many precarious workers find themselves on the “outside” of what Rubrey (2015) terms an inside/outside game in regulating precarious work. Few existing trade unions represent workers in informal or non-standard employment, and the same forces that now drive the precarization of the previously stable jobs have also led to shrinking membership numbers and declining power for unions. Therefore, it is also important to develop sustainable mechanisms for the precariat and otherwise unrepresented workers to organize and participate in creating an integral policy of “deprecarisation” (ILO 2011). As noted by a recent report from the ETUI, while digitalized, sub-contracted and fragmented labor markets present new obstacles for organizing and mobilizing workers, they are also more interconnected, thereby challenging trade unions to find new ways of organizing and using technology and legal strategies to reach unorganized workers (Coulter 2018).

Overall, while informal employment and casual work have long presented challenges to labor institutions and governments, newer forms of precarious employment that are fast growing, especially in metropolitan areas, are creating significant challenges for local governments who are grappling with the effects of workers who lack basic social protections, have volatile and insecure incomes and who fall outside traditional employment schemes. There

are numerous ways in which a metropolitan government may address these challenges, some approaches involve increasing universal social safety nets while others require employers to assume responsibility for broader groups of workers. Here we have described four of the most commonly found policy areas – increasing the minimum wage, expanding social protections, regulatory reforms and public spending reforms, which we will use to quantify and measure our outcome, the degree of policy action, in the cities we investigate.

#### **1.4 Research Questions and Hypotheses**

Given the role of global metropolitan areas as drivers of economic growth and job growth, this dissertation seeks to understand the decision-making process of metropolitan governments in addressing -or not addressing- the problem of precarious employment. The research question it seeks to answer is:

1. Given the range of actions available to a metropolitan government, why have the governments of some global metropolitan areas adopted policies to promote quality employment and address the effects of precarious employment in the past decade (Jan 2009 - Jan 2019<sup>5</sup>, <sup>6</sup>), while others have not?
2. *What* are the causal factors that lead to the decision and *how* do these factors play out?

We will answer this question by using qualitative comparative analysis and case studies in a set of eleven global cities that are regional economic hubs (see Table 1). We start with the initial assumption that metropolitan governments take policy action on job quality and precarious employment when the issue is successfully moved from the public agenda to the

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<sup>5</sup> There have been elections in three cities (Istanbul, Johannesburg and Delhi) since March 2019. For practical reasons, this study draws its limit at January 2019, to include the recently elected governments of Mexico City (which took office Dec 2018) and Sao Paolo (which took office in Jan 2019), but not those Administrations elected after January 2019.

<sup>6</sup> This study was conducted before the onset of the COVID 19 global pandemic and the accompanying economic crisis, which has impacted all aspects of the global economy, including global cities. While it is premature to assess how the current pandemic will impact policy decisions on precarious employment, and such a reassessment would be beyond the scope of this study, preliminary evidence implies that the pandemic is reinforcing the growth of precarious employment, but also underlining the importance of addressing the needs of precarious workers. We note some examples of this in Mexico City and in Los Angeles in the case study chapters.

governmental agenda (Casar and Maldonado 2008), which depends on the institutions and actors in policy-making and the restrictions and interests that they bring to the policy process (Spiller et al. 2008). As with any complex, multi-causal policy problem, there are a large number of antecedent conditions in any given city which may precede a policy decision, and we must look to both theory and empirical observation to narrow down to those most relevant. In this case, while the study of public policy is multidisciplinary, drawing upon a wide range of academic fields, the subsystem of labor and employment policy is largely rooted in the fields of political science and economics, and it is there that we turn when identifying elements of interest among the potential social, economic and political characteristics that shape the policy-making and decision-making agendas of local governments.

As described in greater detail in Chapter 2, in the matter of decision-making, we will use the framework of the political game, which focuses on institutions, actors and their incentives, to structure and give order to an array of theories about what factors are most important in leading any government, in this case a city government, to confront precarious employment. As such, we select causal factors drawn from past studies of the policy-making process as it relates to employment policy. Katz and Nowak (2018) and Harkness et al.(2017) have pointed to the importance of jurisdictional questions and how a local government uses the jurisdiction within its discretion. Bensusan and Carillo (2010) and Mosley (2010a) the political orientation of the government filters the effects of the labor market and structural factors, while O'Connor (2014) looks at the role and power of trade unions in the policy-making process. Others have studied whether the progression of a metropolitan area into an advanced producer service-based global city leads to a high-wage, high-skill jobs mix and economic growth (Zhang 2009; Sassen 1991; P.J. Taylor 2011). Based on these and others, as well as empirical observation of the eleven cities, we set forth four hypotheses. The first two hypotheses speak to *what* conditions or causal factors lead to a decision to regulate precarious employment.

Hypothesis 1: When a metropolitan government has agency over its labor and employment policies, it is more likely to regulate precarious employment.

The agency of the government is understood in two dimensions. First, there are the formal, informal and quasi-formal powers and jurisdiction of a metropolitan government, which Feiock, Moon, and Park (2008), Harkness et al. (2017) and Katz and Nowak (2018) all note as

being associated with the presence of public policies to address local economic develop, issues of employment and related complex policy matters that may not always be within the formal mandate of the government but over which a city government may nonetheless have significant impact. Nevertheless, when labor laws are exclusively federal jurisdiction, which both limits the range of actions available to a metropolitan government and allows a government to avoid a policy decision if it chooses, the path to decision-making is made more difficult by the need to move the issue of precarious employment from the public agenda and issue salience to the governmental agenda. This additional barrier to a policy decision, therefore, will be associated with a lack of employment policy, despite the fact that some policy-making is possible without formal jurisdiction. Secondly, when the national government is an ally of the metropolitan government, being of the same political party or having aligned goals as relates to employment issues, this will be associated with the presence of public policies to address precarious employment. When the national government is in opposition to the local government, it is likely that it will seek to oppose or block initiatives arising from its political competition and this will be associated with a lack of a policy.

Hypothesis 2: When a pro-worker party governs a metropolitan government, it is more likely to regulate precarious employment.

In general, a pro-worker party, usually left, is more likely as an institution to filter the effects of globalization and external factors that exert downward pressure on job quality and stability (Mosley 2010a), and to have institutions designed to allow worker representatives such as trade unions and other civil society organizations to participate in the policy making process on contested policy issues, as Kucera and Ronclato argue (2008). However, as seen in the case of Mexico City until recently, it is possible for a rhetorically pro-worker government to avoid a policy decision on precarious employment, particularly if its model of leftist party is not mass-based or accountable to groups of organized workers (Pribble and Huber 2010). Nonetheless, in the opposite scenario, a metropolitan government led by conservative, pro-business or free market interests, is unlikely to develop policy interventions that address precarious employment.

The next two hypotheses relate to *how* these conditions or causal factors interact to lead to a policy decision to address precarious employment.

Hypothesis 3: When unions or worker organizations with structural and associational power are present and active on the issue of precarious employment, a metropolitan government is more likely to decide to develop a policy.

While precarious employment and its effects on workers is increasingly on the public agenda in most metropolitan areas, for policy action, it must be brought to the government agenda. Trade unions are the most likely actor to play this role, however, a decline in global union density means that workers may not have formal representation in this manner, or that the trade unions advocating for such policies do not have sufficient power to be effective. This is particularly true in metropolitan areas, whose economies are largely in the service sector, a segment of the economy that is, in most cities, not heavily unionized. Moreover, in the majority of cases trade unions represent formal employees with collective bargaining agreements that prevent most serious manifestations of precariousness, as a result, not all trade unions have incentives to take up the issues facing informal and precariously employed workers. The presence of trade unions in a metropolitan area, therefore, must be viewed from both the perspective of their structural power and capacity, due to size and power in the market, to address precarious employment; as well as their interest in doing so for workers who they generally do not formally represent. Nonetheless, empirical observation shows that strong, active trade unions are engaging governments at all levels on the matter of precarious employment as a complement to collective bargaining in securing improved working conditions for their affiliates. The presence of organizations that are advocating for policies to address precarious employment and with sufficient structural and associational power makes it more likely that a local government will respond by deciding to develop a policy.

Hypothesis 4: When the dominant model of trade unionism in the metropolitan area is social movement unionism, the government is more likely to decide to regulate precarious employment.

Of the three main models of unionism – business unionism, political unionism and social movement unionism, social movement unionism (Divan Pillay 2013; Fairbrother and Webster 2008) is the model predicated on engaging in class-based activism beyond its immediate worker base, such as on behalf of vulnerable or precarious workers, as described in the second part of

Hypothesis 3. Therefore, the presence of this model of unionism will be associated with the presence of policies on precarious employment.

Understanding the causal factors of degree and type of local agency, the degree to which a local government is pro-worker, the presence of strong, active trade unions and social movement unionism, and how they combine to foment policy action by local governments, is key to addressing the negative impacts of the growing casualization and precarization of employment in the global economy. Going into this research, the expectation was that these four hypotheses, which address inter-related variables, will combine to explain when the government of a metropolitan area chooses to take action on the problem of precarious employment. The implication was that it takes social movements, usually strong, active social movement model trade unions in coalition with other actors, along with a local government with incentives to respond to the social movement and the local agency to do so, to move the public problem of employment quality from the public agenda onto the governmental agenda. The configurations of these interacting factors will explain when and how a local government decides to develop an integral policy to regulate or mitigate informal, gig, platform and other varieties of precarious employment. Moreover, these hypotheses lead us to consider the way in which these factors intertwine, and whether their interaction leads to a decision-making process that is top-down or bottom up (P. A. Sabatier 1986; 1988a).

This dissertation is organized as follows: the second chapter presents the relevant literature to the study of cities and their role in employment, the debates on precarious employment and its causes, and the factors affecting the policy-making process of metropolitan areas who address precariousness. Chapter Three defines the methodological framework used to address the research questions and methods of data collection and the analysis used in the qualitative comparative analysis (fsQCA) and comparative case studies. The fsQCA analysis of the case studies is presented in Chapter Four.

Chapters Five and Six trace and compare the policy-making process in two cases in the cities of Mexico City and Los Angeles. In each of the case studies, given the current context of the COVID-19 pandemic, the accompanying crisis in employment and growing awareness of precarious employment, a short section has been added, despite the fact that the onset of the pandemic fell shortly after the end of the period under study. These sections look at the impact

of the pandemic on employment precariousness and the policy actions taken by the governments of Mexico City and Los Angeles to address them. The final chapter, Chapter Seven synthesizes the main findings of the research. It discusses the major factors in the decision by cities to regulate precarious employment, how they interact, and concludes with a series of policy recommendations.



## **2 LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### **2.1 The Role of Global Cities in Employment**

#### **2.1.1 Global metropolitan areas and the concentration of employment**

The study of cities has long been connected to the study of economics and social issues, such as employment. Jacobs (1970) described the growth of a successful city as occurring first through the concentrated production of goods, then trade with other regions and then the ongoing generation of new exports. Friedmann (1986) was one of the first to reorient the study of cities away from their relation to social forces and national issues and towards how cities relate to the global economy. Friedmann's world cities hypothesis was that the driving sector of a city affects its structure, these sectors may be manufacturing, the creation of entertainment and culture, or financial institutions and headquarters and their accompanying services, among others. This will shape the mix of high skill and low skill employment available, with a larger number of low-skill and low-wage jobs created "to cater to the needs of the privileged classes for whose sake the world city primarily exists." World cities are the "command posts" for coordinating the activities of multinational enterprises, where an accumulation of capital is located, along with "a spatially integrated economic and social system at a given location or metropolitan region." This in turn creates mass movements of domestic and international migrants seeking work, leading cities to have large informal economies and exacerbating the existing inequalities between rich and poor, and those in the core or periphery of the economy. As a result, cities also generate social costs (such as for housing, education, and health) faster than their ability to generate fiscal revenue, creating dilemmas for the State (Friedmann 1986).

Sassen (2005; 2011) developed this argument further, noting that the rise of the globally integrated city has coincided with the rise of the unequal city in both developed and developing countries, due to global migrations, the growth of highly specialized service firms and the casualization of employment. She chose the term "global city" or "global city-region" to intentionally "name a difference: the specificity of the global as it gets structured in the

contemporary period” and to distinguish this newly emerging type of city which depends on networks of in-house and outsourced advanced service producers, such as accountants, lawyers and advertisers. While most global cities are also historically established political or cultural centers, not all are; Miami’s emerging role since the 1980’s is an example (Sassen 2005).

Sassen’s approach considers the command and coordination function of cities in a global economy where advances in technology, communications and hyper-mobility are often assumed to erase distances and lessen the importance of location. However, she notes that many elements of the work and process of creating, managing and servicing the global economy are still place-bound, creating a polarization of high wage and low wage jobs and a dynamic where corporate functions are becoming both more dispersed (operating across the globe) and more concentrated (locating where professional and financial service providers are clustered) (Sassen 2005). This approach leads us to look at the “practices and work process” of the global economy, at questions of power and inequality and at the networked nature of the global economy. In addition to the globalization of goods, capital and information, the global economy implies cross-border networks of immigrants, culture, activism, crime and the rise of new actors within these networks. Cities are shaped by global forces, but still often held within national regulatory regimes, including labor law regimes, that are unequipped to address the new employment modalities increasingly used in the global economy.

### **2.1.2 Global metropolitan areas and quality of employment**

The dynamic described by Sassen of a global economy that is both increasingly dispersed and concentrated underscores one of the principal debates around global cities for policymakers. Florida (2002) has argued that successful cities are those that attract “the creative class,” those who work in culture, technology, entertainment, education and other industries where creativity and innovation are required. This creates the kind of thick labor markets that attract business and investment, leading to economic growth. He argues that cities should invest in “people-centered” policies that attract talent that innovative firms seek, these being amenities, cultural offerings, tolerance and other aspects of the “high bohemian” lifestyle.<sup>7</sup> Friedman

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<sup>7</sup> Florida himself has since backed away from this argument, though others still promote it. See *The Creative Class and Economic Development* (2014) and *The Benefits of High-Tech Job Growth don't Trickle Down* (2019).

(2005), in contrast, argues that globalization, improved communication and outsourcing has made the world essentially “flat,” that location is increasingly less important for firms who may carry out some operations where labor is abundant and cheap, and other operations where they find highly skilled workers, and integrating a dispersed workforce is less of a challenge today than in the past. As a result, cities are best served by adopting “business-centered” policies to lower operating costs to attract investment and jobs, such as tax breaks, subsidies and incentives. Feiock, Moon and Park (2008) distill this into a debate between the world being flat (location is irrelevant) or spiky (location is all-important) and a set of choices for local governments – enact people-centered policies to attract talent, which brings in business; or business-centered policies to attract businesses which bring talent? As we will see, neither choice necessarily results in policies to mitigate the impact of precarious employment.

A sizable service (tertiary) sector has long been considered a sign of an advanced economy, according to Fisher’s three sector theory (1939). With time, the service sector was classified into subsectors (individual, household, etc), with producer services being those that provide inputs for manufacturing, agriculture and other businesses; today, advanced producer services refers to the wide range of high-value information, financial, professional, creative and other services that feed into the modern global economy (P.J. Taylor 2011). The OECD (2009), reflecting conventional wisdom, has argued that advanced producers services make an important contribution to economic development, with trade in services providing opportunities in emerging economies. The service sector in general is now larger than other sectors in most economies, contributes to GDP and creates employment; health and education services lead to a healthier and more productive population, professional and financial services create a stronger investment climate and add value to other production (Zhang 2009). They note that some emerging economies are growing based on service exports, such as India’s booming information services sector while importing services such as telecommunications can lead to lower prices for consumers, the adoption of international best practices and the acquisition of skills and technologies. Therefore, global cities that can develop dense networks of advanced service producers, such as accountants, lawyers and advertisers, are seen to be on a high-skill, high-wage path to development, especially as compared to those metropolitan areas relying upon low-skill, low-wage manufacturing, agricultural or materials exports.

However, Sassen (1991, 2005, 2011) argues that the rise of high-wage professional, advanced producer services in global cities may be associated with economic growth, but it also contributes directly to growing inequality and informalization and casualization of a range of economic activities. As capital mobility increases, the work of managing increasingly dispersed corporations increases and these specialized, or advanced, services required a high-skill, highly paid professional class making cities a strategic place for the production of services and for global capital. But this same services production process also requires an infrastructure of low-wage workers who also become an essential, if undervalued part of the global economy. Some of these jobs are building and maintaining the actual spaces of the global economy, in construction and cleaning jobs; as cities compete for corporate headquarters and global capital, these jobs become increasingly precarious to reduce costs. Others jobs are what Autor (2019) refers to as “wealth work” which could be retail or service jobs and loosely regulated, such as nail salons and cooks, while others are platform jobs such as driving and delivery, where labor becomes fully commoditized and anonymous (Thompson 2019). Moreover, as these low-wage workers resolve their daily transportation, childcare, water and other needs, informal economies arise to provide services to the “other” part of a global city (Sassen 2011). The result is an economy that may be growing, but is highly unequal, with much of the new job growth being precarious or informal employment.<sup>8</sup>

As such, while the growth of metropolitan areas, mostly in the global city conception of a services-based economy, highly connected with other global cities, is associated with development, there is a debate as to this model’s impact on the types and quality of the employment it generates; with some seeing this as the path to economic development with high-quality, stable jobs, with others feel it directly contributes to increasing informality, inequality and precariousness.

Regardless of the economic development model rising levels of precarious employment means that metropolitan areas in emerging economies should be addressing job quality

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<sup>8</sup> Sassen’s argument is also that much of this precarious new job growth goes to women and immigrants, as the work is undervalued much like these disadvantaged groups are. See: *Global City: Strategic Site/New Frontier* (2000) and *Cities in the World Economy* (2012 1<sup>st</sup> Ed.; 2019 5<sup>th</sup> Ed.)

though public policies. While not all cities have yet taken up this challenge, there are some cities that have been leaders in developing policies to better regulate employment practices and to support informal and precarious workers while also ensuring that public resources support inclusive economic growth and quality employment (Donohue, McDearman and Barker 2017). Some metropolitan governments have been quicker to recognize changing employment patterns as a policy issue, while others have been sought to bypass national governments that are mired in political division and paralysis. Given the immediacy of the jobs issue for many metro governments, as well as their increasing autonomy and leadership in developing policies that regulate or influence workplaces and enterprises locally, along with a greater presence on the global stage (Harkness et al. 2017) local governments have in many cases been innovators in connecting economic development and employment policy in ways that will shape how the new economy is successfully managed to the benefit of all.

## **2.2 The Study of Precarious Employment**

As metropolitan areas face the rising social costs described above, the changing nature of employment has complicated their already stretched ability to generate fiscal revenue. There have always been numerous ways in which labor supply (workers) and demand (employers) have connected, and there has always been a policy debate about how and to what extent the labor market should be regulated, with neo-classical economists advocating for an unregulated market and institutionalists arguing that labor market institutions such as labor laws and minimum wages not only protect workers but also ensure sufficient consumer demand to drive economic growth through stable employment and incomes.

There have also always been large numbers of workers outside the world of formal, stable labor markets – indeed, for much of history, the basic nature of work has been precarious and in many parts of the world it has remained so. Nonetheless, since the industrial revolution, and particularly in the Post-War era, wage employment led (after significant mobilization by and negotiation with workers) to regulatory frameworks which allowed for employment security and “the standard employment relationship,” at least in certain industries and advanced economies, and usually for white men (L. Hyman 2018; R. Hyman and Gumbrell-McCormick 2017; Mosoetsa, Stillerman, and Tilly 2016). The study of the world of work was therefore generally considered to be the study of employment, and the precarious work outside an

employment relationship was largely viewed through the lens of under-development or regional poverty. In recent decades, however, the forces of globalization, financialization and changing social and economic expectations have combined to create the “reappearance” of precarious work in recent decades. The casualization or precarization of previously stable and formal employment has mirrored a rise in poor quality employment - while not all precarious employment is inferior, much of it is – and this, combined with the precarious and informal segments of the economy that have always existed, have led to new challenges and debates among policymakers in terms of social, fiscal, regulatory and labor regimes.

### **2.2.1 Defining Precarious Employment**

While in many ways precarious employment presents a concrete regulatory and policy issue, its growth arises from a broader social and economic reorganization affecting both low and high wage workers and society in general. Standing (2011) has presented one of the most well-known conceptualizations of precariousness, describing it as an emerging social class of workers that he terms “the precariat.” The precariat is a growing group of those falling out of other classes with low levels of income and job security and few recognized labor rights. As the State retreats from regulating labor markets and as competition between firms, nations and workers increase, more and more workers are either poorly employed, precariously employed or informally employed with few social protections or benefits. Standing defines the precariat as a social category, made up of workers who lack security in seven key areas – Labor market security (lack of job opportunities), employment security (protection from dismissal), job security (access to upward mobility), work security (health and safety protections), skill reproduction security (training opportunities), income security (adequate wages) and representation security (lack of a collective voice) (Standing 2011).

Other definitions exist - indeed, various terminologies and definitions have arisen, shaped by national and regional contexts to describe the phenomena of precarious work. The ILO (2011) starts from the idea that precarious work is a “means for employers to shift risks and responsibilities to workers.” They note this may be work performed in the formal or informal sectors of the economy and may reflect objective (legal) or subjective (emotional) realities. They emphasize certain characteristics, such as uncertainty about the duration of employment, lack of clarity as to who is the employer, a lack of access to social protections such

as health care, low pay and obstacles to gaining collective representation (ILO 2011). Kalleberg (2009), meanwhile, goes broader, defining precarious work as all “employment that is uncertain, unpredictable, and risky from the point of view of the worker.”

### 2.2.2 Precarity in the Global South vs the Global North

These definitions emphasize the shift seen in the Global North as labor market and regulatory changes mean that “standard employment” is increasingly precarious. In the Global South and emerging economies, meanwhile, work has often not been “standard” in the first place, leading to different nuances in defining precariousness. Vejar (2017) traces the understanding of precariousness in Latin America, starting with the idea of both “precarious employment” within wage employment and “precarious work” which refers to uncertainty within any number of livelihood or economic activities, within or without an employment relationship. He describes the work of Mora Salas who traces the precarization of employment in the region since the 1980s due to globalization and changing regulatory models, and also that of Piñeiro, who studied the livelihoods of those in rural Uruguay and found that precariousness has always been a feature of these workers, despite the presence of industrialization and labor laws in other parts of Uruguay, due to a lack of awareness or a lack of enforcement. In other words, he argues, precarious employment in Latin America describes a condition of something missing or lacking both in the world of work, but also socially and culturally – a lack of stability, formality, and integration into the overall process of economic development.

In the Global South, the study of precarity is closely intertwined with that of informality, urbanization and internal migration, reflecting the different pattern of development in emerging economies of the past century. Hart (1973) first coined the term “informal sector” when describing street vendors in Ghana; the concept has since been developed by the ILO and others to describe large swaths of workers who are in various types of informal employment relations (ILO 2002; Mosoetsa, Stillerman, and Tilly 2016). This may refer to day labor, transient labor, makeshift jobs in slums and garbage dumps or sub-contracting and temp work in global supply chains with multinationals. Precariousness may be found in formal employment that is short-term, outsourced or unmonitored, in the informal sector, or deliberately left outside formal labor regulations such as domestic work. Moreover, in the Global South, the lack of developed social welfare systems makes the impact of precarious labor that much more intense. While

“precarious employment” may correctly refer to perma-temp work in Europe and a street vendor in Latin America, the physical and social realities of the two employment situations are starkly different (Mosoetsa, Stillerman, and Tilly 2016; Vejar 2017).

### 2.2.3 **The multiple manifestations of precarious work**

More recently, “non-standard employment” has become a general term encompassing many newer precarious employment modalities, which have been studied separately and as a whole. DeStefano (2016) has explored the much-discussed concept of the gig-economy, where workers and clients are connected via an online platform, either remotely (crowdwork) or locally (on-demand or platform work) and its working conditions. While the gig-economy may encompass many kinds of work, Stewart and Stanford (2017) find it has some generalized features leading to precariousness. One is having an irregular work schedule, as a result of varied demand for services. Another is that workers provide their own capital, whether that be a bicycle, a car, a computer or other needed equipment; they also provide the place of work such as their home or a car. Finally, pay is not hourly or weekly, rather it is piecemeal according to the number of tasks completed.

Outsourcing or subcontracting as a category is another manifestation of increased precariousness across diverse industries. Dube & Kaplan (2010) examine how non-core functions, such as cleaning or security, have long been outsourced to firms specializing in that task, resulting in lower wages. Meanwhile, as seen in Jaffee & Bensman (2016), expanding global industries such as logistics are relying on outsourcing to flexibly staff their operations and externalize the cost of meeting shifting retail demands to staffing agencies.<sup>9</sup> Likewise, the advanced producer services (accounting, legal, advertising, etc) that serve multinational corporations are increasingly outsourced or subcontracted on a project basis. Globalization and the need to integrate geographically disperse but increasingly large corporations has given rise to what Weil (2011) terms the “fissured workplace” which is strategically fragmented into separate operations with subcontracted or outsourced working arrangements in all types of

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<sup>9</sup> For example, the largest concentration of warehouses and distribution centers is the Inland Empire near Los Angeles with approximately 90,000 workers, over half of whom are hired through temp agencies (Bonacich & Wilson, 2008).



enterprises order to lower costs along with fiscal and social obligations (Sassen 2005; Weil 2011).

The use of owner-operators, independent contractors and the general classification of “self-employed” is another increasingly common model of non-standard employment that injects precariousness into a work situation, and whose use skirts the line between a true entrepreneur who is building a business and a contractor with a dependent relationship. In the latter case, workers assume all risks and insurance expenses, do not receive health insurance or social protections and may be paid by the job not the hour, while the client essentially has a source of labor on call when needed with few obligations of an employer. The misclassification of employees as independent contractors is common, for example in the drayage industry where the courts in California ruled that a large segment of truck drivers were wrongly misclassified as independent contractors and should be employees (Jaffee and Bensman 2016).

Contingent work is an older, but still commonly used term to describe another subset of precarious employment. According to Polivka (1996), contingent work refers to workers called in only when they are needed, with no contract for long-term work. “Alternative work arrangements” is a term used by the U.S. Bureau of Labor Statistics (BLS) to refer to a similar category of workers, including independent contractors (consultants, freelancers, shop owners), on-call workers (substitute teachers or nurses, day laborers), temp agency workers or contract company workers (Polivka 1996). Katz and Krueger (2015) used BLS data for alternative work arrangements to measure the rapid growth of non-standard work in the past decade in the U.S. and its impact on workers.<sup>10</sup>

In summary, “precarious employment” may be used to refer to a wide range of work settings in both the formal and informal parts of the economy. While in the Global South and emerging economies, much employment has always been precarious and/or informal, in the Global North the issue has received new attention as work that was previously thought to be

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<sup>10</sup> A 2018 BLS report reports that the contingent and alternative workforce in the United States may not be growing as fast as previously believed. That report, however, did not include the 2018 Contingency Worker Supplement survey, also, the BLS only asks respondents about their main occupation potentially missing the substantial number of workers who use gig work to supplement other income. See: <https://www.bls.gov/cps/electronically-mediated-employment.htm> . A 2017 survey by Upwork found that 36% of the US workforce is freelancing or engaged with gig work, while tax returns show that the number of workers filing as self-employed increased by 22% since 2000.

stable, formal, or of decent quality (ILO 2002), has seen an erosion of these attributes with the rise of casualization, externalization and other non-traditional employment modalities in the “new” economy. The ILO has developed a definition of precarious work intended to help focus policy discussions onto key groups of workers who are affected by precarious work arrangements. As such, they define precarious work as work with one or more of the following conditions: 1) low wages, 2) poor protection from termination of employment, 3) a lack of access to social protections and benefits usually associated with full-time standard employment and 4) limited access of workers to exercise their rights at work, often due to a lack of clarity about the employer or unclearly assigned legal responsibility for working conditions (ILO 2011). This is the definition of precariousness we will use in this study.

## **2.3 The Causes of Precariousness: Main Debates**

### **2.3.1 Is there a need for regulation? Exit vs Exclusion in today’s economy**

As noted, a precursor to “today’s” policy problem of precarious employment was the problem of informal employment. While employment in the informal economy is by definition informal (for ex, street vendors or microenterprises) an important percentage of employment in the formal sector is also informal (for ex, tipped workers, some temp workers, those on repeated short term contracts without benefits, and others).<sup>11</sup> Informal employment may be legal, and some workers prefer to be informal for greater flexibility or earning opportunities, especially when formal sector wages are low and social protections and stability take a backseat to immediate economic needs. However, some workers may also be seeking the stability and protection of a formal sector job and at times may actually be in a position where the obligations and responsibilities of a formal job are required, such as set hours, uniforms or training (PRODESC 2008; Ryan and Gutierrez 2005). In areas where labor law enforcement is lax,

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<sup>11</sup> As an example, in Mexico approximately 60% of the workforce is informally employed. Of these, about one-quarter are in the formal sector of the economy. In Mexico City, about 50% of the workforce is informally employed, of these about 28% work in formal companies or the government. Data from INEGI’s 2014 second trimester INOE survey.

employers may keep employees in informality to avoid paying taxes and social benefits (Bensusán 2008; Levy 2008). In other words, high levels of informal employment may be due to both “exit and exclusion,” as the debate is commonly framed (Kucera & Roncolato, 2008; Perry & Maloney, 2007), it is multi-causal, heterogeneous and manifests itself in different ways in different industries and sectors.<sup>12</sup>

The newer forms of informal or atypical work continue to have many of the same forces in play, updated as a pull between flexibility and security. Some online platform workers, ride-sharing drivers and others are drawn to this type of employment as something they can do in their spare hours, with little long-term commitment or investment. However, others workers enter temp work or agree to short term contracts in an effort to find fulltime, stable employment with benefits, only to find that fewer such jobs exist. Farrell and Greig (2016) found that workers in the US use online platform earnings to supplement dips in regular earnings, periods between jobs or to supplement a regular job, providing a valuable cushion (an average of 15% more income), but also that income volatility is growing, with 55% of wage earners experiencing significant income volatility, and an average monthly change in labor income of US\$475. In Europe, the debate around “flexicurity” has been presented as a response to this idea that the growth of modern precariousness and gig work stems from the tension between a desire for flexibility and security; a flexicurity regulatory regime would, in theory, allow for flexibility that does not necessarily mean less security and more security that does not necessarily limit flexibility (Keune 2008).

### 2.3.2 How to respond to precarious employment? Existing vs New Regulations

In some ways, the problem of precarious employment is a more modern version of the informality debate, moved into the new economy, the urban service sector, and incorporating

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<sup>12</sup> For more on how the “escape vs. exclusion” debate was initially conceptualized for informal vs. formal employment, see: Perry & Maloney (2007), *Informality: Escape or Exclusion?* and Kucera & Roncolato (2008), *Informal Employment: Two Contested Policy Issues*.

technological advances as well as familiar regulatory challenges.<sup>13</sup> Like informal workers, there is legal uncertainty for many atypical workers or gig workers on online platforms. In the European version of this debate, Todoli-Signes (2017) describes some of the legal ambiguities for employment that falls between a subordinate relationship, but that is also not self-employment. For example, employees may not have a direct supervisor or receive training on a particular way to do a task, but neither are they free to work only when they want or how they want (Todolí-Signes 2017). While free to drive for other clients, an Uber driver is also heavily reliant on Uber’s platform to find clients. As a result, the independent driver is not fully an employee, but also not an entrepreneur creating a business, and faces an unequal relationship with the technology platform. Worker protections and labor laws were created to address just this sort of unequal bargaining power, yet the flexibility built into many atypical employment relationships means that full protections or regulations are also not necessarily a good fit for either workers or employers. As a result, Todoli-Signes advocates for establishing a third category of worker, where a platform or other connecting business model creates a different level of dependency for employees, justifying a different model of regulation.

In the United States, Harris and Krueger (2015) make a similar argument and propose a third category of employee which they term “the independent worker,” as a way to modernize existing labor law and reduce risk and uncertainty for both workers and employers. They reiterate the ways in which independent workers differ from either employees or independent contractors. The impact of this grey zone of employment means a great deal of uncertainty for workers and employers. In some nations, the absence of a “median” category in existing legal frameworks means that many employees are misclassified, leaving them unprotected (Casale (ed.) 2011). They therefore propose a category of “independent worker,” who qualifies for some of the rights granted to employees – the right to form a union and collectively bargain, protection from discrimination, and the right to have employer contributions into the Social Security system. However, they would not qualify for hours-based benefits, such as overtime, minimum

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<sup>13</sup> An important difference in the context of the debate is that the issue of informality has been largely seen as an issue for the developing world, with the legal frameworks of the United States and some other parts of the developed world making the concept of “formality” less relevant. The gig-economy and non-standard work, however, have been major issues of debate in both the developed and developing world.

wage and most unemployment insurance. They go on to argue that this classification could apply not only to the online gig economy, but also to the much larger pool of workers – temp workers, traditional taxi drivers, contract and freelance workers, some union hiring halls, Avon-type sales workers - who are currently in triangular employment relationships.

Not everyone agrees with the idea of a third classification of employment. Some argue that existing laws are adequate and that workers merely need more education about existing tax, health and social protection programs and to be encouraged to save for the future (Capretta 2016). DeStefano (2016) views the rise of non-standard work as an extension of a phenomenon already occurring, namely a push to casualize, informalize and commodify work in order to lower labor costs and evade social and fiscal obligations by employers. He argues that while the non-standard employment presents some new challenges, in reality they are merely variants of previous labor law enforcement issues, with long-term work relationships misclassified or denied, made effectively informal despite having many characteristics of formal employment in the formal sector. Therefore, a third classification to capture this grey zone of employment will simply create new grey zones as employers adapt, and the efforts of policymakers are better spent strengthening the labor institutions that allow workers to organize and improve the enforcement of existing of existing regulations (DeStefano, 2016). Bensusan (2017) concurs, observing that practices of informality have been integrated into the formal economy in ever-increasing ways over the years, but that this integration is badly regulated or unregulated. She notes that institutions in Latin America have, to differing extents, been able to improve this regulation through institutional change. She points to successful examples, such as cases where labor inspections and fiscal compliance have improved (Brazil being the most significant example), and where minimum wage campaigns affected wage levels across entire labor markets, setting a more solid floor for labor standards regardless of the type of employment contract (Bensusán 2017).

In all, however, in most countries the existing binary classification options of “employee” or “not an employee” and traditional labor institutions have been unable to fully address the rise of informal, precarious and non-standard employment as the labor market has changed, leaving a significant regulatory gap. At a minimum, there is a need to “re-regulate,” and both improve enforcement of current regulatory regimes while addressing existing gaps (Rubery 2015).

