

Routledge Explorations in Development Studies

THE INFORMAL ECONOMY REVISITED

EXAMINING THE PAST, ENVISIONING THE FUTURE

Edited by
Martha Chen and Françoise Carré



The Informal Economy Revisited

This landmark volume brings together leading scholars in the field to investigate recent conceptual shifts, research findings and policy debates on the informal economy as well as future challenges and directions for research and policy. Well over half of the global workforce and the vast majority of the workforce in developing countries work in the informal economy, and in countries around the world new forms of informal employment are emerging. Yet the informal workforce is not well understood, remains undervalued and is widely stigmatised.

Contributors to the volume bridge a range of disciplinary perspectives including anthropology, development economics, law, political science, social policy, sociology, statistics, urban planning and design. *The Informal Economy Revisited* also focuses on specific groups of informal workers, including home-based workers, street vendors and waste pickers, to provide a grounded insight into disciplinary debates. Ultimately, the book calls for a paradigm shift in how the informal economy is perceived to reflect the realities of informal work in the Global South, as well as the informal practices of the state and capital, not just labour.

The Informal Economy Revisited is the culmination of 20 years of pioneering work by WIEGO (Women in Informal Employment: Globalizing and Organizing), a global network of researchers, development practitioners and organisations of informal workers in 90 countries. Researchers, practitioners, policy-makers and advocates will all find this book an invaluable guide to the significance and complexities of the informal economy, and its role in today's globalised economy.

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Finally, we would like to acknowledge the two billion informal workers around the world whose work this volume seeks to illuminate.

Marty Chen and Françoise Carré

Abbreviations

ACP	Africa, Caribbean and Pacific
AI	artificial intelligence
BoP	Bottom of the Pyramid
BPO	business processing outsourcing
BWI	Building and Wood Workers International
CCMA	Commission for Conciliation, Mediation and Arbitration
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CEMPRE	Compromisso Empresarial para Reciclagem
CPR	Common Pool Resources
CSR	corporate social responsibility
EC	European Commission
ENOE	Encuesta Nacional de Ocupación y Empleo
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
ETI	Ethical Trading Initiative
FLA	the Fair Labour Association
GATWU	Garment and Textile Workers Union
GDP	gross domestic product
GHG	greenhouse gas
GST	Goods and Service Tax
GVCs	global value chains
IAF	Industrial Areas Foundation
ICLS	International Conference of Labour Statisticians
ICSE	International Classification of Status in Employment
IDWF	International Domestic Workers Federation
IEBA	Informal Economy Budget Analysis
ILC	International Labour Conference
ILO	International Labour Office
ILO	International Labour Organization
INEGI	Instituto Nacional de Estadística y Geografía (Institute of Statistics and Geography)
ITUC	International Trade Union Confederation

IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers
MBOs	membership-based organisations
MDG	Millennium Development Goal
MENA	Middle East and North Africa
MHT	Mahila Housing Trust
MNCR	Movimento Nacional dos Catadores de Material Reciclável
MNE	multinational enterprise
NCEUS	National Commission for Enterprises in the Unorganised Sector
NCP	national contact point
NGO	non-governmental organisation
NSM	new social movements
NSOs	National Statistical Offices
NSS	National Sample Survey
NTUI	New Trade Union Initiative
OECD	Organisation for Economic Cooperation and Development
OHS	occupational health and safety
PAYE	Pay-As-You-Earn
PHC	primary health care
PIEA	Participatory Informal Economy Appraisal
PIL	public interest litigation
PNSB	National Research on Basic Sanitation
RCP	rational comprehensive planning
RIR	resource institutional regimes
RSBY	Rashtriya Swasthya Bima Yojana
SAI	Social Accountability International
SALDRU	Southern Africa Labour and Development Research Unit
SDG	Sustainable Development Goal
SEWA	Self-Employed Women's Association
Sida	Swedish International Development Cooperation Agency
SPF	Social Protection Floor
SPYM	Society for the Promotion of Youth and Masses
SRM	Social Risk Management
STEP	Strategies and Tools against Social Exclusion and Poverty
SWM	solid waste management
UHC	universal health coverage
VAT	value added tax
W&C Forum	Waste & Citizenship Forum
WHO	World Health Organization
WIEGO	Women in Informal Employment: Globalizing and Organizing
WRC	Worker Rights Consortium
WTO	World Trade Organization
WUF	World Urban Forum



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Introduction

Martha Chen and Françoise Carré

Informal economic activity is as old as humankind and, today, is emerging in new places and new guises. Historically, all employment, businesses and economic activities were informal until policies and laws were introduced that created a divide between formal and informal, that is, between economic units that are registered with relevant administrative authorities and those that are not and between workers with employment-based social protection and those without.

In the early 1970s, the British anthropologist Keith Hart coined the term “informal sector” to refer to the economic activities of migrants from northern Ghana in the capital city Accra (Hart 1973); and the International Labour Organization’s Employment Mission to Kenya popularised the term to refer to what was earlier called the “traditional sector” (International Labour Organization 1972). Since then, the “informal sector” or “informal economy” has become a field of study in several disciplines. In economics, theory and research have tended to focus on what drives the informal economy and its predicted decline; whether and how it is linked to formal regulations and the state. In other disciplines, theory and research have focused on new and emerging forms of economic informality: how once-formal jobs are being informalised; how informal workers are being integrated into the global system of production and exchange; and how, otherwise, the informal economy is linked to modern capitalist development. Meanwhile, also since the 1970s, a parallel field in urban studies – on informal housing, settlements and land markets – has emerged (Roy and Al Sayyad 2004).

In today’s global economy, two billion people – more than 61 per cent of the world’s employed population – make their living in the informal economy (ILO 2018a). They are engaged in both traditional and modern economic activities and in most branches of industry, including traditional artisan and craft production; street vending and market trading; construction and transport; manufacturing, including industrial outwork; personal and information technology services; and work intermediated by digital platforms. Through their economic activities, informal workers contribute to households, societies and economies around the world: serving as the main source of income for hundreds of millions of households; helping to reduce hunger and poverty; contributing to the production of

goods and services for domestic and international markets; and contributing to the preservation of local culture and social life. And yet, informal workers, their livelihoods and their contributions are not well understood or valued but, rather, tend to be misunderstood, undervalued or often stigmatised.

Background to this volume

Since it was founded in 1997, the global network Women in Informal Employment: Globalizing and Organizing (WIEGO) has sought to improve statistics and research as well as conceptual and policy understanding of the informal economy. WIEGO has collaborated with the International Labour Organization (ILO), the International Expert Group on Informal Sector Statistics, and national statistical offices to improve statistics on the informal economy; and with researchers and research institutions in many countries to improve research and data analysis on the informal economy. Also, WIEGO has helped build a global movement of organisations of informal workers, including national, regional and international networks of domestic workers, home-based producers, street vendors and waste pickers.

In November 2017, as part of its 20th anniversary celebrations, the WIEGO Network invited three dozen well-known scholars on the informal economy to a research conference at Harvard University. Rather than presenting their latest research, the participants were asked to reflect on the evolution of theory and research about the informal economy in their own discipline and research and on a common set of questions for each session. Their reflections triggered exchanges between them and other participants in the conference: the result of which are reflected in this Introduction, the Conclusion and the individual chapters of this volume. It is rare to have had such a diverse group of thought leaders tackling related questions and conundrums about the informal economy.

Why focus on the informal economy?

First and foremost, well over half of all workers globally, 90 per cent in developing countries and 67 per cent in emerging economies, are informally employed. It is only in developed countries that most workers (82 per cent) are formally employed (ILO 2018a). As Jan Breman puts it, “formal conditions of earning a livelihood [have] become the economic status of only a small and privileged segment of labouring men and women” (Chapter 1). Yet how we think about labour, labour markets and labour regulations is predicated on the notion of formal wage employment with a recognised employer-employee relationship in formal places of work (firms, offices, factories). Also, how we think about enterprises, production and exchange is predicated on the notion of large formal enterprises, again in formal places of work, and the transactions between them. There is a clear need to rethink production and distribution, commerce and markets, employment and labour, self-employment and enterprises through the lens of informal workers and their economic units and activities.

Second, there is significant overlap between working informally and being poor: a higher percentage of informal workers than formal workers are from poor households; a higher percentage of all workers in poor households, than in non-poor households, are informally employed; and only 3 per cent of all informal workers are employers, the one segment of informal workers that, on average, are non-poor (Chen et al. 2005; ILO 2018a; Bonnet, Vanek and Chen 2019).

Third, there is also significant overlap between informal employment and non-income dimensions of inequality. The tripartite discussion on Decent Work and Informal Employment at the 2002 International Labour Conference concluded that informal workers face greater deficits than formal workers in regard to the four pillars of *decent work*: economic opportunities, labour rights, social protection and voice (ILO 2002a). Informal workers also face greater deficits in *decent living* compared to formal workers: on average, they have less access to adequate and affordable health, education, housing and basic infrastructure services as many live in underserved informal settlements, neighbourhoods or villages (Chen 2019). Despite these disadvantages, as the evidence cited in this volume will show, informal workers and their activities contribute to poverty reduction and economic growth.

Why now? Given transformations in the organisation of work and labour markets including new forms of informal employment, now is the appropriate time to take stock of the significant shifts in rethinking on the informal economy over the past two decades and explore emerging challenges related to it that will need policy and research attention going forward.

Unique features of this volume

This volume seeks to enhance our understanding of the informal economy by pulling together the perspectives and analyses of three dozen well-known scholars of the informal economy. Contributors to this volume represent several disciplinary perspectives: anthropology, development economics and labour economics, labour law and labour relations, political science, social policy, sociology, statistics, urban planning and design.¹ They address several cross-cutting areas of policy research – economic development, urban planning, social protection – and the role of the state and regulation. The volume is further anchored by a focus on three groups of informal workers, their livelihood activities and the impact of the policy and regulatory environment on these activities: (1) home-based workers; (2) street vendors; and (3) waste pickers. These are three large and important groups of informal workers who, in their everyday work lives, interface with more powerful economic actors and the state.

The contributors reflect on the past, present and future of the informal economy – and the theoretical, research and policy responses to the phenomenon within their disciplines. In so doing, they draw on their own research in around 20 countries, including: Argentina, Brazil, Bulgaria, China, Colombia, France, Ghana, India, Indonesia, Kenya, Mexico, Pakistan, Peru, South Africa, Tanzania, Thailand, Uruguay and Zimbabwe.² In sum, this volume provides an intellectual and

grounded view of recent advances in knowledge and thinking as well as future research and policy challenges regarding the informal economy.

This volume is not only cross-disciplinary and multi-regional in scope but also features reflections, looking back and forward, of leading scholars on key theoretical and policy debates on the informal economy. Rather than offering a collection of individual writings, or reports of findings from diverse, loosely related research projects, the book results from a combination of individual perspectives and collective engagement around shared concerns about informal workers and the scholarship on the informal economy.

The structure of the book

This Introduction summarises the recent rethinking on the informal economy by the chapter authors, starting with their analysis of how past perceptions and policies regarding the informal economy, dating back a century or more, are reflected in current perceptions and policies. Following this Introduction, the chapters in this volume are organised into parts by disciplines, themes and groups of informal workers: each part containing two to four chapters. Part I features the reflections of two prominent scholars on the informality of capital and the state in relation to the informality of labour. Part II features recent developments in statistics on the informal economy as well as research on the phenomenon by the global network WIEGO (Women in Informal Employment: Globalizing and Organizing), which convened the conference and prepared this volume.

The disciplinary parts cover statistics (Part II), economics (Part III), labour law (Part IV), social policy (Part IX) and urban planning and design (Part V). Political science and sociology, as well as each of these disciplines, are woven throughout. The informal worker parts feature homeworkers, street vendors and waste pickers. The Conclusion calls for a paradigm shift in future research and policy, drawing on the recommendations of the authors and their deliberations during the WIEGO 20th anniversary research conference.

Definitions of economic informality

Many unofficial definitions of the informal economy are used in the wider literature. It is important, therefore, to briefly introduce the official international statistical concept and definition of the informal economy and the related concepts and definitions of the informal sector and informal employment. The International Conference of Labour Statisticians (ICLS), convened every five years by the International Labour Office (ILO), has adopted two official international statistical terms and definitions related to the informal economy: *informal sector* refers to the production and employment that takes place in unincorporated or unregistered enterprises (1993 ICLS); and *informal employment* refers to employment without social protection through work – both inside and outside the informal sector (2003 ICLS). The *informal*

economy refers to all units, activities, and workers so defined and the output from them. Together, they form the broad base of the workforce and economy, both nationally and globally.³

It is also important to acknowledge that many observers criticise the concept of informality as being too fuzzy and the formal-informal dichotomy as being too binary. One aim of this volume is to share the conceptual clarity regarding the informal economy, and its component parts, that has emerged in recent years and is reflected in the international statistical definitions. Admittedly most workers and enterprises fall on a continuum between being fully formal or fully informal, but the formal-informal divide while “easy to criticize” is “useful” for policy and for “understanding the state”, as Barbara Harriss-White argues (p. 39, in this volume). Further, for statistical measurement purposes, it is necessary to establish boundaries between – and within – informal and formal employment.

Legacies of the past

Much of the literature on the informal economy, especially in economics, is ahistorical. Yet understanding informality in the past is key to understanding informality today and thinking about informality in the future. Many of the dynamics of informality in developing countries today played out 100 years or more ago in developed countries, as Lucía Fernandez illustrates by comparing the situation of waste pickers in Paris, France, in the late 1800s with waste pickers in Montevideo, Uruguay, today (Chapter 23). It is important to understand what, historically, drove not only the informal economy but also the dominant theories and negative stereotypes about the phenomenon.

