

Informality as the Bane of the Laboring Poor Under Globalized Capitalism

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As I understand it our deliberations are meant to be action oriented and serve a dual purpose. The stock taking is meant to address politicians, policy makers and arouse public opinion worldwide on the state of the art in the landscape of informality, to convey what it means to have no proper job but be obliged to scratch around for a meagre living. More important for WIEGO's agenda setting is the second objective, to suggest research issues for the next five years that could help in mobilizing and organizing women workers in the informalized economy. As far as taking stock is concerned, I am not at all sure that this exercise should be parceled out discipline-wise. No doubt, there are many entry points to informality but what has always struck me wandering around this terrain is how the diverse dimensions hang together. To split them up along the fabricated fields of economics, political science, sociology, anthropology, law, social policy and public administration, seems to go at the cost of tracing their interconnectedness. Interdisciplinarity is in my experience the alpha and omega of informality. In addition I would like to point out that a historical perspective is of overriding importance to comprehend the dynamics of informalization. To reflect on what has transpired in the recent past. I understand and accept of course the limit set at two decades as the point of departure within the matrix of our meeting. Nevertheless, I would still recommend that the retrospection be stretched to roughly five decades in order to highlight the changed magnitude, scope, fabric and setting of informality since its inception. After all, it was as the felicitous outcome of an anthropological case study in the late 1960s that the concept happened to be coined.¹

The spectrum of investigation has much expanded. Written up initially as a feature or niche of the urban economy in Third World countries, basically the Global South, the informal 'sector' was considered to be a waiting room for the laboring poor pushed out of the countryside and who came to towns and cities in the hope to find a better existence. Industrialization was expected to accelerate and absorb the influx from the rural hinterland which would qualify for jobs in mills and other employment and in the process move up to the formal economy. The bias from the beginning has been to track the outcome of the shift in the rural-urban balance but to register its meaning and impact only at the site of arrival which resulted in understating until today the regime of informality in the rural economy. A similar bias is noticeable with regard to migration which tends to be described as leaving the village and resettling in the city. It has led to overstating the rate of urban growth taking place because many of those who venture to come are not able to establish a foothold in the city and after a season, a year or at the end of their working life are pushed back again. As I have argued, spatial mobility is often not migration but circulation. Off-and-on hiring frequently coincides with off-and-on coming and going. The predicament to remain on the move prevents

¹ The pioneering paper which Keith Hart wrote on the economic activity of footloose labour in Accra during the late 1960s was already widely circulated before it was published. See: R. Jolly, E. de Kadt, H. Singer and F. Wilson (eds.) – *Third World Employment: Problems and Strategy*. Penguin, Harmondsworth 1973:66-70.

people from settling down. In my perception informality and circulation tend to reinforce each other and to classify people in that plight to be part of the reserve army of labour.² In a recent study I have elaborated on the rampant policy of slum eviction going on in many countries in the Global South and the barriers thrown up to low-skilled or unskilled migrants in their desperate attempt to stay on in the city.³ Desperate, because there is a dire lack of employment where they come from.

In this short note I am still at the stage when informal activity used to be portrayed as a ‘sector’, expecting that it would fade away with the expansion of the formal economy. This did not materialize and, as a consequence, what initially had been perceived as a problem was by the end of the 1980s turned around into a solution.⁴ It implied doing away with formal employ and the body of labour legislation that had been formulated and implemented to regulate this mode of waged work on the pretext that it hampered economic growth. As a consequence the workforce considered to be employed on informal terms and conditions increased to 80 per cent or more of all people engaged in waged work in the Global South. Informalization did not only accelerate at a rapid pace but has also made inroads into the formal economy. Even to the extent that the formal-informal divide has lost much of its former rigidity. Was it the price that the catching-up economies were forced to pay for lagging behind in development? Although briefly conceived in this manner, this piece of wishful thinking became unraveled around the turn of the century and more so with the onset of a major crisis which hit the economies of the Global North in the first decade of the 21st century. Informality rapidly became the organizing principle of the globalized economy at large, dynamics which resulted in the return of the social question for the workforce of the world at large.⁵ That same conceptualization seems to imply that ‘the Rest’ is not becoming like ‘the West’, which is the received wisdom of the long cherished development paradigm, but that the tide may well begin to change in the opposite direction. The compartmentalized notion of a Second World, next Third World and now also First World has fallen by the wayside. The segmentation of the planet in this zonal divide has become an obstacle to our understanding of the integrated global economy. The restructuring in the model of integration going on suggests that in our research designs the nation-state which so far has been the frame of analysis is or should be replaced by a social class perspective. My recommendation is to put the regime of informality as it operates in the globalized economy with its repercussions and ramifications at the top of WIEGO’s research agenda.

² See ‘The Great Transformation in the Setting of Asia’, pp. 1-25 in: Jan Breman – *Outcast Labour in Asia Circulation and Informalization at the Bottom of the Economy*. OUP, Delhi 2010

³ Jan Breman – *On Pauperism in Present and Past*. OUP, Delhi 2016.

⁴ The World Development Report 1995 - *Workers in an Integrating World* (The World Bank, Washington) signaled the changed approach. See-‘Labour, Get Lost: A Late-Capitalist Manifesto’, J. Breman - *The Labouring Poor in India; Patterns of Exploitation, Subordination, and Exclusion*. OUP, Delhi 2003:167-93.