### 2.3.3 Opportunities for innovation

As ever-larger segments of the economy begin to incorporate technology and alternative work arrangements, it will be important for policymakers to learn how to draw upon the potential benefits of non-standard employment while ensuring adequate social protections and stability for workers. For example, empirical evidence on the rise of on-demand platforms for domestic workers in developing countries,<sup>14</sup> a large sector traditionally informal and often excluded from labor laws, notes that technology may support workers in choosing work times and tracking hours for accurate pay and benefit accrual. However, Hunt and Machingura (2017) argue that these platforms also make it less likely that domestic work will be classified as a traditional employment relationship, leaving this segment of workers to remain outside labor and social protections. Similarly, the ETUI (2015) has called for both the enforcement of existing international conventions, such as ILO C. 181 on the use of private employment agencies and developing additional laws and employment categories to protect those who remain vulnerable (such as domestic workers), while also preserving the benefits and flexibility that platform, casual and gig work can present to those who seek or need such opportunities. As greater numbers of workers enter the workforce in this manner, policy innovation and creative policy solutions will be needed to ensure that regulatory regimes evolve with labor markets in a way that improves the status quo for all.

## 2.4 Precariousness in Global Cities and Policy Decisions

We have seen that precarious employment is a public problem for workers and metropolitan governments, and also that metropolitan areas are important actors in addressing precariousness due to their importance in terms of where job growth is occurring across the globe, the fact that they tend to be the first public actors to perceive the effects of precariousness in terms of rising social costs and because the very model of today's global city based on advanced producer services may be connected to the rise in precarious employment. Therefore,

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<sup>14</sup> Examples include MyDidi in India, Domestly and SweepSouth in South Africa, and Aliada in Mexico. One early estimate is that on-demand domestic work platforms in India are expanding up to 60% month- on-month. See Hunt and Machingura, 2016.

we will look at the policy-making process in metropolitan areas, key conditions, and how these combine to create an outcome, the decision to create policies to address precarious employment.

A newer body of literature is looking at how metropolitan governments are likely to be incubators for innovative policy solutions, in general and in regards to employment policy in particular. Older urbanists, such as Jacobs (1969) not only felt that cities were the drivers of growth and jobs, but also that they were also poorly served by traditional national-level economic policies. As part of her seminal take-down of macroeconomics as a field, she noted that the ability of cities to continuously “drift” or adapt as centers of technological and economic innovation, also meant they were the most likely actors to produce functional policy approaches to the needs of workers (and others).

#### **2.4.1 The political game: Structure vs Agency**

Generally speaking, the rise in precariousness stems from structural factors beyond the control of metropolitan governments, such as changes in labor markets due to globalization, technological changes, immigration and the rise of atypical forms of employment. However, on a practical level, if and how metropolitan governments address the issue has more to do with local factors, actors and the actions they take. Hyman & Gumbrell-McCormick (2017) present this as “the old analytical confrontation between structure and agency,” and argue that it is the intersection between the two that will determine the local response. Rising precarious employment, they argue, is a systemic issue, but actors and actions may slow its advance. Hofferbert (1974) conceptualized this aspect of the policy-making process as the open funnel, where larger contextual, historical and structural realities set initial parameters on policy outcomes, but so then do the actions of elites, policy experts and social actors, laying the groundwork for a set of public policy theories which examine the interaction between broader political and economic dynamics and how actors operate within them through “windows of opportunity” (Kingdon 1995) or as coalitions within policy subsystems (Sabatier 1991). In the specific case of policy change, or in this case the creation of policy, Hecló (1974) argues that new policy decisions result from a combination of large scale social and economic shifts and the interaction of actors within a policy subsystem, concept which Sabatier (1988a) expounds

upon in his advocacy coalition framework which describes how groups of social actors may promote and compete over policy options, but within the contextual parameters of a particular policy subsystem.

As an organizing concept for how to examine this process, the theoretical framework of the political game ([Scartascini, et al 2011](#)) presents us with an approach that looks at the policy making process and the institutions and actors that shape it. Drawing upon the rational choice perspective (Ostrom 1991; March and Olsen 1984) and the political economy approach (Weingast and Wittman 2008) -which examines how institutions, the political context, and economic systems interact, in the specific case of policy-making-, the political game framework allows us to first look at what factors, or combinations of factors, result in the outcome of a policy decision, as well as to understand why. This orienting framework for the study of policymaking has been used most frequently at a national level, while studies at the city or local level are less common, particularly for specific policy matters such as employment or job quality. This is an important shortcoming given the role that metropolitan areas play in the global economy. Here, we will break the framework down into its corresponding parts in order to apply the political game framework to a metropolitan government addressing precarious employment.

In this political game, the outcome is the policy itself, and the decision to adopt a policy is the result of a combination of factors or conditions. These institutional factors, in turn, are influenced by contextual and historical factors, as well as characteristics specific to the issue of precarious employment. Hyman argues that “institutions matter, but in different ways in different contexts,” and that the task of comparative analysis is to explain how and why ([Hyman, 2001, P. 219](#)), while political economists agree and expand on this, arguing that institutions matter for policy-making but so does process ([Scartascini, et al, 2011](#)). How institutions function in the political game is affected by elements such as the degree of cooperation fostered within the process (Ardanaz, Scartascini, and Tommasi 2010), while institutions and laws establish the rules of the game, affecting what actors participate in the political process, in what roles, and in what settings.

Certain elements affect the likelihood of cooperation among the actors to address precarious employment (Scartascini et al. 2011), such as the number of players in a given policy area. This is a notable challenge in the area of employment policy, where traditional



employment structures have become more complex and layered. The expansion of social security and benefit programs draws in additional government agencies and legislators, as does the proliferation of tax incentives, federal and local subsidies, trade regulations, social development policies and other points of entry into the productive process (Calderon and Dyer 2009). Moreover, as urban economies shift from manufacturing towards the service sector economy and non-standard employment modalities, more actors are involved – consulting firms, temp agencies, independent contractors, online platforms and others – which create new sets of actors to coordinate (Sassen 2000). Finally, as union density declines globally, particularly in the service sector, the number of actors representing worker interests may be more fragmented. Political parties may have traditionally represented business or worker interests in the policy-making process, but this structure of political participation of socio-economic interests has likewise suffered changes. The greater economic complexity of the modern, global city means that reaching a critical mass of actors motivated to confront the negative effects of precariousness is a growing challenge, and the number of vested interests who may throw up obstacles to policies designed to creating decent work, and their opportunities to do so, have grown (Aleksynska and Berg 2016; Calderon and Dyer 2009; Elizondo 2009). Another factor to consider is how the presence of informal institutions shapes decision-making (Scartascini 2011). Machado et al (2011) argue that where clientelism is a strong institution, individuals and political parties may be inclined to invest their energies there as a means to express their policy preferences, leading some local actors to address precarious employment simply as a response to the needs of a particular political base.

On the other hand, others argue that a “new localism” is developing among local political leaders, who are also using informal policy channels to include a broader range of actors and to expand the capacity of local governments to reach policy solutions around employment policy and other issues (Bradley and Katz 2014; Harkness et al. 2017; Katz and Nowak 2018). For some global metropolitan areas, local leaders have limited access to formal policy-making settings (when federal governments hold jurisdiction of labor policy or capital city budgets, for example) and in other cases; the multiple local governments in a metropolitan region have no formal coordinating mechanism. In this instance, policymaking in informal settings may reflect initiative among actors to address local policy challenges despite formal limitations, and sufficient trust among actors to convene such informal settings to develop policy solutions.

Research has shown that such regional, informal policy-making bodies build trust among actors and lead to policy innovations that later transfer to the formal arena (Feiock, Moon, and Park 2008; Kim and Jurey 2013; Harkness et al. 2017).

#### **2.4.2 Institutional Factors**

As described by North (1990), “Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic.” The relevant institutions for policy-making, including local policy-making, may be the nation’s constitution or legal code, including issue of jurisdiction, and they may be structured in such a way so as to foster cooperation in policy-making, or impede it (Scartascini et al. 2011). At the level of an urban political subsystem for labor and employment policy, the relevant institutions include the system of political parties and the orientation of the government and the economic development model.

##### **2.4.2.1 Can cities make policy?**

The arena, or setting, where decision-making occurs is an important matter for cities. In many cases, cities face a challenge in the matter of arenas, since funding sources and legal jurisdictions may limit their ability to pass labor and employment laws. Employment policy content may be debated locally while funding allocations are debated federally. Complex institutional arrangements and overlapping jurisdictions are common in large and growing metro areas, and their proliferation may add to the complexity of successful policymaking. However, as seen in Chapter 1, there are still many actions available to a metropolitan government in terms of developing social safety nets for precarious workers, how it uses its resources when contracting services, and how it implements labor laws in practice.

In fact, the new localism approach (B. Katz and Nowak 2018) argues that cities are where traditional actors in the policy process interact within arenas that allow for more productive policy-making, regardless of jurisdictional constraints. They argue that at a local level, actors have greater incentives to reach policy solutions, as they are closer to the problems, and that a renewed public life at the level of the metropolis is creating a shift in power to this level for enacting policy solutions. Cities are becoming the locus for public, private and civic

networks to come together locally, as well as for networks of transport, trade and innovation globally as Sassen (2005) initially described. While this new localism and its policy-making energy will not replace the federal level, it is an important complement and the driver of policy innovations to global, national and local problems.

In addition, Harkness et al. (2017) assert that city executives are also developing and sharing strategies to overcome obstacles to their autonomy for policy action, creating space to implement policy experiments despite formal restrictions on mayoral powers or jurisdictions. While their resources or formal powers may be quite narrow, metropolitan governments are developing informal power bases and resources through networks with local businesses, economic development organizations, universities, and other partners, which is where policy solutions are developed. Within peer groups of similar cities, cities are functioning as learning organizations through networks and exchanges (Harkness, et al, 2017; Trujillo & Parilla, 2016). With place-based activity still vitally important, even in a global economy, local economic development organizations have become a main arena for metropolitan governments to resolve competing demands (Feiock, Moon, and Park 2008). For example, local constituents need good wages and good jobs, as do local retailers who depend on internal demand, while trade and technology sectors, competing globally, often have different priorities, but also rely on local institutions for talent, infrastructure and services (Harkness et al. 2017). At a local level, there are greater incentives to reconcile these demands and local leaders are finding the resources and power, though perhaps informally, to do so. The minimum wage raise in Los Angeles in 2016 is an example (Jamison, Zahniser, and Walton 2015)

Finally, even when discussing a local policy-making process, the federal government, and its relationship with that of a metropolitan area, is an important player. A federal government will have policy preferences about how to stimulate employment in its major cities, which are frequently important national economic motors, making it an important ally if local and federal ideologies align (Clark and Moonen 2016). However, if it's political orientation differs from that of the local government, its main incentive will be to ensure that local employment initiatives are unsuccessful, in order to avoid having a platform for competing policies (Dewan 2015; Kwon and Roy 2018). Historically, federal governments have controlled the majority of public revenues and their use can influence local decision-making (Jacobs 1970), though in some policy areas, this is increasingly less so (Bradley and Katz 2014).

### 2.4.2.2 Do cities want to make policy?

While governance networks and the new localism may open paths for cities to overcome jurisdictional limitations, it is still necessary for a metropolitan government to want to address precarious employment, in order to do so. For this, we must look at the political orientation of the local government, its main actors and institutions, and its relationship with its national government.

A metropolitan government serves as the arena that shapes how external forces and institutions will affect the policy-making process. For example, in emerging economies and global cities, increased trade often results in declining labor standards, particularly in cases with a high degree of sub-contracting and distance between labor suppliers and final clients (Mosley 2010b). Yet, this is not always the result, the state itself matters in how rising precariousness is addressed, or not. Domestic political factors are as important as economic forces in determining how the challenges of globalization, or a service-based economy with new employment modes, are filtered for local impact. (Schmitt and Mitukiewicz 2011; Mosley 2010b), particularly the political orientation of the local government.

A local administration with policies designed to promote public welfare, strong labor market institutions and adequate legal enforcement - traditionally, marks of a Left government - will take steps to regulate employment trends. In the absence of these political conditions, globalization is effectively unfiltered, allowing the actors who prefer low wages and few protections for workers to prevail in the policy-making process (Mosley 2010b; Sassen 2000). A Left government is more likely reinforce the institutions that help equalize business and workers' ability to participate in the labor policy-making arena (Kucera and Roncolato 2008). Within this, there is a diversity of models of Left governments (Filgueira, et al, 2012; Weyland, et al, 2010), and not all will ensure an effective arena for policy-making in the public interest. The characteristics of some Left governments will make them inclined to rely upon social policy to address the effects of poor job quality, rather than on labor policy to create good jobs (Filgueira, et al, 2012), particularly if the actors and interests opposed to policies supporting job quality remain more powerful than other interests. As Huber and Pribble (2010) argue, this will depend upon the qualities of the parties that comprise a government. The ideology of the left party's leadership, its organizational characteristics, the strength of its opposition and the policy

legacy it inherits will shape how ambitious an agenda the government undertakes to address employment and other matters, as well as what actors and interests participate in the policy process.

They describe how some left parties are of a professional-electoral bent, for example, seeking votes from civil society actors, but discouraging their participation in policymaking, and with leaders who advocate free market solutions as well as state solutions to job quality challenges. Other left parties may be termed mass-organic, with strong ties and accountability to unions and other mass-based organizations. Both characterizations hold implications for the policy-making process – governments led by mass-organic left parties may have power shared among many actors and interest groups, meaning that many veto actors can impede reforms, whereas those led by professional-electoral left parties have power concentrated away from rank and file organizations, leading to policy solutions driven by elite interests (Pribble and Huber 2011), particularly if a lack of organizational support leads the party to rely on economic interests for funding (Huber and Stephens 2010).

Therefore, in the complex labor policy subsystem of a global city there will be a wide range of interests and outside pressures, but a metropolitan government may act as a filter for the forces that are leading to rising precariousness globally, creating policies to protect and stabilize employment locally. This is most likely to occur in left governments whose ideology and structures lead them to pursue publicly-oriented policies, with accountability to mass-based organizations of workers, and to develop strong labor market institutions and local legal enforcement capacity while also fostering sufficient cooperation between actors for effective decision-making.

Related to the political orientation of the government is the nature of political parties in the local political system (usually inherited from the national political system). According to Ardanaz et al (2010), in some cases political parties are programmatic, building support based upon their political orientation and accomplishments, and distinguish between themselves based on ideas and ideology about how to govern. In other cases, parties are clientelistic, building support based upon the distribution of goods and services to particular groups, in exchange for electoral support. Additionally, the party system may encourage parties to choose pragmatism over ideology to build support, opting to form alliances with competing parties to appeal to an additional voting base, reduce the number of candidates in the field and unite a voting bloc

against another electoral competitor (Reynoso 2011). Whether parties are programmatic, clientelistic or pragmatic, or a combination thereof, in a metropolitan area will determine their incentives and interest in acting on the issue of rising precarious employment.

Some political institutions may not be part of the formal political system yet are extremely influential. For example, O'Donnell (1996) describes *clientelism*, or particularism, as a set of codes of behavior and agreements that are widely known and accepted. Others, such as Stokes (2009), more specifically define clientelism as the exchange of material goods for electoral support. O'Donnell asserts that it is the effect of the informal rules of clientelism that accounts for the gap between the formal rules of political institutions and structures and the actual behavior observed by many actors in the political system, between the rules and the reality. In a local political system, if clientelism is a dominant institution or norm, policy-makers are more apt to adhere to the use of political power to delegate favors to those who supported (or will support) their electoral ambitions, rather than use that power in a manner which is representative of the public good (O'Donnell 1996). This will have repercussions on the preferences that policy-makers bring to the political game when considering labor and employment policy, leading decision-makers to have a greater interest in granting rewards to the actors who are most useful delivering votes (Stokes 2009).

#### **2.4.2.3 Economic Model and Context**

In global metropolitan areas, the political game around employment policy is played within the boundaries of the prevailing *economic model* of a service-based urban economy. To be a global city implies a city that is not only integrated into a globalized economy, but also one that has become a central place where the work of globalization happens. Both high-wage and low-wage varieties of precarious work are found in global hub cities, with concentrations of capital due to globalization and local economies built upon managing the advanced corporate economy.

Precarious, non-standard employment in the downgraded end of the labor market in global cities develops for several reasons, including that basic institutional arrangements have been altered, leading to changes in employment relations. In cities where services such as healthcare and pensions have traditionally been provided by the government, there had been a high degree of regulation and these jobs were usually fulltime, stable and with corresponding

benefits. As urban governments seek to withdraw from service-providing or restructure functions, for cost or ideological reasons, these jobs move into the private sector and become part-time, precarious and often without benefits. In all, “the historical obligation assumed by a government to enforce its own regulations covers a shrinking share of the workforce and an increasingly restricted set of labor markets. The recency of this transformation and the rapidity of the process of privatization has provided the conditions for a pronounced spread of part-time and temporary work, while the growth of these service industries further facilitates the expansion of this type of work.” (Sassen 2000)

Likewise, chains of production in the tertiary sector are moving into increasingly semi-regulated or under-regulated employment relationships, such as sub-contracting, self-franchising, temporary or day labor, particularly in the enclave of the cities’ economies focused on advanced producer services (Aleksynska and Berg 2016; Dean 2011; Dube and Kaplan 2010; Jaffee and Bensman 2016; Sassen 2011). These new economic developments do not match well with existing employment laws, leading to a regulatory fracture which affects job quality (Harris and Krueger 2015; Sassen 1991; Todolí-Signes 2017) In the political game surrounding labor and employment policy, therefore, the model of a service-based urban economy presents challenges in reaching the coordination needed for effective decision-making. With increasingly complex and layered employment structures, the large number of players makes cooperation and enforcement difficult. As well, actors who are taking advantage of the regulatory gap have little incentive to close it and are afforded many points of entry into the policy-making process to obstruct change (Aleksynska and Berg 2016; Calderon and Dyer 2009; Todolí-Signes 2017).

While nearly all global cities have an economy that is increasingly based on services, they vary in terms of their driving industries and development model. The driving economic sector of a global city (J. L. Trujillo and Parilla 2016; Friedmann 1986; Jacobs 1970) and its form of insertion into the global economy affects its needs and goals for workers and their wages. Economic development models based on manufacturing or natural resources are likely to compete globally based on flexibility and low wages, while those based on the creative economy or an advanced producer service-based model are likely to require a high-wage, high-skills jobs mix (Zhang 2009; P.J. Taylor 2011; Florida 2002) to compete with others of the same. Cities with the former characteristics are may gain from rising precariousness and impede

reforms. Meanwhile, metro areas striving to become a global city that can attract multinational corporations and headquarters, will seek to offer an environment with the needed financial, communications, logistical and other services. As noted earlier, Sassen (2011) and others argue that this model may also lead to low wages and precariousness, however, it does not preclude a high-road development path when paired with policies to foment quality employment, as seen in Seattle, Los Angeles and some other metropolitan areas.

### 2.4.3 Actors

#### 2.4.3.1 Who is seeking to address precarity, and with what power?

For a metropolitan area to decide to address the problem of precarious employment, the issue must be brought onto the governmental policy agenda, by an actor with the power to create a government response. Trade unions, being the legally recognized figure that may represent workers collectively, are the most important and likely player to do this, though the extent to which they do so depends upon the model of unionism, their partisan connections (Murillo 2001) and their power. Large labor organizations with significant membership and those with highly mobilized members can translate industrial power into influence on the policy process, and those with close relationships with the political parties in power also have channels of influence (Allern and Bale 2017; Streek and Hassel 2003; S. Valenzuela 1991).

There are a variety of approaches that measure worker power. According to Lévesque and Murray (2010), unions have four key power sources and four strategic capacities to use in advocating for workers' rights. Wright (2000), in a simpler scheme, defines two types of power for workers and their organizations. One is associational power, meaning the ability of unions to organize and act collectively; this generally has to do with size (membership numbers) and the ability to mobilize those workers to act together. This is usually done via trade unions, but may also occur via political parties, civil society or community organizations or other structures. The other is structural power, meaning the power a union has within the labor market – high unemployment and poor job growth means a union has little structural power, while tight labor markets and labor shortages give unions greater structural power. Both associational and structural powers affect the ability of workers and their organizations to push metropolitan governments to make policy decisions they favor.



Also, civil society organizations (CSOs) are an increasingly active player in the policy process, though their power and influence may vary widely. Their preferences and objectives may be as diverse as the city populations' preferences for employment policy. While there may be exceptions, in general the poorest and most vulnerable segments of an urban area are the least organized, and many civil society organizations represent middle or upper class interests (Schattschneider 1960). The resources a civil society organization has available to influence the local policy process depends upon its size, membership and organizational capacity. It is worth noting that civil society organizations do not have the same degree of legal recognition and representative standing as a union or business, which may limit their ability to act as an interlocutor.

#### **2.4.3.2 How are they seeking to address precarity?**

For these sources and capacities to affect the regulation of precarious work, the union must deploy them in demanding policy action on this issue. As such, the model of unionism is important, as this affects how a trade union will respond to rising precarious employment. Some, such as Clawson (2008) argue that unions and worker organizations will move beyond their membership base and build alliances with social organizations that make them more likely to address the needs of precarious workers, while others argue that rising informality and uncertainty will lead institutionalized trade unions play more of an “insider game” and focus on protecting current member over precarious “outsiders” (Rubery 2015). Valenzuela (1991) classified unions into 5 types, depending on their model and source of power (social democratic, contestatory, pressure group, state-sponsored and confrontational), while Pillay (2013), condenses these into three models of unionism based on their behaviors, which in turn describes their likeliness to take action on behalf of precarious workers. Economic unionism describes traditional business unionism, with institutionalized unions representing formal workers; while they may be militant at times, these unions have few incentives to look beyond the narrow interests of their already-organized members. Political unionism describes union unions closely associated with a state, this may include corporatist unions; while these unions may have democratic elections, they are often as engaged in issues affecting their party as those of their members. Finally, social movement unionism, sometimes called social justice unionism, are

focused on workplace issues, and also community- and society-wide issues; these unions seek social change and are the most likely to form alliances with local, community or global allies.

Of these, the most likely trade unions to take on issues facing unorganized precarious workers are social movement unions, but even here the preferences of local unions may vary. Public sector workers will have a higher level of access to policy arenas but a different of interests than private sector workers. Public sector workers may be content with the status quo and have little incentive to risk stable political relationships to advocate for improved employment conditions in non-standard jobs in the private (Savage 2006), while non-standard workers themselves are likely to lack effective union representation (Savage 2006; Streek and Hassel 2003). If those public sector unions are of the political or corporatist model, in particular, the informal channels of communication between union leadership and policy-makers will lead to restraint by the unions in challenging policy decisions (Murillo 2001; S. Valenzuela 1991).

**Figure 3: Summary of Factors affecting a Policy Decision on Precarious Employment**

Macro Condition	Factor (Condition)	Theoretical basis
<b>Institutional Factors</b>		
Can Cities Make Policy?		
<b>LAGENCY</b> Degree of agency the local government has over its own labor policies	<b>LL</b> Metro area has jurisdiction to make labor laws	Metro areas more likely to address issues such as job quality (Bradley and Katz 2014; Jacobs 1969; Sassen 2000; 2005; 2011) Local pragmatism, greater incentives for successful policy-making (Feiock, Moon, and Park 2008; Harkness et al. 2017; B. Katz and Nowak 2018)
	<b>ALLY</b> Degree to which the federal government is allied with the city government	National governments may support or obstruct local policy-making (Bradley and Katz 2014; Clark and Moonen 2016; Jacobs 1969).
Do Cities Want to Make Policy?		
	<b>GOV</b> Metro area is led by pro worker political party	A pro-worker party, usually left, is more likely to filter the external pressures that affect job quality (R. Hyman and Gumbrell-McCormick 2017; Mosley 2010b), though it also depends on what model of left party (Pribble and Huber 2011)
<b>Economic Context</b>		
<b>LMKT</b> Degree to which there are favorable Labor Market Conditions	<b>LUNEMP</b> Low Unemployment	These are three ways of measuring relative supply and demand for labor. If there are more jobs created than workers available, especially formal jobs, the law of supply and demand says that there are conditions to improve job quality through policies that may increase the price of labor (or are perceived as doing so) (Friedmann 1986; ILO 2019; Kabbani 2018).
	<b>LINF</b> Low Informality	
	<b>JGROW</b> Strong Rate of Job Growth	
<b>Actors</b>		
<b>UNION</b> Degree to which there are strong unions active on the issue	<b>USTRONG</b> Union shows it has power	Unions may have structural power, associational power, or both (Wright, 2000)
	<b>UACTIVE</b> Union active on the issue	To impact the regulation of precarious employment, a union must take action on the issue.
	<b>UMODEL</b> Model of Unionism	Models of unionism may be divided into three principal categories: Economic <b>ECO</b> , Political <b>POL</b> and Social Movement Unionism <b>SMU</b> (Devan Pillay 2013)

Source: Own elaboration.

## 2.5 Directionality: Top Down vs Bottom Up Decision-Making

While the political game approach described above offers an organizing framework within which to order the many structural factors, actors, their relative power dynamics, and their incentives, this remains a horizontal rather than hierarchical approach, and misses the matter of the directionality of the policy decision process. An additional element of understanding the policy-making process is to understand how the policy issue of precarious employment reached the policy agenda, what actors and forces were key in this process and what implications this has for the longevity of a given policy or set of policies adopted to address the needs of precarious workers over the long term.

In the fields of policy design and policy implementation, there have been debates in the literature about the virtues of a top-down policy approach as compared to that of a bottom up

approach. There have been attempts to synthesize these approaches into a combination (Crescenzi and Rodriguez-Pose 2011) or to determine when each may apply (Matland 1995), but the distinction between the two is that a top-down approach is largely limited to engaging policy elites, while a bottom up approach is driven by those affected by the policy in question. Similarly, considering top-down and bottom up directionality in examines how a metropolitan government arrives at a decision to develop a policy on precarious employment and whether that decision is advanced by elites, or precarious workers themselves.

Moreover, policy scholars have studied how issues, such as precarious employment, move onto the policy agenda, or from the broader public agenda to the political and then government agenda (Casar and Maldonado 2008), which requires combining the traditional focus of political science on particular institution(s), with a policy studies focus on the interplay between multiple actors and institutions (P. A. Sabatier 1991). To date there is not one unified theory of how policy decisions are reached, but most approximations involve having public opinion affect the general direction of the policy agenda, with policy elites determining the actual policy decision (P. A. Sabatier 1991; Weible et al. 2012). In other words, the available frameworks for the decision-making process – such as the institutional analysis and development framework (IAD) (Ostrom 1991), the advocacy coalition framework (P. A. Sabatier 1988b), the punctuated equilibrium framework (Baumgartner and Jones 2010) - all involve a combination of individual actors, context and institutions. For the purposes of this study, we have selected the political game framework to organize an examination of these elements.

The agenda-setting literature in the field of policy studies looks at which of these elements or actors shape public opinion, the preferences of policy elites and how these work within institutions to get an issue into the policy agenda. Several authors have examined how media coverage drives public perception and in turn shapes the policy agenda (McCombs and Shaw 1972; Cobb and Elder 1971). Casar and Maldonado (2008) synthesis the agenda-setting literature and reach the conclusion that issues reach the government agenda, priming them for a policy-decision, based on institutional variables, social variables (the forms and degree of social organization, including informal forms such as corporatism) and international variables (the interdependence and interaction of political systems and economies). In the context of global metropolitan areas, the implication of this understanding may be construed as understanding

how a city's insertion into the global economy, its social actors such as unions, and its political institutions take the public problem of precarious employment and decide to address it.

Given these conceptualizations, in the context of decision-making, we may understand a top down decision-making process to be one in which the main social actors in the process are elites – political leaders, policy experts, academics and similar. Meanwhile, a bottom up decision-making process is one in which the leading social actors driving the process include those affected by precarious employment – trade unions, organizations of workers and their civil society allies and similar. In both instances, precarious employment as a problem for local leaders has been sharpened by changing employment modalities, migration patterns, advanced producer services and global city dynamics. Also in both cases, the issue has reached the government agenda and policy-makers have decided to develop policies to address the problem. However, the directionality of the decision-making process, and what actors drive it, will have implications over the long term for the policy's durability over the long term (P. A. Sabatier 1991; Jenkins-Smith and Sabatier 1994).

In summary, this study will use the theoretical framework of the political game to identify the causal factors in the decision by metropolitan governments in global gateway cities to address precarious employment. The causal factors we will consider include a mix of institutional factors, such as local agency (both local jurisdiction and the relationship with the federal government), the political orientation of the government and the economic context; and social actors (trade unions and their model). The political game allows us to break down the policy decision-making process into discreet elements and explore the interplay structural factors and institutions that shape the agency of actors, as well as how the agency of actors may influence institutions and decisions; we will also assess the directionality of the decision and whether it was driven from the top down or the bottom up. While the political game framework centers on how power is ultimately deployed in the decision-making process, it also encompasses the broader context in which the institutions and actors exist, or as Hyman (2001) states “Institutions matter, but in different ways in different contexts. The task of comparative analysis is to explain how and why.” To do this, we start with the political game framework to identify causal factors, use a qualitative comparative analysis to develop causal recipes that

lead to a policy decision using context and details from each case studied, then develop illustrative case studies to understand how the decision-making process unfolded.

### 3 METHODOLOGY

Given the role of global metropolitan areas as drivers of economic growth and job growth, this dissertation seeks to understand the decision-making process of metropolitan governments in addressing -or not- the problem of precarious employment. The research question it seeks to answer is:

Given the range of actions available to a metropolitan government, why have the governments of some global metropolitan areas adopted policies to promote quality employment and address the effects of precarious employment in the past decade (Jan 2009 - Jan 2019<sup>15</sup>), while others have not? *What* are the causal factors (economic, political, social) that lead to the decision and *how* do these factors play out?

We will answer this question by using qualitative comparative analysis and case studies in a set of eleven global cities.

#### 3.1 Scope: Eleven Global Gateway Cities

As noted in the introduction, this research will look in particular at “gateway” cities, those that are serving as hubs for the global economy. All but two are in the Global South. These metropolitan areas have some of the world’s fastest growth rates - in terms of job creation, GDP growth, economic growth, and population growth (Kabbani 2018). Migration patterns mean that large number of workers are entering these eleven global hub cities each year looking for work, and generally finding it in precarious and informal work (Friedmann 1986; Ilkcaracan 2016). Moreover, urban areas in the emerging economy have embraced the gig and platform economies, with this type of employment growing as fast as 25% a year, according to some reports (Lowrey 2017). In other words, policies enacted in these cities to address precarious employment will affect one of the largest and fastest-growing segments of precarious employment across the globe.

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<sup>15</sup> There have been elections in three cities (Istanbul, Johannesburg and Delhi) since March 2019. For practical reasons, this study draws its limit in January 2019, to include the recently elected governments of Mexico City (which took office Dec 2018) and Sao Paolo (which took office in Jan 2019), but not those Administrations elected after January 2019.

The eleven cities were chosen based on the criteria set forth by scholars from two of the leading institutions that address metropolitan areas, public policy and globalization. Trujillo & Parilla (2016), from the Brookings Institute Metropolitan Policy Program, have developed a typology of metropolitan areas, with the purpose of facilitating the study of metropolitan policy-making, allowing comparative studies among cities with similar traits and development patterns. Their category of “emerging gateways” describes many of the selected cities, as major business, financial and transportation hubs for regional markets. In addition, the Globalization and World Cities Research Network (GaWC) (Taylor et al. 2014),<sup>16</sup> building upon Sassen (1991), has developed a global city ranking according to the degree to which a city is integrated into the servicing of global capital, ie, the extent of its advanced producer services networks and their global interlockedness. Their category of “alpha city” also describes most of the selected cities, as cities that connect major economic states and regions into the world economy.

While the number of cities that fulfill either Brooking’s criteria of emerging gateway (28 cities) or GaWC’s criteria of an alpha city (23 cities) is greater than eleven, this list was pared down to a number that could be addressed by this study, based on size, geographic distribution and the availability of data. With this criteria, eleven cities that serve as regional hubs for the global economy in Latin America, Eastern Europe, Asia, South Africa and the Middle East were selected. Five of the nine are mega-cities of over 20 million people, and all serve as important development hubs for segments of the global economy, being poles of attraction for migrants, international corporations, finance and production. The cities are Delhi, Guangzhou, Istanbul, Johannesburg, Los Angeles, Mexico City, Miami, Santiago, Sao Paulo, Shenzhen and Warsaw. See Table 1.

### **3.2 Methodology: Mixed-Methods with Qualitative Comparative Analysis (fsQCA) and Case Studies**

The objective of the research is to understand the causal pathways that lead some cities to develop a set of employment policies to address precarious employment, in terms of both the

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<sup>16</sup> See the GaWC website at: <https://www.lboro.ac.uk/gawc/>



combination of causal factors that lead to this outcome, the *what* in the research question, as well as the *how* these causal factors play out within the decision-making process. To do this, we will take a mixed-methods approach - we will first see which cities have such policies and what patterns may exist among potential causal factors, then delve deeper to understand how and why these policies came about (Mesquita 2004; Mahoney 2008). We will use fuzzy set Qualitative Comparative Analysis (QCA, or fsQCA) (Ragin 2009) to determine *what* causal factors or combinations of these factors, are most consistent with having employment policies designed to foster good quality employment. Next, after seeing what factors combine into causal pathways that lead to having cities develop the policies in question, we will then use a case-oriented approach to look at *how* that happens, using process-tracing in selected case studies that allow us to follow our hypothesized causal mechanisms (Bennett and Elman 2007; Thomas and Gerring 2006).

One challenge for the quantitative part of the mixed-methods approach is that there are a limited number of global cities, but many potential contributing factors to the decision to address precarious employment, a classic “many variables, small N” problem (Lijphart 1971), which complicates the use of traditional quantitative approaches. Additionally, Locke and Thelen (1995) note that context and history in each metropolitan area may lead to similar institutions or actors that operate differently in practice. Moreover, the policy responses to precarious employment may take on various forms, all of which may be implemented to various degrees so that the dependent variable, or outcome, may look different in two cities, while reflecting comparable policy and decision-making processes (Locke and Thelen 1995).

For these reasons, the Qualitative Comparative Method (QCA) is an appropriate method for the first step of the mixed-methods analysis. QCA, developed by Ragin (1987, 2014, 2009) is an approach with both quantitative and qualitative aspects, designed for comparative research with a small or intermediate number of case studies, where there may be many causal factors that interact with each other in “causal recipes” to produce an outcome, building upon Mill’s method of agreement and difference (Mill 1884). Cities in both emerging and developed economies share some similar political and economic structures, which leads to just small variations of both inputs and outcomes related to the regulation of employment. QCA is designed to reflect the limited degree of variation among a limited number of cases in the real world and, rather, to incorporate the reasons for a lack of diversity in many social phenomena,

namely that there are often similar combinations of causal inputs due to history, development patterns, and other circumstances. It models diversity based on Boolean logic (crisp set QCA) or fuzzy logic (fuzzy set QCA) and set-theoretic relationships to approximate what could happen if inputs had greater variation (Ragin 2009; Roig-Tierno 2017).