While the *term* “informal sector” can be traced back to the seminal 1973 article by Keith Hart on the economic activities of migrant workers in Accra, Ghana, the *concept* of a formal-informal divide dates back to earlier times. Jan Breman traces the antecedents of “the conceptual divide between formal and informal” in the domain of the economy and employment to the early twentieth century (Chapter 1). Kate Meagher traces differences in the size and dynamics of informal economies in Africa to differences in colonial economies (Chapter 31); Caroline Skinner and Vanessa Watson trace the antecedents of urban planning today to planning by the colonial state (Chapter 15); and Ravi Kanbur also traces the mindset that some phenomena are informal (thought to be illegal and undesirable) while other phenomena are formal (thought to be legal and desirable) back to the colonial state (Chapter 7).

In this Introduction, we summarise how the informal economy has been perceived historically in three domains of theory, research and policy: economic growth and industrial development; labour markets, labour rights and organising; and urban planning and design.⁴

Economic growth and industrial development

The process of economic growth and industrial development, as James Heintz details, has been associated in economics with “a transformation of the structure of employment”, notably, “the movement of labour out of agriculture and into industrial and service jobs”, and out of informal self-employment into formal wage employment (Chapter 8). This assumption is premised on the historical trajectory of today’s high-income countries: mainly in the Global North but also the East Asian Tigers. In the 1954 essay for which he received a Nobel Prize in Economics, W. Arthur Lewis cautioned that this structural transformation would take longer in developing countries with a surplus of labour but predicted that, in the long term even in developing countries, economic growth and industrial development would generate enough modern jobs to absorb surplus labour from the traditional economy: what is referred to even today as the “Lewis Turning Point” (Lewis 1954).

However, in low-income countries, especially those in which population growth has outstripped employment growth, traditional forms of informal employment have persisted. And, in recent years, new forms of informal employment have emerged across developing, emerging and developed economies. As Heintz notes, large formal firms are increasingly mobilising labour without entering into wage employment contracts, thanks in large part to new technologies (Chapter 8). Cases in point are the outsourcing of production through global value chains and the linking of demand and supply for goods and services through digital platforms. These trends call into question whether, as predicted, wage employment will rise and self-employment will decline with economic growth in today’s developing and emerging economies.

Clearly, traditional forms of informal employment, notably self-employment, have persisted in most developing countries and many emerging countries. And, around the world, once-formal jobs have been informalised – severing them from labour rights and social protection – and new forms of informal wage employment and contracted employment have emerged. The net result is that today, in emerging economies, 67 per cent of all workers are informally employed and 49 per cent are self-employed; and, in developing countries, 90 per cent of all workers are informally employed and 72 per cent are self-employed (ILO 2018a; Bonnet, Vanek and Chen 2019).

But global and regional averages mask significant differences in economic development and informal economies, even within regions, that must be taken into account in mapping out the implications for workers and policy. Kate Meagher draws on the pioneering work of Thandika Mkandawire (2010) to explain why some countries in Sub-Saharan Africa, notably in Southern Africa but also in East Africa, have smaller informal economies than countries in other parts of Africa, tracing the differences to the “differential capacities and economic objectives of colonial states” (Meagher, Chapter 31, p. 234). Former cash crop economies, concentrated in West Africa, “gave free reign to informal business networks”, while former labour reserve economies, predominantly in

Southern Africa, “smashed and criminalized” such networks to maintain a surplus pool of unemployed; and the former concession economies of Central Africa “fostered violent modes of informal labour organisation and control” (Meagher, n.d.: 6). These legacies have influenced postcolonial patterns which, in turn, have created new layers of variation.

Labour markets, labour rights and organising

Perhaps the most persistent misconception about labour markets is that all economies are on a path leading to the prevalence of wage employment, that is, dependent employment with “pay for time worked” (hourly/weekly/monthly). The labour markets of high-income countries have been dominated by wage employment for over a century; and the majority of informal workers in developed countries are wage-employed. Models of economic development, based on the experience of these economies, posit that all economies, including emerging and developing economies, will undergo a progressive integration of the bulk of the labour force into wage employment (see Heintz, Chapter 8 in this volume, for a review of this kind of argument).

In developing countries, however, the majority of all workers and, more so, of informal workers are self-employed, mainly as own-account workers or contributing family workers (see Chapter 6 by Chen and Chapter 3 by Vanek in this volume; ILO 2018a),⁵ with little evidence of a downward trend in self-employment across these countries. Another inappropriate – and detrimental – characterisation results from the association of self-employment in developing countries with the forms of self-employment which prevail in developed countries, namely, professionals and entrepreneurs. By contrast, many of the self-employed in developing countries are own-account workers who operate in single person or family units with unpaid contributing family workers. Very few own-account operators are professionals or entrepreneurs. Most seek to multiply household income sources as a hedge against economic risks and few are able to accumulate enough customers and profit to hire workers or expand their business.

An important consequence of the prevailing view that economic growth will inevitably result in a predominance of formal wage employment is that most models of the labour market focus almost exclusively on the characteristics and dynamics of formal wage employment. Such models are of limited usefulness when considering economies where the bulk of workers are not wage-employed. Furthermore, both labour law and the design of social protection are premised almost exclusively on wage employment. Developing countries have followed these models and approaches – having inherited and adhered to the perspective that the employer-employee relationship should be the main employment arrangement and at the core of protective regulations. What has come to be known as the “standard employment relationship” – full-time, year-round, employment with a single employer – was institutionalised from the late 1940s in high-income and some middle-income countries and, though becoming less

prevalent since the 1980s even in high-income countries, remains the foundation of most labour regulation and most models of labour markets. However, labour supply and demand operate differently in labour markets dominated by self-employment than in labour markets dominated by wage employment.

A correlate and concurrent aspect of the institutionalisation of wage employment as a norm is the presumption that informal workers are not “real” workers with a place in labour law⁶ and with shared concerns around which they can coalesce, mobilise and organise for collective action and bargaining with actors and institutions that impact on their activities. This perspective has led, in many countries, to significant “blindness” in employment standards and labour law, especially the law on representation rights.

Judy Fudge notes that the legal invisibility and exclusion of informal workers will continue as long as policies that “draw the boundaries of labour rights and standards by reference to the contract of (formal) employment” prevail (Chapter 12, p. 105). Pointing to the inadequacy of such a frame for workers for whom no entity that exercises “direct control over the worker’s performance” can be identified, Judy Fudge argues that this inadequacy does not preclude devising mechanisms for protecting such workers and regulating such employment relations. Both Adelle Blackett, writing in Chapter 13 about domestic work, and Judy Fudge, writing about homeworkers and other subcontracted workers, underscore that forms of labour in which women have been concentrated are especially excluded, even erased, from the sphere of worker rights. They both argue, moreover, that the dichotomy between work and non-work around which labour law has been built is not well suited to the activities of women who often combine (unpaid) family work with informal work, sometimes with more than one form of each. Blackett further highlights dimensions specific to domestic work, including the nexus of work in the private/domestic sphere and tasks integral to the historical gender-based division of labour in the household. She also highlights the perpetuation of racial hierarchies when domestic work is performed by subordinated racial-ethnic groups such as African-Americans in the USA and black Africans in South Africa, by rural-urban migrants, and by immigrants from the Global South to high-income countries (many of whom come from former colonies).

Michael Piore discusses the challenges of enforcing labour standards in global and domestic production chains due to unclear employer responsibilities for working conditions and calls for alternative *national* modes of enforcement that specifically address the fragmentation of work arrangements (Chapter 14). He notes country examples of systems better suited to such production settings, mostly “integrated” labour enforcement systems that draw regulatory attention to the causes of poor working conditions rather than focusing on single infractions. To govern home-based industrial outwork (called homework) in global supply chains, Marlese von Broembsen argues that national regulations and models of enforcement will need to be strengthened by *multi-jurisdiction* efforts to govern employment (Chapter 18).

The international and national labour movements tend to adhere to the notion that organised labour relations only pertain to workers in employer-employee

relationships. Until fairly recently, established unions have overlooked and sometimes explicitly excluded informal self-employed because “they have no boss” with whom to bargain; this has led them to assume that most informal workers have no need for collective representation and bargaining. The prevailing view that only employees are workers has also led to a mistrust of the informal self-employed who, without an employer, are assumed to be autonomous entrepreneurs with little interest in unionisation. The global movement of informal worker organisations that has emerged from the 1970s onward has challenged this perspective and demonstrated that informal workers, including the self-employed, can engage in collective action and bargaining (Gallin 2002, 2006; Bonner and Carré 2013; Eaton, Schurman and Chen 2017).⁷ The fact that in some sectors the majority of informal workers are women (who also are often not considered “workers”) plays a role in contributing to policies and union organising strategies that exclude informal workers, especially women. As a notable exception, the Self-Employed Women’s Association (SEWA) of India, which now has over 1.5 million women members, was started by Ela Bhatt, a labour lawyer working at the time with a local textile union (the Textile Labour Association) which supported her organising efforts with women informal workers (Bhatt 2006).

The notion that labour relations and collective bargaining are solely relevant for employees is historically inaccurate. In many countries, informal self-employed self-organised in guilds. In what are now developed economies, virtually all workers were once informal, either self-employed or working as domestics, vendors, teamsters, casual day labourers or as homeworkers in the manufacture “putting out” system without benefit of social protection or redress from abusive conditions. Labour organising and the formation of worker associations and unions were prime forces behind the recognition, spread and then formalisation of employer-employee relationship with employment-based social protection and labour rights. As Jan Breman notes, this “emergence of formalised politics and policies of employment” occurred alongside the expansion of modern industrial capitalist development (Breman, p. 31, in this volume). In other words, unions and other worker organisations were a main force behind formalisation, though by no means the only one.

Urban planning and design

In the colonial era in many countries, cities tended to be divided into two sectors: the planned formal city of colonial rulers and the unplanned informal city of the “native” population. Arguably, this divide took its most egregious form in colonial South Africa under Apartheid: when Black African townships and “Coloured” neighbourhoods were kept outside the white cities and towns of the colonial rulers. sometimes right outside the town as “dormitory” neighbourhoods to provide labour to the city or town.⁸ As Kanbur observes elsewhere, the negative mindset about informal economic activities stems from this divide as all informal activity by the native population was treated with suspicion and condemnation by the colonial state, as somehow tainted by illegality (Kanbur 2014).

As Caroline Skinner and Vanessa Watson explain, the colonial state not only shaped city landscapes but also shaped the profession and practices of urban planning (Chapter 15).

In sum, reflecting and driven by these legacies, historic patterns of inclusion and exclusion remain embedded in dominant models today of economic planning, labour organising and urban planning. Few economic policy-makers see informal workers as a legitimate target of economic policies. The international labour movement and trade unions of formal workers remain unsure what to do with (or for) the informal self-employed and, as Uma Rani details, are increasingly turning their attention to new forms of precarious and disguised wage employment, including workers in the gig or ‘on-demand’ economy facilitated by digital platforms (Chapter 9). Also, urban planners and city officials, in deciding what are legitimate uses of public space, still either overlook or ban outright street vendors; and, in modernising municipal solid waste management, often fail to integrate informal waste pickers. And, yet, the historically excluded have played – and continue to play – important roles in providing essential goods and services when cities fail to do so. In this volume, Skinner and Watson cite a 2009 survey across 11 cities in southern Africa which found that some 70 per cent of poor households normally sourced foods from informal traders or street vendors (Skinner and Watson, p. 127, citing Crush and Frayne 2011: 798). Also, as Lucía Fernandez, Jérémie Cavé and Melanie Samson detail, informal waste pickers have historically provided – and in many cities continue to provide – the essential service of collecting waste and reclaiming recyclables (Chapters 23, 24 and 25 in this volume).

Recent advances and rethinking

Over the past two decades, there has been significant rethinking about the informal economy – its size, composition, characteristics, and contribution; what drives it; its links to the formal economy and integration into the global economy; its relationship with the state and capital – thanks in no small measure to the authors in this volume, most of them scholars of the Global South and many of them from the Global South.

Statistical measurement of informal employment

The past two decades have witnessed significant advances in the measurement of informal employment; progress is evident in the statistics cited in this Introduction as well as specific data used in the chapters. This is significant because the integration of the measurement of informal sector and informal employment in official statistics is key to improving the visibility of informal workers and to informing advocacy and policy.

Joann Vanek underscores how much progress has been made during the 2000s in mainstreaming the informal economy in official statistics and disseminating data as they become available at the national and city levels (Chapter 3).

In so doing, she highlights the role that WIEGO, as an informed user of official statistics, has played in improving national and international statistics on informal employment. Working closely with the International Labour Organization and national statistical offices, WIEGO has contributed to three editions of *Women and Men in the Informal Economy: A Statistical Picture*: the first in 2002 presented cross-national statistics on informal employment from 25 countries using indirect and residual methods; the most recent in 2018 presented the first-ever global estimates of informal employment – inside and outside informal enterprises – in developing, emerging and developed countries, using microdata from over 100 countries. One sign of progress is that, thanks to the ILO and WIEGO, informal employment has been designated an indicator under Sustainable Development Goal 8 on Decent and Productive Work and Economic Growth (Indicator 8.3.1 *Share of non-agricultural informal employment in total employment*).

More recent progress includes the adoption in 2018 by the International Conference of Labour Statisticians of a revised Classification of Status in Employment (ICSE-18) which addresses several concerns of relevance to adequately measuring informal employment. Françoise Carré reviews, in particular, the new status category of “dependent contractors” for workers who, though presumed to be fully independent and, therefore, classified as self-employed, in fact, exert little autonomy in their work, in running their operation, and depend on another actor or entity in order to access the market for the product of their work (Chapter 4). This is a step towards better classifying industrial outworkers, (dependent) homeworkers, and the so-called “gig” workers in the on-demand economy. Crucial to measuring and understanding informal work, including home-based work, the ICSE-18 also introduces the “place of work” variable as key to classification.