⁵ Jan Breman & Marcel van der Linden – Informalizing the Economy; The Return of the Social Question at a Global Level’, *Development and Change*, vol. 45/5, 2014:920-40.

Informality as discussed both in the realm of research and policy is predominantly if not exclusively understood with reference to labor, work and employment. For no good reason at all as I found out in the course of my empirical investigations from the early 1970s, covering a period of close to five decades. The definition is a reduction to absurdity since it singles out merely one factor of production – i.e. labor - completely overlooking how it pervades the working of capital and vice versa. The supposition that capital firmly belongs to the domain of formality can be questioned on many counts. To begin with, capital owners or managers often resort to the informalization of their business in order to evade appropriation of the surplus value generated by labor through taxation by the state.⁶ Accumulation of capital takes the shape of reducing labor cost and to make that happen, the writ of the state needs to be circumvented. This argument boils down to saying that if the informal-formal dichotomy makes any sense at all, there is ample reason to explore and document the contrast for both factors of production and their entanglement.⁷ Why is it that the circulation and accumulation of capital beyond the reach of the state is a question much less raised and investigated than the origin, composition, flow and control of labor under the heading of informality? The opaqueness of capital in the informal economy, the way it is accrued, collected, spent, saved and above all drained off, needs to be unveiled. It is actually one of the reasons why I prefer to talk of informality instead of precarity. There is nothing precarious about the role of capital in the informal economy but the way it is kept informalized as the black circuit should be a subject of in-depth research. Studies focused on the role of intermediaries (sub-contractors, jobbers, touts and other agents) are of crucial importance to highlight the way labor is linked to capital. My contention from these observations is that the pivotal role of capital in the informal economy be placed on the WIEGO agenda.

I would like to make the same proposal for a few other themes. The first one is the nature and composition of the household in which working women are embedded: the relations between adults and minors, men and women, workers and dependents. What I seem to notice in my fieldwork based research is a trend to contractualization of ties between members of the same household and the splitting up of this core social unit in multi-locational separation. The disruption of bonds of affinity gives an instrumental flavor to interpersonal relationships. The household has once more become a workshop. What I essentially mean to say is that the ethos of capitalism has penetrated into the milieu of the laboring poor, expressed in pronounced individuation. It is in this respect that the multiple and sometimes conflicting roles of working women in running the household (in production, reproduction, care) need to be articulated. The collapse of the household occurs when due to chronic illness, disability or addiction (to drink, drugs, betting and gambling) the delicate balance between those who contribute to its maintenance and those who do not gets distorted to a point that its viability has irreversibly eroded.

⁶ In her seminal study, *India Working; Essays on Society and Economy*, Barbara Harriss-White deliberates extensively on the role of capital.

⁷ And to add one more complication, also of governance!

Self-employment which often is a form of disguised waged work has been held as the driving force of informality policies together with the glorified myth of self-reliance around it. In this perspective unemployment is only at issue in the formal economy. This very incorrect notion has gone at the cost of finding out work time which remains idle because it is seen as the problem the victims themselves are pushed to solve. The study of unemployment in the informal economy, which in my assessment is growing should be identified as a research priority. One striking feature of the problem is the substitution of labour by capital due not only to technological change but also altered employment modalities to increase productivity of labor in order to extract more surplus value. We seem to have reached a stage where no longer enough waged employment exists for the globalized workforce. Another dimension of the same problem is the crying need for social security and protection for both the laboring and the non-laboring poor.

Obstacles to collective action, both from within the informal economy (occupational multiplicity, part-time engagement, constant rotation around worksites and sectors, social marginality) and from the social forces driving it (employers, politicians, policy makers), is hopefully coming up in our deliberations on the occasion of WIEGO's 20th celebration's party. I have argued that the worldwide flexibilization of employment is driven not only by a strategy to cheapen the price of labor maximally but, in order to realize this objective, to no lesser extent by the urge to prevent collective action.. Resorting to labor tying arrangements by prepaid or postponed wage payment has become a device for employers and contractors to deny agency based concerted attempts to bargain for a better deal. Capitalizing on WIEGO's significant record and network would enable us to list ways and means to overcome the ploys of capital to keep labor segmented, fragmented if not atomized.

A final proposal is in the nature of a methodological consideration. WIEGO seems to have mainly relied on quantified data and surveys in its mission to map, delineate and register the informal economy. The output in research has necessarily resulted in a strong emphasis on statistics. It has helped a lot to successfully convey what informality is all about. In order to bring up the aggregate frame of this endeavor it would have to be complemented by a wide range of case studies aimed at zooming in on the work-floor and trace the connection cum interaction between the various actors and stakeholders. To commission such a set of papers would require to involve expertise with a distinct emphasis on qualification and familiarity with fieldwork-based investigations. The set of papers collected could be subjected to crosscutting analysis resulting in essays presented from a variety of meaningful slots in the business of informality, on e.g.: schooling and skilling; handling debt and savings; never too young or too old to work; coping with irregularity and insecurity; the jobber and his trade; finding shelter, footloose, a wayward existence. In so many words, this is an argument to capture the canvass of informality by combining macro-level and micro-level research.

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