In addition, this methodology is appropriate for use when the dependent variable under investigation is likely to manifest itself differently in different cities. In QCA, instead of looking at a single, clearly defined Y, we consider a “qualitative outcome.” In this case, we first look at positive examples of our object of study – the decision to create an employment policy for precarious employment –; then define a “set” based on key features or criteria; and then decide if a city belongs in that set or not (Ragin 2014). The methodology also allows for developing and evaluating theory when the same set of causal factors creates different outcomes, or vice versa, giving measures for each condition’s degree of necessity or sufficiency and identifying potential INUS conditions: causes that are insufficient themselves, but necessary as part of a causal combination that is itself unnecessary but sufficient for the result (Mahoney 2008; Mackie 1974).

In the second stage of the analysis, we will use the patterns and causal recipes identified through QCA to select case studies and follow how these causal recipes lead to policy action. By “case study,” we refer to process-tracing and a detailed examination of a given city and its policy-making process for employment policy, along with related contextual conditions, to better understand how the interaction of a set of variables leads to the policy outcome (Mahoney 2008). This style of case study, also known as an analytic narrative (Levi 2002), will seek to understand and compare significant cases to understand how our variables come together in real life to produce, or fail to produce, policy at a city level.

### **3.3 Outcomes, Causal Factors and Calibration**

#### **3.3.1 The Qualitative Outcome**

As previously discussed, precarious employment is a multi-causal problem, and an optimal policy would be an integrated approach with action in all of these areas. However, there are few empirical examples of such an integrated approach, and especially in our selected set, which includes many cities in emerging economies or experiencing rapid change in their labor

markets, this is a relatively new policy area. Therefore, based on the examples described in Chapter 1, we have defined the outcome as action in at least one of four areas of employment policy to regulate precarious employment or mitigate its negative effects on workers.

1. A local minimum wage policy or a living wage policy. This sets a floor for wages for workers above the national minimum wage, if there is one.
2. Expanding social benefits, health care, or pensions to non-traditional workers. This means policies that provide access to health care and pensions for workers outside traditional employment relationships
3. Regulatory reforms, such as improving local labor inspections; creating a new labor framework for non-traditional jobs; improved fiscal inspections; or incorporating domestic workers or other excluded classifications into existing labor laws, reducing either the scope or degree of precariousness in these sectors.
4. Public spending reforms such as developing responsible contractor policies for public contractors, connecting economic development subsidies to job quality standards or establishing project labor agreements for public works projects.

Data on policies adopted by metropolitan areas was collected through interviews with policy experts and local stakeholders in each city, as well as a review of laws, codes, media and secondary sources. In a crisp set QCA (csQCA), the outcome would be coded as binary (0,1), with action in any of the four areas considered to be a positive (=1) in order to reflect the importance we assign to the *decision* by the metropolitan government in taking any policy action at all. In this study, we use fuzzy sets (fsQCA) and so the set of positive outcomes was calibrated to indicate the degree of membership in the set of cities with a policy, with no policy being (=0), taking any one policy action being (=0.75), taking two policy actions (=0.80), three policy actions (=0.90) and taking action in all four policy areas being (=1.0).

**Table 2: Calibration for Outcome (Policy Action on Precarious Employment)**

# areas of action (of 4)	Degree of membership	Fuzzy set value
0	0.00	0.00
1	0.25	0.75
2	0.50	0.80
3	0.75	0.90

4	1.00	1.00
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Source: Own elaboration

### 3.3.2 Causal Factors, or Conditions

As discussed in the literature review and the theoretical framework, the debate on what leads a metropolitan government to decide to address precarious employment centers on the roles of economic and political structural factors that shape the behavior of social actors, versus the ability of social or political actors to impact these external structures (Hyman 2015). Therefore, the conditions or causal factors we will consider reflect 1) structural factors that affect the policy decision from the top down, such as the degree of agency a city has over its labor policies, the local labor market, and the orientation of its government; and 2) the social actors that most affect labor policy towards precarious employment from the bottom up, namely trade unions, including their strength, level of activity on the issue and the prevailing model of trade unionism.

In terms of structural conditions, the first causal factor to consider is the degree of autonomy, or agency, that a local metropolitan government has over its own labor laws and policies. This is made up of two conditions - one is whether labor laws and wage policies fall under national or local jurisdiction (LL), which speaks to the institutions and settings of policy-making. Even if labor and employment are limited to national jurisdiction, local governments still have a range of actions they may take, in terms of how they implement policy, regulate local employers and in developing complementary social programs and safety nets to address precariousness in their cities. Some argue that metropolitan governments are in fact more likely to address precariousness as they are first to feel the direct impact of growing precariousness, are less ideological and more pragmatic in policy-making (Katz and Nowak 2018; Harkness et al. 2017; Feiock, Moon, and Park 2008).

The second condition related to local agency of a metropolitan government over its labor and employment policies has to do with its relationship with the national, or federal, government (ALLY). As gateway cities, and major connecting hubs for large swaths of the national and global economies, the governments of metropolitan areas are generally prominent actors within a national political system (Harkness et al. 2017; Scartascini et al. 2011). If the national government is led by the same political party, or a close ally, the local government is likely to face few obstacles in implementing policies to address precarious employment, and may even

be seen as a place to pilot policy innovations (B. Katz and Nowak 2018). However, as is often the case, global metropolitan areas may be governed by administrations from parties in opposition to their national government (Florida 2002), and therefore face legislative or judicial challenges to their attempts at regulating precarious employment (Capps 2017). This may be because national governments are invested in pursuing different economic models than the metropolitan regions, because their constituencies have different goals, or because they wish to avoid having a political competitor score a political win by successfully implementing a new policy. This degree of agency to legislate on a metropolitan level, both in terms of having the local jurisdiction legally and the political freedom to exercise it, are combined into one macro-condition (Ragin 2009; Jordan and Javernick-Will 2013), called LAGENCY.

To collect data on local jurisdiction (LL), we draw from WageIndicator.com, which compiles information about how national or local minimum wages are determined, along with ILO reports and databases that describe the laws regulating labor and employment policymaking in each member nation. These secondary sources were supplemented with interviews and primary sources. LL was coded into a fuzzy set (LLfz) according to its level of local jurisdiction and control over local implementation.

To collect data on the relationship between national and metropolitan governments, and their degree of political alignment (ALLY), we used information from interviews with local experts and actors, along with media reports and public statements from government functionaries. ALLY was coded into a fuzzy set (ALLYfz) according to the degree of cooperation observed between the two levels of government. The coding criteria for these two causal factors is as follows:

**Table 3 : Macrocondition LAGENCYfz and Coding Criteria**

Macro Cond.	Fuzzy set	Coding
LAGENCY Degree of agency local gov has over own labor policies	LLfz	1.0 – local government has full jurisdiction to make and implement local labor laws 0.8 – local government has influence over labor laws or shared jurisdiction 0.4 – local government implements labor laws set nationally 0.0 – local government does not have jurisdiction to make local labor laws and implementation is not local
	ALLYfz	1.0 – local and national governments are the same party and have a cooperative relationship 0.8 – local and national governments are the same party but have a poor relationship or act independently

		0.4 – local and national governments are different parties but with similar views on labor and employment issues
		0.0 – local and national governments are opposition parties

Source: Own elaboration.

The next set of structural factors to consider is labor market conditions, which includes the employment rate (LUNEMP), the rate of formal employment (LINF) and the rate of job growth (JGROW), combined here into the macro-condition of favorable labor market conditions (LMKT). Labor market imbalances, with more workers than employment, are one of the root causes of precariousness, informality and other manifestations of poor job quality (ILO 2019). This is especially the case in emerging economies and global cities, where job growth is rapid but so is population growth. This indicator serves a second purpose as well, allowing us to assess the structural power of trade unions in terms of the power in the local labor market. Tight labor markets give unions more structural power, while high levels of unemployment and informality mean less union structural power.

The measurement for this macro-condition reflects the extent to which the metropolitan area falls within the set of cities with a favorable labor market. For this, we first assess to what extent the metropolitan area falls with the set of each of the three component factors – cities with low unemployment, low informality and high job growth – all of which have continuous values. For each, a threshold point is set for a city to be considered fully in the set (= 1.0), fully out of the set (= 0.0) and a crossover point between high and low; these are used to calibrate the sets. For example, a metropolitan area is considered to be fully in the set of low unemployment (LUNEMP) if its unemployment rate is 5% or lower, is out of the set if its unemployment is 15% or higher, and 8% unemployment is the threshold between low and high unemployment. Using these threshold and crossover points, low unemployment (LUNEMP) is calibrated into coded values that sharpen the distinction between good and poor labor markets, with unemployment levels between 0-5% being coded as (= 1.0), 5-8% as (= 0.9), 8-15% as (= 0.3) and unemployment over 15% as (= 0.0). The same process was done for the factors of low informality and high job growth, as seen in Table 4.

**Table 4: Macrocondition LMKTfz and Calibration of Labor Market Conditions**

Step 1:

LMKTfz Favorable labor market conditions	Factor	Threshold for full membership	Crossover point	Threshold for non- membership
	LUNEMPfz	5	8	15
	LINFfz	15	30	40
	JGROWfz	4	3	1

Step 2:

LMKTfz Favorable labor market conditions	Fuzzy Sets		
	Factor	Membership in set	Calibration
	Low Unemployment <b>LUNEMPfz</b>	4 – 0-5% - Low 3 – 5-8% 2 – 8-15% 1 - >15 % - High	1.0 0.9 0.3 0.0
	Low Informality <b>LINF</b>	4 – 0-15% - Low 3 – 15-25 % 2 – 25-40% 1 - >40% - High	1.0 0.9 0.3 0.0
Strong Rate of Job Growth <b>JGROW</b>	4 - >4% - High 3 – 3-4% 2 – 1-3% 1 - <1% - Low	1.0 0.9 0.3 0.0	

Source: Own elaboration.

These three causal factors will be combined into the macro-condition LMKTfz, whose value is  $\text{avg}[\text{UNEMP}, \text{INF}, \text{JGROW}]$ , meaning that LMKTfz will reflect the most favorable of the three indicators. Labor market data has been collected from a variety of sources. All metropolitan areas report unemployment statistics, though some are only for the city proper and must be supplemented with additional sources. Informal sector statistics are not kept in all countries and not all countries define informal employment the same way. The OECD, Brookings and the World Bank keep databases on some metropolitan areas; these plus media, civil society and business sector reports supplemented most official statistics for this variable.

The final structural factor is the political orientation of the local government (GOVfz), based on the belief that a pro-worker party, usually left-leaning, is more likely as an institution to filter the effects of globalization and other external factors that exert downward pressure on job quality and stability (Mosley 2010a), though it also depends on what model of left party is in power in the metropolitan area (Pribble and Huber 2010). In the case of a top-down policy-making process, the orientation of the government may be the deciding factor in moving a policy issue from the public agenda to the governmental agenda.

The degree to which a government is considered pro-worker is assessed and coded according to the criteria set out in Table 5. While this can be a subjective assessment, we drew

data from media coverage of the city’s administration, publicly stated positions on key issues, and stated party platforms, supplemented with interviews with regional academic experts and leaders from civil society organizations, to develop an objective evaluation of the government’s political orientation.

**Table 5: Condition GOVfz and Coding Criteria**

	Fuzzy set	Coding
<b>GOVfz</b> Metro area is led by a pro-worker government	GOVfz	1.0 – local gov has a left orientation and accountability to mass-based worker organizations 0.9 – local gov has a left orientation 0.5 – local gov has a reformist orientation 0.1 – local gov has a neo-liberal or conservative orientation 0.0 – local gov is repressive or anti-worker

Source: Own elaboration.

Finally, in terms of factors involving actors in the policymaking process, organizations representing workers are the actors most likely to advocating for policies to address precariousness, which in most cases means trade unions (UNION). Metropolitan governments are more apt to decide to take policy action if there are unions that are active on the issue of precariousness, demanding policy changes (UACTIVE); and if there are unions with enough power to effectively push policymakers to move on the issue (UPOWER). For power, we will consider a union’s associational power and structural power (Wright 2000), and for these sources and capacities to affect the regulation of precarious work, the union must deploy them in demanding policy action on this issue. In the case of a bottom-up policy making process, trade union and worker pressure will be a driving force in moving an issue from the public agenda to the governmental agenda.

Structural power is assessed using the labor market information (LMKT, described above), while information to evaluate associational power is collected through data on union density, media reports, interviews with labor experts and union leaders, and from academic case studies. The degree to which a union falls into 1) the set of unions with power and 2) the set of active unions, will be calibrated into fuzzy sets, and then combines into the macrocondition UNIONfz, as shown in Table 6. These two variables will then be combined into one macro-



condition, called UNIONfz, which measures the degree of union presence (strength and activity on the issue of precariousness) in each city.

**Table 6: Macrocondition UNIONfz and Coding Criteria**

	Fuzzy set	Coding
UNIONfz Presence of strong unions active on the issue	USTRONGfz	1.0 – Unions have both structural and associational power 0.9 – Unions have significant associational power 0.2 – Unions have low associational power 0.0 – Unions have neither structural nor associational power
	UACTIVEfz	1.0 – Unions have acted to address precarious employment 0.3 – Unions have voiced positions on precarious employment 0.0 – Unions have not considered issues of precarious employment

Source: Own elaboration.

In addition to union presence, it is important to consider what type, or types, of unions are present (UMODEL), as not all union models are the same. Pillay (2013) identifies three main models of unionism, based largely on their “sources of power” (Fairbrother and Webster 2008) and how that affects their behavior, particularly in the policy arena. Business, or economic unionism (BUSU), refers to unions that focus on their collective bargaining role for their workplace, within a market system. They may be militant, or not, but generally have the goal of defending the narrow interests of their particular members, rather than taking into account the working class overall. A business model union might oppose sub-contracting, for example, but rather than stemming from a concern for precarious working conditions it would be a concern about losing union jobs to a third-party contractor.

Political unionism (POLU) refers generally to unions that are closely tied to political parties or a particular government regime. There is often movement or shared positions between party leaders; and union leaders, while elected by the membership, may develop policy positions based on the considerations of their allied party over that of their affiliates. Political unions may be of any political persuasion. Many of the social democratic trade unions in Europe represent one variety of political unionism, where unions interact with the state through parties to influence policy decisions, as well as engage in collective bargaining. In their most extreme manifestation, political unions are corporatist, with issues of political access subsuming bargaining demands such as wage levels or job security (Upchurch, Taylor, and Mathers 2014).

Finally, social movement unionism (SMU) is connected to larger overall social and class-based struggles as well as labor struggles. They may partner with community organizations to address non-workplace issues in the communities where its members live, such as addressing immigration raids or discrimination (Savage 2006). They may also address employment policy matters that go beyond the needs of their particular members, such as minimum wage initiatives. Social movement unions, while they may have different political leanings, generally value internal democracy and the ability to mobilize its membership in support of causes that its affiliates endorse.

These three types of union model will shape the role of local unions, regardless of strength or activity, in the policy-making process and how they interact with other conditions to affect policy decisions. As these are three discrete models of unionism, they cannot be calibrated or measured. Instead, the QCA model will be run with each union type and compared, in order to discern the impact of each model on the outcome.

**Table 7: Summary of Macroconditions, Conditions, and Outcome: Codings and Calibrations**

Macro Cond.	Fuzzy set	Source Variable	Coding		
LAGENCYfz max Degree of agency local gov' t has over own labor policies	Highest score between LLfz and ALLYfz (fuzzyor)				
	LLfz	LL	1.0 – local government has full jurisdiction to make and implement local labor laws 0.8 – local government has influence over labor laws (implementation, for ex) or shared jurisdiction 0.4 – local government implements labor laws set nationally 0.0 – local government does not have jurisdiction to make local labor laws and implementation is not local		
	ALLYfz	ALLY	1.0 – local and national governments are the same party and have a cooperative relationship 0.8 – local and national governments are the same party but have a poor relationship or act independently 0.4 – local and national governments are different parties but with similar views on labor and employment issues 0.0 – local and national governments are opposition parties		
LMKTfz Favorable labor market	Average score among LUNEMPfz, LINFfz, JGROWfz (fuzzyavg)				
	<b>Fuzzy Set</b>	<b>Source Variable</b>	<b>Threshold for full membership</b>	<b>Crossover point</b>	<b>Threshold for non-membership</b>
	LUNEMPfz	LUNEMP	5	8	15
	LINFfz	LINF	15	30	40
	JGROWfz	JGROW	4	3	1
	<b>Fuzzy set</b>	<b>Source Variable</b>	<b>Coding</b>		
GOVfz Metro area is led by a pro-worker	GOVfz	GOV	1.0 – local gov has a left orientation and accountability to mass-based worker organizations 0.9 – local gov has a left orientation 0.5 – local gov has a reformist orientation 0.1 – local gov has a neo-liberal or conservative orientation 0.0 – local gov is repressive or anti-worker		
UNIONfz max Presence of strong unions active on the issue	Highest score between USTRONGfz and UACTIVEfz (fuzzyor)				
	USTRONGfz	USTRONG	1.0 – Unions have both structural and associational power 0.9 – Unions have significant associational power 0.2 – Unions have low associational power 0.0 – Unions have neither structural nor associational power		
	UACTIVEfz	UACTIVE	1.0 – Unions have acted to address precarious employment 0.3 – Unions have voiced positions on precarious employment 0.0 – Unions have not considered issues of precarious employment		

	<b>Fuzzy set</b>	<b>Source Variable</b>		
UMODEL Model of unionism	n/a	UMODEL	SMU POLU BUSU	Types. Cannot be calibrated, run each separately.
<b>OUTCOME</b>				
	<b>Fuzzy set</b>	<b>Source Variable</b>	<b>Coding</b>	
	POLICYfz	<b>POLICY</b>	1.0 – policy in all 4 areas 0.9 – policy in 3 areas 0.8 – policy in 2 areas 0.7 – policy in 1 area 0.0 – no policies	

Source: Own elaboration.

### 3.4 QCA: Comparison and Causal Pathways

Using the collected and calibrated data described above, we will apply the QCA methodology, using fsQCA software (Ragin 2009), to identify patterns among causal combinations and outcomes, and then identify causal paths. The software assembles the data into a truth table with scores for each causal combination and outcome for each case. Due to limited diversity among cases, not all combinations will be found in reality; therefore this table is minimized, using fuzzy logic, to create logical equations that describe each causal pathway to an outcome.<sup>17</sup> Each of these pathways is measured for its usefulness in explaining what leads to the outcome with two metrics - consistency and coverage. Consistency describes the degree to which the causal pathway leads to the outcome (this speaks to sufficiency); coverage describes the degree to which a causal pathway is empirically relevant (speaking to necessity). In general, QCA researchers require a consistency score of a pathway to be 0.8 or higher.

In addition to causal pathways (or causal “recipes”), the minimization process also gives us information about the individual causal factors and to what degree they are necessary or sufficient for the outcome of a policy on precarious employment. For a factor or condition to be necessary, the outcome must be a subset of the condition. In other words, nearly all cases with the outcome will have the condition present. In general, for individual conditions to be

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<sup>17</sup> For more detailed information on the analysis of a truth table and how it is minimized, see C. Ragin (2014) and [www.compass.org](http://www.compass.org).

considered necessary, QCA researchers require a score of 0.8 or higher. For a condition to be sufficient the condition is a subset of the outcome; in other words, the presence of the condition nearly always shows the outcome.<sup>18</sup>

The output of this analysis and comparison will allow us to test the hypotheses described in Chapter 1, by telling us if either 1) the agency held by a metropolitan government over its employment policy-making; 2) the political orientation of a metropolitan government; 3) the presence of unions that have power and are active on the issue; or 4) the dominant model of trade unionism in the city are either sufficient or necessary conditions for the decision of metropolitan governments to address precarious employment.

### **3.5 Case Studies: Process-Tracing**

Once the quantitative step of the mixed methods methodology has allowed us to identify the causal pathways that lead to the outcome of a city deciding to address precarious employment, we will then choose two case studies that allow us to deepen our exploration of how these causal pathways function as a mechanism that leads to the decision and the presence of a policy. QCA gives us the basis to use the “most similar systems design” (MSSD) in choosing our case studies. In this case, we will be able to identify two causal pathways that are as similar as possible, but that lead to different outcomes (Mahoney 2008; Anckar 2008; Mill 1884), allowing us to use deductive reasoning to establish how the particular causal factors that differ have led to the variance in outcomes.

In this case, however, given the relatively small universe of global cities and the limited variation among cities in terms of both causal factors and outcomes, as well as the fact that we cannot possibly know and account for all of the potential causal factors that contribute to a policy decision, our case study selection will necessarily involve a degree of inductive reasoning as well (Anckar 2008). Therefore, we will use process-tracing to draw out how similar but

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<sup>18</sup> The summary of the QCA method in these two paragraphs draws on Jordan and Javernick-Will 2013 and the fsQCA manual written by Kent (2008).

differing causal pathways led to differences in outcome, but also what other factors related to context or history have also contributed to this difference. Moreover, we will look at two cases where the difference in outcome has do with the scope, level of implementation, and stability of the public policy more than a substantive difference in content.

This study and methodology will have certain limitations. One is that this study does not look at what policies are most effective at addressing precarious employment, so a metropolitan area could show an outcome (a policy) despite the fact that their policy has little impact on the problem. Related to this, and perhaps more significant, this study does not enter into matters of implementation of a policy. It is possible for a city to adopt a policy without proper implementation, for example, raising the minimum wage but not enforcing its application, or a policy to limit public spending by requiring contractors to have certain employment standards may be undermined by corruption or ineffective monitoring and have little impact on daily practices despite the policy. As a result, the decision to enact a policy on precariousness may mean differing degrees of success in actually lowering the negative effects of precarious employment. These are vital issues to address but are beyond the scope of the research question in this study.

In summary, using QCA's fuzzy sets and MSSD will allow us to identify two case studies with similar pathways that lead to policies that qualitatively different. Then, well-developed case studies with process tracing (Thomas and Gerring 2006) will allow to see how subtle variations in the pathway, such as the model of unionism, and other contextual factors, such as the style or directionality of decision-making, lead to the qualitative variations seen in the outcome.

## 4 ELEVEN GLOBAL GATEWAY CITIES: CAUSAL PATHWAYS TO REGULATING PRECARIOUS EMPLOYMENT

### 4.1 The Eleven Cities

The eleven cities being sampled are Delhi, Guangzhou, Istanbul, Johannesburg, Los Angeles, Mexico City, Miami, Santiago, Sao Paulo, Shenzhen and Warsaw. Table 8 lays out the basic economic and demographic descriptors of each city, including the population of the metropolitan area, the population of the city proper, the metro area's GDP, its GDP per capita, its GDP per worker and its GINI inequality coefficient. As may be observed, there is a significant variation terms of size, ranging from the megacities of Delhi and Guangzhou with 26 and 25 million people in their metropolitan areas, to the relatively small Warsaw, with 3.1 million. Most cities have a smaller "city proper" area, and their large size is due to a rapidly expanding exurb or metropolitan area. The City of Miami, for example, is quite small, while the Miami-Dade County metropolitan area encompasses 34 incorporated cities and several unincorporated areas. An exception to this is Istanbul, whose outer limits were recently redefined to include the larger metropolitan area within the jurisdiction of the city's local government (TURKSTAT 2016). In terms of wealth – GDP, GDP/capita and GDP/worker – there are significant differences in size, and more interestingly for our purposes, significant differences in GDP per capita and per worker. Warsaw and Istanbul are the only cities with GINI coefficients below 0.40, meaning the rest of the cities fall in the category of relative to high inequality; Johannesburg is notable for having extreme inequality at 0.74 (UN 2016)

**Table 8: Characteristics of the Eleven Gateway Cities**

Metro Area	Country	Pop MA (millions)	Pop City Proper (millions)	GDP (Millions PPP\$) 2015	GDP per capita (PPP\$) 2015	GDP per worker (PPP\$) 2015	GINI Index
Delhi	INDIA	26.0	11.0	396,449.00	16,861.00	58,516.00	0.60
Guangzhou	CHINA	25.0	13.5	523,554.00	39,800.00	\$78,646	0.42
Istanbul	TURKEY	14.8	14.8	449,388.00	30,723.00	85,137.00	0.37
Johannesburg	S AFRICA	7.8	4.4	94,096.00	19,913.00	47,869.00	0.74
Los Angeles	US	18.8	4.0	927,562.00	69,087.00	158,165.00	0.50
Mexico City	MEXICO	22.0	8.9	485,621.00*	23,017.00*	\$38,000*	0.46
Miami	US	2.8	2.8	282,514.00	46,989.00	110,888.00	0.43
Santiago	CHILE	7.0	6.3	213,908.00	29,303.00	64,809.00	0.52
Sao Paulo	BRAZIL	21.2	13.1	579,473.00	27,333.00	57,018.00	0.56

Shenzhen	CHINA	23.3	20.0	490,761.00	45,374.00	63,476.00	0.45
Warsaw	POLAND	3.1	1.8	164,068.00	56,564.00	95,975.00	0.31

Source: own elaboration, using data from the Booking Metropolitan Policy Program: <https://www.brookings.edu/program/metropolitan-policy-program/>. Gini data is mostly from the UN World Cities report (2016), supplemented with some local data.

\* The OECD Metropolitan Areas dataset lists the 2013 GDP for Mexico City as being over twice that of the Brookings data (US\$1,043,735 million), with correspondingly higher GDP per capita and per worker (OECD 2018). For consistency, I used the same Brookings data here as the others. However, the discrepancy is worth noting, as it indicates how widely the data may vary depending on how the metropolitan area around Mexico City, in particular, is defined.

#### 4.1.1 Political Factors and Factors affecting Agency among the Cities

While all of the metropolitan areas have local governments, they vary widely in terms of their local political structures, legal structures, political climate, and other factors that affect the degree of autonomy and interest each metropolitan government has over its policy-making process with regard to precarious employment.

In terms of having local jurisdiction for making their own labor and employment laws, only the Asian cities of Delhi, Guangzhou and Shenzhen, plus Los Angeles in the United States, have this authority, though all cities except Warsaw (and to a lesser extent, Istanbul) enforce laws through a local bureaucracy. In the case of Delhi, there is a long history of states and sectors in India setting their own minimum wages and developing their own labor standards, though the central government sets a floor. Los Angeles is similar, where the U.S. system of federalism allows state and local jurisdictions to set wage and employments standards in most cases,<sup>19</sup> while maintaining a federal minimum floor. In Miami, however, the state has passed legislation barring local governments from raising the minimum wage, though some other elements of employment policy remain in local jurisdiction. In China, until quite recently the State was the only employer. As sub-contracting has been increasingly allowed through quasi-state employers or private employers, the administrative law, which effectively serves as an employment law as it regulates hiring and firing, employment contracts, minimum working

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<sup>19</sup> While this is true, there is a growing trend of states preemptively restricting the ability of local jurisdiction to set local laws, on wages, employment as well as other non-employment issues such as fracking (Neely 2017; Dewan 2015). This has occurred, in part, in Miami. Since 2020, this trend has intensified, with states preempting the ability of cities to issue mask mandates. This has the potential to set precedent to limit the formal policy-making powers in other arenas, although it is too early to determine if such an assessment is accurate.



conditions and other related matters, is entirely in the hands of the local government (ie, local party officials). In addition, minimum wages are set at the city level, as well as in the state level – Shanghai has traditionally had the highest minimum wage in the country, with Guangzhou and Shenzhen falling on the low end of the scale but slowly rising in relative terms. See Table 9.

Politically, the local governments in the hands of pro-worker or left-leaning political parties are Delhi with the reformist Aam Aadmi party (AAP), Mexico City with the left-leaning Morena party and Los Angeles, led by union-backed Democratic administrations for decades. Miami-Dade county falls somewhere in the middle, with a Democratic administration that has passed some pro-worker legislation but without taking steps for implementation (Hill 2019); and in Istanbul a reformist government recently won power in June 2019 after two elections and a dramatic confrontation with the national, right-wing AKP. The other cities, as of March 2019, have conservative governments. South Africa held elections recently, but the Johannesburg government, in the hands of the centrist, free-market DA remains unchanged; the same is true for Brazil and the conservative government of São Paolo. Recent elections in India led to some of Delhi’s key AAP-held positions to be preplaced by the populist BJP, but the metropolitan area still remains largely under AAP rule. See Table 9.

Many global cities or metropolitan areas find themselves at odds with their national governments, particularly given current global trends where national governments are becoming increasingly nationalist and isolationist while urban centers are more liberal and cosmopolitan (Katz and Nowak 2018). Conservative or nationalist governments are in power in India, Turkey, Poland, the United States, Brazil and Chile, while China’s government is a one-party totalitarian system. Only South Africa and Mexico are led by parties with progressive rhetoric, and in the former, the city of Johannesburg is led by a much more conservative, neo-liberal party. Metropolitan areas that are mounting progressive challenges to their conservative federal governments include Los Angeles, Delhi, Miami, and possibly Istanbul. Only Mexico City has a progressive, pro-worker government at both the local and national levels.

**Table 9: Macrocondition LAGENCYfz (LL and ALLY) and Political Orientation of the Government (GOV)**

Metro Area	Local Jurisdiction (LL)	Allied with National Gov (ALLY)	Pro-Worker Government (GOV)
Delhi	0.8	0.0	0.9
Guangzhou	1.0	1.0	0.5

Istanbul	0.0	0.0	0.5
Johannesburg	0.8	0.0	0.1
Los Angeles	1.0	0.0	1.0
Mexico City	0.4	1.0	0.9
Miami	0.4	0.0	0.5
Santiago	0.0	0.8	0.1
Sao Paulo	0.4	1.0	0.1
Shenzhen	1.0	1.0	0.0
Warsaw	0.0	0.0	0.1

Source: own elaboration from WageIndicator database, media reports, and interviews.

#### 4.1.2 Labor Market Factors among the cities

High rates of informality and moderate to high rates of unemployment mark these cities, in some cases offset by strong job growth. A notable exception is Warsaw, whose labor market is very tight, with low unemployment, very low informality and strong job growth. The Chinese cities have surprisingly high rates of informality for a centrally planned economy, Guangzhou in particular. This is largely due to China's *hukou* system and massive internal migration from rural to urban areas. Migrants with a rural *houkou* are only eligible for healthcare, housing and other services designed for rural dwellers, and remain without an urban *houkou* or access to official working papers. Some of these workers are hired irregularly, while others are self-employed. Johannesburg has dramatically high unemployment, along with a moderate rate of informality.<sup>20</sup> Unlike other cities, informal employment is on the decline in Istanbul, parallel to what is seen in Turkey overall. In 2004, informal employment Istanbul was higher, 32.2%, it is now 12.9% after a large national campaign to raise awareness of the nation's social security system and expand it (Ilkkaracan 2016). There are, however, a large number of Syrian refugees that are often undocumented and work informally.

The Indian and Latin American cities have very high rates of informality, today and historically, though in Delhi this is coupled with strong job growth. Mexico City has had persistently high informal and precarious employment for decades (O'Connor 2014; INEGI

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<sup>20</sup> Like many capital cities, the rate of informality in Johannesburg (18%) is lower than the national rate, as this is where 74% of national company's headquarters and 55% of the nation's office space in general are located, along with most public sector employment. See: Mabin, 2006; Trujillo, 2015.

2020). The United States does not track or report informality statistics, in part due to the lack of a public healthcare system, which makes distinguishing formality from informality difficult. However, there is a significant shadow economy, largely made up of undocumented immigrant workers who do not have papers to work legally and be correctly properly enrolled in social security systems. For the quantitative calculations, the percentage of undocumented workers in a metropolitan area serves as a rough proxy for the level of informal employment, at 7.3% for Miami and 7.5% for Los Angeles (Passel and Cohn 2019). See Table 10.

**Table 10: Macro-condition LMKTfz: Labor Market Indicators**

<b>Metro Area</b>	<b>% Informal</b>	<b>% Unemployment</b>	<b>Rate of job growth</b>
Delhi	44.65	4.46	4.70
Guangzhou	54.00	2.30	2.00
Istanbul	16.50	12.90	4.40
Johannesburg	18.00	28.20	0.60
Los Angeles	7.50	1.80	1.00
Mexico City	50.00	4.00	1.40
Miami	7.30	3.20	0.50
Santiago	28.60	7.10	1.00
Sao Paulo	48.00	6.09	2.00
Shenzhen	40.00	3.00	1.80
Warsaw	1.47	2.40	3.20

Source: own elaboration with data from the Brookings Institute, OECD, and World Bank databases, and government reporting. For US cities, see Pew Research Institute 2019.

**4.1.3 Strength and Activity Levels of Unions**

As described previously, unions may have associational power and/or structural power (Wright 2000). Three cities, Sao Paolo, Delhi and Los Angeles, have unions that are both fairly strong and active on the issue of precarious work. In Sao Paolo, for example, over the past two decades the municipal workers union has mobilized to prevent even the smallest steps towards using sub-contracted workers, who would earn less than direct hires, in the public sector; as a result they have kept the practice largely at bay (Batista 2019). In Delhi, organizations of informal workers have mobilized to shape city planning and in the largely precarious local construction industry, trade unions have won a seat on the Welfare Boards (ACTRAV 2014). Union density among non-agricultural informal sector workers is approximately 8% across India (Agarwala 2008). Finally, in Los Angeles, the local labor movement is one of the most active

in the United States, with organizing efforts largely focused on precarious and immigrant workers such as car washers and janitors, and the political power to improve employment and hiring policies in many key industries (Flaming et al. 2015).

In China, by contrast, trade unions are closely controlled by the state while independent worker organizations are repressed, although in the city of Guangzhou there have been a series of strikes in the auto sector around pay disparities and precariousness, leading to the negotiation of a pact resembling an industry-wide collective bargaining agreement across the city, carried out independently of the state-controlled unions, a very unusual step in China (Wenten 2011). In response, the Guangzhou ACFTU vice president and member of the state’s central party has publicly argued for the democratic management of trade unions (Weiguang 2011). There is also a city-wide independent union of construction workers in Guangzhou, with no funding from either the State or enterprises (Luo 2011). While this level of independent trade union activity remains small in comparison with the State-affiliated unions, its presence alone makes Guangzhou stand out in China, especially when compared with Shenzhen, where official unions are very closely allied with State interests and repression and control over dissent have successfully prevented the formation of any independent worker organizations (China Labor Bulletin 2015).

In Santiago, trade unions have not taken up the issue of precarious employment, even as the public sector has been reduced dramatically, in part due to severe fragmentation among trade union centrals (Duran 2019; Espinoza 2019). In Warsaw, despite a moderately strong trade union movement, cultural and ideological issues and a strong labor market have sidelined a discussion of precarious work (Czarzsky 2019; Otto 2019). In Mexico, trade unions have little associational power or structural power, while even politically independent unions have taken few steps, beyond rhetoric, to address precarious employment (Bensusán and O’Connor 2017). In Miami, an active but small labor movement has had little impact on growing precariousness (Hill 2019).