Individual countries have made significant advances in measuring the size of the informal economy, its contribution to national income, and in detailing important sub-groups of informal workers. Analysing 2017–18 data for Mexico, where the statistical office (Institute of Statistics and Geography, INEGI) has been a pioneering leader in the development of official statistics on informal employment, Rodrigo Negrete reports that the informal workforce (which represented 57 per cent of employment) contributed nearly one-quarter (23 per cent) to the GDP of that country: with the contribution of informal workers *inside* the informal sector (i.e., informal enterprises) slightly lower (at 11.1 per cent) than the contribution of informal workers *outside* the informal sector (11.7 per cent) (Chapter 5). Also, INEGI has devised questions to measure the dependency of workers on other economic agents, helping to identify “dependent contractors” and illuminate the situation of other categories of informal workers.

Informality and economic growth

The share of informal employment in total employment is highest in developing countries (at 90 per cent) and lowest in developed countries (at 18 per cent) yet

quite significant in emerging countries (at 67 per cent) (ILO 2018a; Bonnet, Vanek and Chen 2019), suggesting that the structural transformation from a predominantly informal to a predominantly formal economy takes time. Moreover, within the different country income groupings, there is significant variation between countries in the size and composition of informal employment, depending on the level and nature of economic growth, including the degree of structural transformation.

Clearly, the predicted demise of the informal economy – the Lewis “turning point” – has not yet materialised in many emerging economies and most developing countries. In part, this is due to the level and nature of economic growth across countries. In part, this “was the result of a deliberate state policy (and not a reflection of the limits to state competence or of the residual or incipient nature of informal economic activity)” (Harriss-White, p. 13, in this volume). In part, this is due to the nature of the globalised economy in which work, as Meenu Tewari puts it, has become “splintered and distributed across the global through highly mobile value chains” (Chapter 19, p. 151). Through this and other processes, informality has rapidly become “the organising principle of the globalised economy” (Breman, p. 32, in this volume). In other words, informality is a structural feature of modern capitalist development, as the structuralist thinkers Manuel Castells and Alejandro Portes pointed out (Castells and Portes 1989).

Informality and economic policies

Elsewhere, Ravi Kanbur has argued that:

[T]he economic frameworks which dominate analytical and policy discourse ... are flawed. They take too aggregated a view of informality and as a result come up with inappropriate policy analysis and prescriptions. This aggregative lens also reflects a certain mindset towards informality, which views it as a mass or a lump, and indeed a problem to be addressed. A disaggregated perspective is not only a better description of reality; it helps to break clear from mindsets that date back at least to colonial times.

(2017: 2)

A key example of a flaw in the aggregated view of informality is that all informal workers are seen as targets of tax policies and tax reforms. Also elsewhere, Ravi Kanbur, with Michael Keen, makes the case that, while taxing the informal economy is still a priority for many governments and financial institutions, some segments of the informal economy already pay taxes of different kinds while other segments fall beneath the tax threshold for certain kinds of taxes (Kanbur and Keen 2014). Kanbur and Keen conclude that it is important, therefore, to disaggregate the informal economy when considering tax policy, regulations and other policies (*ibid.*).

Ravi Kanbur makes the case that in order to design appropriate policies, data for specific groups or segments of the informal economy is required. But, as

Marty Chen explains, WIEGO has found that while disaggregated data on different segments of informal employment – by status in employment, branch of industry, place of work and gender – is needed to inform policy, aggregate measures of the size and contribution of informal employment are needed to first attract the attention of policy-makers.

Kanbur offers a framework for defining and distinguishing between different types of informality in relation to taxation. The questions he poses apply equally well to the formal-informal divide in other areas of policy, namely, “Is formality the compliance with all policies and informality the non-compliance with any? ... Or is there an intermediate definition, and, if so, what?” Harriss-White frames the same question slightly differently – as a selective engagement with regulative law: “A firm may be registered and have (1–10) bank accounts, but flout the building regulations, the environmental laws as well as the labour laws, and evade tax” (Chapter 2),

Imraan Valodia and David Francis argue that using tax status, specifically not paying taxes, to define informality “is clearly inexact and is an inappropriate proxy” (Chapter 10). They illustrate the complex dynamics between the tax system and the informal economy with the case of how informal traders in South Africa experience the Value Added Tax (VAT) system. VAT is charged at each stage of the production process and each business registered as a VAT vendor collects the tax at time of sale and is entitled to claim back the VAT expended on inputs. In contrast, operators who are not registered VAT vendors, such as most informal operators, are unable to claim back the VAT on the inputs they purchase and have to absorb this cost or try to pass it on to their customers. This clearly limits the profitability and competitiveness of informal businesses. This example challenges the presumption that all informal workers operate informally in order to evade taxation.

Informality, labour markets and regulations

As noted earlier, most labour laws and most labour market models are premised on the notion of formal wage employment under a recognised employer-employee relationship in formal places of work. James Heintz points out that the neo-classical economic model of supply and demand for labour premised on wage employment is inappropriate for markets dominated by self-employment: as the self-employed supply their own labour (and capital) and the demand for their labour is a derived demand for the goods and services they produce (Chapter 8). The neo-classical model of the labour market also does not fit labour markets in which a large share of wage employment is not formal but, rather, informal, disguised or contracted.

Further, the neo-classical economics notion of the informal self-employed as an entrepreneurial class, who choose to operate informally in order to avoid regulations and taxations (Maloney 2004), does not match the reality of most informal self-employed, especially in developing countries. Very few informal workers are employers who hire others: 3 per cent globally, 2 per cent in developing countries,

3 per cent in emerging countries and 6 per cent in developed countries (ILO 2018a; Bonnet, Vanek and Chen 2019). A large percentage of informal workers are own-account operators in single-person and family units: 45 per cent globally, 54 per cent in developing countries, 44 per cent in emerging countries and 28 per cent in developed countries. And a not-insignificant percentage of informal workers are contributing family workers in family units: 16 per cent globally, 22 per cent in developing countries, 16 per cent in emerging countries and 6 per cent in developed countries (*ibid.*). Among these three groups of self-employed, only the employers could be considered an entrepreneurial class.

The persistence of informal employment has been attributed, by many mainstream economists, to excessive regulations by the state, notably labour regulations, which create incentives for firms to operate informally outside the purview of regulations (Maloney 2004). To test this assumption, Urmila Chatterjee and Ravi Kanbur studied the impact of India's Factories Act of 2011, which requires manufacturing firms of a certain size to register and comply with regulations. They found that the category of firms that are not affected by the Act given their small size (which they call Outsiders) far exceeds (at 97 per cent of all manufacturing firms) all the other categories of firms (which they call Compliers, Evaders and Avoiders) put together (Chatterjee and Kanbur 2015). Harriss-White notes that earlier industrial regulations in India, including the Madras Non-Power Factories Act 1947, the Madras Shops and Establishments Act 1942 and the Industrial Disputes Act 1947, were not devised to regulate informal modes of production and employment (Chapter 2).

Another important issue addressed in this volume is self-employment, both how it is understood conceptually as well as how it is treated in policies and laws. As Harriss-White observes: "This is a field of bitter debates. Is self-employment capital, labour or neither?" (Chapter 2, p. 41). In India, the National Commission for Enterprise in the Unorganised Sector (NCEUS), "clearly saw self-employment as 'Janus-faced' (on the one hand disguised wage work and on the other micro-capitalist activity)" (NCEUS 2007a, 2007b). As noted earlier, most informal self-employed are own-account or contributing family workers who put more labour than capital into their livelihood activities; and some are dependent contractors or disguised wage workers misclassified as self-employed.⁹ Under labour law in India, employers of up to five hired workers (accounting for over 95 per cent of all Indian firms) are classified as labour, not capital "on the grounds of their small scale compared with the corporate sector and their lack of access to social safety nets" (Harriss-White, Chapter 2, p. 41). Yet court cases filed to provide legal rights or social protection to informal self-employed are usually struck down unless an individual employer can be identified (*ibid.*). For this reason, Kamala Sankaran has concluded elsewhere that "self-employed workers are both declassified and disenfranchised" (Sankaran 2008).

Marty Chen presents the well-known WIEGO model of segmentation within the informal economy by status in employment and by sex, including the average earnings and poverty risk of each segment (Chapter 6). In brief, average earnings

go down and the risk of poverty goes up across the following hierarchy of informal employment statuses: employers, employees, own-account workers, casual day labourers, industrial outworkers and contributing family workers. Among these segments, men are over-represented among employers and women are over-represented among industrial outworkers, especially those who produce goods in or around their own homes (called homeworkers), and among contributing family workers. The ILO successfully recommended “own account workers and contributing family workers” as an indicator of vulnerable employment under Millennium Development Goal 1 (Eradicate Extreme Poverty and Hunger).¹⁰ With the ILO, WIEGO has promoted the first-ever global estimates of informal employment, which show that own-account workers and contributing family workers, together, constitute 61 per cent of informal employment and 42 per cent of total employment globally (ILO 2018a; Bonnet, Vanek and Chen 2019).

To sum up, most economic and urban planners, as well as mainstream trade unions, do not know what to think or do about informal self-employment. As Breman notes, some observers glorify “the self-reliance associated with it” (p. 34 in this volume) and call for unleashing the untapped entrepreneurial spirit and productivity of the informal self-employed. Other observers assert that informal self-employed represent unfair competition to formal enterprises by avoiding regulations, taxes and rents or are a “drag on the economy” due to their low productivity (Levy 2008). And still other observers see the informal self-employed as mainly low-end survivalists. Through its statistical analysis and field research, as Marty Chen details, WIEGO has found that informal employers have the highest average earnings among all informal workers; and that both own-account workers and contributing family workers tend to invest more labour (than capital) into their economic activities and face numerous costs and risks due to the stigmatisation and penalisation of the informal economy. The first-ever global estimates of informal employment, summarised by Joann Vanek, indicate that the informal self-employed who hire workers, and might therefore be considered an entrepreneurial class, represent only 3 per cent of all informal workers globally: 3 per cent of men informal workers and 1 per cent of women informal workers (Chapter 3). The vast majority of informal self-employed, and the majority of all informal workers, are own-account workers and (especially among women informal workers) contributing family workers (ILO 2018a; Bonnet, Vanek and Chen 2019). In sum, the majority of the self-employed are not entrepreneurs but rather working poor persons who operate in single-person or family units.

Informality, labour rights and organising

Progress has been made in thinking of alternative ways to provide rights and protection to informal workers in countries across the Global South and the Global North. Judy Fudge proposes alternative ways of approaching regulation to provide standards in working conditions and protection from risks (Chapter

12). She proposes a conception of work as a relationship that extends beyond the normative employment “contract” and even beyond relationships to encompass the context and physical environment in which all types of work take place. She argues that, in order to stand in for employer-employee relationships, policy must look for “functional equivalents to the institutional role that the employer played in the standard employment relationship” (p. 106, in this volume). Implementing a principle of functional equivalency requires a significant shift in the role of the state and the balance of bargaining power away from employers and corporations. Countries where the state triggers tripartite policy negotiations and is not captive to powerful interests likely stand a better chance of moving in this direction. Given the organisation of domestic work across borders, Adelle Blackett, drawing on selected countries’ experience with formalising domestic work, analyses the necessary alternative of a *transnational* framework to regulate it, that is “rooted in equality” – gender and racial-ethnic equality – and that challenges the boundaries of labour law, integrating migration law in particular (Chapter 13).

Michael Piore proposes alternative national administrative models for the enforcement of labour standards for production units in developing countries which are engaged in international or domestic sourcing (Chapter 14). He points to the lessons from “generalist” enforcement systems, such as those of France, Spain, the Dominican Republic and other countries that have followed a generalist model of labour inspectorates with a broad mandate to enforce labour standards as a whole. This model holds promise for developing countries because their inspection systems often lack the administrative and personnel resources to effectively enforce regulations one firm and one violation at a time, which is what specialist enforcement systems do. A generalist approach to labour inspections compels the attention of enforcement agents to the causes of standards violation – often located within the organisation of production sites and chains, according to Piore. The generalist enforcement model shifts enforcement resources to changing the factors in production and industry organisation that create risks for workers and holds the potential to be more effective than levying fines for individual violations which, in practice, depletes the efforts of under-resourced enforcement agencies (also Piore and Schrank 2018). Piore raises caveats about policies that treat the informal sector as monolithic whereas it is highly heterogeneous in terms of enterprises and operators; and the tendency of governments to focus more on the regulation of enterprises and less on the regulation of employment conditions and the social protection of workers (Chapter 14).

Alternative approaches to establishing and maintaining some labour standards (e.g., minimum wages) in garment production chains that include both factory and home-based workers are featured by Meenu Tewari (Chapter 19). These experimental approaches combine action or negotiation “at the top” with leading brands and retailers along with engaging workers producing for the brand – as well as other workers – in their geographic community, where they live, through a mix of social services delivered in collaboration with public administrations,

and production and marketing community enterprises or networks. These approaches are distinctive in two ways. First, they use collaborations with a broad range of actors beyond unions or worker organisations, such as NGOs, universities, buyers, and governments. Second, the locus for worker mobilisation is the community of residence rather than the workplace of the specific factory issuing work orders.

Finally, progress has also been made in the realm of collective mobilisation by informal workers in spite of their near invisibility in labour rights law. In fact, organising informal workers has a long history, mirroring the evolution of work arrangements. At the dawn of the industrial age in the eighteenth century, “all workers were informal” as Dan Gallin highlights in his historical overview of organising informal workers (Gallin 2011). As they organised into unions, fought and won rights, the situation of workers started to become formalised. However, many workers, especially in developing countries and particularly women and minorities, were left out of this process and remained in what became known as the informal sector or informal economy (*ibid.*).

More recent organising among informal workers can be traced back to the founding of SEWA in India in 1972. In 1983, SEWA was recognised as a trade union and accepted as an affiliate by the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers (the IUF). During the 1980s, domestic workers’ organisations in Latin America formed a regional alliance, CONLACTRAHO. During the 1990s, home-based workers began to organise and to engage in a campaign for the ILO Convention on Homework (C177) which was adopted by the International Labour Conference in 1996. Recognising the important role that data on the significance of home-based work played in the campaign for the convention, SEWA and its allies founded WIEGO in 1997 to provide research, statistical, technical and advocacy support to organisations of informal workers and to help build sector-specific networks of these organisations (Chen 2000, 2013). Since then, WIEGO and SEWA, together with the IUF and other organisations, have helped build a global movement of organisations of informal workers, including the International Domestic Workers Federation, four regional networks of home-based workers (called HomeNets), StreetNet International and a global alliance of waste picker organisations (Bonner et al. 2018). Between them, as of mid-2019, these sector-specific networks had more than 500 affiliated organisations in 90 countries with a combined total membership of around 5 million informal workers.

A growing field of scholarship, well represented by contributors to this volume and others,¹¹ has focused on the roots of mobilisation, forms of organisation, types of negotiation among informal workers and the alliances of organisations of informal workers with the international labour, cooperative and women’s movements. Of particular interest is the fact that informal worker organisations engage in negotiations with a variety of actors, private and public.

The state has turned out to be a significant actor at all levels – municipal, regional/state, national – because many informal workers operate in public space

and because housing, infrastructure, social protection, urban and economic policies directly affect their economic activities. Most importantly, because informal work takes place with little recognition or protection from the state, but within the punitive arm of the state which imposes constraints or barriers to informal workers, the state often is the key dominant actor from whom informal workers need recourse (Chen 2014a).¹²

Several contributors (Rina Agarwala, Adelle Blackett, Sonia Dias, Lucía Fernandez, Sally Roever, Melanie Samson, Chris Tilly) analyse how informal wage workers and (especially) the informal self-employed, make claims on local, regional and national governments, pointing to similar strategies across worker groups. They seek to negotiate or bargain with the state to be included in economic policies, in urban planning and in social protection systems; to gain access to public space, public services and public procurement; or to seek protection – or recourse – from adverse incorporation into local markets or global value chains. For example, street vendors (Sally Roever) and waste pickers negotiate or bargain with the state (often local government) for access to public space, access to waste and the right to bid for solid waste management contracts (Sonia Dias, Lucía Fernandez, Melanie Samson). In sum, the state is the main interlocutor for many informal workers seeking the right to work as well as access to public space as the workplace, to other public goods and to social justice.

However, the state does not prove any more receptive as a bargaining counterpart for the informal self-employed than corporations do for informal wage and contract workers. There is an extensive track record of “fits and starts” in bargaining between organisations of informal workers and representatives of local, regional and national governments. Hurdles thrown in the way may be institutional, such as not recognising organisations of informal workers as representing workers or as a bargaining partner; or tactical, such as the repeal of standing agreements or changes in legislation and policy (e.g., cancelling ordinances regulating access to vending areas); or simply the cancellation or postponement of bargaining processes. In spite of such hurdles, several chapters in this volume underscore the value of collective mobilisation of the informal self-employed and the strategies and conditions that make the achievement of gains possible.

Informal livelihoods and cities

A major impetus for recent rethinking on the informal economy among urban planners, designers and scholars is the fact that urban planning laws and land use zoning have remained largely unchanged since the colonial era in most developing countries. Caroline Skinner and Vanessa Watson advocate challenging specific notions associated with this colonial legacy, including the notions that homes and public space serve only a single function or use; that informally prepared and distributed foods are a threat to consumer health; and that informal workers do not contribute to the economy or to urban service delivery (Chapter

15). Another impetus is the fact that non-compliance with urban planning laws and land use zoning is not confined to the poor but also involves non-compliance by the elite, corporations and the state itself (Roy 2005): see the final section of this Introduction.

Other contributors to this volume call for critical urban theory, based on critical urban practice, *from* the Global South. Gautam Bhan calls for an alternative vision of informal settlements that addresses the intersectionality of informal settlements and informal livelihoods and an alternative approach to building settlements together with the urban informal poor to meet both their residential and livelihood needs (Chapter 17). Amin Kamete critiques dominant urban planning theories and approaches which espouse ideal standards of perfection, adopt scientific methods and prescribe universal, technical, de-politicised solutions to urban problems and calls for rethinking, politicising and contextualising urban planning with a mandate to reconcile the aspirations of different strata of urban society (Chapter 20). Rahul Mehrotra criticises current approaches to urban design as being too focused on architecture – and the ideal of permanence (Chapter 16). Highlighting that cities are in a state of flux, due to economic and political uncertainty, as well as to climate change, Rahul Mehrotra calls for a new approach to urban design which focuses on this state of flux – and the impermanence it implies – and embeds the possibility of adaptation and transitions across time and space into the design of the built environment.

The chapters in this volume on street vendors and waste pickers describe cases of critical urban practice: the provision of design, shelter and legal services to street vendors in Durban, South Africa, and the integration of waste pickers into solid waste management in Belo Horizonte, Brazil, and Johannesburg, South Africa. Being involved in these alternative urban practices has informed the critical urban theory-building of the authors. For instance, the activist academics Sally Roever and Caroline Skinner, who have supported organisations of street vendors in their struggles for more inclusive city approaches to informal trading, have promoted the twin concepts of “the abuse of authority” by city officials and police towards street vendors and the “costs of informality” to the street vendors resulting from this abuse. Sally Roever further illustrates how urban regulatory regimes (licensing, permitting) as well as taxation, and the enforcement thereof, often operate adversely for street vendors (Chapter 22). Also, the activist academics Sonia Dias, Lucía Fernandez and Melanie Samson, who have supported organisations of waste pickers in their struggles to be integrated into municipal solid waste management systems, have promoted the twin concepts that waste pickers should have “the right to waste” and that waste should be seen as an “urban public good” – or as Jérémie Cavé argues – as a commons.

Informality and social policy

As Rodrigo Negrete underscores, “the concepts of the informal sector and informal employment broadly encompass those forms of labour market arrangements where risks are personal and not buffered by any institutional protection”

(Chapter 5, p. 61, in this volume). Francie Lund traces the evolution of approaches to social protection and informal workers, including the role of the WIEGO Social Protection programme in drawing attention to the social protection needs of informal workers across the life-cycle and especially for women, including: health care, occupational safety and health, childcare and care in old age (Chapter 26). There is growing recognition that informal workers represent more than half of all workers globally and that, at the core of working informally, is exclusion from employment-based social protection. This recognition is one impetus for the call for universal social protection on social justice grounds. But there is also a call for universal social protection on efficiency grounds: many economists who call for universal social protection do so because they assume that regulating labour markets creates distortions and, more specifically, that social protection schemes targeted at informal workers create perverse incentives for firms and workers to remain or become informal (Maloney 2004; Levy 2008).

In brief, there are two cases being made for universal social protection: one on social justice grounds, the other on efficiency grounds. Committed to social justice, contributors to this volume examine the potential benefits and risks for informal workers of universal approaches to social protection based on citizenship rather than work status. Laura Alfery and Silke Staab both point out that universal social protection has been reduced in some countries to social assistance in the form of cash transfers, often contingent cash transfers; or in other countries to health insurance for hospitalisation accompanied by a reduced focus on public health services, especially preventive health (Chapters 27 and 28). Both call for moving beyond the binary debate whether to link or de-link social protection from work status and call for promoting fundamental reforms to social protection. Laura Alfery proposes that work status and citizenship should be considered in relation to each other; and recommends addressing the risks informal workers face *as workers* through exclusion from – or adverse inclusion in – other spheres of policy. Silke Staab also calls for moving beyond isolated transfer schemes to integrate social assistance with social insurance.

Sarah Cook shows how, in the case of China, the rights of informal workers to social security are inextricably associated with migrant status (Chapter 29). While contributory (formal employment-based) social insurance and non-contributory (largely residence-based) social assistance schemes have dramatically expanded in coverage over the past decade in China, the context of institutionalised “urban-rural dualism” means that informality of employment is largely associated with migrant workers who consequently have limited claims to benefits either through employment or residence. Rina Agarwala and Kamala Sankaran describe welfare funds in India for workers in specific industries, raised through a tax on output of firms in those industries, as a promising approach to social protection for informal workers, which retains a focus on the responsibility and liability of employers but which is being undermined by the recent consolidation of the tax system in India (Chapters 30 and 32).

Informality, poverty and growth

Not all informal workers are poor and some owners of informal firms profit from exploiting their employees. But, given the lack of social (and legal) protection and the costs and risks faced by informal workers, there is significant overlap between working informally and being poor (Chen et al. 2005). Despite the disadvantages they face, informal workers contribute to poverty reduction and to economic growth through their economic activities. However, the contribution of the earnings of informal workers to household income remain underestimated and undervalued. Michael Rogan and Paul Cichello present findings from South Africa on the income effect of the earnings of informal workers (Chapter 11). Applying an econometric model to national data, they found that informal workers in South Africa, particularly informal wage workers but also informal self-employed, contribute to reducing the poverty level of their household. They estimate that “eliminating 100 informal self-employment activities, as some government policies have sought to do in order to discourage ‘illegal trading’, would drive as many individuals into extreme poverty as eliminating 63 formal jobs” and that “Informal employees and domestic workers have a ‘per job’ impact on poverty reduction which is even closer to a formal job” (p. 101, in this volume).

Over the years, attempts have been made to measure the GDP contribution of the informal economy (ILO 2013a). But these estimates have been confined to the GDP contribution of the informal sector (i.e., informal enterprises) and do not include the contribution of informal workers outside the informal sector who work for formal firms or households. Mexico is an exception. As reported earlier, in Mexico in 2017, the contribution of informal workers *inside* the informal sector (i.e., informal enterprises) to the country’s GDP was slightly lower (at 11.1 per cent) than the contribution of informal workers *outside* the informal sector (at 11.7 per cent) (Chapter 5 in this volume).

Finally, it is important to note that several global norms recently adopted by the international community reflect the recent rethinking about the informal economy, thanks in no small measure to the research of contributors to this volume and the joint advocacy of WIEGO with SEWA and other organisations of informal workers. In 2015, the global community renewed its commitment to “a more peaceful, prosperous and just world” by adopting the Sustainable Development Agenda (known as the 2030 Agenda) which includes two new stand-alone goals which are of critical importance to the working poor in the informal economy: Goal 8 on inclusive sustainable economic growth and decent and productive employment; and Goal 11 on inclusive, safe, resilient and sustainable cities. Also in 2015, the ILO adopted ILO Recommendation 204 on the formalisation of the informal economy which recognises that most informal workers are from poor households trying to earn a living against great odds and need protection and promotion in return for regulation and taxation; and that regulated use of public space (in cities) and natural resources (in rural areas) is essential to the livelihoods of informal workers. Reaffirming these earlier commitments, the New Urban Agenda, adopted at the 2016 Habitat III Summit, recognises the contribution of the working

poor, especially women, in the informal economy and calls for enhancing their livelihoods, their legal and social protection, their access to support services as well as their voice and representation (Habitat III 2016: paragraph 59).

Current challenges

Today, the global economy, the world of work, and cities are all in flux. This flux and the changes associated with it are reshaping the informal economy and bringing new opportunities as well as new costs and risks to informal workers. These changes underscore why the enhanced, grounded and nuanced understanding of the informal economy reflected in this volume is of immediate concern. The Conclusion to this volume will summarise the future research, policies and regulations recommended by the contributors to monitor and address the impact of these changes on informal workers and their livelihood activities.

Economic growth and industrial development

Several patterns of current economic growth and industrial development are impacting the size, composition and earnings of the informal workforce. To varying degrees, depending on the country, the *structural shift* of employment – and economic output – is from agriculture to manufacturing¹³ or to services, both high-end and low-end. Globally, among all informal workers, 38 per cent are in agriculture, 18 per cent in manufacturing and 44 per cent in services (ILO 2018a; Bonnet, Vanek and Chen 2019). The *share of trade that is international*, and the associated *expansion of global value chains* (GVCs), are at unprecedented levels (World Bank 2018). The lead firms in many GVCs download risks and costs to informal workers at the bottom of their chains while paying them below the minimum wage: see Marliese von Broembsen in Chapter 18 in this volume and Chen (2014a). The *informalisation of once-formal* wage jobs, especially in the Global North, continues. And the numbers of workers accessing work via *digital platforms in the on-demand economy* are growing fast and largely under informal arrangements without labour rights or employer contributions to social protection.

Meanwhile, new emerging technologies such as robotics and artificial intelligence are shaping the quantum and nature of work. Also, the recent expansion in the scope, size and power of finance is shaping the nature of the economy. Traditionally, the financial sector provided funds to finance production. Today, the finance sector trades in goods and services, often on speculation. While the financialised economy threatens to dominate and destabilise the productive economy (Sundaram and Hui 2019), robotics and artificial intelligence, and other dimensions of what has been termed the Fourth Industrial Revolution, threaten to undermine and destabilise employment and work opportunities.

Cross-border and rural-urban migration

The UN estimates that globally, in 2015–16, there were 740 million internal migrants (i.e., those who migrate within their country of birth) (IOM World Migration Report 2018); 244 million international migrants (up from an estimated 155 million in 2000) (ibid.); and 25.9 million refugees or asylum seekers (UN International Migration Report 2017): representing around 7 per cent of the world's population. Most international and internal migrants, refugees and asylum seekers end up working informally, at least for some time, to earn a living. As Cook highlights, “Migration and urbanisation are intrinsically associated with informality – of employment, but also of housing, rights to urban ‘space’, status and security and entitlements or access to services” (Chapter 29, p. 221).

Urbanisation and urban planning

Around the world, cities are not only growing but also changing. In an attempt to achieve World Class or Modern City status, many cities are undertaking major infrastructure and real estate development projects: building boulevards, roads and mass transit systems as well as malls, business centres and convention centres. In the process, a big new player has entered many cities for the first time: multinational real estate developers. This has changed the political economy of many cities. Caroline Skinner and Vanessa Watson report an increase in Africa of urban land grabs by developers since the 2008 financial crisis, resulting on increased pressures on the resource base and workplaces of urban informal workers (Chapter 15, p. 125). Gautam Bhan reports that, in India, city governments which used to “turn a blind eye” to urban informal settlements and urban informal economic activities are now increasingly evicting, or otherwise regulating previously accessible space: motivated by the increased competition for and value of urban public land and public space and often in collusion with real estate developers (Chapter 17). Further, he points out, new forms of urbanism – such as peri-urban development, corridors, special economic zones, enclaved residential space – do not leave much space for informal workers to live and work. Finally, the impacts of climate change are driving migration to cities and threatening to put more pressure on the already-overcrowded settlements and livelihoods of the urban poor (Ghosh 2017).