**Table 11: Macrocondition UNIONfz (Union Power and Activity on Precariousness) and prevailing Union Models**

Metro Area	UACTIVE	USTRONG	UMODEL*
Delhi	1.0	0.9	SMU, Political
Guangzhou	0.3	0.2	Political

Istanbul	1.0	0.2	Political
Johannesburg	0.3	0.9	SMU, Political
Los Angeles	1.0	0.9	SMU
Mexico City	0.3	0.2	Political
Miami	0.9	0.2	SMU, Economic
Santiago	0.3	0.0	Economic
Sao Paulo	1.0	0.9	SMU, Political
Shenzhen	0.0	0.0	Political
Warsaw	0.3	0.9	Political

Source: Own elaboration, based on interviews, media reports, and published statistics on union density.  
 \*Note: While union movements are diverse and examples of all three union models exist in nearly all cities, this table describes the union model(s) that prevail or dominate the general labor movement and its behavior.

#### 4.1.4 Prevailing Trade Union Models

Of the three main models of unionism – economic, political and social movement unionism (Pillay 2013) - , only Santiago is dominated by economic unionism (Espinoza 2019; Duran 2019), though segments of the American labor movement are also largely economic or business unions, especially in the public sector as seen in the case of Miami. At the opposite extreme, all but three cities have a significant part of their labor movement with a political unionism model, including a corporatist model in many cases. This likely reflects a shared history of colonialism and authoritarian governments leading to corporatist states in the cases of Mexico City, Sao Paulo, Delhi, Istanbul, Warsaw and to an extent, Johannesburg.

Where there is most variation is among the cities with a social movement unionism model. Delhi, Johannesburg and Sao Paulo have notable segments of their labor movement that have grown out of fights against colonialism, authoritarianism or apartheid regimes. The term social movement unionism was first developed in South Africa, where black trade unions mobilized in segregated communities to overthrow an oppressive regime as well as bargain for workers’ rights, while CUT-affiliated unions joined the broader movement for democracy in Brazil. In the United States, social movement unionism is associated with campaigns addressing the needs of immigrant workers and communities of color, where alliances are built between communities and workplaces for mutual benefit, as seen in the Justice for Janitors campaign (Savage 2006). Both Miami and Los Angeles, with their enormous immigrant communities, have this model of unionism, though its scale and visibility is significantly larger in Los Angeles (Flaming et al. 2015; Hill 2019).

Meanwhile, Mexico City, Guangzhou, Shenzhen, Istanbul, Santiago, and Warsaw have no social movement unionism of a significant size. While in all of these cities there are important but small efforts for independent or community-based unions or worker organizations (Weiguang 2011; O'Connor 2014; Otto 2019; Duran 2019; Espinoza 2019; Czarzsky 2019; Surdykowska 2019), none are extensive enough to be considered a prevailing model within the city. See Table 11.

#### **4.1.5 Outcomes: Cities Regulating Precarious Employment**

Of the four possible areas of policy action (see Chapter 3), only Delhi and Los Angeles have evidence of taking action in all four areas. Four cities have taken no policy action at all – Johannesburg, Santiago, Istanbul and Warsaw. The policy area where cities are most likely to engage is in expanding social protections to precarious workers. An example is expanding health coverage and other protections to internal migrants, as is the case in Guangzhou or Shenzhen, or to domestic workers, as is the case in Mexico City. Public spending reforms, such as setting minimum wages or labor standards for contractors that provide services to local governments (responsible contractor policies), are found in Los Angeles, Delhi and Mexico City, though in the latter two cases the degree of implementation of these policies is uncertain.

Los Angeles is a leading example of a metropolitan area using its local powers, formal and informal, to address job quality and precarious employment. It has recently enacted one of the highest minimum wages in the United States, which will impact nearly one million low-wage workers (Flaming et al. 2015). It also pioneered the concept of using its power as a consumer of services to support decent working condition as one of the first major cities to pass first a minimum wage ordinance (MWO) requiring all city contractors to pay a higher minimum wage than in other parts of the economy; and later a responsible contractors policy (RCP) adding health insurance, minimum working conditions and other benefits to the requirements for all city contractors (Flaming et al. 2015; Bibby 2012). In contrast, Istanbul (and other municipalities) is one of the largest users of subcontracted services in Turkey, with 36% of its workforce subcontracted (Lecha and Losada 2019; Çelik 2013; Ozkan 2019), with no requirements on contractors to avoid precarious working conditions. Mexico City falls somewhere in the middle, with past efforts to raise the minimum wage, and a new city constitution that adds significant to protections for precarious and vulnerable workers, though

the process to enact and implement these rights is still a work in progress (CDMX 2014; 2018). See Table 12.

**Table 12: Outcomes: Presence of a Policy in the Eleven Cities 2009-2019**

Metro Area	Local Minimum Wage Policy	Expand SS coverage	Regulatory Reforms	Public Spending Reforms	Total
Delhi	1	1	1	1	4
Guangzhou	0	1	0	0	1
Istanbul	0	0	0	0	0
Johannesburg	0	0	0	0	0
Los Angeles	1	1	1	1	4
Mexico City	0	1	1	1	3
Miami	0	0	1	1	2
Santiago	0	0	0	0	0
Sao Paulo	0	1	0	0	1
Shenzhen	0	1	0	0	1
Warsaw	0	0	0	0	0
Total	2	6	4	4	

Source: own elaboration from WageIndicator database, media reports, government (Labor Ministry) websites and interviews.

**4.2 Causal Pathways to the Decision to Address Precarious Employment**

After collecting, coding, and calibrating the data, a truth table was created with the conditions and outcome, and then analyzed using the fsQCA software (Ragin, 2009). While with crisp sets Boolean (set-analytic) logic is used to minimize the table, fuzzy logic (which considers degrees of set membership) is used with fuzzy sets. This minimization process leads to “causal pathways,” or logical equations that describe different combinations of conditions that lead to the outcome.

The usefulness or validity of the causal pathways and the overall truth table solution are measured with two metrics. One is consistency, which measures the degree to which cases with the set of causal factors also show the outcome. This metric also speaks to the sufficiency of the causal pathway; the higher the degree of consistency, the higher its degree of sufficiency in producing the outcome. Most QCA researchers agree that a consistency score must be 0.80 or higher to be considered necessary. Coverage, meanwhile, measures the degree to which the cases examined support the causal pathway, reflecting its empirical relevance. A separate procedure measures necessity; consistency metrics in this procedure show which conditions are

necessary (though not necessarily sufficient alone) to lead to the outcome. (Jordan and Javernick-Will 2013; Ragin 2009). Here we will look first at the results of the Analysis of Necessary Conditions, then at the results of the Truth Tables Analysis.

#### 4.2.1 Analysis of Necessary Conditions

In Figure 4, we see the results of the Analysis of Necessary Conditions procedure. In general, its score must be 0.80 or higher (though Ragin suggests 0.90) for a condition to be considered necessary (Jordan and Javernick-Will 2013; Ragin 2009).

**Figure 4: Analysis of Necessary Conditions**

**Outcome variable: POLICYfz**

LAGENCYfz	<b>0.884615</b>
<i>LL</i>	0.730769
<i>ALLY</i>	0.461538
GOV	0.750000
LMKTfz	0.661538
UNIONfz	0.788462

Source: Output from fsQCA 3.0, using data from Tables 9, 10, 11 and 12.

We see in Figure 4 that only macrocondition LAGENCYfz is necessary, or almost necessary, to produce the outcome of POLICYfz, i.e., that a local government must have a high degree of local agency over its own labor and employment policies in order to make the decision to address precarious employment, as predicted by Hypothesis 1. The macrocondition of LAGENCY is made up of two conditions, having local jurisdiction over labor and employment laws (LL) and having the national government as an ally in policy making (ALLY). Of the two, the matter of local jurisdiction comes closer to being a necessary condition for the policy decision. In other words, the only condition that is necessary for a city to decide to develop a policy on precarious employment is the formal and political ability to do so.

#### 4.2.2 Truth Table Analysis

These results show all pathways that had at least one existing case (frequency cutoff: 1), considered a valid cutoff point for a small-n study (Ragin 2009) and uses a consistency threshold



that is actually higher than the recommended 0.8 level (consistency cutoff: 0.851852 and actual solution consistency of .94) so the findings may be considered robust. The software gives the minimization of the truth table at three levels: Complex, parsimonious and intermediate. The intermediate table is usually considered to be the most useful, though interesting details can come from looking at the other two solutions as well. Here we will look at all three:

**Figure 5: Truth Table Analysis**

**INTERMEDIATE SOLUTION**

Model:  $POLICY_{fz} = f(UNION_{maxfz}, LMKT_{fz}, LAGENCY_{maxfz}, GOV)$

Algorithm: Quine-McCluskey

frequency cutoff: 1

consistency cutoff: 0.851852

	<u>coverage</u>	<u>consistency</u>
GOV*LAGENCY <sub>maxfz</sub> *~LMKT <sub>avgfz</sub>	0.386538	<b>0.909502</b>
GOV*LAGENCY <sub>maxfz</sub> *UNION <sub>maxfz</sub>	0.557692	<b>0.935484</b>
solution coverage: 0.663462		
solution consistency: 0.945205		

Cases with > 0.5 membership in GOV\*LAGENCY<sub>maxfz</sub>\*~LMKT<sub>avgfz</sub>: MexicoCity (0.65,0.9)

Cases with > 0.5 membership in GOV\*LAGENCY<sub>maxfz</sub>\*UNION<sub>maxfz</sub>: LosAngeles (1,1), Delhi (0.8,1)

Source: Output from fsQCA 3.0, using data from Tables 9, 10, 11 and 12.

Here, we see that among the eleven metropolitan areas in our sample, there are two pathways to a policy on precarious employment, both with a high degree of sufficiency. In the first pathway, a poor labor market (~ indicates the absence of the condition), plus a high level of local agency over labor laws, plus a pro-worker government leads to the outcome, even without strong and active unions. In other words, one pathway is to have a pro-worker government with agency, address a policy need. The second pathway relies upon the presence of strong and active unions, as Hypothesis 3 predicted (See Chapter 1). In other words, this pathway has a pro-worker government with agency, responding to the advocacy of organized workers. What is notable here is that there is a causal pathway that is nearly as strong without the presence of unions, with a score of 0.91 compared to 0.94 in the union pathway.

This result is reflected even more clearly in the complex solution:

### COMPLEX SOLUTION

Model:  $POLICY_{fz} = f(GOV, LAGENCY_{maxfz}, LMKT_{avgfz}, UNION_{maxfz})$

Algorithm: Quine-McCluskey

frequency cutoff: 1

consistency cutoff: 0.862069

	<u>coverage</u>	<u>consistency</u>
GOV*LAGENCY <sub>maxfz</sub> *~LMKT <sub>avgfz</sub> *~UNION <sub>maxfz</sub>	0.240385	<b>0.862069</b>
GOV*LAGENCY <sub>maxfz</sub> *LMKT <sub>avgfz</sub> *UNION <sub>maxfz</sub>	0.473077	<b>0.924812</b>

solution coverage: 0.578846  
solution consistency: 0.937695

Cases with > 0.5 membership in term

GOV\*LAGENCY<sub>maxfz</sub>\*~LMKT<sub>avgfz</sub>\*~UNION<sub>maxfz</sub>: MexicoCity (0.65,0.9)

Cases with greater than 0.5 membership in term

GOV\*LAGENCY<sub>maxfz</sub>\*LMKT<sub>avgfz</sub>\*UNION<sub>maxfz</sub>: LosAngeles (0.7,1),  
Delhi (0.66,1)

Source: Output from fsQCA 3.0, using data from Tables 9, 10, 11 and 12.

In this case we see causal pathways that work with or without UNION<sub>fz</sub> or LMKT<sub>fz</sub>. Finally, the parsimonious solution reinforces the key role of having a pro-worker local government:

### PARSIMONIOUS SOLUTION

Model:  $POLICY_{fz} = f(GOV, LAGENCY_{maxfz}, LMKT_{avgfz}, UNION_{maxfz})$

Algorithm: Quine-McCluskey

frequency cutoff: 1

consistency cutoff: 0.862069

	<u>coverage</u>	<u>consistency</u>
GOV	0.75	<b>0.829787</b>

solution coverage: 0.75  
solution consistency: 0.829787

Cases with > 0.5 membership in term GOV: LosAngeles (1,1), Delhi (0.9,1), MexicoCity (0.9,0.9)

Source: Output from fsQCA 3.0, using data from Tables 9, 10, 11 and 12.

In the parsimonious solution, we see that government (GOV) alone is just sufficient (with a metric of 0.82) to lead to the outcome of having a policy on precarious employment, as predicted in Hypothesis 2. However, we previously saw that having local agency (LAGENCY) over policymaking in this area was a necessary condition as well. In this case, the parsimonious

solution is too parsimonious to be a complete solution, but it does help us to see the key role played by the orientation of the local government in policy decisions.

#### 4.2.3 Truth Table Analysis with Union Models

One of our hypotheses speaks to the role of the predominant union model in the metropolitan area and its impact on the decision to address precarious employment (see Chapter 1), and so the next step is to model the causal pathways including this factor. Since the three union models are types, and cannot be calibrated, the procedure is to run the fzQCA model three times, each time with a different union type added to the other conditions and compare the results. Using Pillay (2013), the three union types are social movement unionism (SMU), political unionism (POLU) and economic unionism. Of the eleven cities, five had SMU unions to a significant degree, while all but one city had political unions. There were only two cases with economic unions, which was not enough cases for an analysis to be run.

##### 4.2.3.1 Truth Table Analysis with Social Movement Unionism

As seen below, when the union model of social movement unionism is included, the two causal pathways do not change. However, for the pathway that includes the presence of strong and active unions, if at least some of those unions are social movement unions, then the consistency rate (degree of sufficiency for this pathway) goes up slightly to 0.96.

**Figure 6: Truth Table Analysis with Social Movement Unions**

Model: POLICYfz = f(GOV, LAGENCYmaxfz, LMKTavgfz, UNIONmaxfz, SMU)

Algorithm: Quine-McCluskey

frequency cutoff: 1

consistency cutoff: 0.92

	<u>coverage</u>	<u>consistency</u>
GOV*LAGENCYmaxfz*~LMKTavgfz	0.386538	0.909502
GOV*LAGENCYmaxfz*UNIONmaxfz*SMU	0.442308	<b>0.958333</b>

solution coverage: 0.663462

solution consistency: 0.945205

Cases with > 0.5 membership in term GOV\*LAGENCYmaxfz\*~LMKTavgfz: MexicoCity (0.65,0.9)

Cases with > 0.5 membership in term GOV\*LAGENCYmaxfz\*UNIONminfz: LosAngeles (1,1), Delhi (0.8,1)

Source: Output from fsQCA 3.0, using data from Tables 9, 10, 11 and 12.

In essence, this shows that SMU’s, which by definition are more likely to be active on issues beyond those that affect their membership (such as precarious employment and issues that affect precarious workers), will amplify the effect of trade union presence in leading the outcome of having a policy as predicted by Hypothesis 4. However, it remains the case that SMU’s alone will have little impact on the creation of a policy unless there is a local government with a high level of agency over its own labor laws and a pro-worker stance that is receptive to their activism.

#### 4.2.3.2 Truth Table Analysis with Political Unionism

In this case, when the union model of political unionism is first included, the two causal pathways change. For the pathway that includes the presence of strong and active unions, if at least some of those unions are political unions, then the causal factor of a pro-worker government is no longer needed. Using case knowledge, we can see that this result is shaped by a case that is an outlier from the other cases in our sample. This is the only configuration that includes a city without a pro-worker government, Sao Paolo, as a case with the outcome. This may be because Sao Paolo has strong, active unions with a political model (also an SMU model) and has previously had a pro-worker government that created policies to prevent precarious employment, which until now have mostly survived the change to a current anti-worker government. In other word, the decision to address employment to prevent precariousness was taken in the past, and unions are now defending those policies from an anti-worker government. In other words, unlike the rest of our cases, Sao Paolo’s coding as a positive case from the outcome does not reflect the decisions by the current or recent governments. As a result, and as encouraged by fzQCA methodology (Ragin 2009), we will use case knowledge to set this case aside, in order to focus on the cases of cities that are currently confronted by the decision about whether or not to address precarious employment.<sup>21</sup>

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<sup>21</sup> The results of the fzQCA including Sao Paolo were:

GOV*LAGENCYmaxfz*~LMKTavgfz*POLU	0.386538	<b>0.952607</b>
LAGENCYmaxfz*LMKTavgfz*UNIONmaxfz*POLU	0.557692	<b>0.900621</b>

Once we set aside this case, when the model of political unionism is included, the two causal pathways do not change. For the pathway that includes the presence of strong and active unions, if at least some of those unions are political unions, then the consistency rate (degree of sufficiency for this pathway) rise to the highest level seen in this study, 0.97, while the pathway without unions is also high, 0.95. See Figure 7.

**Figure 7: Truth Table Analysis with Political Unions**

Model: POLICYfz = f(GOV, AGENCYmaxfz, LMKTavgfz, UNIONmaxfz, POLU)  
 Algorithm: Quine-McCluskey  
 frequency cutoff: 1  
 consistency cutoff: 0.925926

	coverage	consistency
GOV*AGENCYmaxfz*~LMKTavgfz*POLU	0.424444	0.950249
GOV*AGENCYmaxfz*UNIONmaxfz*POLU	0.622222	0.965517
solution coverage: 0.744444		
solution consistency: 0.971014		

Cases with > 0.5 membership in term GOV\*AGENCYmaxfz\*~LMKTavgfz\*POLU: MexicoCity (0.65,0.9)  
 Cases with > 0.5 membership in term GOV\*AGENCYmaxfz\*UNIONmaxfz\*POLU: LosAngeles (1,1), Delhi (0.8,1)

Source: Output from fsQCA 3.0, using data from Tables 9, 10, 11 and 12.

These results are similar to the model’s results without POLU, in the sense that the causal pathways are the same – a pro-worker government, local agency over policy and either a poor labor market or strong active unions. But they are surprising in that a political model of unionism seems to have more effect when it is not strong or active, which is different than what the literature traditionally says about the effect of trade unions on policy decisions (R. Hyman 2015; Silver 2003). This implies a question about causality – in the first pathway, is a pro-worker government moving weak, passive but politically allied unions in order to address a weak labor market?

Given the unusual behavior of POLU in terms of its sufficiency in leading to policy on precarious employment, we return to an analysis of Necessary Conditions. Though this procedure, we see that POLU is a strongly necessary (though not sufficient) condition for the decision to address precarious employment. See Figure 8.

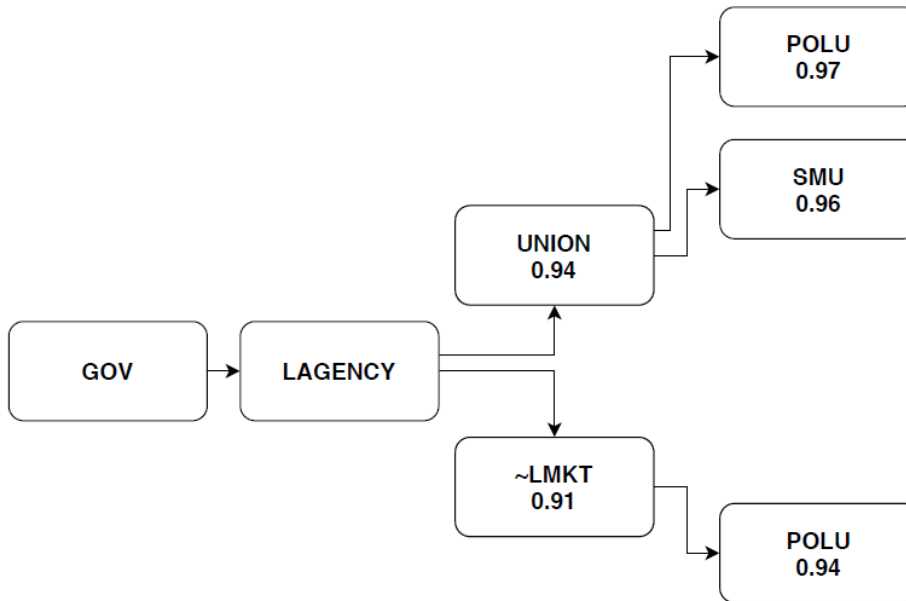
**Figure 8: Analysis of Necessary Conditions with Political Unions**

	<u>Consistency</u>
POLU	1.000000
POLU+UNIONmaxfz	1.000000
POLU+GOV	1.000000
POLU+LAGENCYmaxfz	1.000000

Source: Output from fsQCA 3.0, using data from Tables 9, 10, 11 and 12.

While in some ways, this consistency score for necessity seems to imply that political unions (POLU) cause a policy on precarious employment, the nature of political unions (which are by definition closely tied to a political party or government, often corporatist) means that their role and that of the government (GOV) are closely related, so what we may be seeing is the effect of a pro-worker government on the policy positions of unions, rather than the other way around. At any rate, given the very high consistency score, a political model of unionism seems to amplify other necessary conditions.

**Figure 9: Causal Pathways to a Policy on Precarious Employment**



<u>Condition</u>	<u>Necessity</u>
LAGENCY	0.88
GOV	0.75
LMKT	0.66
UNION	0.78
SMU	0.67
POLU	1.00

Source: Own elaboration, using output from fsQCA 3.0 shown in Figures 4, 5, 6, 7 and 8.

### 4.3 Summary of Findings

Based on the results of the FZQCA analysis, as described above and as seen in Figure 9, we may return to the hypotheses laid out at the beginning of this study and make the following conclusions.

Hypothesis 1: When a metropolitan government has formal local jurisdiction over labor law, it is more likely to address precarious employment. We found that jurisdiction alone is neither fully sufficient nor necessary in a causal pathway to a decision to create a policy, however it comes very close. When combined with a supportive national political environment

to establish a degree of genuine local agency, this becomes a necessary (though not sufficient) condition. In other words, a hostile national government or the absence of local jurisdiction over labor and employment laws makes it unlikely for the outcome to occur.

Hypothesis 2: When a pro-worker party governs a metropolitan government, it is more likely to address precarious employment. This condition comes close to being necessary and sufficient condition for the decision to create an employment policy, and ultimately it and local agency are components found in any of the “causal recipes” or pathways that lead to the outcome. This opens up additional questions of how decision-making unfolds in metropolitan areas – does a pro-worker government that enters office with precarious employment on the agenda, especially in the case of a poor labor market, move other actors? Or, is a pro-worker government simply more receptive to strong, active unions when and if they advocate for a policy?

Hypothesis 3: When unions or worker organizations with power, structural and associational, are present and active on the issue of precarious employment, a metropolitan government is more likely to decide to regulate. Strong and active unions are a condition in one of two possible casual pathways, and the pathway that includes unions has a higher degree of sufficiency in leading to the outcome. However, they are not necessary and there is a causal pathway that does not include unions. The presence of unions has a slightly higher degree of sufficiency when they are predominantly social movement unions and a slightly lower degree when they are predominantly political unions.

Hypothesis 4: When the dominant model of trade unionism in a metropolitan area is social movement unionism, the government is more likely to decide to address precarious employment. The model results show that this is true to an extent, the presence of SMU model unions leads to sufficiency scores that are slightly higher in comparison with causal pathways made up of all union models or of political union models. However, we also see that political unions increase sufficiency scores to an even greater degree than SMU unions, which is contrary to the hypothesis’ predictions, and is unexpected, as by definition SMU unions are more likely



to advocate for such policies than other union types. Moreover, social movement unions are not necessary to produce an outcome, while the model of political unions is a necessary condition.

In summary, we find that there are two necessary conditions for a metropolitan area to decide to create a policy on precarious employment – one is to have local agency, which is a combination of having local jurisdiction over labor and employment policy and an allied national government; and one is to have a political model of unionism. The first condition confirms a hypothesis - a city with formal power and political support to create policies is more likely to do so than a city that is obstructed legally or politically in this area. The second condition of having a political model union is surprising as, by definition, they are less likely to advocate for policies outside their traditional membership than other models of unionism (such as SMU). This raises the question as to the causality of political unions in the policy-making process on precarious employment – are these unions leading a government to be pro-worker and to the decision on a policy? Or is an ideologically pro-worker government reaching the decision separately and then using asking politically allied unions to support it? The answer to this question is key for those interested in finding and understanding pathways to a policy on precarious employment, as one means that creating and strengthening unions is a path to a solution while the other implies a need to change governments.

Secondly, a truth table analysis reveals two causal pathways, or combinations of factors, that are sufficient to result in a decision by a city to create a policy to address precarious employment. Both pathways require the presence of a pro-worker government and a government with local agency. One pathway requires the presence of strong and active trade unions, but interestingly, the other pathway does not. In the non-union pathway, it is sufficient to have a government responding with progressive policies to a poor labor market. Moreover, for the union pathway, the degree of sufficiency increases for political model unions, more so than for social movement unions as our hypothesis had predicted. This again raises the question of causality in how these factors interact, and whether it is unions advocating with a government to adopt policies, or a government encouraging its allied unions to accept a particular policy to address the needs of precarious workers.

#### **4.4 Cases Studies: Top-Down or Bottom Up?**

These findings lead to rich territory for choosing case studies for process tracing. Case knowledge implies that in some cities the process is top-down and driven by the government with little to no union participation. Mexico City is a clear example, with political unionism and a progressive government that is developing a series of policies to address precarious employment despite limited local agency. In other cases, there has been a process for adopting a policy that has been is bottom-up. In Johannesburg and Miami, social movement unions have mobilized for years to address precarious employment and community concerns, but without success due to an anti-worker government (in the case of Johannesburg) or limited local agency and weak unions (in the case of Miami). Positive examples of bottom-up policy making are Delhi, with a fairly pro-worker government and both SMU and political unions and Los Angeles, with a pro-worker government, local agency and also with both SMU and political unions.

Case knowledge and process tracing, therefore, will explore the role of unions in the policy-making process, in particular the roles of political unions and social movement unions, to understand how they interact with another factor – the government – to reach a policy decision. Process tracing will allow us to see where unions and worker organizations have advocated for policy changes and shaped government decisions in a bottom up model, and where government acted based on ideology or conviction to address precarious employment without significant union participation, in a top-down model.

Therefore, in the following chapter, this study will describe two case studies using process tracing, one of Mexico City and one of Los Angeles. The cases have been chosen using the most similar cases design (Anckar 2008), as both are global gateway cities with a highly interconnected economy based on advanced producer services, a progressive government, and a labor market that is weak to moderate with high levels of informality or undocumented workers. Where they differ is in their models of unionism and the process that unfolded to reach the decision to address precarious employment. Mexico City is the dominant case from our sample of a government with pro-worker rhetoric that followed the causal pathway without unions, deciding to address precarious employment despite little involvement from weak and passive political model unions. Meanwhile, Los Angeles has been an emblematic case of the

pathway with unions, with a pro-worker government responding to activism by social movement unions in order to develop an integral policy on precarious and informal employment. Mexico City offers a chance to follow a top-down process of policymaking, while Los Angeles is an example of bottom-up.

## 5 Mexico City: A top-down pathway to a policy decision

### 5.1 Introduction

In this case study, we will see that in Mexico City the causal pathway to the decision to develop a policy to address precarious employment comprised having a government with a left-leaning orientation, a limited degree of local agency over policy making and little union presence, with those unions having predominantly a political unionism model. The combination of these factors makes Mexico City an emblematic example of a top-down decision making path. In this case study, we will use process tracing to understand the interests and ideology of the local government regarding employment matters, as well as to examine the role of trade unions and worker organizations in the decision making process, and attempt to understand their relationship and interaction with the city government; their role in advocating for policies that address precarious employment; and the directionality of influence between the city government and the unions.

Mexico City (*Ciudad de Mexico*, or CDMX) is one of the largest metropolitan areas in the world. Located in the Mexico Valley, one in five Mexicans live in the metro region, which also has 18% of the nation's jobs and produces 23% of the nation's GDP (OECD 2015; Pradilla Cobos 2016). The Metropolitan Zone of Mexico City (*Zona Metropolitana de la Ciudad de Mexico*, or ZMVM) encompasses Mexico City, along with 60 agglomerated municipalities across the valley, 59 of which are in the State of Mexico and one in the State of Hidalgo. The city proper of CDMX has 8.9 million inhabitants, while its metropolitan area has approximately 22 million people, making it the 5<sup>th</sup> largest city in the world (UN 2018). Across the metropolitan region, there is significant variation in incomes and employment standards, in particular between CDMX and the surrounding municipalities (OECD 2015).

### 5.2 Outcome: CDMX Employment Policy

As we saw in Chapter 4, in the years before January 2019, Mexico City took some important steps in developing a policy to address precarious employment in the city, which, while having a minimal impact to date on the metro area's massive levels of informal and

substandard work, does at least reflect the presence of the issue on the city's governmental agenda and the policy decision to develop policies that address the negative effects of widespread precariousness. Of the four possible areas of policy action – developing a local minimum wage policy, expanding social protections to precarious workers, regulatory reforms on subcontracting and the use of other precarious forms of employment and reforms in public spending to promote stable employment - Mexico has developed policies in three of these areas, and exerted effort in all of them.

On the minimum wage, in 2014, the government of Mexico City launched a major initiative to raise the minimum wage. While wage policy in Mexico is centralized at the federal level, it was local city leaders, in particular then-Mayor Miguel Angel Mancera, who promoted a national effort to make the minimum wage recover after decades of stagnation.<sup>22</sup> Between 1976 and 2014, the purchasing power of the national minimum wage had declined 71% nationally and 76% in Mexico City while the minimum wage had fallen far below the point of equilibrium in the regional labor market; in 2014 for example, only 7.7% of those employed in Mexico City earned up to one minimum wage (CDMX 2014; Moreno-Brid and Garry 2015; Garavita Elías 2015). However, the percentage of wage workers who earned three or fewer minimum wages, who tend to be the most closely affected by wage policies, was 55.9% in Mexico City (Negrete Prieto and Luna Ramriez 2016). Moreover, since 2008, in both Mexico City and nationally, the number of workers earning up to 2 minimum wages had grown while the number who earn three or more had decreased, and Mexico found itself with one of the lowest minimum wages in the region, on par with Nicaragua and Bolivia, despite having a productivity level on par with that of Chile (CEPAL 2014; CDMX 2014)

In May of 2014, Mancera effectively moved the issue of the minimum wage from the public to the policy agenda by publically broaching the relationship between economic growth and the minimum wage policy in Mexico, questioning whether “*the Mexican economy could grow based on a punishingly low minimum wage or if the economy was not growing precisely because the income levels of workers is extremely low*” (CDMX 2014; Pantoja 2014). For the

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<sup>22</sup> Propone Mancera 20 pesos de aumento al salario mínimo, Proceso, July 30th, 2014, <https://www.proceso.com.mx/nacional/2014/7/30/propone-mancera-20-pesos-de-aumento-al-salario-minimo-135466.html>

rest of the year, the city government campaigned vigorously, releasing a proposal for a gradual increase in minimum wage rates across the country as well as Mexico City, which was debated publicly among a wide range of national and local policy actors. While receiving significant popular support, as well as within academic, international and some political and business sectors, the metropolitan government was ultimately unsuccessful during its administration in reversing the Federal position on the matter or in the moving policy-making process out of the tightly-controlled tripartite National Commission on Minimum Wages (CNSM) and in December 2014, the minimum wage was increased 4 % to absorb inflation, but was otherwise not substantially raised in real terms (CNSM 2014), although some wage policy changes were made at the federal level, such as unifying the minimum wage to one national level, and de-linking the minimum wage rate from the process for setting everyday fines and administrative payments. By early 2018, the neither the federal or local minimum wage in Mexico City had seen a substantial increase, despite the city's efforts. However, the issue was successfully placed on the national political and policy agenda in a prominent way and by late 2018, after the election of a new federal government with a meaningfully different political orientation, the federal minimum wage was increased by 16% in December 2018, by 20% in December 2019 and again by 15% in December 2020 (CNSM 2020; Gonzalez 2019).

In terms of expanding social benefits for precarious workers, Mexico City has always had a strong social policy orientation (O'Connor 2014; Chac et al. 2013), and has served as a place of policy experimentation and innovation in developing social programs that reduce precariousness among citizens and workers. In 2007, Mexico City established the nation's only unemployment insurance program which, while troubled in its implementation, was nonetheless an important policy designed to lessen the impact of job loss (Escobar Toledo 2010; Loa Aguirre et al. 2019). Given the size of service sector employment and the accompanying high rates of job turnover and precarious employment, this unemployment insurance served to cushion workers from extreme income volatility. In 2018 and 2019, the metropolitan government increased the budget allocated to this program by 15% and its operation was reformed, establishing an electronic platform and other tools to reduce bureaucratic discretion and

eradicate corrupt practices, significantly increasing the Fund's impact and capacity to ameliorate employment instability (STYFE 2019).<sup>23</sup>

In the area of health care, the city has had diverse policies and programs to increase access to care for precarious workers. First, the city implements the federal program, *Seguro Popular*, a free health care program for workers without access to healthcare through formal sector employment. In addition, between 2012 and 2018, Mexico City developed a program called *Tarjeta Capital Social*, a card for city residents providing various benefits including additional health care services – some free, some at low cost – to workers and citizens without other forms of health care coverage (Villafuerte 2014; SEDESO 2013), who beneficiary population was primarily domestic workers, street vendors and other parts of the informal economy. Finally, for domestic workers, the city's Labor Secretary (*Secretaría del Trabajo y Fomento del Empleo*, STyFE), the Economic Development Secretary (*Secretaría de Desarrollo Económico*, SEDECO) and the city's Health Secretary (*Secretaría de Salud y Servicios de Salud Pública*, SEDESA) established a multiagency coordinated effort to address the needs of domestic workers in Mexico City, who are frequently employed within the metropolitan area without being formal residents there. Due to internal migration patterns, it is common for domestic workers to be unable to access the local Capital Social program because they are not city residents, while their affiliation to the national IMSS or *Seguro Popular* requires them to either register in their place of origin, placing their clinic far from where they work, or to change their residence to the city which may be complicated if they do not have a residence of their own, or at times, would mean a change in address would leave other family members without health access in their home communities. The coordinated program allowed domestic workers to affiliate to the city's free health care programs, such as the Basic Medical Services Plan at SEDESA for primary and secondary care, as well as free emergency healthcare services (Evaluación DF 2016).

In terms of regulatory reforms that bring precarious and informal employment into the world of formal, regulated employment with protections for job security and social security benefits, Mexico City has developed some policies, though they remain limited in scope and

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<sup>23</sup> See: [https://trabajo.cdmx.gob.mx/storage/app/media/1er\\_Informe\\_de\\_Gestion\\_STYFE.pdf](https://trabajo.cdmx.gob.mx/storage/app/media/1er_Informe_de_Gestion_STYFE.pdf)

implementation. In 2014, the Labor Secretary (STYFE) developed a plan for strategic labor inspections, targeting sectors that are overwhelmingly precarious – construction and janitorial services (STYFE Working Document 2014). In the construction sector, many workers are hired as day laborers, without accruing seniority or healthcare access; while janitorial workers are nearly all subcontracted or outsourced, using this triangulated employment relationship to evade the legally required employment rights of formal employment. Targeted inspections were intended to ensure that all legally mandated rights for a subordinate employment relationship were being enforced, effectively formalizing these jobs. While the policy was articulated by the agency, a lack of resources, employer opposition and minimal support for other law enforcement agencies meant that the program was gradually abandoned and the labor inspectorate reverted back to its normal operations of random inspections across all sectors (Mercado 2014). In addition, until recently domestic workers were legally exempt from the requirement that employers enroll all employees in the IMSS health care and social benefits system. Domestic workers make up 5.1% of all employment in Mexico City and 10% of the employment of women (STYFE 2019). The city developed at the beginning of 2019, in coordination with the Federal government, a pilot project within the city to incorporate domestic workers into IMSS, to formalize these workers (IMSS 2019). While this program was first implemented in Mexico City, it was scaled up to the Federal level later in 2019.