Meanwhile, many cities around the world are de-industrialising, contributing to a loss of formal jobs and increased competition for informal employment opportunities. Also, the common policy response to informality by city governments has been eviction and relocation of informal settlements, informal markets and the urban poor to the periphery of cities. Under the name of market development, street vendors are evicted – with or without relocation – on a daily basis: and relocation, when it happens, is often to built markets at some distance from the city centre far from where potential customers are concentrated. Similarly, under the name of slum redevelopment, “vertical, multi-storey small apartment

blocks are being built ... at scale in the city's peripheries where land is available cheaply" (Chapter 17, p. 137). Neither form of relocation, of informal markets or of informal settlements, is viable for the urban poor, given the distance (and the cost of transport) to their work, their suppliers and customers. In response, Gautam Bhan, with others, has called for making housing not only adequate and affordable but also viable in terms of livelihood opportunities (Bhan, Harish and Anand 2014).

In sum, recent trends are associated with increased fragmentation and segmentation in production and distribution through global value chains, as detailed by Meenu Tewari, and in the economic and social fabric of cities (Chapter 19). This fragmentation and segmentation have led to what Rahul Mehrotra, in the urban context, calls "a condition of flux"; and have created new – and intensified old – costs and risks for the working poor in the informal economy (Chapter 16). This reality is reflected in the fact that, in 2018, "more than one quarter of workers in low- and middle-income countries were living in extreme or moderate poverty" (ILO 2019, Executive Summary: 2). As Jan Breman highlights, there is simply "not sufficient waged employment for the globalised workforce" so that many persons seeking work will continue to resort to self-employment in the informal economy where they face being stigmatised, penalised or even criminalised, making it difficult, if not impossible, to earn a decent living (Chapter 2).

Informality, capital and the state

In addition to debunking many of the dominant (largely negative) myths or stereotypes about the informal economy, several authors in this volume underscore that informality is associated with the state and with capital, not just with work and labour. Most prominently, Jan Breman critiques the persistent focus on the informality of one factor of production – i.e., labour – and the complete disregard of how informality pervades the other factor of production – i.e., capital – and the state (Chapter 1); and Barbara Harriss-White observes that "Informal activity is not confined to the economy, it pervades the state ... and policy process" (Chapter 2, p. 42). In other words, as Rodrigo Negrete aptly observes: "Informality is a phenomenon or set of practices that in principle is widespread throughout the economy rather than in only a part of it" (Chapter 5, p. 61).

Informality as state policy

There is a widespread notion that informality flourishes when states are fragile or weak, or otherwise lack competence. But several contributors to this volume highlight that informality is often driven by deliberate state policy. The state, they point out, decides which aspects of the informal economy to turn a blind eye to, which to tolerate or which to get rid of; and which aspects of the informal economy to support or promote. As Kate Meagher concludes from her analysis of informal economies in Africa: "informal economies are not something that

emerges purely outside the state”: rather, “the state plays a role in the different size and character of informal economies” (Chapter 31, p. 234).

Historically, most governments have treated the informal economy as a problem to be dealt with, as being non-productive, illegal or even criminal. The result, as noted earlier, is that most existing policy and legal frameworks are inappropriate for, biased against or outright hostile towards informal workers, their enterprises and activities. The result, more fundamentally, is that the working poor in the informal economy tend to be excluded from public goods – such as public space, public services and public procurement – which, in turn, tend to be privatised to – or otherwise appropriated by – the rich and powerful. In the nineteenth century, as Jérémie Cavé reminds us, Karl Marx famously pointed out that peasants were no longer allowed to collect firewood from the estates of landowners once profitable uses for land developed (e.g., for mining or sheep rearing) (Chapter 24). About the same time in Paris, as Lucia Fernandez reports, traditional informal waste pickers – called *chiffonniers* – were being denied the right to collect waste (Chapter 23). Today, as cities around the world modernise, informal waste pickers are being denied the right to collect and recycle waste and informal street vendors are being evicted from public spaces: yet both waste and public space, as Jérémie Cavé and others in this volume argue, should be considered public goods, like the urban commons.

In effect, many state policies are exclusionary by design. Moreover, some states ignore, overlook or under-value informal workers and their livelihood activities. For example, home-based workers are overlooked as both workers and as residents, with the result that they are not seen as a target of labour regulations and often do not receive basic infrastructure services for their homes which double as workplaces. Also, street vendors and market traders are not recognised as taxpayers who contribute to city revenue: by paying operating fees and market rents and by paying VAT and other sales taxes on the inputs they purchase; or as contributors to food security and the well-being of (especially) the poor by selling goods and services at affordable prices and (if not evicted) in convenient locations. And waste pickers are not recognised for their contributions to the city by collecting waste and to the environment, by reclaiming recyclables that would otherwise end up in landfills or incinerators.

Informality of capital

Several contributors to this volume question the supposition, as Jan Breman puts it, “that capital firmly belongs to the domain of formality” (Chapter 1, p. 33). Both Jan Breman and Barbara Harriss-White characterise the informality of capital – and of the state – as structures of privilege and power for whom formal rules do not apply. Barbara Harriss-White highlights the different forms or degrees of informality that capital can take.

Indeed, there are many actors who operate informally, outside the formal rules of the state. A forthcoming edited volume entitled *The Wild East?: Criminal Political Economies across South Asia*, edited by Lucia Michelutti and

Barbara Harriss-White, documents how (among other cases) money launderers operate globally and the mafia is proliferating in countries like India, acting as intermediaries between the state, capital and the informal economy.

Informality, state and capital

Finally, several contributors to this volume highlight the frequent collusion of the state and capital: more specifically, the collusion of different levels of government with “organised lobbies” (Barbara Harriss-White) or “big businesses” (Jan Breman) to identify or create loopholes in – or simply bypass – existing rules and regulations to serve their mutual interests. They highlight the operation of informality at the tip, not just the base, of the economic pyramid, especially in cities. At the tip, informality is associated with the state and with the owners of capital: specifically, the ways in which governments set the legal rules of the economic (or urban) game but then, often in collusion with big business (notably real estate developers in cities), take advantage of loopholes in existing regulations or make exceptions to these regulations to serve their own interests and those of the rich and powerful classes.

In urban theory and research, as Veronica Crossa points out:

[T]hese first approaches to informality in general, and also to street vending specifically, rarely explored street vending in relation to the formal institutions of the state or as a product of the existing fissures within the state. The state was never called into question.

(Chapter 21, p. 168)

But a current strand of critical urban theory does. Veronica Crossa cites Ananya Roy who, in her study of urban planning in India, contrasts the collusion of city governments with housing authorities and real estate developers in the appropriation of public land for private housing (“elite informality”) with the criminalisation by city governments of the appropriation of public land by the urban poor for their settlements (“subaltern informality”). Ananya Roy concludes:

The planning and legal apparatus of the state has the power to determine ... what is informal and what is not, and to determine which forms of informality will thrive and which will disappear ... to construct and reconstruct categories of legitimacy and illegitimacy.

(2005: 149)

This raises the question of why informality at the base of the economic pyramid – the working poor trying to operate in the gaps in public space and public rules – tends to be penalised, while informality at the tip of the pyramid – the rich and powerful colluding with the state to bend formal rules – tends to be rewarded. Put another way, who decides which informality – at the tip or at the base – is

good or bad? To quote Shakespeare's Hamlet: "There is nothing either good or bad – but thinking makes it so."

Notes

- 1 This volume and the conference that gave rise to it did not include scholars from the management sciences. There are important strands of research and theory on the informal economy in the management sciences, focusing on informal enterprises and entrepreneurs, including notably the distinction between the legality (under formal rules and regulations) and legitimacy (under informal rules and norms) applied to the ends and means of informal enterprises drawn by Justin Webb and others (Webb et al. 2009).
- 2 The informal economy in Arab countries is not specifically addressed in this volume. The International Labour Organisation, the Economic and Social Commission of West Asia and the WIEGO network have begun a collaborative initiative to improve statistics on the informal economy building on the first-ever report on the informal economy in the region (Aita 2017).
- 3 The operationalising of these international statistical definitions is left to national statistical offices and hinges on the institutional framework and politics of each country.
- 4 For a review of three early schools of thought on the informal economy – dualist (ILO 1972), structuralist (Castells and Portes 1989) and legalist (de Soto 1989) – as well as a more recent school of thought – the voluntarist (Maloney 2004), see Chen (2014a).
- 5 Contributing family workers are considered self-employed by the statistical and regulatory system of most countries. Following the 2018 revision of the international classification of status in employment, they will be distinguished from independent self-employed workers (ICLS 2018).
- 6 The USA splits labour and employment law, whereas usually in other countries labour law incorporates employment law.
- 7 See Gallin (2002). Also Gallin and Horn (2006).
- 8 A notable exception in British and other colonies were the cantonments, permanent military establishments, where often both (mainly colonial) officers and (mainly "native") soldiers lived and trained.
- 9 The increase in disguised wage employment in new and old forms, and of some forms of dependency among nominally self-employed workers, is one of the factors that prompted the 2018 20th International Conference of Labour Statisticians to develop and adopt a new status in employment sub-category, namely, "dependent contractors".
- 10 Significantly, in 2018, "360 million people were contributing family workers and 1.1 billion worked on their own account, often in subsistence activities that are pursued because of an absence of job opportunities in the formal sector and/or the lack of a social protection system" (ILO 2019: 2).
- 11 For example, Agarwala, Bonner, Carré, Chen, Chun, Dias, Lindell (2011), Rojas and Tilly (2019), Webster et al. (2017).
- 12 During the 2018 and 2019 International Labour Conferences, an active delegation of informal workers, supported by WIEGO, SEWA and the International Domestic Worker Federation, successfully negotiated for the inclusion of a clause on violence by state authorities in the Violence and Harassment Convention, adopted in 2019.
- 13 Some countries also have experienced rapid employment growth in construction.



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Part I

The informal economy revisited



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1 Informality

The bane of the labouring poor under globalised capitalism

Jan Breman

There are many entry points to researching and understanding informality but the diverse dimensions hang together. Interdisciplinarity is the alpha and omega of informality: the interconnections among the fields parcelled out of economics, political science, sociology, anthropology, law, social policy and public administration need to be mapped. In addition, a historical perspective is of overriding importance to comprehend the dynamics of informalisation. To reflect on what has transpired in the past, the retrospective must be stretched to roughly half a century ago 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. This refers to the seminal paper which Keith Hart wrote on the economic activity of footloose labour in Accra (Hart 1971). But while the concept of informality is traced back in its nomenclature to this origin, it was actually the outcome of an earlier development: the emergence of formalised politics and policies of employment in reaction to the emerging domination of a capitalist mode of production in Europe's urban-industrial economy during the late nineteenth and early twentieth centuries. While informal employment continued to exist and remained the character of engagement in gainful activity for the overwhelming majority of the world's workforce, formal conditions of earning a livelihood had become the economic status of only a small and privileged segment of labouring men and women.¹

The spectrum of investigation has greatly expanded since the conceptual watershed between formal and informal came about. Initially considered a niche of the urban economy in Third World countries located in the Global South, the informal 'sector' was thought to be a waiting room for the labouring poor who, pushed out of the countryside, made their way to the towns and cities in the hope of finding a better existence. Industrialisation was expected to accelerate and absorb the influx of people from the rural hinterland who were going to qualify for jobs in the mills and other urban employment and in the process move up to the formalised economy. From the beginning the bias has been not only to track the outcome of the shift in the rural-urban balance but also to register its meaning and impact only at the site of arrival, which resulted in understating even until today the variegated practices of informality which regimented labour

in the rural-agrarian 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 leave the village are not able to establish a permanent foothold in the city and after a season, a year or at the end of their working life are pushed back again.

Spatial mobility is often not migration but circulation. Off-and-on hiring frequently coincides with off-and-on coming and going. The predicament of remaining on the move prevents people from bringing dependent members of their households along in their flight from the land. Indeed, informality and circulation tend to reinforce each other and to classify people who remain foot-loose as part of the reserve army of labour.² The rampant policy of slum eviction going on in many countries in the Global South throws up barriers to low-skilled or unskilled newcomers in their desperate attempt to stay on in the city (Breman 2016b). Desperate, because there is a dire lack of employment where they come from. Households in urban slums may every now and then tolerate members unable to contribute fully to the joint budget because bouts of unemployment frequently occur. But growing old and losing one's capacity to work for an income are burdens too heavy for the working and earning members to carry, and force people in that predicament to disappear from the scene. Ill-equipped for survival, most of them return to their place of origin to end their life in slow starvation. This is a major reason why people unable to qualify for waged work happen to be underrepresented in the urban localities in which the labouring poor congregate, as in the slum vividly portrayed in Katherine Boo's study (Boo 2012).

Informal activity used to be labelled initially as a 'sector', expecting that it would fade away with the expansion of the formal economy. This did not happen and, as a consequence, what initially had been perceived as a problem was by the end of the 1980s turned around into a solution.³ This tale of "solution" implied doing away with formal employment 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 casually and intermittently employed on informal terms and conditions increased to 80 per cent or more of all people engaged in waged work in the Global South. Informalisation not only accelerated at a rapid pace but also made inroads into the much-reduced formal economy, 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? This piece of wishful thinking became unravelled around the turn of the century and more so with the onset of the great recession which hit economies around the world in the first decade of the twenty-first century.

Under neoliberal capitalism, informality rapidly became the organising principle of the globalised economy, propelled by dynamics which resulted in the return of the social question for the workforce of the world at large (Breman and van der Linden 2014; Breman et al. 2019). That same conceptualisation seems to

imply that “the Rest” is not becoming like “the West”. The received wisdom of the long-cherished development paradigm that promised equality and emancipation for the countries and people locked in poverty may well begin to change in the opposite direction. The compartmentalised notion of a Second World, next to the Third World and now also the 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 being replaced by a social class perspective. The regime of informality as it operates in the globalised economy with its repercussions and ramifications should be at the top of the future research agenda.

Informality, as discussed both in the realm of research and policy, is predominantly if not exclusively understood with reference to labour, work and employment. For no good reason at all, as I found in the course of my empirical investigations in rural and urbanising India from the early 1960s, covering a period of over half a century. This persistent focus is a reduction to absurdity since it singles out merely one factor of production – i.e., labour – completely overlooking how it also pervades no less 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 informalisation of their business in order to evade appropriation of the surplus value generated by labour through taxation by the state.⁴ Accumulation of capital takes the shape of maximally reducing labour costs 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. Why is it that the circulation and accumulation of capital beyond the reach of the state are a question much less raised and investigated than the origin, composition, flow and control of labour 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. This is actually one of the reasons why it makes sense to talk of informality instead of precarity, a term which has come to dominate the discussion on these issues as waged in the Global North. There is nothing precarious about the role of capital in the economy but the way it is kept informalised as the black circuit should be the subject of in-depth research. Studies focused on the role of intermediaries (moneylenders, sub-contractors, jobbers, touts and other agents) are of crucial importance to highlight the way labour is linked to capital. The pivotal role of capital in the informal economy needs to be placed on the future research agenda. In my overview on the nature of informal work (Breman [2013] 2016a), I have argued that the neoliberal mode of capitalism is a regime of unregulated informality which not only embraces the economy at large but also extends to politics and governance. The rampant practices of extortion, corruption, fraud and other forms of malfeasance to which urban as well as rural

slum-dwellers no less than all other ranks of citizens fall prey to are committed by officials and politicians who, from top to bottom, privatise their public authority, exemplifying what I have called the informalisation of formal power and administration (Breman 2019b).

Some other themes also need to be placed high on the future research agenda. The first is the social identity, composition, and cohesion of the household in which working women are embedded: the relations between adults and minors, men and women, workers and dependants. Field-based research indicates there is a trend to a contractualisation of ties between its members. An appetite for consumerism indicates the pressure for spending income both on life-cycle events (marriage, birth, death) and on a range of daily commodities also among the classes facing indigence. The notion that needs and wants should be understood in a relational and relative context makes it impossible to fix a line which neatly divides the poor from the non-poor. Which needs are considered basic and which belong to the realm of wants cannot be reified but depend on the economic, social and cultural circumstances under the lenses of study and action. Another feature which affects the fabric and stability of the household is the splitting up of this core social unit in multi-locationality when some of its wage-earning members, mostly males, go off in search of work far away from home for a variable length of absence. The information gathered on the impact of labour migration – often better addressed as labour circulation – tends to emphasise mainly or exclusively its economic impact. Much less discussed is the non-economic fallout of gender-selective mobility: the growing marginality of those who leave in order to contribute to the budget the household needs to cope but are unable to share in its intimacy and social life. The disruption of bonds of affinity and sharing in togetherness gives an instrumental flavour to interpersonal relationships. The household has once more become a workshop. It means that the ethos of capitalism has penetrated into the milieu of the labouring 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) have to be foregrounded. The collapse of the household occurs when due to chronic illness, disability or addiction (to drink, drugs, betting, gambling and different forms of abuse) the delicate balance between those who contribute to its maintenance and those who are unable or unwilling to do so is distorted to a point that its viability has irreversibly eroded.

A second theme for urgent research concerns the notion of self-employment, which often is a form of disguised waged work, but tends to be looked upon as the focal point of informality policies, together with the glorified myth of self-reliance associated with it. From this perspective, unemployment is only at issue in the formal economy. This very incorrect notion has dominated. As a result, work time of the self-employed which remains idle – i.e., underemployment – is seen as a problem that they themselves must solve. The study of unemployment in the informal economy should be identified as a research priority. A recurrent finding is that work done by males is higher waged than that by females and the latter are often classified as unskilled ‘helpers’. Women are often deprived of

waged labour as long as men are around, able and willing to do the work on offer. An increased gender imbalance may also be the result of a revitalisation of patriarchy even among working-class communities that in the past could not afford to downgrade the autonomy of women in manoeuvring themselves inside and outside the household.⁵ One striking feature of the overarching problem of jobless growth is the substitution of labour by capital, due not only to technological change but also altered employment modalities to increase the productivity of labour in order to achieve higher profits. In the ongoing substitution of labour, women and men in the low-skilled to unskilled workforce seem at first sight to be equally vulnerable but coping with this dismal trend tends to victimise females of all ages more than males. We seem to have reached a stage where there is not sufficient waged employment for the globalised workforce. Another dimension of the same problem is the crying need for public provision of social security and protection for both the labouring and the non-labouring poor.

A third important theme is the many-faceted obstructions to collective action, both from within the informal economy (caused by occupational multiplicity, part-time engagement, constant rotation around worksites and sectors, social marginality) and from the social forces driving it (employers, politicians, policy-makers). The worldwide flexibilisation of employment has accelerated, due to not only a strategy to cheapen the price of labour maximally and, to no lesser extent, in order to realise this objective, to prevent collective action. Of course, WIEGO (Women in Informal Employment: Globalizing and Organizing) can be flagged as an exemplary exception to a disconcerting practice which throws people at work back on self-representation in their vulnerable efforts to bargain for a better deal. This situation in the landscape of informality has to be assessed carefully and requires being framed in a wider context of similar attempts at mobilisation for decent work and a dignified livelihood. Capitalising on WIEGO's significant role and network would enable us to list ways and means to overcome the ploys of capital to keep labour segmented, fragmented, if not atomised. In a new study, I have investigated the history from past to present of labour-tying arrangements by prepaid or postponed wage payments, a plight from which women no less than men suffer. A capitalist form of labour attachment defined as neo-bondage has become a device for employers and contractors to deny agency-based concerted attempts to strike for a better deal (Breman 2019a).

The last proposal is not on what to research but how to do it. In addition to official statistics and quantitative surveys, a wide range of case studies are needed to zoom in on the ground level – waged work and what it yields for livelihood – and trace the connection-cum-interaction between the various actors and stakeholders. To commission such a set of studies would require expertise with a distinct emphasis on qualification and familiarity with fieldwork-based investigations. The set of studies and writings already collected could be subjected to cross-cutting analysis, resulting in essays presented from a variety of meaningful analytical perspectives related to the world of informality, for example, schooling and skilling; handling debt and savings; the painful adage of

never being too young or too old to work; the plight of coping with irregularity and insecurity; the jobber and his trade; the problem of finding shelter while remaining adrift; what a footloose, wayward existence implies. In so many words, this is an argument to capture the canvas of informality by combining macro-level and micro-level research. In the nature of a crucial methodological consideration is my suggestion to come as close and as long as possible to the objects of investigation: the labouring poor. Some of the references made above – Katherine Boo’s slum vignette and the volume by S. Anandi and Karin Kapadia – have carefully documented the assertion for gendered emancipation among the people who are down and out. In a similar vein is the monograph, *Is This Azaadi? Everyday Lives of Dalit Agricultural Labourers in a Bihar Village* (2018), in which Anand Chakravarti zeroes in on the victims of deeply ingrained inequality whose visibility and voices have remained suppressed from generation to generation. Much to his own regret, the author could not put on stage half of the people suffering from oppression and exclusion. He was unable to include the pitiable plight of women in his stark portrait of misery, coercion and discrimination. Considered inferior to men, they are even prevented from taking part in the struggle for equality. Giving voice to a major part of humanity marginalised in subhuman existence is an urgent research endeavour.

Even more ambitious would be a method of documentation in which the targets of investigation write up their own profiles. To this break with conventional techniques of data collection, which attempts to bridge the gap between outsiders and insiders to the scene described and analysed, social rights activist and public intellectual Harsh Mander has made a major contribution. His tribute is related to my own field of research in India but has, of course, much wider relevance:

‘Engaged’ research into the subjective realities of people’s experience leads to a more nuanced and complete understanding of not only those elements which can be objectively measured, such as income and consumption, but the full complexity of poverty. Listening to the stories and ‘words from the heart’ of people who, as partners in the research, reconstruct their own lived experiences, and their analysis, knowledge and aspirations, democratizes knowledge, and leads to a more complete and nuanced understanding of elements such as hunger, discrimination, social exclusion, stigma and disempowerment. Such research, done with empathy and respect, ethical concern and personal accountability, and without compromising the search for the truth, is both legitimate and has academic and practical value. The knowledge and insights derived from it can be invaluable in efforts to secure the human rights of disadvantaged and oppressed people, and in the design and evaluation of public policy.

(Mander 2018: 253)

Notes

- 1 For further elaboration of the resulting dichotomy and its impact on people at work also in the Global North, see Jan Breman and Marcel van der Linden, “Informalizing the economy: the return of the social question at a global level”, *Development and Change*, 45(5) (2014), 920–940.
- 2 See J. Breman, ‘The great transformation in the setting of Asia’, in Jan Breman, *Outcast Labour in Asia: Circulation and Informalisation at the Bottom of the Economy* (Delhi: Oxford University Press, 2010), pp. 1–25.
- 3 World Bank, *The World Development Report: Workers in an Integrating World* (Washington, DC: The World Bank, 1995) signalled the changed approach. See J. Breman, “Labour, get lost: a late-capitalist manifesto”, in J. Breman, *The Labouring Poor in India: Patterns of Exploitation, Subordination, and Exclusion*. (Delhi: Oxford University Press, 2003), pp. 167–193.
- 4 In her seminal study, Barbara Harriss-White deliberates extensively on the role of capital. B. Harriss-White, *India Working: Essays on Society and Economy* (Cambridge: Cambridge University Press, 2003).
- 5 See, for instance, Clarinda Still’s contribution ‘Dalit women, rape and the revitalisation of patriarchy’, in the magnificent volume edited by S. Anandhi and K. Kapadia. S. Anandhi and K. Kapadia (eds) *Dalit Women: Vanguard of Alternative Politics in India* (London: Routledge, 2017).

2 India's informal economy

Past, present and future

Barbara Harriss-White

Advances in theory and research

Deliberate informality

Historical research has established that long before Keith Hart invented the concept of informality, “un”-organisation was the result of a deliberate state policy (and not a reflection of the limits to state competence or of the residual or incipient nature of informal economic activity).¹

India's Madras Non-Power Factories Act 1947, the Madras Shops and Establishments Act 1947 and the Industrial Disputes Act 1947 were not devised to regulate a pre-capitalist era. They were championed by unions, civil servants and labour commissioners to check abject work conditions and abuses to wage-labour. (These included long hours of work and little rest, lack of ventilation, meagre or no holidays, and savage punishment for “delinquency”.) But they were drafted as weak and splintered laws, neglecting wages, access to social security (the provident fund) and outlawing union activism except under restrictive conditions. Fiercely opposed by industrial lobbies, their coverage was confined to the largest factories, with sweeping exemptions, much discretion for the inspectorate, arbitrary decisions by undermanned tribunals and feeble punishments. In laws hampered by idiosyncratic definitions of labour, all establishments with fewer than three wage labourers were exempted (the great majority of all modern Indian firms); paid holidays were waived and casual labour was ineligible for protection. Preposterous reasons advanced by Business Associations and Chambers of Commerce convinced legislators to amend laws and reduce the scope of protection. Holidays were not practicable especially when work was organised through contracts: ‘workers don't want them’. The cost of compliance would increase hardship for labour. Women and children were not workers, but, in any case, work was better for children than school. Not being factories or shops, workshops could not be covered. Activity was piecemeal and therefore not work. For Rajagopalachari, “women ... needed protection from the labour laws rather than through the labour laws” (Dietrich-Wielenga, 2019). The acts were phased in reluctantly.

So the state and a host of organised lobbies were complicit in the scoping of an economy of small capitalist firms, socially regulated by norms of caste, locality, and gender, controlled through the private rules of business associations, protected at the expense of labour. Together, they created the classifications of livelihoods informing judicial interpretations and case law, most prevailing to this day.

Selective engagements with regulative law

The paradoxical binary of informal and formal is easy to criticise but useful in drawing attention to the state's regulative capacity – as seen above. But just as the classes of informal labour have been identified according to their precarity, autonomy and income, their non-work rights and claims (Lerche 2010), so firms may also be distinguished according to their engagement with regulative law. A firm may be registered and have (1–10) bank accounts, but flout the building regulations, the environmental laws as well as the labour laws, and evade tax. The frontier of informality is not so much Akhil Gupta's famous 'blurred boundary' (1995) between state and society as Aseem Prakash's "political space" (2015). We still do not know enough about it.

Contractualisation

New public management, neoliberal ideology, tax evasion and stretched public finances combine to make privatisation irresistible on efficiency grounds, to reduce deficits in public accounts, and to formalise/register firms that are engaging selectively with the regulative environment. Contractualisation is penetrating corporations as well as the state (Chen 2007). Its outcomes are a massive deterioration in conditions and rights of wage labour and self-employed workers. For instance, Indian Railways, public hospitals and municipalities are all contractualising their sanitation workers whose monthly earnings are collapsing from approximately 20,000–25,000 Indian rupees plus full work rights and unionisation to approximately 6,000–8,000 Indian rupees with none. This workforce is being *re-informalised*.

Austerity and the necessity of informal wage-work and self-employment

In addition, we meet a process of *double informalisation* – first, in the day-job (long shifts of casual wage-work) and, second, in the essential supplementary side-jobs (self-employment). This daily double informality adds to the obstacles to formalisation since non-work time for political mobilisation is squeezed to destruction. The feminisation of waste collection work is another obstacle to formalisation because to the double burden of wage work plus self-employment is added the third burden of reproductive work. Then, when women succeed in joining unions, they often have to struggle against anti-female biases in agendas

and practices: reason enough to salute Renana Jhabvala, the Self-Employed Women's Association (SEWA) and Women in Informal Employment: Globalizing and Organizing (WIEGO).