Finally, in 2017, Mexico City adopted a new Constitution that includes significant new labor protections for all employment modalities<sup>24</sup>. In Articles 10.5.c and 10.5.d it requires the promotion of formal employment as a human right and mandates the effective protection of domestic workers and home care workers (*cuidadores de enfermos*), including that these workers receive signed contracts and access to health and social welfare programs. Articles 10.12 and 10.13 establish that self-employed, non-salaried and other precarious workers have the right to secure working conditions and just treatment (CDMX 2018). In addition, at the Federal level, a 2017 Constitutional reform and a 2012 labor law reform that substantially regulates the use of sub-contracted labor, have led to a series of institutional changes which should support the city government in applying the principles laid out in its Constitution.

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<sup>24</sup> See: <https://data.consejeria.cdmx.gob.mx/index.php/articulo-leyes-y-reglamentos/31-estatuto-de-gobierno/530-constitucionpoliticadelaciudaddemexico>



The last area of the four policy areas for addressing precarious employment is public spending reforms, ensuring that public resources support the creation of stable, high quality jobs without reinforcing precarious hiring practices. In recent decades, hiring practices within the Mexico City public administration have used short-term contracts and misclassification in a manner so as to add to the overall issue of precarious employment in the city. In the 2000s, over half of the city's workforce was hired irregularly and precariously,<sup>25</sup> often without benefits and on continuously renewed short-term contracts or misclassified (Espejel 2014; O'Connor 2014). In addition, many services were sub-contracted with little or no oversight given to ensuring that city contractors were paying sufficient wages, complying with labor laws, or enrolling workers in the IMSS health and social protections plan as required. Studies based on worker surveys in 2010 and 2011 in the janitorial industry found that 62.5% of the workers with janitorial subcontractors in contracts with the Mexico City government were not registered in the IMSS health and benefits system, while only 18% were certain that they were enrolled (Lekuona 2011). Within the Metro and Metrobus system alone, excluding Mexico City's executive branch and agencies, the number of workers affiliated to IMSS fell to 9.9%, with 81.7% not affiliated. As well, the majority of workers were not receiving other legally mandated benefits and some reported having two or three days' pay withheld for each day missed due to illness. Wages in Mexico City cleaning contracts were notably lower than in the private sector, averaging \$1120 pesos per (US\$86.46) fortnight (Lekuona 2011; Hanson 2010; O'Connor 2014).

Nonetheless, the last administration in Mexico City decided to establish modest policy steps advances towards ensuring that public spending be congruent with encouraging job quality and the principles that were later codified in the 2017 City Constitution. In 2017, Mexico City adopted a policy recognizing those suppliers and service providers that paid above the national minimum wage (matching the City's government proposal for a national minimum wage), calling them a Wage Responsible Provider (*Proveedor Salarialmente Responsable*) (Gaceta Oficial de la Ciudad de Mexico 2011). In addition, there had been an effort by the city government in 2014 to pass a broader Responsible Contractor Policy, with additional wage and

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<sup>25</sup> Including this author, who worked for the Labor Secretariat as a Special Assistant to the Secretary on Addressing Informal Employment from 2015-2016 on repeated two-month contracts, without benefits.

benefit requirements for city service providers, which was proposed by the Labor Secretary and passed by the city's legislature (ALDF 2015; Mercado 2014). However, the law was never published in the city's official diary and therefore never went into effect. However, the 2017 constitution incorporated this intention, with Article 10.C which has several clauses requiring improved salary levels for city workers, along with health and social benefits equal to or beyond legally required minimums, as well the elimination of hiring practices that lead to employment precariousness (CDMX 2018).

In summary, in terms of the outcome (a policy to address precarious employment) that we are looking at, in Mexico City we see efforts and a high degree of intentionality by the government of the metropolitan region to address precarious, informal and irregular employment in all four of the policy areas that we are using to measure the existence of a policy decision, with the actual presence of a policy in three of those areas. In term of increasing the metro area's minimum wage, the city administration made a significant, though ultimately unsuccessful attempt to do so. However, in the areas of expanding social benefits and health care to non-traditional workers; passing regulatory reforms designed to formalize or at least reduce precariousness for previously excluded groups of workers; and passing policies to bring public spending practices into line with an effort support the creation of quality employment, the city has, between 2009 and 2019, established policies to address precarious employment.

### **5.3 The Policy-Making Process in Mexico City**

As previously noted, the city proper of CDMX has 8.9 million inhabitants, while its metropolitan area has approximately 22 million people (UN 2018). The gross domestic product of the city was US\$ 526,987 million in 2018 (OECD 2018). Across the metropolitan area, average GDP per capita was US\$ 16,060 in 2010, although there are significant differences in incomes levels and employment standards, in particular between the city proper and the surrounding municipalities where in Mexico City, GDP was US\$ 26,550 per capita while in the municipalities of the State of Mexico it was US\$ 7,140 per capita (OECD 2015). This places the metropolitan region in the bottom 20% of metro areas for GDP among OECD countries. Per worker, the OECD (2015) ranks the region as being in the lowest 10% of productivity levels for

the metro areas in OECD countries, with a GDP per worker of approximately US\$ 38,000. The metro region has high levels of inequality, with a GINI index of .46 (OECD 2015).

**Table 13: Mexico City Demographic and Economic Statistics**

Metro Area	Country	Pop MA (millions)	Pop City (millions)	GDP (Millions US\$)	GDP per capita (US\$)	GDP per worker (US\$)	GINI Index
CDMX	MEXICO	22.0	8.9	526,987	16,060	\$38,000	0.46

Source: own elaboration, using data from the Booking Metropolitan Policy Program: <https://www.brookings.edu/program/metropolitan-policy-program/>. Gini data is mostly from the UN World Cities report (2016), supplemented with some local data.

The causal pathway that led Mexico City to the decision to address precarious employment was GOV \*LAGENCYmaxfz\*~LMKTavgfz\*POLU, or the path of having a pro-worker government, a degree of agency over its own employment policy, a poor labor market and the presence of political model trade unions. In this section, we will first look at how all the causal conditions under study manifest in Mexico City, in order to then trace how these factors interacted to lead the city to follow a top-down path in its decision making.

Until recently, there has not been a comprehensive labor or wage policy in Mexico City, despite 15 years of left-leaning administrations. O’Connor (2014) finds that this was due to three main factors: the lack of social actors demanding a progressive policy, the weak institutionalization of the policy-making process and a lack of an orientation towards the public interest. While the first two issues remain, the latter shifted during the mid-2010s, when, as previously described, the head of the metropolitan government opened a national debate about the relationship between economic growth and the minimum wage policy in Mexico (CDMX 2014). This effort to raise Mexico’s minimum wage, which while not immediately successful, did signal a shift in intention and set the stage for several policy changes to address precarious employment and job quality.

Under the city’s previous PRD administrations, there had been a long-standing pattern of channeling resources and attention towards social policies (up to 30% of the city budget) and neglecting labor policy (less than 1% of the budget). This was due in part to the PRD’s ideological ambiguity (Bruhn 2000; Martínez González 2008), as well as the absence of demands from social actors in the city and the resistance among employers to modify the labor status quo (O’Connor 2014). In addition, the PRD had few connections with independent unions

in Mexico and at least one of its key founding members, Cuauhtémoc Cardenas Solórzano, distrusted most unions, associating them with PRI's corporatist structure (Alcalde Justiniani 2014). At the same time, the PRD to a large extent continued to operate within much the same political setting of widespread clientelism established by the PRI (Elizondo 2009; Calderon and Dyer 2009). Social policy and programs became the tool by which the party generated voter loyalty and a citywide political base, especially as social programs expanded at a time when the labor movement's ability to mobilize voters was in decline (Bensusán and Middlebrook 2013).

Meanwhile, the social and labor consequences of having a low minimum wage, along with high levels of informal and precarious employment, had been apparent for some time within international and academic communities, but had not reached the policy agenda until under the Mancera Administration, when labor policy experienced a revival of sorts. According to interviews with members of his administration (Mercado 2014), the Mayor acknowledged that the advantages of social policies were decreasing, in part because much of the population was already receiving existing social programs, with little impact on poverty levels or economic growth. In addition, by 2014 Mancera's popularity was falling in terms of public opinion, reaching a 60% disapproval rating in November 2014 due to several unpopular initiatives (Parametria 2014). Therefore, in 2014 his Administration launched a campaign to raise the minimum wage not only due to his belief in its economic and social importance, but also as a way to distance himself from earlier missteps while appealing to a leftist constituency and to win a space on the national stage. The initiative in Mexico City was the result of a shift in local labor policy, promoted by the city government that sought to distinguish itself from previous administrations.

## **5.4 Conditions and Causal Factors in Mexico City**

### **5.4.1 Institutions and settings**

In our theoretical framework, the first set of conditions under study are the institutions and settings in which the policy decision is made, which shape the level of agency the metropolitan government has over employment policy, its incentives to address precarious employment and the economic model and context in which it functions.

#### **5.4.1.1 Can cities make policy?**

In Mexico, all labor and employment law is set at the federal level, under the Federal Labor Law (*Ley Federal de Trabajo*, LFT); local governments have little to no formal jurisdiction to make their own laws in this policy area. The same is true for how the minimum wage is set each year, with the federal, tripartite *Comisión Nacional de Salario Mínimo* (National Minimum Wage Commission, CNSM). However, local labor secretaries do have some discretion over how labor and employment laws are enforced, especially in the worksites that fall under local jurisdiction. In these worksites, the laws that most affect precariousness in employment are enforced in an inspection of General Working Conditions, which verifies that laws regarding work contracts, IMSS registration and other matters are done correctly (DOF 2014). Most worksites in the service sector, which makes up 87% of the city's economy (INEGI 2011) fall into local jurisdiction, and how the city deploys its inspections resources here can have an impact on precarious employment. The 2014 initiative described above to develop a plan for strategic inspections in industries with high levels of precariousness, such as construction and janitorial services, is an example.

Moreover, we have seen that the leaders of metropolitan areas have policy-making capacities beyond their formal, legal powers, by using the informal resources at their disposal as heads of major urban agglomerations (Harkness et al. 2017). The Mancera Administration used its platform as the Mayor of the nation's capital to launch a campaign on the minimum wage, an area that technically was not in its capacity to address. However, Mancera's position served as an informal power base, allowing his local administration to reach a national audience and spark a debate among federal government actors and other local leaders. The result was a national debate on the issue, leading to political consensus across parties and putting the need for reform prominently onto the political agenda, which led to prompt policy action at the federal level a short time later.

Finally, the ability of metro area to make policy decisions is affected by its relationship with the federal government. If the two levels of government are led by the same political party, or at least have the same political orientation, that generally facilitates policy action at the local level, while if they are opposed, the federal government will attempt to block policy initiatives it disagrees with. In the case of Mexico City, since 1997 until December 2018, the metropolitan area has been led by the left-leaning PRD, a party in opposition to the Federal governments of

the traditional PRI or the conservative PAN. During these years, city governments developed a robust system of social programs and social policies that contrasted sharply with those at the federal level. However, for decades it ceded policy-making on labor policy to the national government (O'Connor 2014). In 2014 it began to challenge the federal government in the area of policies to address precariousness, including the campaign on the minimum wage, but faced fierce opposition and was largely blocked from enacting policy until the Federal government changed hands in 2018. In 2018, the Morena party, a left-leaning, populist offshoot from the PRD, swept both national and local elections turning the two levels of government into strong allies, and greatly facilitating the ability of the city government to develop new policies. In addition, 2017 Constitutional reforms and 2019 labor law reforms at the federal level have reinforced this tendency.

#### **5.4.1.2 Do cities want to make policy?**

Whether metro areas have the agency to make policy on precarious employment or not, it is also necessary for them to be motivated to do so. In the case of Mexico City, the city has been led by a party with pro-worker rhetoric for decades. However, as noted previously, the development of an integral labor policy has not been a priority for the city until recently.

The nature of political parties in Mexico, in general, including in Mexico City, has largely been clientelistic (Hilgers 2005; Schmidt 2020), with the PRD entering office in 1997 and building popular support through the distribution of goods and services to particular groups – a strategy more amenable to creating social policy than labor policy. Therefore, social programs were also a way for the PRD to reach and mobilize a political base (Martinez González 2008). O'Donnell (1996) describes how when clientelism is a significant institution or norm, there are incentives for policymakers to use their political power to delegate favors to those who supported (or will support) their electoral ambitions, rather than use that power in a manner that is necessarily exercised for the public good. We see this in the creation of the Universal Pension for Senior Citizens in the early 2000s, and the later Unemployment Insurance System. These policies and others like it did, in fact, help to address some aspects of precariousness, but as either large-scale social programs (the former) or passive labor policies (the latter), without changing the nature of precarious employment itself.

Mexico City's government under the PRD Mancera Administration, when the decision to address the problem of precarious employment began, was left-leaning, but not necessarily a model of Left government that has resulted in the State regulating the growing use of precarious employment.<sup>26</sup> The PRD in particular was of a professional-electoral bent, mobilizing civil society actors but leaving most policy-making in the hands of a political elite, and without the participation of, or accountability to, unions or other worker organizations to any important extent. The pro-worker rhetoric of the metro area government has helped filter how the challenges of a service-based urban economy with new employment modes impact workers, however, its reliance on social policy is emblematic of the way in which policymakers in Mexico City for decades had been publicly oriented and generally pro-worker, but also clientelistic, opting to assist those affected workers (who are also voters) rather than develop a proactive labor policy. Since 2012, however, there has been a gradual shift in the city's government towards adopting policies that will change the nature of precarious employment itself.

For example, during the years that precarious employment reached the government agenda, the government was led by Dr. Mancera, who had developed his own faction within the PRD that was more centrist and pragmatic than other parts of the PRD, and was at the outset outwardly cooperative with elements of the PRI's federal government (Gonzales Nicolas 2014). However, Mancera then appointed Margarita Darlene Rojas Olvera as President of the Local Labor Board (JLCA or "the Junta"), shortly after his inauguration. She publicly asserted pro-worker positions, such as a new policy for the Juntas to review all collective bargaining agreements over 7 years old, requiring them to be updated or eliminated, in order to impede the practice of employer protection contracts described earlier.<sup>27, 28</sup> In 2014, Mancera filled the

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<sup>26</sup> Dr. Mancera self-described as a liberal in 2012 when entering office, "I'm a descendent of a liberal tradition, I represent a progressive left movement characterized by social justice, the common good, gender equity and citizen participation in decision-making...and plural participation for inclusive progress in all social areas." See: 2012 interview with Real Estate Magazine: <https://realestatemarket.com.mx/articulos/mercado-inmobiliario/urbanismo/11203-entrevista-con-miguel-angel-mancera>

<sup>27</sup> See: Munoz Rios, P. (11 de March de 2014). Emplaza la JLCA a revisar los contratos colectivos de trabajo anteriores a 2008. *La Jornada*, pág. 20, <https://www.jornada.com.mx/2014/03/11/politica/020n1pol>

<sup>28</sup> Lic Rojas has remained an important figure in advancing pro-worker policies, as part of the team that is implementing the 2019 Federal Labor Law reforms, she leads the *Coordinacion General de Registro de Contratos Colectivos* in the newly constituted *Centro Federal de Conciliacion y Registro Laboral*, CFCRL. See: <https://reformalaboral.stps.gob.mx/capacitacion>.

position of Secretary of Labor with Patricia Mercado Castro, a past presidential candidate for the former Social Democratic Alternative Party and with a background with elements of the independent trade union movement as well as civil society and feminist organizations. In public events, such as an EvaluaDF event on February 19<sup>th</sup>, 2014, she expressed an interest in improving labor policies in the city, including what the Secretariat can do “at home” in terms of her own agency’s purchasing and acquisitions policies, as well as developing policies which address informality and improve employment quality for women and vulnerable workers (Mercado 2014). Finally, in 2018, the Morena administration led by Dr. Claudia Sheinbaum appointed Soledad Aragon Martinez to at Labor Secretary. Dr. Martinez has previously led the International Labor Office’s program to address labor informality and has a research background in the working conditions of construction workers in Mexico City, an industry notoriously plagued by precarious employment practices.<sup>29</sup> She immediately announced that one of her priorities would be the creation of quality, non-precarious employment.

Taken as a whole, since 2012 key actors in the Mexico City government have set the stage for there to be more support for addressing precarious employment than there had been in the past. Coupled with Mancera’s interest in shifting beyond social policy and clientelism to ameliorate the effects of precariousness, the government has become increasingly pro-worker in its policymaking. Under the Sheinbaum Administration, and with the federal government led by the same Morena party, this trend has continued and intensified.

**Table 14: Macrocondition LAGENCYfz (LL and ALLY) and Political Orientation of the Government (GOV) in Mexico City**

Metro Area	Local Jurisdiction (LL)	Allied with National Gov (ALLY)	Pro-Worker Government (GOV)
Mexico City	0.4	1.0	0.9

Source: Own elaboration.

**5.4.1.3 Economic Model**

The government of Mexico City is a large employer and also a regulator, both creating and regulating jobs within a complex and changing economic environment and with a mixed

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<sup>29</sup> See: Hernandez, E., *Sheinbaum mantiene Secretaría del Trabajo*, El Universal, Oct 20th, 2018. <https://www.eluniversal.com.mx/metropoli/cdmx/sheinbaum-mantiene-secretaria-del-trabajo>



economic model that straddles both the federal focus on low-wage exports and an APS model that values being a global economic hub attracting corporate headquarters and playing coordinating role in commerce for North and Latin America.

Mexico City and the Metropolitan Zone of the Mexico Valley is firmly placed as one of the most interconnected cities in the world, a key hub for advanced producer services and well-integrated into the global economy. The GaWC research network has consistently ranked Mexico City as an Alpha city in the world city network since 2000, placing it in the top tier of all global cities in terms of its integration within the world city network (P. J. Taylor et al 2011). Integration, in this case, refers to the city's importance in an interlocking network model which looks at the world city network at three levels: the global economy (the net level), cities (the node or hub level) and a sub-nodal level of advanced producer service firms. GaWC measures a city's level of importance in global economic networks with its G100 score, a calculation based upon the location choices of the world's top 100 APS firms across 315 global cities (P. J. Taylor et al 2011). Mexico City's G100 score is 148.<sup>30</sup> As they operate, APS companies share work practices and compete for global talent, shaping some segments of metro area labor markets and demanding services from others and advancing an economic model that seeks to attract corporate headquarters and top APS firms with an attractive talent pool, connectivity and amenities. This is one half of Mexico City's economic model and can be best seen in areas like the Santa Fe exurb, where dozens of global corporate headquarters are clustered and in the fact that the financial sector is the largest sector of the city's economy, accounting for 12.3% of its GDP (SE 2013).

At the same time, part of the metropolitan area's economy is tied to the national economic strategy of low wage development. While most manufacturing has moved out of the city over the past few decades, with only 1% of the city's GDP coming from manufacturing (CityMetric 2014) the secondary sector makes up 20% of employment (INEGI 2020), implying low productivity and low wage work. Meanwhile, a significant segment of the service sector also relies of a sub-contracted, low wage model of competition (Sassen 2000; Mishel, Schmitt, and Shierholtz 2013). Most secondary and much of the tertiary employment is part of

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<sup>30</sup> As points of comparison, London's G100 score is 368 and Pyongyang's is zero.

“traditional” Mexico, dominated by small, informal companies as described by McKinsey (2014) which is largely unconnected to the global economy. A significant portion of the service sector, however, is located within the formal economy and provides services to the government, healthcare, real estate, telecommunications, and other sectors that exist because of the city’s size, scale and national importance.

In both parts of the economic model, changing institutional arrangements and new employment modalities are leading to increasingly precarious and non-standard employment in Mexico City. Public sector employment with the city, traditionally stable, full time employment, is increasingly being outsourced, with education, health care, security, cleaning and other services being contracted out to specialized companies, who compete for contracts based on cost, especially labor costs. As noted earlier, this has led to an increase in the use of contractors, such as for janitorial services, and an increase in the use of short-term contracts for city administrators. As these positions moving into the private sector, they move further from the reach of government oversight. In this economic context, as Sassen predicted (see quote in Chapter 2) Mexico City’s ability and obligation to enforce its own regulations as an employer and client of services has greatly shrunk.

At the same time, an economic model reliant on the service sector in an emerging global hub has resulted in high levels of both the high-wage and low-wage varieties of precarious work. 51.3% of the workforce in Mexico City is informally employed (INEGI 2020), much of this was in low wage services, such as the 30% of the workforce in retail, where relatively high unemployment has kept wages low. But high levels of precariousness are also found in the skilled advanced producer services in the city, where consultants and freelancers dominate the areas of communications, information and technological services, marketing and other areas (Kelly 2015). Even in large, formal corporate entities in the metropolitan area, such the banking sector, 48% of workers are hired through sub-contracting (Kelly 2015). In fact, outsourced business services and financial services have been the fastest growing segments of the Mexican economy in the past decade, registering an average of 3.1% growth between 2011 and 2018, and rising to 5.3% in 2019 (Forbes 2019). These developments, driven by a APS economic model means that significant segments of the economy have fallen into regulatory gaps in federal labor law. Despite new regulations on outsourcing passed in 2012 and 2018 (DOF 2019) and the fact that the service sector falls into local jurisdiction for the city, the prevalent use of

subcontracting makes it difficult for the city to effectively regulate these jobs. For example, federal inspection regulations allow local inspectors to do inspections on General Working Conditions at the address of a service provider, but not necessarily at the worksite where workers carry out their tasks (unless they also have inspection orders for the worksite of the client) (DOF 2014). Regulatory fractures of this nature limit the agency of a city government to create policies that address the precarious nature of employment in important segments of its economy.

## 5.4.2 Actors and Power

### 5.4.2.1 Who is seeking to address precariousness, and with what power?

For trade unions and worker's organizations to successfully advocate for policies that address precarious employment, they must not only take action on the issue, which will depend upon the prevailing model of unionism in the city, but also on their degree of power, both associational power and structural power.

Overall, unions in the city have relatively little power. Affiliates of the country's powerful trade union centrals tend to represent national industries and there are few affiliates at a local level in the city (Martinez Lujan 2014; Canto Chac 2014), with the notable exception of the Mexico City Government Employees Union (SUTGDF) which we will describe below. There is not a local trade union council for Mexico City for the metropolitan area, as seen in other metropolitan areas, making coordinated local action all but nonexistent. Following the patterns of trade unionism throughout the rest of Mexico, we can see that unions have low levels of associational power. Bensusan and Bezuidenhout (2019) argue that between Mexico's rigid style of corporatism and neo-liberal economic reforms in the 1980s, there was a significant weakening of trade unions as interlocutors for worker interests. The combination of a high level of fragmentation due to the prevalence of company-level unions without national convening power and divisions among trade union centrals and federations as some trade unions split away from the traditional ruling-party affiliated CTM, weakened the ability of workers to use trade unions as a mechanism for addressing workplace issues. Moreover, the rise of "protection contracts," essentially collective bargaining agreements designed to protect the interests of employers rather than workers, has eroded worker trust in trade unions. Bouzas, Ramos, and Huerta (2009) have described how this phenomenon was especially prevalent in the service sector in Mexico City. The result is that the associational power of trade unions in the city is

extremely weak, with a labor movement with little local presence, fragmented and unrepresentative. Moreover, with over 50% of the city's workforce informally employed, there is also a large segment of workers with no effective representation at all to bargain or advocate for policies that address precarious employment.

In terms of structural power in bargaining or advocating for policy changes, the trade unions in Mexico City are equally weak, given the difficult labor market found at a national level, and at the level of the metropolitan area. While the unemployment rate in Mexico City is officially reported to be at an acceptable level, at 3.4% (INEGI 2020),<sup>31</sup> the city also has a very high "critical rate" of employment, meaning all workers who are unemployed, underemployed, working less than 15 hours a week, employed but also looking for work or employed but in critical conditions. Mexico City's critical rate of employment is 38.9% (INEGI 2020). Moreover, the informality level in Mexico City is quite high, at 51.3% (INEGI 2020) and its rate of job growth has been slower than most metropolitan regions, at 1.40% (J. L. Trujillo and Parilla 2016). In this labor market, the structural power of trade unions to bargain on behalf precariously employed workers to improve their working conditions or address the negative effects of precarious employment is extremely low. The combination of low associational power and essentially no structural power, lead to a score of 0.2 in USTRONG, according to the criteria described in Chapter 3.

Meanwhile, there are few union actors seeking to reform the labor and employment policy of Mexico City to better protect precarious workers. Unions in the metro region, and throughout Mexico, are largely shaped by two major models of unionism, political unionism and, to an extent, business (economic) unionism. One is the corporatist model of the traditional Mexican labor movement; the other is more independent politically, but largely limited to business unionism, with its energies focused on internal dynamics and bargaining needs rather than on issues addressing non-affiliates or precarious workers. Labor unions in Mexico with their roots in the corporatist model obtain their power from political relationships which give them access to policy- and decision-making processes, but which also serve to create boundaries outside of which these unions are unlikely to stray (Cook 2004). Most independent unions,

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<sup>31</sup> These INEGI numbers are from the first trimester of 2020, into which falls the cutoff date for this study of January 2020, and reflect the situation before the Covid 19 economic crisis.

while considered progressive in the Mexican context for being independent from political parties, are a version of business unions, whose power is related to their principal bargaining relationship. While these independent unions may engage in progressive rhetoric supporting the needs on non-union and precarious workers, little of their resources or time is expended on broader social issues (Dubb 1999). Finally, Mexico City, is also affected by a subverted version of unionism, which is protection unionism. These unions, prevalent in the Mexican labor movement, obtain their power by having either offered their services to employers or having been called upon by employers as a means to evade worker-led unions, signing employer protection contracts instead of genuine collectively bargained agreements; they are unlikely to hold preferences which vary from that of the employers (Bouzas Ortiz 2009). This model of non-representative “union” is not contemplated in the three models of our theoretical framework, as in reality these unions function more a business service for the employer than an actual union (Gonzales Nicolas 2006; Bensusan et al. 2007; Bouzas Ortiz 2009). Nonetheless, they must be taken into account as their presence means that the incentives and preferences of the organizations legally representing workers may not accurately reflect the actual preferences of their members, let alone other workers in society such as precarious workers.

As an example of how a political, corporatist model of unionism has responded to rising outsourcing and new modalities of employment relationships in the city, we can look at the case of SUTGDF. The Mexico City Government Employees Union, SUTGDF, was founded in 1937 with the support of the governing PRI as part of the Federation of State Employee Unions (FSTSE). Today SUTGDF has 110,000 members in the various departments of the Mexico City government. Both the union and the federation were part of Mexico’s corporatist labor structure established to support the PRI electorally – workers were required to affiliate, the unions were expected to mobilize them in elections (Pineda Molina and Ayala Rivera 2002), and the union’s preferences essentially mirrored those of the PRI. After the PRD gained control of Mexico City, the situation for the union’s leadership become complicated, according to a Vice President of the union at the time, as the FSTSE supported the national government’s neoliberal agenda, including the push to privatize many public entities, and the new, more progressive city government opposed at least some of these efforts (Fernandez 2007).

Therefore, in 2003, the union broke away from the FSTSE, becoming independent from the PRI but setting off an internal power struggle between a group of reformers who sought

greater internal union democracy and a group who sought to remain in power by essentially transferring the corporatist relationship to the PRD. The latter group emerged victorious, and the union was led for 7 years by Enrique Hanff who maintained a very close and non-confrontational relationship with successive PRD administrations (Fernandez 2007). Around this same time, the Mexico City government began a practice of hiring new employees under precarious conditions, as contract or project employees (Escobar Toledo 2014; Canto Chac 2014). This practice intensified with Lopez Obrador and was not challenged by SUTGDF for many years (Pineda 2014; Ayala Rivera 2014)

In 2011, SUTGDF elected a new president, Juan Ayala Rivera. Based on the statements by Ayala in interviews as well as his actions, it appears that Ayala's leadership has gently taken on the issue of precariously hired city workers, though staying carefully within the interests of the political actors who provide his base of power. For example, in 2013 the union negotiated an agreement to regularize the status of 70,000 Mexico City employees over the next three years - an agreement which served the interests of the union, by increasing its membership rolls and regularizing some city employees (Munoz 2014). However, Ayala (2014) stated in interviews that this was not a confrontational negotiation, as regularizing some employees also served the interests of the GDF administration by lowering its exposure to legal cases from irregularly, precariously contracted staff as well as the interests of Federal Treasury, who released the needed funds in exchange for having SUTGDF re-affiliate with the PRI union federation, FSTSE, which the union did at the same time the agreement was signed. Ayala also asserted that the union's bargaining process was largely based upon his personal relationship with Mancera, where they work together to "solve problems," as opposed to exerting associational by mobilizing members.

More recently, during the city government's campaign to raise the minimum wage for low-wage precarious workers, union leaders from all political persuasions, including independent unions, released a statement agreeing with employers that "this discussion should be held within the legal and institutional framework established in the Carta Magna and be based on sharing the benefits of increased productivity."<sup>32</sup> This position for the trade unions linked to

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<sup>32</sup> See: <http://www.proceso.com.mx/?p=379442>

the PRI, such as the CTM, is not hard to understand, given that their survival is based on an historical alignment with the federal government, who was opposed to the initiative. What is harder to understand are the incentives of the independent UNT in publically contradicting some of its own past proposals. One possibility is that the structure of the labor movement in Mexico is largely at the company or plant level, and it has faced great difficulties in expanding to other sectors of the economy. So, even though a low minimum wage exerts downward pressure on wages and job quality in general, for both the UNT and CTM unions, the short-term interest of the labor movement could be construed as business unionism, protecting the membership it does have, even if potentially at the expense of non-members. While the UNT did later reverse its position on the minimum wage, it never took action on the issue beyond public rhetoric. Without a labor movement or workers mobilizing to support a minimum wage increase, the GDF's proposal was left essentially without the support of social organizations.

Therefore, we have the only union stakeholder with significant power – in terms of size, membership, and relationships - in SUTGDF. However, the union has no position on the matter of precarious employment and a very low interest in engaging on the issue. National independent federations have offered only tepid support for policy initiatives to address precariousness through a minimum wage increase. We assigned a value of 0.3 to UACTIVE, using the criteria described on pg. 57 and while some unions are protection contract unions and others have characteristics of business unionism, the dominant model of unionism in the city is political (POLU).

Meanwhile and notably, there is no social movement unionism of any significant size or scale. Some independent unions, such as the STRM, have made efforts to organize precarious workers in call centers in Mexico City, although the union itself is of federal jurisdiction and not a local union. Some smaller local unions, such as the gas station workers' union, STRACC, have succeeded in organizing the precarious, tips-only workers who pump gas at PEMEX and other gas stations, although their membership level never exceeded 500 workers in the late 2010s and has since declined (Ryan and Gutierrez 2005). While these efforts are significant, they have resulted in only limited and small-scale successes. There are no local unions of significant size and power with a sustained initiative to reach out to workers beyond their membership base to organize or engage in action to confront growing levels of precarious employment, even when it affects their own membership base or affects wage scales across the

region. As a result, there is no meaningful presence of social movement unionism in the Mexico City metropolitan area.

**Table 15: Macrocondition UNIONfz (Union Power and Activity on Precariousness) and prevailing Union Models in Mexico City**

Metro Area	UACTIVE	USTRONG	UMODEL
Mexico City	0.3	0.2	Political

Source: Own elaboration.

**5.5 The political game: policy response or inertia?**

The causal pathway that led Mexico City to its decision to ameliorate the effects of precarious employment on workers was the path of having a pro-worker government, a high degree of agency over its own employment policy, a poor labor market and the presence of political model trade unions.<sup>33</sup> The causes of very high levels of precarious employment in Mexico City are largely due to factors outside the control of a local metropolitan government, being structural factors such as global changes in employment modalities, internal migration, globalization and technological changes, wage-based competition in the services sector and other factors that lead to a difficult labor market with high levels of informality, underemployment, and relatively slow job growth. However, these are challenges faced by many global emerging hub cities, yet not all decide to address precarious employment. Nonetheless, compared to the rest of the country, Mexico City has taken action to address and lessen the impact of precarious employment, to the extent that some of its actions have spilled over into the national discourse and policy agenda. In this sense, the metropolitan area is serving as a sort of incubator for policy innovation, as foreseen by Jacobs (1969) and Katz (2018). The research question is: what are the causal factors that lead to the decision to address precarious employment, and how do the factors play out? In other words, why did Mexico City choose to begin addressing the issue of precarious employment during the past decade, after years of inertia with no policy action? What was the mix of institutions and incentives among actors that led to a policy decision and how did the political game play out?

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<sup>33</sup> Expressed in fsQCA results, the outcome POLIZYfz resulted from GOV\*LAGENCYmaxfz\*~LMKTavgfz\*POLU.



We have described the mix of conditions, namely the institutions and actors, present in Mexico City. The first is an increasing degree of local agency, reflecting the combination of limited local jurisdiction over labor and employment policy – the city cannot set policy but does implement it locally – and, after 2018, a federal government from the same political party. Next is a relatively pro-worker government led by first the PRD and then the Morena party, albeit both have operated within a political system historically marked by clientelism and are of a professional-electoral bent, meaning that the policy-making process tends to be dominated by political and civic elites and for the most part is not based in accountability to mass-based organizations such as trade unions. The city’s economic context is similar to that of nearly all global hub metro areas, with the forces of globalization and international trade, as well as a growing service sector leading to economic competition based on low wages and, often, precarious conditions. Finally, Mexico City’s labor market through the beginning of 2019 has been poor, with very high rates of informal employment, slow job growth and high levels of critical employment, even if unemployment levels appear moderate. Meanwhile, principal trade union actors in the city are few and none unite the characteristics of having associational or structural power, or being active on the issue of precarious workers and the issues they confront. With the exception of SUTGDF, there are no large, locally based trade unions, and any activist, social movement unionism-type unions are generally small and without significant power. The dominant model of trade unions is corporatist political unionism, though there are also cases of business unionism and the presence of unions with employer protection contracts, especially in the service sector.