Informality and illegality

While much informal activity is left deliberately unregulated, research by Michelutti's team (Michelutti and Harriss-White 2019) has revealed the large extent of activity that is not outside the reach of law but is outside the reach of law enforcement and is therefore criminal. Either it deliberately breaks laws and/or it produces and trades in illegal commodities. India's criminal economy is difficult to identify, first, because a given firm may be selectively formal, informal and criminal and, second, because when law is impossible to enforce (as when there is one pollution inspector per district, without transport), in practical terms, it does not exist. The Michelutti project also shows how sectors of the economy (coal, fuel, real estate, granite, sand, liquor) may be dominated by criminal organisations – “mafias” – with origins not always in capital but in labour and in the profits of trade union leadership.

The regionalisation of social inclusion/exclusion

Not only is there growing evidence of the persistence of Gunnar Myrdal's “archaic forms” and Geoff Hodgson's social “outliers”, forms of social regulation all expected to disappear with the animal spirits of markets and Weber's steel cage of the state (Myrdal 1968; Hodgson 1988), but their roles are also reworked as the components of a social structure of accumulation and of market order: policing entry, maintaining contractual standards, resolving disputes, engaging with labour to control its rates, stabilising and supporting profit. Approaches to identifying such social institutions range from the specialised (e.g., gender) through the formalised (e.g., institutions/organisations such as banks, unions and business associations) to the set of all institutions without which informal work and production and social reproduction could not take place (adding race/caste, property relations, households and kin, education, health, housing, courts, social and economic policy and even language to the forces and practices shaping the informal economy). New commodities are thought to be untainted/“neutral” to social regulative forces but more often than not, this is not the case.

Recent work on caste, ethnicity, religion and gender shows how the social structure of accumulation is also a social structure of discrimination. Lack of access, disadvantage, exclusion and marginalisation are not only specific to sectors of the economy but are also regionalised in ways changing consistently over time (Fouillet 2010; Raju 2015; Vidyarthi 2015; Harriss-White 2017a). These robust regions are not co-terminus with the territories of states but often cross state boundaries. While they cannot be the product of politics/policy, the jury is out over the question of whether state policy can reduce regions of disadvantage.

The idea of the solidary economy

While trade unions have been struggling for wage workers for well over a century, the capacity of the solidary economy to provide an alternative model of development to capitalism is at present being widely discussed and questioned in India, as elsewhere, especially in Latin America (Laville 2010). Social and environmental objectives are pursued alongside economic ones through self-organisation in cooperative, associative and solidarity relations. Like the informal economy, the solidarity economy is a fuzzy concept and a multitude of terms have also sprouted to describe it: solidary economy, social economy, the moral and ethical economy, the human and popular economy. The concept of collective action differs from that of solidarity economy because sectional economic interests may be collectively pursued, as in the case of Business Associations (which may also pose as workers organisations). The question at issue for organisations like WIEGO is whether, in the overlap between the solidary and the informal economy, distinctive forms of empowerment for women may be generated which challenge both the logic and modes of expansion of capitalism and the movement towards Karl Polanyi's destructive market society (Polanyi 1944).

Key theoretical challenges and research gaps

The status of self-employment in the capitalist economy: economic expansion by multiplication

This is a field of bitter debates. Is self-employment capital, labour or neither? Since the self-employed are found everywhere, is the entire informal economy non-capitalist? If not, what is it? For Kalyan Sanyal and Partha Chatterjee, the non-corporate economy is the "needs economy" (Chatterjee 2008), for Altvater (1993), it is the "reserve army", for Kumar and Bhaduri (2014), the domain of "jugaad", for Jeffrey (2010), that of "time pass". For the National Commission for Enterprises in the Unorganised Sector (NCEUS 2007a, 2007b), self-employment is clearly Janus-faced (on the one hand, disguised wage work and, on the other, micro-capitalist activity). And for WIEGO, most self-employed workers are vulnerable workers, mainly own-account and contributing family workers, and potential agents of collective action.

But they rarely expand. Why not? Many explanations have been advanced: victims of adverse exchange relations; victims of investment-consumption balances preventing expansion; victims of expansion by multiplication of small firms using savings and resources transferred and mobilised at marriage and inheritance? Meanwhile the Indian labour law regards employers of up to five wage labourers as labour not capital (95 per cent of all Indian firms) on the grounds of their small scale, compared with the corporate sector and their lack of access to social safety nets. However, for the self-employed, as labour, unless an individual employer can be identified, court cases about work conditions are

usually struck down. Hence Sankaran (2008) has concluded that self-employed workers are both declassed and disfranchised. And to the extent that self-employment is disguised wage-work, then labour politics needs to be transformed to include the politics of workplace rents and technologies, of the terms and conditions of loans, of the processes of pricing raw materials and products and of access to infrastructure. A tall order.

When self-employment drives both GDP growth and increases in livelihoods (ILO 2018a), what is to be done? WIEGO has been active here in extending social and economic policies that protect and support own-account workers and family units.

Critical implications of informality for a green transition

Is the informal economy less or more polluting and environmentally damaging than the formal economy? The answer seems obvious: the more human labour per given output, the less the energy from fossil fuel (as in handloom versus power-loom weaving). When poverty resides in the informal economy, poorer countries (and classes within countries) have lower greenhouse gas (GHG) emissions per capita. But it can be counter-argued (as in the cook-stove controversies, Kay 2013) that when primitive technology is used in the informal economy, it is less efficient in energy and materials and has worse well-being outcomes than later technologies.

While standard coefficients for GHG emissions from economic activities are published, are they accurate converters for the informal economy? They may be under-estimates (because calculated at efficiency frontiers) or alternatively over-estimates (because the informal economy uses less fossil-fuel per unit of output). As yet there is no substitute for field research fusing social science and environmental science to identify pollution hotspots (Gathorne-Hardy 2015). Scoping the frontiers for technological alternatives encounters huge problems. Evidence is unsystematic; few studies examine trade-offs between livelihoods, costs and GHGs. The world needs a portal which examines frontier technologies, scales, patent protection and property rights, finance, costs, gendered employment, materials and energy use plus environmental damage in many dimensions (e.g., GHGs, biodiversity and soil losses, proximate pollution) – a “silver buckshot” approach to the ecological crisis rather than a “silver bullet” (Prins and Rayner 2007). Policy elites are defensive of the status quo. Their assumptions about policy processes and state capacities are vulnerable to errors of simplification. And so to the final point.

Informality and policy

Informal activity is not confined to the economy, it pervades the state and has to be understood and negotiated if change initiated by civil society is to materialise. Policy comes packaged in labelled fields, many of which sit ill at ease with the *actual practice of state interventions*: agriculture, for example, requires inputs

not just from the agriculture ministry but from most others. The time is ripe to specify wider sets of *policy pre-conditions* without which a given policy cannot be expected to work as intended. The same is true for political pre-conditions, including relations between state and civil society. When arranged against a policy objective, the means by which opposition to it is identified, neutralised (bought off, avoided, destroyed, pre-empted, democratised) are as important as the policy itself.

Informality is not a labelled field for policy – at best, in India, it is the “unorganised sector” or “casual labour”. Even though not regulated directly by the state, policy fields can affect informal activity. In 2016–17, the shock event of demonetisation alerted many economists to a stream of policies initiated under Congress: *aadhaar* (the still technically illegal unique identifier), followed under the Bharatiya Janata Party (BJP) by an unsuccessful amnesty for black money, digitisation and the electrification of money transfers, *jan dhan* (the people’s bank account), demonetisation and the new Goods and Services Tax, the ultimate purpose of which is to destroy the cash economy – in the name of quashing counterfeiting, smuggling, black money and terrorism – and the effect of which has been to devastate the informal economy, especially women’s work (Ghosh et al. 2017; Harriss-White 2017b; Reddy 2017). Since what seem deliberate attacks cannot be resisted in the informal economy, the question is whether such moments can stimulate collective organisation.

Just as the informal economy has shown much continuity during the era of liberalisation so, in the neoliberal state, reforms pile up like sedimentary rock strata, preserving stratified interests and their policies.

At the same time as being privatised, policy processes are themselves informalised. Not confined to faction, corruption, extortion and the proliferation of illegal markets within the state, relations of private status, of desecularisation, of lobbies colluding with or dominating bureaucracies at fractal scales, of party politics, of physical intimidation and violence, of ignorance and incompetence combine to result in policy outcomes far from those apparently intended. The informal state has been characterised as a “shadow state” (with socio-political institutions running activities for which the state is formally responsible; Harriss-White 2003), a “hybrid state” (giving and seeking rents; Prakash 2017) with state-society relations “blurred” (Gupta 1995) and “porous” (Rajagopal 2015). While the “deep state” is generally regarded as involving politics, intelligence and the military-industrial complex, India’s has been characterised as a “congeries of relations between business, career politicians, gangland mafiosi and the police” (Jha 2013). So deregulation is the reregulation of a state that has in practice been long deregulated (if ever regulated in the first place). Re-deregulation legitimises and expands the scope of the informal economy and polity. If such a state is an ensemble of “policies, laws and acts, processes and protocols, institutions, social, political and governmental actors and planning history” (Sundaresan 2017: 21), then there will be hostile opposition to formal activity and formalising the informal economy. To address this opposition needs mainstreaming in policy!

And what are the impacts on women and on gender relations when policies have effects so far removed from those “intended” that intentionality itself must be questioned? Do their heavier reproductive burdens than those of men reduce choice in livelihoods and negotiating power in organisation?

Until we understand this informalised politics, we are not going to understand how policy works, why it fails in terms of stated intentions and why constructive policy suggestions may fail.

Note

- 1 See Das Gupta (2016) and Dietrich-Wielenga (2019) for the post-Independence period and Sankaran (2008) for the contemporary period.

Part II

Informal employment

Advances in statistics and research



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3 Advances in statistics on informal employment

An overview highlighting WIEGO's contributions

Joann Vanek

From the beginning, WIEGO (Women in Informal Employment: Globalizing and Organizing) recognised that statistics were needed to draw public and policy attention to the size and contribution of the informal economy and the situation of women and men in it, and, therefore, it placed the development of these statistics high on its agenda. WIEGO became involved in the community and frameworks of the international statistical system while representing the reality and perspective of informal workers, particularly in the Global South, often countering the strong representation of developed countries. In this effort, WIEGO faced two major challenges. First, the measurement of the informal economy needed to be mainstreamed in labour force and economic statistics. Second, the data produced needed to be disseminated in formats that were easily accessible to researchers, policy-makers and advocates. These challenges became the objectives of the WIEGO Statistics Programme.

The development of concepts and methods

The first challenge involved developing and advocating for concepts, classifications and methods that identified and tabulated informal employment and its workers in official statistics. To do this, WIEGO worked with statisticians in the International Labour Office (ILO) and other international organisations in the regional and national statistical offices and with the International Expert Group on Informal Sector Statistics (called the Delhi Group, as it is convened by the Government of India).

In 1993, four years before WIEGO was founded, the Fifteenth International Conference of Labour Statisticians (ICLS) had adopted a standard definition of employment in the informal sector, a concept defined in terms of the characteristics of the production unit in which employment takes place (ILO 1993). This concept, however, did not reflect all of the workers of concern to WIEGO, notably informal wage workers in formal firms or households. WIEGO then advocated for a broader concept including all employment which is not covered or insufficiently covered by formal arrangements through their work, whether or not it takes place in the informal or the formal sectors. Guidelines concerning a statistical definition of informal employment were adopted by the 17th ICLS in 2003 (ILO 2003).

The concept of informal employment is of major significance in developing countries; however, it is also relevant in developed countries where employment arrangements frequently and increasingly leave workers with no formal social protection or worker benefits. In 2007, WIEGO began working on a new statistical priority, namely, to develop a common framework for labour statistics relating to both developed and developing countries. With the ILO, WIEGO organised a conference on the topic in 2008 at Harvard University and continues this work through the Economic Commission for Europe Expert Group on Quality of Employment. A WIEGO Statistical Brief, “Relating Quality of Employment to Informal Employment”, details the importance and relevance of the definition of informal employment to the economies of developed countries and to the study of trends in the structure of employment across all countries (Carré, Negrete and Vanek 2016).

The classification of labour statistics that has the most relevance to informal employment is the International Classification of Status in Employment (ICSE). This standard provides information on the nature of the economic risk and authority that the employed population experience at work. A revision of the 1993 version of this classification was requested by the 19th ICLS to provide the information required to adequately monitor the changes in employment arrangements taking place in many countries, for example, the growth of non-standard forms of employment. Dependent contractors, homeworkers and other industrial outworkers – groups of concern to WIEGO – are not well reflected in ICSE-93. WIEGO prepared a paper with proposed considerations for the revision of the ICSE-93 and was selected to be among the experts in the working group preparing for the review of the ICSE-93 by the 20th ICLS (*ibid.*). In October 2018, the 20th ICLS approved the Resolution concerning Statistics on Work Relationship (designated as ICSE-18), which reflects the proposed revisions. The elements of the Resolution that are of particular concern to WIEGO include: a new status category (Dependent Contractors) which reflects the situation of many informal workers, including that of homeworkers, and the inclusion of place of work, domestic workers and job-related social protection coverage as essential cross-cutting variables and categories.

In several ways, WIEGO encourages and provides technical support to countries to collect data on informal employment, including adopting the new definitions and methods. With the International Labour Organization (ILO), and the Delhi Group, WIEGO was a member of the team which prepared a manual providing technical guidance to countries on designing and implementing surveys of employment in the informal sector and informal employment (ILO 2013a). WIEGO also organised and collaborated on training efforts in countries and in regions. For example, with the ILO, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Japanese Government, WIEGO co-led two courses on statistics on the informal economy at the Statistical Institute for Asia and the Pacific, the first in the summer of 2015 and the second in the fall of 2017. These courses trained 48 national statisticians and labour ministry officials from 27 Asian countries.