While for many years, this combination of conditions accompanied a state of inertia, with no local labor policy, in the past decade the city gradually began to enact policy initiatives, starting most notably in 2014 with the campaign by the Mancera’s PRD Administration for an increase in the minimum wage<sup>34</sup> and building momentum through 2018 and 2019 when several additional policy initiatives were added, before and after the onset of the Morena Administration

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<sup>34</sup> See the city’s proposal in: *Política de recuperación en México y en el Distrito Federal del salario mínimo Propuesta para un acuerdo*, CDMX, 2014, [https://www.sedeco.cdmx.gob.mx/storage/app/media/Salario%20minimo/Politica\\_de\\_recuperacion\\_de\\_Salarios\\_Minimos.pdf](https://www.sedeco.cdmx.gob.mx/storage/app/media/Salario%20minimo/Politica_de_recuperacion_de_Salarios_Minimos.pdf).

led by Claudia Sheinbaum Pardo. If we trace the process by which this change unfolded, what changed and led to the policy decision was a series of political changes at both the local and federal levels. Before 2014, the precarious nature of employment in Mexico City and throughout Mexico, was well-documented (Bensusán and Temkin 2014; INEGI 2011; 2020) but not on the political, governmental or policy agenda and while international organizations and academics discussed the need to address precarious employment, there were no significant local social actors demanding change.

However, in 2014, the Mancera Administration had the political incentives we have described above, to use the minimum wage issue to distinguish his local administration from the Federal government. This succeeded in putting the issue of job quality, informality and precariousness into the public eye and led to a political context where nearly all political actors, from diverse parties and perspectives, reached consensus that policy action of some sort should be taken (Moreno-Brid, Garry, and Monroy-Gómez-Franco 2014), even though tripartite institutions such as the CNSM were able to prevent an actual increase in the minimum wage at that time.<sup>35</sup> However, getting the issue into the policy agenda meant that some smaller city-level policy initiatives were developed with little resistance, such as creating the category of Salary-Responsible Contractors for service providers for the city<sup>36</sup> or expanding health care access to informal sector workers.<sup>37</sup> In this way, the metropolitan government under Mancera moved from merely having pro-worker rhetoric, which had been the case for many years, to taking steps into the realm of labor policy, using its limited local jurisdiction to move slightly beyond social policy into areas that would affect workers' conditions. In addition, in the last two years of the Mancera Administration, the city also went through a significant process of political reform, changing from a district subordinate to the federal government to a city that is a federative entity with autonomy equivalent to that of a state. As this happened, the city created a Constituent Assembly in 2016 to draft the city's new Constitution. This assembly was made

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<sup>35</sup> See: <https://www.eleconomistaamerica.com/economia-eAm/noticias/6344152/12/14/Lider-del-Senado-de-Mexico-critica-raquitico-aumento-al-salario-minimo.html>

<sup>36</sup> See: Lineamientos Generales Del Padrón De Proveedores De La Administración Pública De La Ciudad De México, <http://www3.contraloriadf.gob.mx/prontuario/recursos/normatividad/65583.pdf>

<sup>37</sup> See: Aviso Por El Que Se Dan A Conocer Los Lineamientos Del Sistema De Servicios Para El Bienestar: CAPITAL SOCIAL (SEDESO 2013)

up of both appointed political leaders and some independent citizens, and there was an online platform created to “crowdsource” ideas and necessities for the new Constitution (CDMX 2018; Living Cities 2018; Rabasa 2016). The result was a Constitution adopted in 2017 that enshrined labor rights well beyond those of the Federal Labor Law for precarious, outsourced, domestic and other marginalized workers.<sup>38</sup>

After the 2018 general election, the Morena party decisively won control of the Mexico City government, both the Executive and Legislative branches, and the same happened at the Federal level.<sup>39</sup> Morena, a party led by a former PRD leader, Andres Manuel Lopez Obrador, who was also a former mayor of Mexico City, took immediate steps to establish itself as a party that would look out of the interests of workers and lower-income Mexicans, though it retained a significant tendency to be clientelistic and even populist, with a preference for bypassing mass-based organizations, including worker organizations, to develop programs that appeal to ordinary citizens (Mudde and Kaltwasser 2017).

After the elections, the growing salience of the issue and the orientation of the Morena government, led to the issue of precarious employment remaining on the policy agenda of the metro area government, as did the task of implementing the new worker rights found in the 2017 City Constitution. This was further reinforced with the appointment of a local Labor Secretary, Soledad Aragon Martinez, an accomplished scholar on labor issues in sectors with high levels of precariousness, such as the construction sector, and who has worked with trade unions and the ILO in the past (see Section 5.4.1.2.).

At the Federal level, the government was no longer in opposition to the local government, in fact the new Mayor Sheinbaum was considered a protégé of President Lopez Obrador (Kitroeff 2020). Moreover, significant changes in both institutional arrangements and incentives on workers’ rights were occurring at the Federal level during these years. In 2012, the Federal Labor Law had been reformed, largely in an anti-worker direction. However, it did include new regulations on the use of subcontracting, which was increasingly being used to

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<sup>38</sup> See: *Constitucion Politica de la Ciudad de Mexico, 2017*, <https://data.consejeria.cdmx.gob.mx/index.php/articulo-leyes-y-reglamentos/31-estatuto-de-gobierno/530-constitucionpoliticalaciudadmexico>

<sup>39</sup> Ver: <https://www.proceso.com.mx/jefe-de-gobierno-2018/2018/7/2/morena-gana-en-11-alcaldas-de-la-cdmx-el-frente-en-tres-el-pri-en-una-milpa-alta-en-disputa-207886.html>

lower labor costs in the manufacturing and service sectors (Bensusan and O'Connor 2018).<sup>40</sup> In addition, in 2017 the nation's Constitution was reformed to create an entirely new labor justice system, abolishing the tripartite Conciliation and Arbitration Boards (*Juntas de Conciliación y Arbitraje*), creating a new autonomous body at the federal level charged with registering unions and collective bargaining agreements, and creating new mechanisms for collective bargaining agreements to be legitimized by workers and for secret ballot union elections, among other reforms.<sup>41</sup> This set of reforms was passed during the Peña Nieto Administration's negotiations to join the Trans-Pacific Partnership (TPP) trade agreement. While the TPP negotiations were later dissolved by the United States' Trump Administration, the subsequent USMCA negotiations required that Mexico take specific steps to fulfil these constitutional commitments (Gantz 2019). Therefore, in May 2019, the Federal Labor Law was again reformed to reflect these constitutional changes, and since the USMCA was signed by Mexico, the United States and Canada and went into effect in July 2020, the Federal government has been under significant external pressure to swiftly and effectively implement these reforms.<sup>42</sup> While these labor law reforms don't directly regulate precarious employment, they do ensure that certain democratic labor rights are extended to informally employed workers.

In addition, at the Federal level, the Labor Secretary for the Lopez Obrador Administration, Maria Luisa Alcalde, was the Member of Congress who had drafted the reforms on the use of subcontracting in 2012, in addition to having a history of support for independent trade unionism. Both the President and the Labor Secretary, therefore, were significantly invested in making important changes to Mexico's main labor institutions. For example, the labor inspectorate within the Secretariat has been restructured and tasked with improving the efficiency and effectiveness of the Federal government in inspections and the enforcement of

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<sup>40</sup> Cámara de Diputados del H. Congreso de la Unión," Art. 15-A de la Ley Federal del Trabajo (Última reforma publicada en el DOF el 02/07/2019), [http://www.diputados.gob.mx/LeyesBiblio/pdf/125\\_020719.pdf](http://www.diputados.gob.mx/LeyesBiblio/pdf/125_020719.pdf) (Consultado el 30/08/2019).

<sup>41</sup> Cámara de Diputados del H. Congreso de la Unión, DECRETO por el que se reforman, adicionan y derogan diversas disposiciones de la Ley Federal del Trabajo, de la Ley Orgánica del Poder Judicial de la Federación, de la Ley Federal de la Defensoría Pública, de la Ley del Instituto del Fondo Nacional de la Vivienda para los Trabajadores y de la Ley del Seguro Social, en materia de Justicia Laboral, Libertad Sindical y Negociación Colectiva. [https://www.dof.gob.mx/nota\\_detalle.php?codigo=5559130&fecha=01/05/2019](https://www.dof.gob.mx/nota_detalle.php?codigo=5559130&fecha=01/05/2019) (Consultado el 23/12/2020)

<sup>42</sup> See: <https://www.elfinanciero.com.mx/economia/democratas-de-eu-presionan-reforma-laboral-en-mexico>

labor standards, with the intent to bring precariously employed workers into the formal, and protected, workforce by ensuring that employers are correctly enrolling their worker in IMSS and other social institutes.<sup>43</sup>

Moreover, with a weak labor market, and having campaigned to improve economic conditions for Mexican workers and citizens, there were additional incentives to improve wages and address the needs to the large segment of the population working in precarious conditions. Overall, by 2018, the government of Mexico City had, for the first time in recent history, an ally in the Federal government on matters of labor and employment policy. Our macrocondition of local government agency was made up of two elements – local jurisdiction over labor policy, and the degree to which the federal government opposed local policy action. By late 2018, the federal government stopped being an obstacle to the city’s decision to take policy action, significantly increasing local agency.

Therefore, in the latter half of the past decade, Mexico City has become a positive example of the outcome we are looking for in the fsQCA model – ie, a policy decision. In the area of raising the minimum wage, the local government remains constrained by jurisdictional matters, but it was the city’s campaign on the issue that set the stage for the new Federal government to immediately and substantially raise the minimum wage nationally, two years in a row. As noted, in the area of expanding social protections to precarious workers, the city expanded access to health care through the *Tarjeta Capital Social* program for precarious workers, along with programs specifically designed for previously excluded domestic workers. On a larger scale, it developed the nation’s first and largest unemployment insurance system, along with a new program in 2019, the Temporary Employment Compensation and Labor Mobility Fund (*Compensación a la Ocupación Temporal y la Movilidad Laboral*), which gives temporary employment to unemployed workers to help them enter the labor market.<sup>44</sup> In terms of regulatory reforms, the city initially sought to conduct more strategic labor inspections in sectors with high levels of precariousness, while the new city Constitution guarantees significant protections to informal, temp, self-employed and other precarious workers that were previously

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<sup>43</sup> See: <https://www.gob.mx/stps/prensa/pondra-stps-enfasis-en-la-calidad-de-las-inspecciones-2019?idiom=es>

<sup>44</sup> See: [https://trabajo.cdmx.gob.mx/programa\\_sociales\\_y\\_servicios/programa-de-fomento-al-trabajo-digno-en-la-ciudad-de-mexico](https://trabajo.cdmx.gob.mx/programa_sociales_y_servicios/programa-de-fomento-al-trabajo-digno-en-la-ciudad-de-mexico)

not covered by Federal labor law protections.<sup>45</sup> Finally, as earlier described, in the area of public spending reforms, the city continues to favor Salary Responsible Providers for service contracts.

In the metropolitan area of Mexico City, the *what* of our research question is that the conditions of local agency, a pro-worker government, a poor labor market, and political model unions, were the causal recipe for a positive outcome. The case of Mexico City reflects our findings about this study's first two hypotheses. The first hypothesis, that a city will decide to address the negative impacts of precarious employment when it has formal local jurisdiction, was found to be not true, with local jurisdiction being neither necessary or sufficient for policy action, although it does help in combination with other conditions. Local jurisdiction in Mexico City remains limited, yet it took some policy action while the Federal government was in opposition, and greater policy action as it's agency was increased when the federal became an ally. The second hypothesis, that having a pro-worker party govern a metropolitan area makes it more likely to decide to choose to protect precarious workers, was found to be true. In fact, this condition came close to being both necessary and sufficient alone without other conditions. When combined with local agency, these two conditions are present in any of the causal recipes for a policy outcome, which leads us directly to the *how* of the policy decision process and its directionality, to be discussed in the next section.

## 5.6 Top down vs bottom up policy decisions

In terms of the directionality of the policy decision in Mexico City, process tracing reveals that the process was entirely top-down (Matland 1995), with the government being the driver of all areas in the city's policy outcome. In the area of minimum wage increases, we have

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<sup>45</sup> Article 10 of the Mexico City Constitution states that the city will “...*valora, fomenta y protege todo tipo de trabajo lícito, sea o no subordinado. El respeto a los derechos humanos laborales estará presente en todas las políticas públicas y en la estrategia de desarrollo de la Ciudad.*” In addition, it affirms, “*Toda persona que desempeñe una ocupación en la ciudad, temporal o permanente, asalariada o no, tendrá derecho a ejercer un trabajo digno.*” In Article 10, Section 5c it states the city shall strive for the “*fomento a la formalización de los empleos*” and in Section 5d it adds, “*Protección efectiva de los derechos de las personas trabajadoras del hogar, así como de los cuidadores de enfermos, promoviendo la firma de contratos entre éstas y sus empleadores. Su acceso a la seguridad social se realizará en los términos y condiciones que establezcan los programas, leyes y demás disposiciones de carácter federal aplicables en la materia.*” These, among other clauses make clear the document's intention to address the prevailing forms of precarious employment in the city. For more see: [https://trabajo.cdmx.gob.mx/storage/app/media/constitucion\\_politica\\_ciudad\\_de\\_mexico\\_2017\\_styfe.pdf](https://trabajo.cdmx.gob.mx/storage/app/media/constitucion_politica_ciudad_de_mexico_2017_styfe.pdf).

discussed how the Mancera Administration initiated the campaign to raise the minimum wage in Mexico, initially with no support from trade unions and later with their acceptance, though not with their active participation. The expansion of social protections to precarious and marginalized workers was largely the outgrowth of the policy preferences of the city's Labor Secretary in 2014 and 2015, although in this case there was some participation by organized groups of workers, though not trade unions. For example, associations of street vendors, mariachi players, sex workers, domestic workers,<sup>46</sup> and others were all active advocacy organizations with previous relationships with the Labor Secretary, and her initiative to address the needs of informal workers drew upon these relationships and she used them to discuss details of initiatives she was considering (own experience and Mercado 2014).<sup>47</sup>

In a similar manner, one of the more visible efforts formalize informal workers, the peddlers who sell music and trinkets on the City's metro trains, known as *vagoneros*, was carried out, not at the behest of the affected workers but rather as a measure to address public safety and transit concerns. In 2008, the presence of the *vagoneros* entered the government agenda as a perceived public problem. The STC Metro authorities initiated a public policy to register, formalize and regulate *vagoneros*, documenting a population of nearly 3000 workers.<sup>48</sup> *Vagoneros* were offered assigned spaces within which to sell goods, in exchange for registering with authorities, taking courses in cooperativism, and joining a vendors cooperative. Metro authorities, with support from the Economic Development Secretariat (SEDECO), implemented the policy. In 2010, the program was extended to include the Labor Secretariat, who offered a six-month unemployment benefit, along with training programs, to registered *vagonero*

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<sup>46</sup> The organization of domestic workers also did form as associated union, but their advocacy work with the Mexico City government predates the formation of the union. See: <https://caceh.org.mx>

<sup>47</sup> Given her previous work in the area of women's rights, the Labor Secretary entered office with a strong relationship with various cooperatives of sex workers and used her position to amplify their assertion that their work is part of a legitimate, though precarious, occupation. See: <https://cimacnoticias.com.mx/noticia/trabajo-sexual-un-nuevo-modelo-de-trabajo-patricia-mercado/>. In addition, her Administration reformed how the city addressed licensing of street vendors in a way that, while not primarily addressing their labor rights or precariousness, offered greater protection from police and other elements in the streets and granted them the limited rights to operate in public spaces. See: <http://brigadaac.mayfirst.org/Entrega-credenciales-de-Trabajador-No-Asalariado-como-parte-de-una-politica-publica>

<sup>48</sup> See: Aviso Por El Cual Se Dan A Conocer Las Reglas De Operación Del Programa De Seguro De Desempleo Para *Vagoneros* En El Sistema De Transporte Colectivo 2010, <http://cgsservicios.df.gob.mx/prontuario/vigente/3376.htm>.

workers.<sup>49</sup> In effect, rather than recognizing the work of metro vendors as precarious self-employment with rights, this essentially classified the vagoneros as unemployed so as to offer them a short term payment to discourage them from continuing to work outside the designated spaces, and via a cooperative (PIENSADH 2016). While some metro vendors participated in the program, others objected and even mobilized marches in protest to this unsolicited change in their working conditions (Proceso 2014). At the conclusion of the program in December 2014, SEDECO reported that 2689 workers were counted in its census, 1824 of them registered in the program, 996 participated in the training courses and only 734 completed the course (PIENSADH 2016). While the vagoneros policy was an important effort to formalize precarious workers in Mexico City, its conception and implementation was entirely top-down, put on the agenda by policy actors and authorities with interests related to transit and public spaces, rather than an interest in addressing the effects of precariousness. Indeed, the opposition voiced by many vagonero workers implies that having their terms of employment changed from the top down by decision-makers exacerbated their feelings of precariousness and instability.

In terms of reforms that bring segments of previously-excluded employment into legally protected work, the 2017 City Constitution extends labor protections to important segments of precarious workers, such as domestic workers, self-employed and gig workers and others (CDMX 2018). However, the creation of this Constitution, while an historic exercise in participatory democracy, was dominated by actors from political parties and elites from academic and civil society organizations, rather than mass-based organizations like unions, or actors representative of specific constituencies. At least two of the participants in the Constitutional Assembly were affiliated with organized labor, however, their election was mediated by their political party affiliations and their public-facing representational postures appear to be in the context of their party relationship more than their other organizational

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<sup>49</sup> See: Reglas de operación generales del Programa de Seguro de Desempleo publicadas en la Gaceta Oficial del Distrito Federal el 28 de enero de 2010, [http://www.paot.org.mx/centro/leyes/df/pdf/GODF/GODF\\_28\\_01\\_2010.pdf](http://www.paot.org.mx/centro/leyes/df/pdf/GODF/GODF_28_01_2010.pdf)



affiliations (El Universal 2016; Yankelovich 2016).<sup>50</sup> As a result, with precarious, informal and gig employment entering the national policy discourse, the Constitutive Committee chose to include these issues, though apparently not with the participation of organizations representing the affected workers. Finally, the public spending reforms seen in the Responsible Salary Provider designation, was an outgrowth of the Mayor's minimum wage campaign, creating congruency within his own Administration's operation by rewarding service providers that paid at least the minimum wage level he was proposing for the nation.

In all of these cases, the decision to take policy action was not responding to action or activity carried out by organized social actors, rather it was actors within the government expressing their political preferences. Taking action on precarious employment was seen as being beneficial electorally and matched the political and ideological orientation of the relevant political players in the policy game on labor and employment policy. While these policy outcomes were largely welcomed by the affected groups of precarious workers, with the exception of the vagoneros example, they were not designed or proposed by those workers, or by unions representing those workers, making it a process that was entirely top-down.

In the context of this process, trade unions were essentially absent from the policy process and the directionality of the decision-making process moved largely from the government down to its constituents. Given that the local labor movement in Mexico City, of a political unionism model to the extent that it has a presence, is largely weak and not active on issues of precarious employment, there was little reason for political and civil society elites to seek out trade union input on policy decisions. SUTGDF, the only local union of significant size and strength, was not engaged in these policy discussions, nor did it seek out such engagement. This effectively answers the *how* of our research question and reflects the fsQCA model's findings as related to our second two hypotheses.

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<sup>50</sup> Berta Lujan Uranga, elected to the Assembly as part of the MORENA slate, has been a founder and past leader of the Frente Autentico de Trabajo (FAT), one of the few independent union federations that has held policy positions on supporting precarious workers. However, during the time of the Constituent Assembly she was present in her capacity as the President of the Morena National Council. Juan Ayala Rivera, elected to the Assembly as part of the PRD slate was and remains the General Secretary of SUTGDF (now SUTGCDMX), whose lack of action on the issue of precarious employment is discussed in section 5.4.2.1.

Hypothesis 3, that when unions have structural or associational power, and are present and active on the issue of precarious employment, the government of metropolitan areas is more likely to regulate, was found to be true for one causal pathway to a policy outcome, but not the other. Mexico City, with relatively weak and passive unions, is an example of the successful causal pathway without trade unions. Hypothesis 4 was that when the dominant model of trade unionism in a metropolitan area is social movement unionism, the government is more likely to regulate precarious employment. This was found to be partially true – SMUs have a high level of sufficiency in the causal pathway to the policy decision. However, the presence of political model unions, show an even higher levels of sufficiency, an effect which is amplified when they are weak and passive.

In other words, Mexico City is an example of a rather counterintuitive causal recipe. The city government was one of the few examples among our case studies of a government choosing to address precarious employment, and it does so in the absence of a strong and active trade union movement, without social movement unionism, and with the presence of political trade unions who are unengaged in the policy process on this issue. The result was an entirely top-down process, led by actors within the Administrations leading the Mexico City government during the past decade, and it appears to almost be facilitated, or at least unaffected, by the absence of union involvement. To understand why this might be, it is helpful to recall how national trade unions reacted when Mancera proposed raising the minimum wage in 2014. Trade unions centrals joined with employer organizations to oppose the idea, and while one central later reversed course, the traditional, the corporatist and political segment of the labor movement remained in opposition to the proposal, at least until their affiliated parties came out in favor of the proposal.

Once the issue of the minimum wage, along with the broader need to address the negative effects of precarious employment in the metropolitan region, was firmly on the policy and political agendas of the government, unions in the city had essentially nothing to say on the matter. From an implementation perspective, this was conceivably easier for the government in terms of lower transaction costs, time and rewards, than having a supportive union engaged – there was no need to negotiate any policy options with a social actor, no need to engage a mass-based organization in debate and discussion, and no need to share credit for actions taken on behalf of precarious workers and their families.

In this way, the case of Mexico City explains how the causal factors of weak and passive unions, who mirror the national level's model of political unionism, can result in a metropolitan government free to make a fairly rapid policy reversal and begin to develop a comprehensive policy to address precarious employment after decades of not doing so. While having strong, active trade unions should make a government have more interest in regulating precarious work, if the decision originates from the top of the policy-making apparatus, having political-model unions rather than SMU unions and passive unions rather than strong unions may simplify and concentrate the policy process to a greater degree than would be happen in a bottom-up path. Mexico City is an excellent example of how the top-down process functions, with the city's institutional arrangements leaving a pro-worker PRD and Morena governments with a free hand to enact policies in the labor sphere, in this case on precarious employment, without the transactional friction of engaging with even supportive unions.

## **5.7 Top-Down Model – Pros and Cons**

Mexico City's top-down model presents certain advantages. As noted by Sabatier and Mazmanian (1979), and as seen in this metropolitan area, top down decision making is efficient, centralized and responsibility for the decision may be clearly assigned – a net positive if a political actor is advancing a policy agenda considered as having broad-based support. In the case of regulating precarious employment, this is even more true for a pro-worker government with clientelist tendencies, as it can take full political “credit” for the policy decision.

However, the same efficiency of relying on a pro-worker government without trade union involvement, as happened in Mexico City, can also present significant risks. A top-down model of policymaking is vulnerable to a change in government. If the next elected Administration is not also pro-worker, or if it has other policy objectives that compete with addressing the needs of precarious workers, top-down policy making may be just as quickly reversed. Top-down decision-making, while efficient, relies entirely on the preferences of political and elite actors, and does not alter the balance of power between a government and mass-based organizations such as unions. Therefore, if the decision to address precarious employment is due entirely to the presence of a pro-worker government, in a top down process, then there is a significant risk that a change in political orientation of the government will also mean a change in policy.

In the case of Mexico City, should such a change occur, not all elements of the policy outcome changes can be easily or instantly reversed. For example, the protections included for precarious workers in the city's Constitution will remain in place. However, the process of implementing these protections is not consolidated, and could be considerably slowed by a government with different priorities. Mexico and Mexico City have a long history of Constitutional rights that remain unfulfilled in practice. Social programs such as expanded health care programs for precarious workers or the unemployment insurance fund could be reduced through budgetary limitations, if not eliminated entirely. The regulation that created the figure of a Salary-Responsible Provider can be undone and the bidding process can return to the low-wage model of choosing service providers based on cost. Finally, local jurisdiction for labor and employment matters remains limited for in Mexico City. Should the federal government return to the hands of an anti-worker political party, worker in Mexico City could once again see their wages stagnate if the Federal government does not continue increasing the minimum wage.

In conclusion, the case of Mexico City clearly illustrates one of the two causal recipes given by the fsQCA analytic process. In Mexico City, the causal conditions of a pro-worker government, a fairly high degree of agency over its own employment policy, a poor labor market and the presence of political model trade unions led to a policy decision in action in three, and efforts in four (if we include the attempt to raise the minimum wage in 2014), areas of policy action. In this case, what led to the policy outcome was the causal recipe without the presence of unions with associational or structural power, or that are active on the issue of precarious employment. However, there were weak, passive political model unions. Looking at how the policy decision was reached, we see that the directionality of the process was essentially top-down, dependent on the preferences of a pro-worker government, with no participation from the labor movement. While this top-down process allowed for rapid decision-making on an urgent issue such as precarious employment, it also leaves these policy advances quite vulnerable and precarious themselves in the case of a change of government.

## 5.8 2020-2021: Addressing Precarious Employment During the Coronavirus Pandemic

While the findings of this paper reflect policy decisions made between 2009 and 2019, it seems worthwhile to note how the present health and economic crisis created by the novel coronavirus pandemic has put greater urgency behind these decisions and appears to have accelerated both the pace of the rise of precarious employment, and the enactment of policies to address it. In Mexico, the 2020 coronavirus pandemic has been devastating. On January 21<sup>st</sup>, 2021 the national death toll had reached 144,371, surpassed only by Brazil, India and the United States; Mexico City has been the epicenter of the pandemic with a death toll of 20,517, or 230 deaths per 100,000.<sup>51</sup> These numbers are also widely assumed to be an underestimation, due to low testing levels and unreported deaths; the national total is likely closer to 195,000.<sup>52</sup> The economic impact on employment has also been dire. Unemployment jumped to 5.5% in April 2020, with the national bank, *Banco de Mexico*, predicting it will reach 11.5% (ILO 2020). IMSS reported a loss of nearly 650,000 formal jobs by December 2020, or a 3.2 % decrease,<sup>53</sup> while losses in the informal sector were even higher (ILO 2020). Many of those who have lost their employment seem to be entering the gig economy and delivery work through platforms, with this number of workers reaching a half million and continuing to rise.<sup>54</sup> Overall, the problem of informal, low-paid and precarious employment in Mexico City, already a significant public problem, has grown substantially since March 2020.

As in many global cities, many jobs were deemed to be essential, yet remained precarious, leaving workers to face heightened risks while delivering food, stocking grocery shelves, offering ride shares and carrying out other jobs that quarantined Mexico City residents rely upon daily, without protective gear, a living wage, reliable income, health benefits or other guarantees. Also as in other parts of the world, however, the precariousness of these jobs has

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<sup>51</sup> New York Times Coronavirus tracker: <https://www.nytimes.com/interactive/2020/world/americas/mexico-coronavirus-cases.html>

<sup>52</sup> See: <https://abcnews.go.com/International/wireStory/mexico-posts-record-1539-covid-19-deaths-20548-75395509>

<sup>53</sup> See: <https://www.eleconomista.com.mx/empresas/Covid-19-dejo-647000-bajas-en-el-empleo-formal-en-2020-20210103-0064.html>

<sup>54</sup> See: <https://noticieros.televisa.com/ultimas-noticias/repartidores-de-aplicaciones-moviles-en-riesgo-de-contagio-de-covid-19/>

gained increased issue salience as their vulnerability has been thrown into sharp relief for both the public and metropolitan policy-makers.

In the face of this crisis, the path to a policy decision by the Mexico City government to address the negative effects of precarious employment has remained unchanged and rather we see that the decision has been deepened, with the metropolitan government intensifying and expanding activity in at least two of the four policy areas,<sup>55</sup> by expanding social benefits to precarious workers and through regulatory reforms or actions that bring previously excluded workers into classifications covered by Mexican labor law. As was the case earlier, the area of minimum wage policy remains in the hands of the Federal government. In December of 2020, the CNSM raised the minimum wage by 15%, to \$141.70 pesos a day; this represents a 60% increase overall from the minimum wage level of \$88,36 pesos in 2018 when the Morena Administration entered the Federal and local governments.

In terms of the two policy areas which experienced expansion, the local metropolitan government significantly extended programs to reduce income precarity and expand access to health and social security protections, create temporary employment and to improve labor law enforcement in subcontracted industries, during the pandemic. In March 2020, the city changed the Operational Rules of its Unemployment Insurance Fund, allowing it to grant unemployment support to an additional 33,000 workers who became unemployed once the declared health emergency order required worksites to close (STYFE 2020). While some workers continued to receive the program's original amount of \$2,641.15 pesos per month, or slightly less than twice the minimum wage, new recipients received \$1500 pesos per month, the minimum wage, but were able to apply within a simplified process that accelerated the rates of approval and greatly broadened the number of workers covered (Espinosa 2020). Moreover, the Unemployment Fund initiated a new category of support for informally employed workers, including non-salaried workers such as market vendors, food stalls, street vendors, domestic workers, and self-

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<sup>55</sup> “Conscientes de la gravedad de la situación y el inusitado impacto de la emergencia sanitaria en el mercado laboral capitalino, se intensificaron y articularon acciones, medidas y programas en favor de la protección social de la población y de la recuperación del empleo y la inclusión laboral.” See: [https://trabajo.cdmx.gob.mx/storage/app/media/Segundo\\_Informe%20STYFE\\_2020.pdf](https://trabajo.cdmx.gob.mx/storage/app/media/Segundo_Informe%20STYFE_2020.pdf)

employed workers to receive an unemployment benefit, an unusual policy that especially sought to reduce income volatility among precarious workers.<sup>56</sup>

In addition, the city expanded the scope of its job training program, *Programa Fomento al Trabajo Digno*, which offers support to self-employed workers, such as dentists, beauty salon owners, food stalls, and others, to establish and formalize their businesses. It established a Temporary Work Advancement Program, which offered a short term income to workers who then participated in city-funded conservation and environmental projects. Finally, it also established a Temporary Work Program for Women which temporarily employed social workers, psychologists, and administrators for city social programs offering services to those affected by the COVID-19 crisis (STYFE 2020). Finally, when the Federal government cut its support for the federally-funded program to support self-employed workers in 2020, the metropolitan government of Mexico City continued the program using its own resources (STYFE 2020).

In the policy area of bringing informal or precarious workers into formal or stable classifications, in late 2019 and to a greater extent in 2020, the city established the Program for the Creation and Strengthening of Social and Solidarity-based Companies (essentially, worker cooperatives), to assist cooperatives in becoming formal, legally established businesses and then to develop solid business plans for their long term survival and expansion. While this program does not necessarily lead to formal sector employment, it does reduce precariousness by fostering legally-registered businesses, allowing them to have access to credit and increasing their long-term prospects, thereby allowing for greater stability for their workers and members (Damerau 2021; STYFE 2020).

In the first quarter of 2020, the rate of informal employment in the city was 47.2% (INEGI 2020), a slight decrease from 2019 when the rate was 50% and 8.9 points below the national rate. This slight reduction in precarity, before the pandemic, was at least in part attributed to additional policy actions aimed at moving informal and precarious employment into formality and stability. Mexico City's labor secretary implemented a targeted inspection strategy focused on inspecting worksites with sub-contractors and enforced labor regulations at

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<sup>56</sup> See: [www.cdmx.gob.mx/desempleo](http://www.cdmx.gob.mx/desempleo)

numerous outsourcing and construction companies, both before and after the onset of the pandemic, who had been incorrectly withdrawing workers from Mexico's social security system (STYFE 2020). In addition, one of the protocols used by the Mexico City inspection authority to inspect worksites and insure that employers were complying with the new COVID 19 health and safety measures was specifically intended to use with domestic workers, including enforcing their legal rights generally, as well as addressing measures to be taken in the case of an employee or employer presenting signs of COVID 19.

With these measures, Mexico City's government responded to the COVID 19 health and economic crisis, and its accompanying rise in precariousness for workers and on the public agenda. With the policy decision to take action to reduce the negative effects of precariousness for workers already made, the city was then well-placed to continue and intensify the approach with additional actions during a sudden crisis in employment.



## **6 Los Angeles: A Bottom up pathway to a policy decision**

### **6.1 Introduction**

The city of Los Angeles (L.A.) is the second largest city in the United States and the third largest in North America after New York City and Mexico City. In terms of GDP, it is the third largest in the world after New York City and Tokyo (J. L. Trujillo and Parilla 2016). While the actual city proper of Los Angeles is not large, with 4 million people, the metropolitan area of Greater Los Angeles is defined by the U.S. Census Bureau as the Los Angeles-Long Beach, CA Combined Statistical Area (CSA), based on commuter patterns. This region comprises the Los Angeles, Orange, Ventura, Riverside, and San Bernardino counties, with a population of 18.8 million in 2017 (U.S. Census Bureau 2018). The total land area of the combined statistical area is 33,955 sq. mi (87,945 km<sup>2</sup>). This puts the Los Angeles metropolitan area roughly in the middle of our set of 11 global hub cities, in terms of size.

In this case study, we will see that in L.A., its causal pathway to the decision to develop a policy to address precarious employment was made up of having a pro-worker government with local agency over policymaking and a strong, active labor movement with a predominantly social movement model of unionism. These factors came together to make Los Angeles an emblematic example of a bottom-up decision making process. In this case study, we will use process tracing to understand the interests and ideology of the local government regarding employment matters, as well as to examine the role of trade unions and worker organizations in the decision-making process, and attempt to understand their relationship and interaction with the city government; their role in advocating for policies that address precarious employment; and the directionality of influence between the city government and the unions.

### **6.2 Outcome: LA Employment Policy**

As we saw in chapter 4, the city of Los Angeles has been a leader in being a global metropolitan hub city that has developed an integral policy to address precarious employment and improve job quality across its metro region. The Los Angeles metro area has used both its formal and informal powers to enact policies in all four areas of policy action – developing a local minimum wage policy, expanding social protections to precarious workers, setting regulatory reforms on subcontracting and the use of other precarious forms of employment and

reforms in public spending to promote stable employment; it is the only city to do so within our set of case studies and is generally considered to be a leader on progressive employment policies in the United States.

On the minimum wage, the Mayor of Los Angeles announced his initiative for a city-wide minimum wage increase in 2014 and by 2015 the city had passed a minimum wage ordinance of historically large significance. In January 2019, the end of the period we are examining in this study, the minimum wage in LA had risen to \$13.25, with an increase to \$14.15 pending in July 2019. At its moment of passage, over 800,000 workers were earning less than the new law's final wage rate of \$15.25, meaning that nearly one million workers will see their wages rise from \$9.25 in 2015 to USD\$15.25 by July 2021, and after 2021 future wage increases will be tied to the Consumer Price Index, which tracks inflation. This is larger than the combined number of workers impacted by all other local minimum wage laws passed in 2014, the year of greatest minimum wage activism by local governments (Flaming et al. 2015). The minimum wage increase was not only significant for the number of workers affected, it is also notable given its contrast with stagnating federal wage levels. In the United States, the federal minimum wage has remained at \$7.25 since 2009, which in 2019 was 31% below its peak 1968 level, despite the fact that productivity more than doubled in the country over that period and that low-wage workers have often reached higher education levels than they had in 1968 (Cooper 2019). Another way of stating this is to note that the value of the 1968 minimum wage in 2019 dollars would be \$10.54, rather than \$7.25 (Cooper 2019).

In terms of expanding social benefits for precarious workers, Los Angeles pioneered the concept of using its power as a consumer of services to support decent working conditions as one of the first major cities to pass a minimum wage ordinance (MWO) requiring all city contractors to pay a higher minimum wage than in other parts of the economy; and later a responsible contractors policy (RCP) adding health insurance, minimum working conditions, and other benefits to the requirements for all city contractors (Flaming et al. 2015; Bibby 2012). Los Angeles also passed a citywide ordinance in 2017 requiring all employers to provide 48 hours of paid sick leave to all workers (LA OWS 2017).<sup>57</sup> In some industries, such as the

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<sup>57</sup> This was increased to 80 hours a week for full-time workers in April 2020. See April 7<sup>th</sup>, 2020 Public Order Under City of Los Angeles Emergency Authority Issue Supplemental Paid Sick Leave Due to COVID-19.

janitorial industry, the city of Los Angeles partners with worker organizations to conduct strategic inspections, to ensure that cleaning contractors respect both city RCPs and city-wide wage and benefits ordinances (MCTF 2004).

In terms of regulatory reforms that bring precarious employment into the world of regulated employment, it is important to understand that in the United States, there are few social benefits that distinguish informal and formal employment, and nearly all employment not covered by a collective or individual contract is considered to be “at-will employment,” meaning an employer can terminate without cause, and can be considered precarious to an extent. There are some minimal protections established in the Fair Labor Standards Act (FLSA)<sup>58</sup> that establish a minimum wage and a 40-hour work week. Most farmworkers and some domestic workers are exempt from these protections and tipped workers have a lower minimum wage. Self-employed workers and independent contractors are not covered by the FLSA. In addition, there is no national healthcare system, and while most workers receive health insurance through their employers, there is no mandate to provide such insurance. In this context, Los Angeles has developed several policy initiatives to regulate precarious employment, reduce precariousness, or reduce the number of workers in unregulated categories. For example, in most parts of the United States, since 1991 the FLSA has set the minimum wage for tipped workers who average at least \$30/week in direct or pooled tips, at \$2.13, with deductions allowed, with the effect that tipped workers often receive a paycheck close to zero and depend entirely on tips, which may vary greatly, for income.<sup>59</sup> Los Angeles has included tipped employees in its minimum wage ordinance, creating greater income stability for this set of workers, who now earn the same minimum wage as other workers (\$13.25 in 2019).

In addition, the city of Los Angeles has been active in addressing the issue of employee misclassification, where a worker is incorrectly classified as an independent contractor rather than an employee, leaving them excluded from FLSA minimum wage and wage and hour protections, as well as social security payments. For example, the trucking industry in the

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<sup>58</sup> See: Fair Labor Standards Act, <https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/FairLaborStandAct.pdf>

<sup>59</sup> As an example, this author worked as a tipped employee between 1987 and 1991 and regularly received a paycheck for \$1.00 or less for a two-week pay period.

United States was largely deregulated in the 1980 under the Carter and Reagan Administrations, resulting in the emergence of the independent contractor model of employment, where truck drivers became the owner-operators of their own “business,” or truck. Trucking companies could then hire workers per job, while the trucker assumed all associated risks and expenses, such as insurance and the loan to purchase the vehicle. This evolved into an extremely precarious employment situation, with drivers not always earning enough to cover the costs of their vehicle, let alone earn a minimum wage or have social protections (Jaffee and Bensman 2016), and also preventing the ability to form a union. This model of non-employed employment has increased since the 1980s and is now seen in ride sharing and platform companies, delivery services, health care, construction, and other industries.

In 2008, the Los Angeles government passed an ordinance, called the Clean Truck Rule, that required the Ports of Los Angeles and Long Beach to only allow trucking companies that hired their drivers directly to enter the port. This was intended to effectively prevent companies from misclassifying workers, keeping them within FLSA and other regulatory frameworks (as well as to enforce environmental and noise standards for residents of surrounding communities). This law was later challenged and struck down in a Court of Appeals ruling (Castellanos 2015). However, the city has continued to pursue a policy of challenging employee misclassification. In 2018, the government of Los Angeles filed suits against three trucking firms, alleging that the misclassification of the drivers as independent contractors is a “scheme” to increase the companies’ profits by trying to avoid their obligations to provide benefits, pay relevant taxes, and absorb various operating costs (Reibstien 2018). By 2019, the California Supreme Court backed the City of Los Angeles in another case, *Dynamex Operations West, Inc. v. Superior Court of Los Angeles*, when issuing a decision stating the “ABC test” should be used to limit misclassifying employers as independent contractors (IC). The ABC test says workers should only be considered IC if they “a) are free from control and direction by the hiring company; b) perform work outside the usual course of business of the hiring entity; and c) are independently established in that trade, occupation, or business.” (McNicholas and Poydock 2019). This ruling

was turned into legislation, Assembly Bill AB5, by the State of California in 2019, an example of a metropolitan area's policy leading to wider policy change at the state level.<sup>60</sup>

Finally, the last area of our four policy areas on addressing precarious employment is public spending reforms, ensuring that public resources support the creation of stable, high quality jobs and don't reinforce precarious hiring practices. In 2000, the city of Los Angeles adopted a comprehensive responsible contractor policy in 2000, which directs city agencies to review potential bidders' history of labor, employment, environmental and workplace safety violations, and requires bidders to disclose and explain past litigation, contract suspensions, or outstanding judgments, with contractor responses available for public access and review (Sonn and Gebreselassie 2009). The city also has a Worker Retention Ordinance, which requires that when service contracts change, incoming contractors are required to hire the same employees that worked for the previous contractor, with seniority retained, thereby ensuring that competition between service providers does not lead to job insecurity for sub-contracted workers.<sup>61</sup> The city's Department of Public Works uses Project Labor Agreements in public works projects, which include requiring wages and benefits to meet prevailing industry standards, and establish the same wage scale, benefits and working conditions for all contractors and sub-contractors on a project, whether union or non-union.<sup>62</sup> In addition, the city has a Minimum Wage Ordinance for city contractors that, since 2012, has required that contracted workers are paid a minimum "full cash wage" amount, made up of a minimum wage (which was above the legal minimum until 2015) plus a certain valued amount of health benefits, plus 98 paid and 80 unpaid hours of sick or family leave. In 2019, this meant workers on city service contracts were guaranteed \$14.25 an hour, plus \$1.25 an hour's worth of health care benefits, along with the required paid and unpaid leave.<sup>63</sup> This was significantly above the legal

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<sup>60</sup> On November 3<sup>rd</sup>, 2020, ballot measure Proposition 22 was passed, which struck down AB5. The State government's lawsuit to enforce the measure for the time it was in effect will still go ahead, however, and trade unions and political allies have said they will continue to challenge the overuse of the independent contractor model of employment. See: <https://www.nytimes.com/2020/11/04/technology/california-uber-lyft-prop-22.html?referringSource=articleShare>

<sup>61</sup> See: <https://bca.lacity.org/service-contract-worker-retention-ordinance-scwro>

<sup>62</sup> See: [https://bca.lacity.org/pla\\_information](https://bca.lacity.org/pla_information)

<sup>63</sup> See: <https://bca.lacity.org/living-wages-ordinance-lwo> and <https://bca.lacity.org/living-wages-ordinance-lwo>

minimum required for several years, and remains above it now, although the legal minimum has been rising to catch up with it.

In summary, in terms of the outcome that we are looking at (a policy to address precarious employment) Los Angeles has taken action to regulate precarious employment in all of the four policy areas – raising the minimum wage, expanding social protections to precarious workers, regulatory reforms to bring excluded workers into protected categories, and reforms in public spending to promote quality, stable employment.

**6.3 The Policy-Making Process in Los Angeles**

As noted, the Greater Los Angeles metropolitan area has 18.8 million inhabitants, smaller than Mexico City, while the city proper of L.A. has 4 million. The gross domestic product of the city was US\$1,043,735 million in 2017. The GDP per capita was \$60,087, a 3% rate of growth from 2016, while the GDP per worker was \$158,165 (BEA 2017), both significantly higher than Mexico City. However, inequality in Los Angeles is growing rapidly, with its Gini coefficient higher than Mexico City’s since 2006, when it was 0.48 and reaching 0.50 in 2017 (Mexico City’s is 0.46). This is also higher than the rest of the United States, who’s national Gini coefficient was 0.48 in 2017 (County of L.A. 2019).

**Table 16: Los Angeles Demographic and Economic Statistics**

Metro Area	Country	Pop MA (millions)	Pop City (millions)	GDP (Millions US\$)	GDP per capita (US\$)	GDP per worker (US\$)	GINI Index
Los Angeles	U.S.	18.8	4.0	927,562.00	69,087.00	158,165.00	0.50

Source: own elaboration, using data from the Booking Metropolitan Policy Program: <https://www.brookings.edu/program/metropolitan-policy-program/>. Gini data is mostly from the UN World Cities report (2016), supplemented with some local data.

The causal pathway that led LA to the decision to address precarious employment was GOV\* AGENCYmaxfz \* UNIONmaxfz \* SMU, or the path of having a pro-worker government, a degree of agency over its own employment policy, and a strong and active labor movement with a strong presence of social movement model of unionism. In this section, we will first look at how all the causal conditions under study manifest in LA, in order to then trace how these factors interacted created a bottom-up path for the city in its policy-making decision.

## **6.4 Conditions and Causal Factors in Los Angeles**

### **6.4.1 Institutions and settings**

In our theoretical framework, the first set of conditions under study are the institutions and settings in which the policy decision is made, which shape the level of agency the metropolitan government has over employment policy, its incentives to address precarious employment and the economic model and context in which it functions.

#### **6.4.1.1 Can cities make policy?**

The ability for a city to create policy to address precarious employment at the metropolitan level is measured by two conditions – one is the degree to which it has legal jurisdiction or power over local employment and labor policy and the other is the nature of its relationship with the Federal government. The two conditions are combined to create the macrocondition, *LAGENCY*. In terms of having policy-making jurisdiction, in the United States, there is a federal minimum wage. However, unlike in Mexico, states and localities have the legal power to set a different minimum wage and have often done so. For example, when the federal minimum wage was last raised in 2007, thirty-seven states had already set their minimum wages higher than the federal level. Today, 29 states plus the District of Columbia, and 48 localities including Los Angeles, have local wage minimums higher than the federal level of US\$7.25 (EPI 2020). Moreover, we have seen that Los Angeles, Mexico City and other major metropolitan areas, have developed policy-making capacities beyond their formal, legal powers, by using the informal resources at their disposal as heads of major urban agglomerations (Harkness et al. 2017). For example, while local governments in the U.S. cannot pass laws on immigration issues, which is an exclusively federal jurisdiction, Los Angeles has been a leader in the sanctuary movement, where cities refuse to mobilize local human and economic resources, such as local police forces, to enforce federal laws, effectively limiting their impact (Kwon and Roy 2018). Despite its jurisdictional authority in immigration, the Federal government needs logistical and political coordination with state and local police forces to carry out many of its policies.

In terms of the second condition, the metropolitan area's relationship with the federal government, Los Angeles has for decades had a government led by the Democratic party that is to the left of most federal Democratic administrations, and has been a leader among local

government associations that had pressured the federal government to cautiously address the minimum wage under the Obama administration for the first time since 2007 (EPI 2015). Under federal Republican administrations, the relationship has been one of antagonism and, under the current Trump administration, one of outright hostility and opposition. The sanctuary movement, of which Los Angeles is a leading actor, for example, has led to numerous legal battles, with the federal government withholding federal grant money for police, transportation, housing and other programs, in an effort to reverse the sanctuary policy, and the city government challenging those funding decisions (Kwon and Roy 2018; Associated Press 2019). While this degree of opposition from the federal government has created obstacles for L.A in some policy areas, such as policing and immigration, to date, there has been little ability by federal actors to curtail policies that address precarious employment by the metropolitan government.

#### **6.4.1.2 Do cities want to make policy?**

Whether metro areas have the agency to make policy on precarious employment or not, it is also necessary for them to be motivated to do so. In the case of L.A., the city has been led by Democratic Mayor Eric Garcetti, who has been a key figure in LA city politics. Garcetti, who's family is from Mexico, ran for Mayor and was elected in 2013, after a decade on the LA City council. His campaign was endorsed by the American Federation of Teachers and other key segments of the city's labor movement, as well as other progressive organizations, and keeping that electoral base is an important incentive in his relatively consistent support for minimum wage and other employment quality policies. The L.A. City Council is also predominantly Democratic.

Of the two major parties in the United States, the Democratic party is the most closely affiliated with pro-worker interests, although the pragmatic nature of American political parties means that, within the general platform of supporting labor market institutions and a role for government in promoting public welfare, Democratic political leaders will also respond to organized blocs of voters when developing policies to address employment. In this case, highly mobilized constituencies across the city created the incentive for the Mayor and council members to be responsive to their positions, given a history of successful campaigns around related issues in communities and industries across the city (Jamison, Zahniser, and Walton 2015). Within the metro area electorate, numerous studies have examined the demographic and



political shifts in LA, particularly the rise of the Latino voting bloc (Barreto 2011). While the degree to which this bloc consistently unites interests with African American, Asian and other ethnic bloc votes is debated, what is unquestioned is that progressive and Democratic organizations have been more effective in Los Angeles than in other regions of the country (the American South, for example) in registering new, qualifying immigrants as voters and channeling them into their voter turnout system. Overall, minority voters in LA may be marginalized economically, but still represent an important voting constituency for city elected leaders. The result is a local government led by a Democratic party with significant, pragmatic interests in addressing the needs of precarious workers, who are likely to be immigrants and people of color.

The Los Angeles metro area government was also motivated to address the needs of low-wage, precarious workers as the issue gained salience across the United States. Given the downward pressure on the middle-class income nationally, 40% of Americans today identify themselves as part of the lower class or lower middle class, the highest rates of self-identification with income levels in decades. As such, 76% support raising the minimum wage (Kelly, 2015). Another development is growing city-level leadership in finding policy solutions to economic and social ills. Public pressure to raise the minimum wage and address growing income and employment insecurity has been unable to seek an outlet at the federal level, given the paralysis in Washington DC which has made it nearly impossible to address wages, healthcare, benefits such as sick days or maternity leave, or many other issues over the past decade in the United States. The Obama administration supported a minimum wage increase but was hamstrung by a highly unproductive Congress, while the Trump administration is opposed to regulations that protect precarious workers (Madland et al. 2018). Therefore, cities are increasingly finding ways to impact matters of national importance at a local level where possible and taking the lead in developing policy solutions.

Finally, and importantly, the decision to take policy action to address precarious employment was the product of a sustained, organized and broad grassroots campaign. While the city's Mayor proposed raising the local minimum wage in 2014, it came on the heels of a campaign win in the private sector by organized hotel workers who won a minimum wage increase for the hotel industry after long negotiations with industry representatives. Trade unions, community and immigrant rights organizations, and other civil society actors began

organizing and advocacy work to improve job quality in Los Angeles over 30 years ago, investing resources and developing political relationships over time. As such, they slowly reshaped the city's political map and institutions, building power within the policy-making process, meaning that political actors were motivated to respond to grassroots demands, rather than develop labor policy in isolation, and the result has been an integral set of policies within the Los Angeles metropolitan area to address employment precariousness and wage levels.

### **6.4.1.3 Economic Model**

As a global city and a regional economic hub, Los Angeles, like Mexico City, is one of the most interconnected cities in the world, a key hub for advanced producer services and also the largest manufacturing hub and the largest trading hub in the United States, as well as the entertainment and cultural industries for which it is famous. Also like Mexico City, it has been in the top tier of integration into the world city network, with its importance to the global economy and a G100 score of 201 (P. J. Taylor et al 2011). Therefore, the economic model within which city leaders must make their policy decisions is formed not only by local economic conditions, but also by the global economic model within which it is inserted, which seeks to attract corporate headquarters and top APS firms with a competitive talent pool, connectivity and linkages and a supporting services (Sassen 2011; Taylor et al. 2014).

The metropolitan region has one of the world's largest creative industries, the largest manufacturing base in the United States (largely autos, aerospace and apparel), the nation's largest port and international trade industry, a growing tech industry, and a sizable finance and business sector (the six largest in the U.S.) (EWDDLA 2020; BLS 2019a). As Sassen (2011; 1991) argued, being a global economic hub city with this has led to great economic dynamism, but also a segmented labor market, with jobs clustered in the areas of business and financial operations and related APS services with 14.2% of total employment and wages between \$38 and \$59 per hour; and in low-wage service industries such as food preparation, building and ground maintenance, transportation and personal services with 23.1% of total employment and wages between \$12 and \$23 per hour (BLS 2019a). In the higher-wage tier of employment, the use globally of freelancing, project work and temp employees across the industry has led to precariousness even for professional workers with high wages, as employees are considered to

be independent contractors or consultants, and employment is contract to contract (L. F. Katz and Krueger 2016; Farrell and Greig 2016; Weil 2011). In the lower-wage tier of employment, these same reasons lead to precariousness, along with low wages, a lack of social protections, off the books hiring and the widespread use of day labor in maintenance, logistics and other fields (Hendrickson and Muro 2018; Autor 2019; Jaffee and Bensman 2016).

In both parts of this economic model, changing employment modalities and what Weil (2011) defines as the fissured workplace, has led to a growth of increasingly precarious and non-standard employment and regulatory gaps that existing labor regulations are not well suited to address (Sassen 2011). The growth of what the BLS terms “alternative work arrangements” in both high wage and low wage employment stems from a global model of competition among global hub cities whose economies are driven by advanced producer services; while in addition, in the low-wage parts of the service sector, competition has always been based on low wages and the commodification of labor. Moreover, long standing patterns of immigration to Los Angeles means the labor market is absorbing high numbers of workers without the legal status to work in regulated environments (Passel and Cohn 2019; Mejia, Carcamo, and Knoll 2017). In this environment, the economic model and global immigration patterns serve as an institutional context that challenges how the L.A. metropolitan government is able to address precarious employment, while also intensifying its need to do so.

**Table 16: Macrocondition LAGENCYmaxfz (LL and ALLY) and Political Orientation of the Government (GOV)**

Metro Area	Local Jurisdiction (LL)	Allied with National Gov (ALLY)	Pro-Worker Government (GOV)
Los Angeles	1.0	0.0	1.0

Source: Own elaboration.

**6.4.2 Actors and Power**

**6.4.2.1 Who is seeking to address precariousness, and with what power?**

For trade unions and worker organizations to successfully advocate for policies that address precarious employment, they must not only take action on the issue, which will depend upon the prevailing model of unionism in the city, but also on their degree of power, both associational power and structural power. In Greater Los Angeles area, known for having one of the most dynamic and active labor movements in the United States, trade unions and other

worker organizations have a significant level of associational power, modest levels of structural power, and are very active on the issue of precarious employment and ways to ameliorate the negative effects of rising precariousness in the labor market.

Overall, 15.6% of the workforce in Los Angeles is unionized, with collective bargaining agreements covering 17.1% of workers, with much of that membership in the private sector (Hirsch and Macpherson 2020), which are somewhat higher union density numbers compared to the United States as a whole. In addition, unions in Los Angeles have shown a significant capacity to mobilize their affiliates, with examples over the past 25 years ranging from the three weeks of mobilizations and the June 15<sup>th</sup>, 1990 strike (UCLA Library Special Collections, n.d.) by janitors to a series of successful strikes in 2019, including one at the LAX airport (CBS 2019) that temporarily shut the airport down and another by 34,000 public school teachers that was successful within 6 days (Schirmer 2020). As such, unions in Los Angeles have high associational power; as noted by Milkman (2000) the city has been “a key site of labor movement revitalization and a model of successful immigrant organizing.”

In terms of structural power in bargaining or advocating for policy changes, the trade unions in L.A. are constrained, though not greatly, by the local labor market. In 2019, unemployment in L.A. was 4.00%, just slightly higher than the national average of 3.6% (BLS 2019b),<sup>64</sup> while its rate of job growth was fairly steady at 2.5% (Kabbani 2018). In addition, compared to most global hub cities around the world, Los Angeles has fewer informal or off-the-books workers than many global cities in emerging economies, although official statistics are not collected on this employment category since, in theory, the distinction between formal and informal should not be an issue under U.S. labor laws. The number of undocumented workers in Los Angeles, a very rough proxy number since by definition they cannot be work legally or be enrolled in social security systems, is estimated to be 7.5% of the workforce (Passel and Cohn 2019), while Flaming et al (2005) found that the off-the-books workforce in Los Angeles was around 15%, high for the United States, but still low in the context of the global migration patterns that shape most global cities (Hall 2003; Sassen 2011; United Nations 2019). Therefore, the labor movement in Los Angeles has a greater degree of structural power than is

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<sup>64</sup> These numbers from the Bureau of Labor Statistics are from the end of 2019, which falls into the cutoff date for this study and reflect the situation before the Covid 19 economic crisis.

seen in many other cities. While the Los Angeles labor market is not strong or tight necessarily, neither is it so weak that unions are unable to successfully bargain over working conditions and wages. When combined with the associational power of trade unions in L.A., unions in Los Angeles have significantly more power overall than seen in most parts of the United States and in most global hub cities, giving them a score of 0.9 for USTRONG, according to the criteria described in Chapter 3, Table 10.

**Table 17: Macrocondition LMKTfz: Labor Market Indicators in L.A.**

Metro Area	%Informal*	%Unemployment	Rate of Job Growth
Los Angeles	7.50	4.00	2.5

\*The number of undocumented workers is being used as a proxy for informal employment.

Source: Own elaboration.

Meanwhile, as we have seen, union actors in Los Angeles are very active in general, and they are particularly active around addressing and regulating precarious, non-standard employment. The notable causal factor for the Los Angeles region having an integral policy to regulate precarious employment is that, unlike in Mexico, for decades trade unions have been using strategic city, community and industry campaign activity to ensure that the problems faced by precarious and low wage workers made it onto the political and public agendas. Unions in the metropolitan region fall into two major models of trade unionism. One is the model found throughout the United States, which is economic or business unionism, with local unions bargaining collective agreements on behalf of their own members and little engaged in the needs of workers outside their membership. The other, however, is social movement unionism, of which the Los Angeles labor movement is the exemplary case within the United States (Engeman 2014; Savage 2006). Social movement unionism, by definition, links the needs of its union members and collective bargaining concerns with the needs of the broader community including workers and citizens outside its membership base, and while there has been debate about the use of this conceptual term in the American context (Scipes 2014; Moody 1997), many unions in Los Angeles display this trait.

As an example, the Los Angeles Central Labor Council (called the LA Fed), a metro area federation of over 300 local unions with 800,000 members,<sup>65</sup> includes community concerns, including job stability, low wages and the need for access to social services, in its public mission statement. Over the past two decades, the labor movement in the United States has undergone a significant internal debate about the way to address low levels of unions density across the country, with some unions supporting various versions of business unionism-type approaches rooted in a focus on improved bargaining with employers and protecting existing union contracts, while other unions have advocated for spending significant union resources on organizing non-union workers and improving public policies affecting union and non-union workers, in an effort to improve the associational and structural power of unions (Savage 2006), this resembling a version of social movement unionism. This internal debate led to a split within the AFL-CIO at a national level, with many of the largest unions (SEIU, Teamsters, others) leaving the national Federation over a divide that was not ideological, rather a disagreement about the use of resources. Despite the national level split, many local federations, including the LA Fed, remained united and with the majority of unions, especially some of the largest and most powerful, supporting a social movement unionism approach (Nesbitt 2006; own experience).

In the case of the minimum wage campaign in 2014, for example, the LA Fed was part of a very wide coalition of community organizations, grouped under the name Raise the Wage, which produced a sign-on letter supporting the increase, signed by over 250 membership-based organizations, and coordinated walks and other mobilizations.<sup>66</sup> Many Raise the Wage coalition activities were funded by the LA Fed with members' dues, even though their members would not directly benefit from the wage increase. However, union leaders saw a potential over the long-term in improving the climate for collective bargaining by creating changes in the local labor market and prevailing wage standards, while members saw how a wage increase would improve conditions for their family and neighbors in low-wage non-union jobs (Castellanos

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<sup>65</sup> See: <https://thelafed.org/about>

<sup>66</sup> See: <http://www.laraisethewage.org/coalition>

2015).<sup>67</sup> At the same time, an autonomous and organized civil society helped compensate for the low union density numbers and amplified the political impact of the labor movement.

Therefore, we have assigned a value of 1.0 to UACTIVE, using the criteria described in Chapter 3 and while some unions in Los Angeles have characteristics of business unionism, the dominant model of unionism in the city is social movement unionism.

**Table 18: Macrocondition UNIONfz (Union Power and Activity on Precariousness) and prevailing Union Models in L.A.**

Metro Area	UACTIVE	USTRONG	UMODEL
Los Angeles	1.0	0.9	SMU

Source: Own elaboration.

**6.5 The political game: policy response or inertia?**

The causal pathway that led the city of Los Angeles to its decision to address precarious employment was the path of having the condition of a pro-worker government, a high degree of agency over its own employment policy, strong trade unions that are active on the issue of precariousness and the presence of social movement model of unionism.<sup>68</sup> The very high levels of precarious employment in LA are largely due to factors outside the control of a local metropolitan government, being structural factors such as global changes in employment modalities, immigration patterns, globalization and technological changes, wage-based competition in the services sector hub cities, yet not all decide to regulate precarious employment. Nonetheless, Los Angeles has taken action to regulate precarious employment, to the extent that its actions have shaped national discourse and the policy agenda. In this sense, the metropolitan area is serving as a sort of incubator for policy innovation, as foreseen by Jacobs (1969) and Katz (2018). The research question is: what are the causal factors that led to the decision to regulate precarious employment, and how do the factors play out? In other words, why has the issue of precarious employment been so important in Los Angeles? What

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<sup>67</sup> See: <https://thelafed.org/about>

<sup>68</sup> Expressed in fsQCA results, the outcome POLICYfz resulted from GOV\*LAGENCYmaxfz \*UNIONminfz\*SMU.

was the mix of institutions and incentives among actors that led to a policy decision and how did the political game play out?

We have described the mix of conditions, namely the institutions and actors, present in LA. The first is a pro-worker government, solidly democratic and generally accountable to mobilized, organized constituencies of communities of color and immigrant organizations. The next is a high degree of local agency over its own policymaking. Federalism in the United States has meant that states and cities have significant jurisdiction to create policies to address precariousness, and while the federal government has at times, such as now, been opposed to policies developed in Los Angeles, the reality is that the federal government has limited ability to obstruct such policymaking. The city's economic context is that shared by nearly all global hub metro areas, with the forces of globalization and international trade, as well as a growing service sector leading to economic competition based on low wages and often, precarious conditions. The labor market in Los Angeles through the beginning of 2019 has had challenges, but has been better than that of most global cities. Meanwhile, principal trade union actors are very active, have a high ability to mobilize their affiliates and have worked in alliance with community organizations to build a version of social movement unionism with a reputation for dynamism and militancy.

We can trace the process over the past 30 years to see how these conditions interacted to lead the city government to enact a series of policy initiatives around the nature of employment in the metro area and how the local government could reduce its precariousness. Across the country, the debate about the nature of work in the United States has had both local and national components. Federal administrations under Reagan in particular but also Bush and Clinton passed numerous anti-worker and anti-union laws, with the Trump Administration continuing this trend; while the recent Obama administration was sharply curtailed in its ability to reverse these tendencies by a Republican Congress. There has been a steep decline in union density, leading trade unions to experiment with new organizing strategies and innovative campaign efforts. At the same time, the 1980s and 1990s also saw a rise in identity politics and a new era of community organizing, often in communities of color, and immigrant organizing. As well, and importantly, these decades also saw unions and social organizations learning to form functional, professional and strategic coalitions, as earlier animosities from the Cold War years waned and the need to join forces became increasingly evident.



Locally, the movement to address working conditions in the Los Angeles metropolitan area has been built on over thirty years of organizing and advocacy. The city has a long history of ethnic diversity and activism, though it has also been a place of inequality, racial injustice and wealthy elites. The trend to commodify labor into increasingly precarious and unprotected temporary jobs has been particularly notable in the city's dominant industries, such as the entertainment, tourism, technology and shipping industries. Social and economic justice activists have spent years building worker and community power, and developing new and innovative strategies to impact public policies and working conditions for the city's most vulnerable workers. Key to their success was the interplay between grassroots and worker-led organizing and policy campaigns. At times organizing advances and the increasing power of union and social actors helped open the path for policy reforms, while at other times policy reform fights succeeded in changing the rules of the game, altering the balance of power and opening space for additional organizing gains. This interplay evolved, marked by several distinct and groundbreaking stages, which built upon each other over time.<sup>69</sup>

In the 1980s, social activists in groups such as Jobs with Peace began to look at local development issues, seeking to divert money from military investment to local investment. At the same time, the national decline in union density began to be felt more acutely by HERE, SEIU and other service sector unions, who began seeking out new organizing opportunities to rebuild lost membership. The Justice for Janitors campaign developed during this time in Pittsburg, PA and would be imported to the much larger city of Los Angeles to be implemented on a massive scale. As well, immigrant communities in the city, always numerous but now increasingly well-established and vocal, began demanding a voice in city politics. As these and other groups sought ways to have an impact on the economic well-being of Angelenos, relationships formed among the multiple actors seeking to improve the wages, benefits and working conditions of low wage workers in service sector industries. Given a very conservative and anti-worker climate at the Federal government level in the 1980s, local social and labor

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<sup>69</sup> The following section is based largely upon documents from the LAANE website: <http://www.laane.org/what-we-do/projects/>; the Castellanos, Patricia Interview by Elizabeth O'Connor on May 22, 2015; and the UCLA Library Special Collection (records from SEIU United Service Workers West Justice for Janitors Campaign 1986-2000) at <https://oac.cdlib.org/findaid/ark:/13030/c84b30md>.

organizations sought to impact policymaking in an arena where they could have an impact, at the city level. It was during this time that L.A.'s first Living Wage campaign began, seeking, and eventually obtaining, to set a higher minimum wage level for those contractors and service providers bidding on city contracts relying upon public funds. The Salary-Responsible Contractor policy recently passed in Mexico City is similar to L.A.'s initial Living Wage policy (see Chapter 5).

In the 1990s, progressive community organizations and unions began forming coalitions to work together on the social and economic issues in low wage and vulnerable communities in Los Angeles. In this decade, as large American cities like L.A. courted developers and large employers for their investment dollars, unions and communities pushed to ensure that these projects would create an inclusive model of development. This decade also saw the emergence of new progressive organizations, many focused on supporting communities of color. The immigrants' rights movement was in full swing, and many communities in African-American South LA mobilized after the Rodney King riots in 1993. While many of these organizations sought racial equality and justice, the economic marginalization of inner-city neighborhoods was recognized as a root cause as well.

As such, the matter of access to stable, protected, quality employment in marginalized communities became a unifying issue, and newly formed coalitions of labor and communities began to focus on winning structural change as well a change in public policy, leading to the Community Benefits Agreement (CBA) strategy. Community benefits agreements are negotiated agreements which place conditions on development projects receiving public subsidies, preferential tax incentives or other incentives to ensure these investments are managed in a way that fosters quality employment for the communities they impact. CBAs may put labor conditions on development projects, mandate card-check recognition procedures for unions, set hiring quotas for local workers and stop hiring set-asides for suburban white workers, set environmental regulations, establish low-income housing quotas or other requirements that respond to local community concerns (Flaming et al. 2015).

While the CBA strategy was successful in many cases, in a city the size of Los Angeles its overall impact was limited, given the vast number of development, construction and investment projects occurring at any one time. However, by forcing a public discussion about what investment and development should mean for local communities and local workers, the

CBA process changed the terms of the debate about the responsibilities that the city government, developers and employers have towards communities. As well, the local political game gradually changed, as communities and unions engaged with policy-makers around these projects, developed relationships and built political power. While in numerical terms the number of workers benefiting from CBAs may have been modest, in institutional terms the decision-making apparatus was significantly altered as the executive and legislative branches of the Los Angeles government had to start taking community and employment issues into account in their public commitments.

By the 2000s, progressive organizations were seeking to address the issue of employment quality by sector or industry, exploring strategies to regulate the labor markets of entire industries to ensure high-quality rather than precarious employment. At the same time, a revitalizing labor movement was considering how to shape the public policies that regulate key industries, in an effort to facilitate unionization and allow worker representation to emerge. Most of the successful campaigns incorporated both policy initiatives with workers organizing strategies, and many unfolded over a long time period, spanning more than one city administration. One example of an industry-wide strategy was the “Clean and Safe Ports Project,” an 8-year campaign led by the Los Angeles Alliance for a New Economy (LAANE) in coordination with the International Brotherhood of Teamsters and community organizations, set the stage for one of our four policy outcomes, Assembly Bill AB5.

The ports campaign advanced when unions concerned about the issue of widespread misclassification of workers, and adopting a social movement unionism approach, joined forces with organizations representing communities near the ports of Los Angeles and Long Beach, who had identified trucking through their communities as a major source of air pollution. Most of the trucking industry, as it crosses state lines, is regulated by federal entities, however trucking routes between the LA-Long Beach Ports to the inland warehouses is one segment that fell under local jurisdiction. As such, both local communities and the Teamsters had an interest in improving the environmental and labor standards of the trucking industry at one of the largest ports in the world.

The coalition of organizations proposed an ordinance for the port which would require it to adopt environmental standards for trucks entering the ports, while also requiring that trucking companies using the port hire their drivers directly. As described above, the initial

policy decision was reversed in a legal challenge that occurred long before rider-sharing platforms existed. However, subsequent legal battles between the city, the ports and trucking companies led to the legal decision which laid out the ABC test for classifying workers as employees. This legal ruling, in turn, is the basis for Assembly Bill AB5 which passed in 2019 and is often called “the Uber bill,” as it will affect the classification of these gig workers, along with many other misclassified workers in older industries such as trucking, health care, childcare, personal services, technology and others.

With this case we can see how on one hand, the policy campaign on regulating the trucking industry at the L.A-Long Beach ports led to a chain of events that resulted in a landmark piece of legislation to regulate precarious employment relationships for a broad spectrum of industries across the metropolitan region (also confirming DeStefano’s argument (2016), described in the literature review that the recent rise in precarious, gig and non-standard work is merely an extension of an ongoing effort to casualize, informalize and commodify work to evade social and fiscal obligations). As well, exemplifying social movement unionism, it also left truck drivers with a deeper awareness of their rights as workers and the problems of being an owner-operator, as well as a giving them a way to express their voice. Moreover, both the LA and Long Beach Port management and the trucking companies have a new awareness of the ability of grassroots organizations and union to mobilize and influence policymaking. As a sector-wide campaign, the ports ordinance left an altered set of rules for the political game and a new balance of power.

This campaign is a good example of successful industry-wide campaigns in Los Angeles and beyond, which build social movements and intentionally involve both reforms in public policies aimed at improving worker standards and organizing activity to increase the power of workers. These two, mutually reinforcing strategies mean that policy reforms can create space for later organizing and organizing activity can help change the institutional balance of power to allow policy reforms.

During these same years, similar industry-wide campaigns were occurring simultaneously in the recycling and waste industries, among drywall hangers, in the cleaning and private security industries, the hotel and tourism industries, the airport, and others. In 2014, shortly after a lengthy, industry-wide campaign reached an agreement for a city-wide minimum wage increase to \$15.37 for all workers in the hotel industry in Los Angeles, after winning

similar gains in first the LAX airport corridor, then in Long Beach, is when the city's mayor announced "his" initiative for a city-wide minimum wage increase. By then, Los Angeles had already developed an integral policy on regulating precarious employment, with much of the workforce already covered by one of several partial minimum wage ordinances, public spending firmly regulated to provide health and social benefits in addition to a higher wage, and the issue of employee misclassification was well-established on the public agenda. Tracing the course of the issue of precarious employment and how the metropolitan region chose to address the issue, reveals how the causal conditions of a pro-worker government, local agency over policy, and strong, active unions in the social movement unionism model interacted to mutually reinforce each other and lead Los Angeles to become a positive example of the outcome we are looking for in the fsQCA model, namely a policy decision.

As we can see, in the metropolitan area of LA, the *what* of our research question is that these conditions form a causal recipe for a positive outcome. The case of Los Angeles reflects our quantitative findings about this study's first two hypotheses. The first hypothesis, that a city will decide to address precarious employment when it has formal local jurisdiction, was found to be not true, with local jurisdiction alone being neither necessary or sufficient for policy action, although it does help in combination with other conditions. While Los Angeles does have the local jurisdiction to create its own employment policies, the decision to develop an integral policy to address precarious employment (rather than policies to support the further erosion of wages and benefits, for example) occurred largely due to the presence of other conditions that led the city to use its autonomy in ways that supported this outcome.

The second hypothesis, that having a pro-worker party govern a metropolitan area makes it more likely to decide to choose to address precarious employment, was found to be true. In fact, this condition came close to being both necessary and sufficient alone without other conditions. When combined with local agency, these two conditions are present in any of the causal recipes for a policy outcome, which leads us directly to the *how* of the policy decision process and its directionality, to be discussed in the next section. Did Los Angeles choose to develop a policy to address precarious employment because it has an inherently pro-worker government? Or did the presence of strong, active unions building a social movement lead the government to have pro-worker tendencies and use its local jurisdiction to act upon them?

## **6.6 Top down vs bottom up policy decisions**

In terms of the directionality of the policy decision in LA, process tracing reveals that the process was entirely bottom up (Matland 1995), with the government responding to sustained pressure from trade unions and civil society organizations that was able to counteract the structural pressures of an advanced producer services economic development model. In the area of minimum wage increases, we have discussed how the city's Mayor announced a proposal, considered radical in the American context, to raise the legal minimum wage across the city in 2014, the same year that Mexico City's mayor announced a similar effort. However, in the case of Los Angeles, the Mayor's proposal followed decades of smaller, successful initiatives from trade unions and community organizations that won higher minimum wages for particular segments of the workforce – by industry or by funding source (publicly-funded contracts), which both placed the issue on the public and political agendas of the metro area and lowered resistance from certain economic actors where wages were already raised.

In other outcome areas, the expansion of social protections to precarious and marginalized workers, community organizations, in alliance with the labor movement, demanded first in the 1980s and 1990s, Community Benefits Agreements (CBAs) that linked publicly -funded development projects with the requirement for these construction jobs, with good wages and health benefits, to workers from local communities. Unions and other then expanded the universe of workers covered by their demand to include all workers on city contracts to have health insurance, a demand won in the late 2000s through Responsible Contractor Policies (RCPs). In the 2010s, organizations advocated for requiring all employers in the city to provide a certain number of paid sick days, which became policy by 2017. At each step, the expansion of health benefits and social protections to precarious workers was preceded by advocacy activities and mobilizations by organized group of workers and citizens, resulting in the metropolitan government deciding to enact policies.

In terms of reforms that bring segments of previously-excluded employment into legally protected work, since the 1990s truck drivers in the LA-Long Beach ports, and other workers, have been challenging the misclassification of dependent workers as independent contractors (Jaffee and Bensman 2016). In this case, union advocacy and organizing led to policy solutions which were challenged in the courts, leading to a string of legal decisions that in turn led to the

recent AB5 law that significantly regulates what can be considered independent contracting. With this, policymakers decided that workers in dozens of occupations should have access to the legal protections under the FLSA.

Finally, the public spending reforms seen in Los Angeles were the response to both community organizing and trade union organizing. On one hand, since the 1980s, communities of color have been mobilizing to ensure that the stable, quality, unionized jobs in the construction industry on publicly-funded development projects be available to members of their community, resulting in metro area leaders enacting CBAs and PLAs. On the other, beginning in the 1990s, the trade union Justice for Janitors campaign has advocated for the city of Los Angeles to be a leader in the cleaning industry and ensure that public funding via cleaning contracts went only to contractor who paid, at first, a Living Wage and later, a Living Wage plus health and other benefits. The decision by city leaders to adopt a Living Wage Ordinance and then a Responsible Contractor policy was preceded by organizing, mobilizations and strikes by organized workers with these demands (Savage 2006; Engeman 2014).

As we can see, in all of these cases, the decision to take policy action was a response to activism and demands by organized constituent groups, largely community organizations and trade unions. While the government of the city was generally Democratic and pro-worker, and while the city has had the jurisdiction to develop its own employment policies, tracing the process of how those policies got onto the public and political agendas shows us that these policy decisions did not occur until trade unions and allied civil society organizations representing workers and communities took action to demand such policies, making it a process that was entirely bottom-up.

In the context of this process, trade unions drove the policy process and the directionality of the decision-making process moved largely from organized groups of constituents up to the Los Angeles metropolitan government. Given that there is a significant presence of social movement unionism in L.A.'s labor movement, trade unions and community organization were able to create a balance of power where political leaders in the city had incentives to engage with them and develop policy initiatives that respond to their demands. Understanding this effectively answers the *how* of our research question and reflects the fsQCA model's findings as related to our second two hypotheses.

Hypothesis 3, that when unions have structural or associational power, and are present and active on the issue of precarious employment, the government of metropolitan areas is more likely to regulate, was found to be true for one causal pathway to a policy outcome, but not the other. In Los Angeles, we saw that the presence of strong and active unions working bottom-up led to a sufficiency score of 0.94, about the same as Mexico City's pathway without unions which relied entirely upon a top-down method initiated by the government. Hypothesis 4 was that when the dominant model of trade unionism in a metropolitan area is social movement unionism, the government is more likely to regulate precarious employment. This was found to be partially true – SMUs have a high level of sufficiency in the causal pathway to the policy decision, and in the case of Los Angeles, adding social movement unionism as a causal condition raised sufficiency scores slightly to 0.96.

So, in the case of L.A., as compared to Mexico City, was one of two examples (Delhi being the other) of a causal recipe where trade union action led the local government to respond with policy decisions. After decades of union campaigns has led to smaller victories in particular industries (cleaning, hotels) or regions (the ports or the LAX corridor), and has also shown their ability to mobilize members and communities on issues of precarious employment, local government leaders found it in their own self-interest to opt for creating an integral set of policies to address the negative effects of precarious employment. While effective, it is still notable that many of Los Angeles exemplary policies on regulating precarious employment are fairly recent, despite decades of organizing and advocacy efforts from social movement unionism unions. This causal pathway, while effective, was slow in evolving.

In this way, the case of Los Angeles explains how the causal factors of a pro-worker government, a high degree of agency over its own employment policy, strong trade unions that are active on the issue of precariousness and the presence of social movement model of unionism result in a metropolitan government that, eventually, accepts the need to develop a comprehensive policy to address precarious employment. While having strong, active trade unions should make a government have more interest in regulating precarious work, if the decision originates from a bottom up process of influencing government decisions, having SMU-model unions facilitates the bottom-up path. Los Angeles is an excellent example of how the bottom-up process functions, with the city's institutional arrangements allowing trade unions



to gradually build the political power needed to have a majority of policy-makers decide to address precarious employment.

## **6.7 Bottom Up Model – Pros and Cons**

The bottom-up model seen in Los Angeles model presents different risks and advantages than a top-down decision-making model. As noted by Sabatier (1986), who originally developed his theories from a top-down perspective and gradually shifted his views, a bottom-up approach to policy decisions reflects the input from a broad group of government and non-government actors across a policy network. He argues that policy decision reached from the bottom-up is less about the decision itself and more reflects the strategies of actors concerned with a policy problem (P. A. Sabatier 1986). He described how examining the policy process over a longer period of time showed that policy learning is an important part of bottom-up policy-making, leading to policy decision that evolves over time, but also reflecting increasingly successful strategies by both political actors such as the local metropolitan government, and social actors such as unions and civil society organizations (P. A. Sabatier and Mazmanian 1980; 1983). So, a policy decision made in this way may take years or decades to unfold, as we see in the case of Los Angeles, but is also results in an actual policy change that reflects the learning and inputs of a broad network of actors.

Essentially, Los Angeles is an example of how conditions come together in a causal recipe to make policy change, i.e., a policy decision that is stable and difficult to reverse. The process in Los Angeles reflects the development of a social movement, or what Sabatier (1988) terms an advocacy coalition, as well as the ability of unions and social actors to maintain an advocacy campaign over a long period of time, a key aspect to successful campaigns in the area of policies to address precarious employment, such as living wages and minimum wages (Luce 2005; 2012). While the policy decision in Los Angeles unfolded over period of over thirty years, it represents an institutionalized change in the metro area that a later government is unlikely to be able to reverse. In addition, as trade unions and social actors moved towards this and other policy objectives, they gradually changed the political map of the city, with a new balance of power at a local level that gives political leaders incentives to continue to make action to address precarious employment a priority for electoral purposes, as well for purposes of ideology or conviction. Having strong, active trade unions in Los Angeles, with a social movement

unionism model and working in structured, formalized coalitions with civil society and community organizations, creates a bottom-up pressure and accountability to an organized base of constituents.

In the case of Los Angeles and the permanence of its set of public policies to address precarious employment, the minimum wage ordinance passed in 2015 ensures that after 2021, the wage to continue to increase gradually, pegged to the Consumer Price Index, making it a permanent, structural change in regional wages (Jamison et al 2015; Castellanos 2015). Similarly, the right to sick leave and family leave is now included in both city contracting regulations and local ordinances that have passed through the city's legislature, making them difficult to reverse. Expanding FLSA protections, modest as they are, to misclassified employees, independent contractors and other temporary workers is the most vulnerable of policy outcomes, as ongoing legal battles have repeatedly led to legislation being struck down, recreated, struck down again, and so on. However, the degree of mobilization by trade unions and other organizations has meant that the issue has been on the policy agenda for a decade, and it is likely to remain there and be the focus of additional mobilizing efforts. Finally, the public spending reforms in Los Angeles, such as required RCPs for city contractors, and the use of CBAs and PLAs in public works, has been in place for decades at this point and are rarely challenged, although janitorial, construction and other unions, along with the L.A. Fed are able to defend these policies in the case of a change.

As such, we can see that the advantages of a bottom up are that this process makes the policy decision reflect the ongoing learning process and evolving strategies of both political and social actors, reflects the priorities of the trade unions and their coalitions that sought the policy changes, and is accountable to an organized base. This means a policy decision that is stable, eventually becoming the status quo, and is much less vulnerable to changes in government or other political realignments.

In conclusion, the case of the metropolitan area of Los Angeles clearly illustrates one of the two causal recipes given by the fsQCA analytic process. In LA, the causal conditions of having a pro-worker government, a high degree of agency over its own employment policy, strong trade unions that are active on the issue of precariousness and the presence of social movement model of unionism led to a policy decision in four areas of policy action. In this case, what led to the policy outcome was the causal recipe with SMU model unions. Looking

at how the policy decision was reached, we see that the directionality of the process was essentially bottom up, caused by the advocacy efforts of trade unions in coalition with allied organizations, which over an extended period of time led to a change in the balance of power in the city's political institutions, leading policymakers to have ample incentives to choose to address precarious employment. While this bottom-up process was time consuming for social actors and it took many tears for the benefits of these policies to reach precarious workers, these policy advances are now very stable and their preservation and implementation is accountable to an organized base of constituents.

## **6.8 2020-2021: Addressing Precarious Employment During the Coronavirus Pandemic**

While the findings of this reflect policy decisions made between 2009 and 2019, as in the previous chapter, it seems worthwhile to note how the present health and economic crisis created by the coronavirus pandemic has accelerated the rise of precarious employment, and also deepened the commitment to policies to address it. In Los Angeles, on January 20<sup>th</sup>, Los Angeles was averaging 241 deaths per day from COVID 19, while the United States overall had the highest death toll on the globe.<sup>70</sup> Job loss from the pandemic has been especially heavy in California, with a 10.2% contraction in jobs in early 2021, compared to 6.5% nationally, and unemployment reaching 9.3%.<sup>71</sup> The Economic Roundtable (2021) predicted that as a result, homelessness in LA County will rise to 52,000 in the coming two years, as jobless workers lose housing.<sup>72</sup>

As in Mexico City and other global cities, many jobs were deemed to be essential, yet remained precarious, leaving workers to face heightened risks while delivering food, stocking grocery shelves, offering ride shares and carrying out other jobs, similarly, the precariousness of these jobs has gained increased issue salience as their vulnerability has been thrown into sharp relief for both the public and metropolitan policymakers.

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<sup>70</sup> See: <https://www.latimes.com/projects/california-coronavirus-cases-tracking-outbreak/los-angeles-county/>

<sup>71</sup> See: <https://www.latimes.com/business/story/2021-03-12/california-job-losses-spiked-during-winter-covid-19-surge>

<sup>72</sup> See: <https://www.latimes.com/california/story/2021-01-12/new-report-foresees-tens-of-thousands-losing-homes-by-2023>

The Los Angeles metropolitan government continued to follow the same path to developing and implementing policies to mitigate negative effects of precarious employment, in some cases expanding activity. This occurred in at least two of the four policy areas.

On March 3<sup>rd</sup>, the LA City Council passed an ordinance to pay “Hero Pay” of an additional \$5.00 an hour to workers in grocery stores, pharmacies and other retail workers. Long Beach enacted a similar proposal of an additional \$4.00 an hour of hazard pay to retail workers, though that ordinance has been challenged by grocery and retail employers’ associations.<sup>73</sup> In addition, Mayor Garcetti issued an executive order to give all LA residents an additional two weeks paid sick leave in the Families First Coronavirus Response Act (FFCRA).<sup>74</sup> Unlike in Mexico City, unemployment insurance is administered federally so there was no need for the Los Angeles metropolitan government to address unemployment insurance policies, as the Federal CARES Act had already expanded unemployment insurance to address job loss at a national level.

In the policy area of labor inspections, California and Los Angeles have historically faced shortages in the number of available inspectors, while COVID 19 outbreaks in workplaces remained a driver of the pandemic in 2020 and 2021. Therefore, in July 2020, Los Angeles proposed an innovative public health measure to recruit workers in the inspection process. The proposal required that businesses permit employees to form public safety councils who meet with management to plan how to comply with COVID safety protocols, and to report regularly to the Department of Public Health (DPH). These workers would be protected from retaliation and the DPH in turn would provide training.<sup>75</sup>

With these measures, the Los Angeles metropolitan government responded to the COVID 19 health and economic crisis, and its accompanying rise in precariousness for workers and on the public agenda. With the policy decision to take action to reduce the negative effects of precariousness for workers already made, the city was then able to take rapid policy action to continue and intensify their approach with additional actions during the crisis.

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<sup>73</sup> See: <https://abc7.com/los-angeles-hero-pay-la-city-council-grocery-workers/10385210/>

<sup>74</sup> See: <https://www.dol.gov/agencies/whd/pandemic/ffcra-employee-paid-leave>

<sup>75</sup> See: [https://laborcenter.berkeley.edu/workers-as-health-monitors-an-assessment-of-la-countys-workplace-public-health-council-proposal/#\\_edn2](https://laborcenter.berkeley.edu/workers-as-health-monitors-an-assessment-of-la-countys-workplace-public-health-council-proposal/#_edn2)

## 7 Conclusions

Global metropolitan areas, especially those that serve as gateways or regional hubs, face employment and fiscal challenges due to the ever-growing problem of precarious employment modalities and their negative effects on wage stability, access to healthcare, retirement funds, social services, and other working conditions. The problem is especially important to consider for global gateway cities, as their economies are the drivers of the global economy, with the fastest rates of job growth, and they are where the majority of new employment is being generated, with the fastest rates of economic growth as well (Parilla 2015; Kabbani 2018; J. L. Trujillo and Parilla 2016; ILO 2016a; Jacobs 1969). Moreover, cities are where the social needs of citizens tend to be felt first, and precarious employment generates social needs faster than the fiscal revenue to address them (Friedmann 1986; Flint 2018). Nonetheless, cities and metropolitan areas are also where policies to address the problems faced by precarious workers are being developed, with many cities showing initiative and innovation to address the issue at a local level (Harkness et al. 2017; Bradley and Katz 2014; Donahue, McDearman, and Barker 2017)

In an attempt to understand what makes a metropolitan government choose to address precarious employment, this dissertation looks at the institutions and actors that shape this decision in eleven cities. The research question of this study is: given the range of actions available to a metropolitan government, why have some global gateway cities adopted policies to promote quality employment and address the effects of precarious employment in the past decade (2009-2019), while others have not? What are the causal factors that result in a decision, and how do these factors interact to produce this outcome? To answer these questions, this study draws upon literature from the study of global cities, precarious employment and public policy (the decision-making process, in particular) and uses a mixed methods approach with both quantitative and qualitative elements. For the quantitative analysis, the study addresses the “many variables, small N” (Lijphart 1971) problem presented by a limited number of complex global cities, by using fuzzy set Qualitative Comparative Analysis (fsQCA) (Ragin 1987; 2014; 2009) to identify the causal factors that lead to a policy decision, followed by process-tracing in the cases of Mexico City and Los Angeles for the qualitative analysis of how this decision occurs. To conclude the study, this chapter will synthesis and summarize the findings from the

FSQCA analysis and the case studies, as well as address the policy implications of these findings.

### **7.1 Findings: Two causal pathways, top-down and bottom-up**

The sample used for the fsQCA analysis was eleven global gateway cities, with smaller case studies done on each to assess the main causal factors and conditions under study (See Table 1 in Chapter 1) to build a database. With this data, we were able to test our four hypotheses, running an analysis of necessary conditions, a truth table analysis with fuzzy variables for all conditions, and an additional truth table analysis with the addition of types of union models which, as categories, were crisp set variables. With this, we identified two causal pathways to the decision to regulate precarious employment: the first is the causal recipe of a pro-worker government, local agency over policymaking and a poor labor market, the other is the casual recipe of a pro-worker government, local agency over policymaking and the presence of strong, active trade unions. See Figure 9 in Chapter 4.

The first two hypotheses relate to *what* conditions lead to the outcome of a policy decision to address precariousness. Hypothesis 1 was that having local jurisdiction over policymaking related to precarious employment (labor and employment policy) would mean a city was more likely to regulate precarious employment; ie, that when able, cities would regulate and when not, they would not. An analysis of necessary conditions found that local jurisdiction alone was not necessary<sup>76</sup> to the decision to regulate, although when combined with having the national government as an ally, the condition of local agency was necessary to lead to the decision, though not alone sufficient. This was reflected in the two case studies, as well. In Mexico City, the government still does not have the jurisdiction to create its own labor and employment laws, but nonetheless it had used its informal economic and political weight as a capital city to raise the issue of the minimum wage on the national stage, while also developing an integral policy on precarious employment in other areas, a trend which accelerated even more once the national and local governments were politically aligned. In Los Angeles, the city has

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<sup>76</sup> An fsQCA score that indicates a necessary condition is 0.80 (Ragin 2009). In this case, local jurisdiction (LL) scored 0.73, while when combined with having the support of the national government (ALLY) to create the macro-condition of having local agency (LAGENCY) its score rose to 0.88.

always had local jurisdiction in this area, however it did not create its exemplary, integral set of regulations to address precarious employment until unions and social movements began to demand such policies, with its most groundbreaking policy examples occurring after decades of activism and smaller, earlier policy gains. In other words, while having local jurisdiction is an important condition, it is not the only condition that matters.

Hypothesis 2 was that having a pro-worker government leading the metropolitan area would mean a city was more likely to address precarious employment. This condition came close to being both sufficient and necessary. A truth table analysis shows that a pro-worker government alone is a sufficient condition,<sup>77</sup> although it does not quite reach the threshold for necessity. In other words, having a pro-worker government will likely lead to a decision to regulate precarious employment, however, it is possible – if rare- to have a path without such a government. In our sample, this condition, along with local agency, is found in every causal recipe. However, the affirmation that having a pro-worker government will support the adoption of pro-worker policies, along with the two causal pathways to a policy that we will describe shortly, leads us to the question of the directionality of the decision-making process. Our case studies affirm and demonstrate these two paths – in Mexico City, policy-making relied upon the top-down decision-making process of a pro-worker government entering office with precarious employment on the agenda and with the federal government as an ally, which went unchallenged by weak, passive unions, while the case of Los Angeles had a generically pro-worker government in place for decades that required a bottom-up process of advocacy from strong, active trade unions and their allies to enact an integral policy.

Therefore, our next two hypotheses look at how the decision-making process unfolds in metropolitan areas. Hypothesis 3 was that when unions are both strong, with associational and structural power, and active on the issue of precarious employment, a metropolitan government is more likely to regulate. This was found not to be true, as trade unions were found to be neither necessary, with a low score as well as a path to a policy decision without unions, or sufficient alone. However, where trade unions are present, the sufficiency score for the pathway with

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<sup>77</sup> An fsQCA score for “consistency” in a truth table that indicates a pathway (combined conditions) is sufficient is 0.80 (Ragin 2009). In this case, having a pro-worker government (GOV) alone scored 0.83 for consistency, while also scoring 0.75 as a necessary condition (0.80 is the threshold score).

unions is higher, and it rises with both models of unionism. In Mexico City, we saw that the path to a policy decision happened without the participation of trade unions, with those few unions present at a local level not engaged in the decision-making process. Los Angeles, meanwhile, reflects the pathway with trade unions, with strong, active unions and their civil society allies demanding for policies that address the nature of employment created throughout the metropolitan region.

Finally, hypothesis 4 was that when the dominant model of trade unions in a metropolitan region is social movement unionism, the government is more likely to decide to address precarious employment. This was found to be true, but with important caveats. First, as seen in hypothesis 3, is that the presence of strong and active unions of any model is neither necessary or sufficient for a policy decision. In the pathway that includes trade unions, levels of sufficiency did rise when the unions were of the social movement model. However, counterintuitively, political model unions had an even greater impact on sufficiency scores in both pathways. For the pathway with a strong trade union presence, sufficiency scores increased slightly between SMU and political model unions. More remarkably, for the pathway without trade unions (or a weak and passive labor movement), if those few unions were of a political unionism model, sufficiency scores increased significantly. In Los Angeles, an SMU model labor movement organized for decades, and succeeded in pushing its pro-worker government into focusing its policy-making attention onto the issue of precarious employment and job quality, to an extent not seen in other cities even where the same political party is in power. In Mexico City, the local government, facing a poor labor market and with some political incentives, decided on its own to address the issue of poor quality employment, with a policy-making process that was accelerated after a change in the political orientation federal government. Here, the only local trade union of considerable size was the Mexico City public workers' union, who's model was a classic version of political unionism, relying almost exclusively on relationships with political leaders for bargaining power. In this case, the labor movement was essentially irrelevant to the decision to regulate precarious employment, allowing the city to enact policies in a top-down manner once it decided to do so.

In the case studies, we were able to delve into the decision-making process and its directionality. In the case of Mexico City, political actors chose to use the agency afforded to them formally as implementers of employment policy (even if their overall policy-making



agency was limited), and informally as political and economic leaders on the national stage, to move an agenda that was becoming politically attractive. The decision to address precarious employment was made by those at the top, as was the policy design and implementation. Trade unions, or other civil society organizations, were not demanding policy action on precariousness, despite its impact on eroding labor standards across the regional labor market, perhaps because their bargaining power and mode of operation stemmed from political relationships. As a result, the Mexico City government was able to make a relatively fast shift in labor policy in 2014, without a need to engage organized workers. While this top down path in policy-making was efficient in responding to an immediate need, much (though not all) of the policy can also be undone in the case of a future change in government, and there will be no union or social actors mobilized to protect these policy gains, leaving them vulnerable to political change. In contrast, in Los Angeles, the process was entirely bottom-up, with a coalition of social movement unions and civil society organizations joining forces since the 1980s to demand a set of policies to address precarious employment, starting with incremental but permanent policy changes and building gradually to the integral policy that Los Angeles has today. This change required a significant investment of time and resources from social actors and was so gradual that some precarious workers will not benefit from it completely until 2021. However, as the process also led to a change in the public, policy and governmental agendas (Casar and Maldonado 2008) as well as a balance of power, these policies are less vulnerable to political change.

## **7.2 Looking Forward: Policy Implications and Social Strategies**

An analysis of causal factors reveals that both pathways to a policy on precarious employment have implications for where policy makers and social actors could best focus their energies. For policy makers, these include addressing institutional arrangements, such as jurisdictional limitations, as well as policies that protect the formation of strong trade unions, a key condition in one pathway. For social actors, particularly trade unions, these include supporting the election of pro-worker governments, as well as adopting a union model that supports organizing precarious workers into unions and advocating for policies that protect precarious workers, in other words, adopt characteristics of social movement unionism. See Figure 10.

First, more metropolitan governments should be given local jurisdiction over labor policy. While this was not found to be necessary and sufficient alone to lead to a decision in this area, it is a key component of local agency, and giving local jurisdiction to metropolitan governments would remove an important obstacle to local policy makers. Of our eleven cities, only five (Los Angeles, Delhi, Johannesburg, Guangzhou and Shenzhen) have full jurisdiction over their labor and employment policy. All of them have used that jurisdiction to regulate precarious employment to an extent well beyond their national standards, most notably in L.A. (except Johannesburg whose local government is not pro-worker). Policy-makers should ensure that metropolitan areas have the jurisdiction needed to have control over their own regulations on employment, and be able to respond to local union and social actors who seek to address precarious employment. While the case of Mexico City shows us that this issue may be overcome, the reality is that in a policy area where economic, labor market and other structural factors already make regulating precarious employment challenging, removing this obstacle gives local leaders greater tools and freedom to develop an integral policy to improve job stability and conditions for the workers in their growing, global gateway cities. In addition, as we have seen in many metropolitan areas, the energy and tendency to innovate seen in many cities has led to policy action on a national level, creating examples and lessons about ways to address precarious employment that are impactful beyond their jurisdiction.

Second, federal and local governments should support and protect the rights of workers to form strong, active trade unions. The presence of such unions was found to be decisive for one causal pathway to a policy to regulate precarious employment, as seen in the innovative campaigns and policymaking in Los Angeles. Policy makers should take steps to protect freedom of association and the right to collective bargaining for workers, to allow the formation of free and democratic unions. In Mexico City, a national Constitutional amendment and reforms to the Federal Labor Law in May 2019, have led to new institutions, procedures and mechanisms to protect the rights of workers to form and lead their own unions, which should, over time, allow the emergence of a revitalized labor movement that is stronger and more representative. The presence of strong unions, active on the issue of precarious employment and advocating protections for precarious workers, would help insure that the top-down policy changes remain intact in the case of a change in the local government. For example, in Sao Paulo, despite an anti-worker government that has sought to make public sector employment

more precarious, a strong, active local labor movement in the city has been able to defend previously implemented policies to protect city workers (Batista 2019).

For trade unions, elected union leaders should assess political candidates based on their support for policies that will affect not only their own members, but also working conditions for precarious workers across their metropolitan region, and mobilize members to support such candidates. Having a pro-worker government lead the city was found in Delhi, Mexico City and Los Angeles, and all three scored strongly on the outcome of having a policy to regulate precarious employment. In Mexico City, however, unions did not play an important role in electing their government and in fact their ability to play such a role has atrophied with time (Bensusán and Middlebrook 2013), leaving them without the associational power to prevent a change in the orientation of future governments. Building (or rebuilding) this capacity will position unions to ensure that both causal pathways to develop a policy on precarious employment are open to them and to other precarious workers.

Finally, trade unions should assess how their associational and structural power is exercised in the context of a global economy with structural issues such as a rise in precarious and casual employment modalities, migration, advanced producer services economies and other factors that require a reassessment of traditional union models. An exclusive focus on enterprise level bargaining (economic unionism), or on using political relationships to secure improved wages and benefits for a particular set of non-precarious workers (political unionism) has left the global labor movement increasingly in the position of representing a group of privileged workers, whose numbers are dwindling as employers develop ways to outsource and otherwise eliminate secure, stable employment in the fissured workplace (Weil 2011). In Mexico City, while the union representing city workers represents approximately 110,000 formally employed workers, there are approximately the same number of employees hired irregularly, causally or precariously (Espejel 2014; Ayala Rivera 2014). Similar patterns are now seen in most economic sectors, and at both the high end and low end of the income scale. Without developing methods to improve labor markets, through minimum wage laws, regulations on precarious employment or through bargaining for segments of workers outside traditional employment relationships, trade unions will continue to see a decline in union density numbers and declining power. Adopting characteristics of social movement unionism by supporting the rights of non-union workers and communities to have access to less precarious employment improves the

structural and associational power of trade unions. As we saw in Los Angeles, trade unions were able to increase their impact by partnering with community organizations, resulting in an increased ability to gain regulations to reduce precariousness, improved working conditions for all workers in the metropolitan area (structural power), and increased membership and a greater ability to mobilize that membership (associational power), which also leads to improved collective bargaining power as well.

This last recommendation for trade unions, combined with the second policy recommendation for policy makers to protect the freedom of association for workers and the right to collective bargaining, creates conditions that support a bottom up directionality for policy-making, with strong, active unions partnered with community organizations, supporting (and supported by) a pro-worker government. This virtuous circle can lead to a change in the balance of power as well as an integral set of policies that becomes lasting policy change across the metropolitan area, reducing precariousness for broad groups of workers in the very cities with the largest workforces and fastest rates of economic and job growth in the global economy.

**Figure 10: Recommendations to support policy-making that protects precarious workers**

Policy Makers	Social Actors
<ul style="list-style-type: none"> <li>• Reduce jurisdictional limitations on policy-making in the areas of labor and employment, giving cities greater discretion to decide local policy.</li> <li>• Increase policies that protect the formation of strong trade unions.</li> </ul>	<ul style="list-style-type: none"> <li>• Political engagement: Support the election of pro-worker governments</li> <li>• Worker engagement: support organizing precarious workers into unions</li> <li>• Policy engagement: Advocate for policies that protect precarious workers</li> </ul>

Source: Own elaboration.

**7.3 Shortcomings and future research**

It is important to note that this study had some limitations, as well as areas that it did not attempt to address. For example, we did not look at the effectiveness of the policies each city

enacted, and indeed, it is notable that most cities in our sample continue to see high levels of precariousness despite the presence of a policy. Reaching the decision to create a policy to address precarious employment is not the same as resolving the problem. While there have been studies that attempt to measure the effect of policies to address precariousness, few of these have been at the local level, few have been in emerging economies and fewer still have looked at metropolitan governments in global cities.<sup>78</sup> Given the speed at which job growth and precariousness is occurring in global metropolitan areas, studying what policies are most likely to improve job quality and stability will be an important area for future research.

A shortcoming of this study is that our sample size, with eleven cities, is not large. While we compensated for this by using a methodology specifically designed for small sample sizes and doing case studies on global hub cities around the world was not possible due to resource and time limitations, the findings of this study would be enriched by adding additional case studies that look for the same set of causal conditions and outcomes. Another area for future research would be to examine the role of judicial challenges in leading metropolitan governments to address precarious employment. As seen in Los Angeles, legal challenges to new employment modalities, especially the misclassification of workers as independent contractors, has often been the basis for new policy regulations, and understanding how this causal factor plays out in other metropolitan areas could be a promising area of research.

Finally, it is important to acknowledge the context in which this study is being completed. The COVID-19 pandemic has led to a global economic crisis and has also had a profound effect of the nature of employment, exacerbating precariousness in multiple ways. There has been a pronounced reliance on delivery services and digital platforms, mostly staffed by gig workers. Many workers have seen their worksites close overnight, sometimes permanently, and labor markets are saturated with unemployed workers, skewing wages and working conditions downward. Sources of traditionally stable, quality employment – state governments, public

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<sup>78</sup> One exception, to a degree, are studies on the effect of minimum wage increases. This has been researched extensively at the city and state level in the United States (For example, see: Jardim, E. et. al. 2017. “*Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle*.” National Bureau of Economic Research Working Paper no. 23532) although conclusions have varied widely (See: Zipperer, B. and Schmitt, J. *The “high road” Seattle labor market and the effects of the minimum wage increase. Data limitations and methodological problems bias new analysis of Seattle’s minimum wage increase*, Economic Policy Institute Report, June 26, 2017).

education, health care, manufacturing – have been suffered tremendous economic losses and will be under pressure to save costs and it seems likely that at least some will start to use precarious employment modalities as a result. At the same time, given the growing awareness of the importance of many service sector workers during this time, the need for access to healthcare, and with the vulnerability of many workers made visible during the pandemic, there have also been calls for policy action to address precariousness and both federal and local governments have adopted measures to improve income security, access to health care, paid sick days, and other issues. In Mexico City, for example, where the local government already had precariousness on its governmental agenda, the onset of the pandemic accelerated the implementation of these policies, especially in the face of inaction at the federal level.

#### **7.4 Conclusions**

Overall, this study finds that there are two causal pathways to the decision to address precarious employment: the first is the causal recipe of a pro-worker government, local agency over policymaking and a poor labor market, the other is the casual recipe of a pro-worker government, local agency over policymaking and the presence of strong trade unions active on the issue (ie, social movement unions). In an attempt to understand what makes a metropolitan government choose to regulate precarious employment, we looked at the institutions and actors that shape this decision. We found that having local jurisdiction over policy making was not necessary, although it contributes to overall local agency, which is necessary (though not sufficient) to the decision to regulate. A pro-worker government alone is a sufficient condition, although it does not quite reach the threshold for necessity. Meanwhile, trade unions were found to be neither necessary for path to a policy decision, or sufficient alone. However, when present, levels of sufficiency did rise when the unions were of the social movement model, yet, counterintuitively, political model unions had an even greater impact on sufficiency scores in both pathways (with and without strong unions). This last result led us to look at issues of directionality of the decision to regulate, and we see that the process can be either top down (stemming from political leaders and without unions) or bottom-up (stemming from mobilized unions pressuring political leaders).

Once the decision to create a policy response to precarious employment has been made by a local government, anecdotal evidence implies that a crisis in employment, such as the COVID-19 outbreak, will lead a government to deepen its policy response. With this in mind, advocates who wish to address the negative effects of precarious employment on the millions of workers in growing, global metropolitan hub cities around the world face a choice of where to direct their energy – changing government actors from the top down, changing and mobilizing union actors from the bottom up, or both. Local conditions will steer these choices, but both offer a possible path to an increasingly necessary policy decision.

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