WIEGO has developed a Statistical Brief Series which includes briefs on methods for the collection, classification, tabulation and analysis of official national statistics on the informal economy and specific groups of informal workers. The statistical challenge in these briefs is generally not how to capture these workers as employed but rather how to identify and classify the category of work or occupation in which they are employed. In part, this challenge arises because these groups tend to be in employment arrangements that are more difficult to measure and classify than workers in formal arrangements. It also arises because these groups are not well reflected in the standard international and national classifications for employment. Special methods are often needed in data collection and tabulation, as well as classification, to identify these workers.

The United Nations Sustainable Development Agenda provides a major incentive for improvement of data to support the monitoring of progress in implementing the goals and targets of the 2030 Agenda. In particular, the selection of “the share of informal non-agricultural employment” proposed by the ILO and WIEGO, as Indicator 8.3.1 under Sustainable Development Goal 8, raises the priority of data on informal employment in the agendas of national statistical offices. This should increase the availability of statistics on the topic. WIEGO's work to promote globally the development of statistics on informal employment has contributed to the selection of this indicator.

The dissemination of statistics

The second main challenge of the WIEGO Statistics Programme was to put statistics on the informal economy in the hands of users – ranging from researchers, policy-makers and officials, to advocates and organisations of informal workers. Each of these sets of potential users requires data in different formats – micro-data sets and databases for researchers, concise reports on the main statistics available for policy-makers, and targeted briefs focusing on specific groups of workers for advocates and organisations of informal workers.

In 2002, the ILO published the first international compilation of statistics on the informal economy with estimates for the developing regions and the best available data on two groups of informal workers – street vendors and home-based workers (ILO 2002b). The report, *Women and Men in the Informal Economy: A Statistical Picture*, was prepared by a WIEGO team to support the General Discussion on Decent Work and the Informal Economy at the 90th Session of the International Labour Conference, Geneva, in June 2002.

In 2013, ILO published the second edition of *Women and Men in the Informal Economy: A Statistical Picture* (ILO and WIEGO 2013). The publication was a collaboration between ILO and WIEGO. It featured national data in the ILO-WIEGO Database on the Informal Economy, another outcome of the ILO and WIEGO collaboration. A second set of estimates on the informal economy in developing regions based on these data was published as a WIEGO Working Paper, “Statistics on the Informal Economy: Definitions, Regional Estimates and Challenges” (Vanek et al. 2014).

Comparing the methods used and the data available in preparing the two sets of estimates shows the progress made in the development of statistics on informal employment. The estimates in the first edition of *Women and Men in the Informal Economy: A Statistical Picture* (ILO 2002b) were based on residual or indirect measures of informal employment for only 25 countries. The second set of estimates in the WIEGO Working Paper was based on direct measures of informal employment in 40 countries and indirect measures in 81 countries and a sophisticated and robust analytic approach combining direct and indirect measures.

The third edition of *Women and Men in the Informal Economy: A Statistical Picture*, published in 2018, was prepared by the ILO with technical advice from WIEGO (ILO 2018a). It advances the field in several important ways: for the first time, (1) statistics on the informal economy are presented at the global level, based on developed as well as developing countries and including agriculture as well as non-agricultural sectors; (2) a common set of criteria were used to measure informal employment inside and outside the informal sector; and (3) micro-data from over 100 countries were processed to produce the national, regional and global estimates. To make these estimates accessible in a user-friendly format to a wider audience, ILO and WIEGO also collaborated on the publication of *Women and Men in the Informal Economy: A Statistical Brief* (Bonnet, Vanek and Chen 2019). Finally, WIEGO produced the key statistics and statistical messages in a pamphlet *Counting the World's Informal Workers: A Global Snapshot* (ILO-WIEGO 2018).

Given the urban focus of much of WIEGO's work, the development of city-level statistics on informal employment and groups of urban workers – domestic workers, home-based workers, market traders and street vendors and waste pickers – is a high priority for WIEGO and organisations of these workers. As of mid-2019, WIEGO had commissioned data on informal employment and specific groups of informal workers in 19 cities and presented it as a section of the WIEGO Dashboard (WIEGO n.d.) These data – as well as the national and regional data in the Dashboard – are based on official statistics. The national and regional components of the Dashboard are being updated with the new ILO estimates. WIEGO is also updating the city-level data and publishing them in the WIEGO Statistical Brief series.

The WIEGO Statistical Brief series not only covers the methodological topics outlined above but also provides statistics in accessible formats on informal employment and specific groups of informal workers. Some of the briefs present statistics at the regional level while others present data at the country, urban or city levels. The production of these briefs has largely been in response to requests by organisations of informal workers and also by the WIEGO Urban Policies and Focal Cities teams.

Final note

Since WIEGO was founded in 1997, great advances have been made in providing statistics on the informal economy. As this chapter highlights, WIEGO has

made an important contribution to these advances, at times being the driving force behind them. Informal employment is becoming an integral part of mainstream labour statistics, for example, ILO now integrates data on informal employment into its main database, ILOSTAT. Moreover, the first-ever global statistics on informal employment are now available based on the 2018 ILO harmonised estimates. Thanks to these global estimates, we now know that:

- More than 60 per cent of total employment worldwide is informal.
- Around 90 per cent of employment in developing countries and 67 per cent in emerging countries is informal.
- Globally, 44 per cent of all workers are self-employed and 60 per cent of informal workers are self-employed. In developing countries, 72 per cent of all workers and 80 per cent of informal workers are self-employed. And in emerging countries, 49 per cent of all workers and 63 per cent of informal workers are self-employed.

4 Informal employment in developed countries

Relevance and statistical measurement

Françoise Carré

This chapter presents an argument for the value of applying the definition and measurement of informal employment across all types of economies, thus applying it to developed countries where recent employment changes make it relevant and warrant attention. Measuring informal employment across all countries calls attention to areas of change in employment patterns that are shared across countries and to the global interconnection of the labour markets.

The chapter also details one area of progress in international statistics that is of interest to both developed and developing countries and will facilitate improved measurement of informal employment. Changes in employment that warrant attention include the following. In developed countries, where dependent (or wage) employment is the norm, the growth of non-standard employment such as fixed-term or intermittent work has resulted in the differentiation of wage employment. Where the labour market was conceived as primarily entailing differences in wages or skills across jobs, it now is deemed to entail discontinuities due to the work arrangements themselves. Most importantly non-standard work arrangements most often entail reduced or no employment-related social protection and sometimes reduced coverage under some labour standards, depending on the country. In addition, work arrangements that sit uneasily between waged/dependent and self-employed/independent have grown, are poorly accounted for in labour force statistics, and require improved statistical measurement and policy attention.

Somewhat in contrast, but concurrently, developing countries where non-wage employment (own-account work, self-employed employer, and contributing family workers) prevails, there is growing co-existence of traditional self-employment (craft, vending, transport, farm work) with newer forms of work arrangements that also sit uneasily between independent and dependent employment; in most countries, for policy purposes, workers in these work arrangements are treated as self-employed. Classifying these newer forms of work has presented a challenge for national and international statistics.

Informal employment, its contrast with formal employment, has mainly been considered as relevant to developing economies; however, informal employment highlights and names what are discontinuities in labour markets – the presence of distinct types of jobs, qualitative differences in work arrangements

and differential treatment under regulations, all with consequences for workers. This is a pattern that labour markets in developed countries increasingly share. The research literatures in the Global North and the Global South refer to these employment discontinuities differently, for example, as non-standard work among countries of the Global North and informal employment among countries of the Global South (e.g., Berger and Piore 1980). Nevertheless, there are underlying similarities in the ways that researchers have talked about such discontinuities in labour markets and their implications for workers; both refer to various types and degrees of labour market segmentation.

Many of these changes in wage employment arrangements in developed countries sever workers from access to employment-related social protection (Carré 2015a). The lack of access to employment-related social protection is at the core of the definition of informal employment. This is protection against life risks that affect the ability to work and earn (e.g., illness, disability, or ageing). Persons who are in informal employment either are employees of *formal* firms or of *households* but do not receive social insurance or benefits through their employment due to the nature of their work arrangement¹ or are self-employed or employees in *informal enterprises* (i.e., unincorporated economic units that are not registered with national authorities) and, as a result, do not have access to social insurance, or are contributing family workers.

Informal employment in developed countries

Examining the presence and dimensions of informal employment requires taking account of the institutional setting of those countries. Most workers in developed countries are employees; they are in dependent employment. The bulk of employment is in formal firms – with concentrated ownership of large corporations (though not necessarily large workplaces, or even large companies). Today, large formal firms are at the centre of the process of changes in wage employment that has manifested as the growth of non-standard work arrangements – what has been called the “informalisation” of employment. The policy environment for employment in the developed countries is rich in regulations and their enforcement has historically been relatively consistent.

In this environment, several changes drive the emergence and growth of work arrangements akin to informal employment and that have contributed to the segmentation of the labour market. First, and as already noted, a significant contributor has been the growth of non-standard work arrangements among wage workers. Fixed-term, temporary, casual, intermittent and other similar work arrangements as well as certain forms of casual part-time work have experienced significant and steady growth over the past four decades in European and North American countries, in particular, but also in high-income countries of other regions (ILO 2015a).

Second, work arrangements that blur the boundary between employee/dependent status and self-employment/independent status have grown, especially in developed countries. In these arrangements, *individual* workers are treated as

self-employed/independent workers and made responsible for their own social insurance (e.g., retirement contributions). But many are not independent operators; they are economically dependent. They do not have the autonomy to make decisions about how to engage with the market. In order to have tasks to perform or to access customers for whom to perform a service, many depend on a company that contracts for their work, or a digital platform run by a corporation that directly benefits from the proceeds of their work. They have little “control over their access to the market”. Nevertheless, in most countries, they currently are categorised as independent workers, as self-employed (Carré, Negrete and Vanek 2017). As a result, in most countries, they have no employment-related social protection; they purchase their own insurance without contribution from the contractor or the platform company. They bear many of the risks of autonomous economic activity but have limited or no autonomy.²

Third, labour standards violations have increased in some (primarily low-wage) industries, in some countries. These violations result in *de facto* informal employment. Because these practices amount to fraud, they are not readily visible in official statistics. Instead, country-specific studies using regulatory audit data on minimum wage violations (Weil 2005; Weil and Pyles 2005–06) or employee misclassification as self-employed (Carré 2015b) or surveys focused on multiple labour standards violations in specific low-wage industries such as restaurant, retail, or home care (Bernhardt et al. 2009) document practices in contravention of labour regulations. This third pattern, though likely of smaller scale, nevertheless matters because it has arisen over the past 20 years in settings where previously it was much less of a policy concern. (Also of note, labour standards violations are relatively new in developed countries but are frequent in developing countries.)

The implications of these changes for workers and the rise of informal employment that they represent warrant policy attention (OECD 2019) and underscore the relevance of the definition and measurement of informal employment across types of economies. A wide array of studies from the International Labour Organization, the Organisation for Economic Cooperation and Development (OECD), the European Union, and country-based researchers indicate that work in job arrangements such as fixed-term work, temporary work, casual work, on-demand economy (platform) work and other forms of non-standard work are associated with a lower level of employment-based social protection coverage, sometimes irregular earnings, more frequent unemployment, and higher poverty risk (Carré 2015a; ILO 2015a, 2015b, 2016a, for reviews). They are associated with ILO-defined Decent Work deficits.

There is some recognition that the changes discussed above result in work arrangements that meet the definition of informal employment. For example, Eurostat (the European Statistical Office) now provides information about the informal sector (i.e., employment in informal enterprises) on its website. Therefore, it has become possible and necessary to measure informal employment in developed countries. The ILO has done so with its first-ever harmonised cross-national estimates (ILO 2018a) which have extended the statistical measurement of informal employment significantly (see Vanek, Chapter 3, in this volume).

Value of cross-national measure of informal employment

The value of measuring informal employment cross-nationally is that it enables the portrayal of global employment changes whereas, until recently, there was a disjuncture in labour market analyses between developed and developing countries. Also, for policy purposes, it is critical to show the magnitude of workers in informal employment and the nature and degree of impacts, in particular, the lack of employment-related social protection or absence of labour standards coverage.³ Furthermore, for international policy debates on the quality of employment and its economic and social consequences and for their national policy implications, it is important to have an accurate cross-national statistical picture, something that has not been possible without a nearly unsurmountable task of reconciling detailed labour force statistics across all countries. The cross-national measurement of informal employment in no way detracts from detailed statistics on diverse work arrangements conducted at the national level. Data on informal employment complement these national statistics that are specific to each country's institutional context.

The cross-national measurement of informal employment also can draw attention to parallel patterns across types of economies which may not otherwise be seen as salient. For example, non-standard wage employment in formal sector firms, a pattern well established in OECD countries since the 1980s has spread; large formal sector firms in middle- and low-income countries have followed suit in the last decade, including in India, Mexico and South Africa.

Progress in international statistics: the relevance for the measurement of informal employment

This chapter now turns to specific areas of progress in international statistics that have taken place to take account of employment changes across countries and to inform policy discussions at the global, national and local levels. This has been achieved through the revision of the International Classification of Status in Employment (ICSE-93) that was approved by the 20th International Conference of Labour Statisticians (ILO 2018b). Among a number of significant structural changes, the new classification, ICSE-18, most notably addresses two areas discussed in the preceding section: (1) ambiguous work arrangements (between wage and self-employment); and (2) changes in wage employment, both of which are relevant for developed as well as developing countries.

The new ICSE and its implications for classifying work arrangements between wage and self-employment

One of the main purposes of the revision of ICSE – but by far not its sole purpose – was to address the difficulty of measuring workers in ambiguous work arrangements. Workers in an (in)dependent contractor employment situation – “in between” dependent and independent employment – are found in labour

markets across high-, middle- and low-income countries. Industrial outworkers and homeworkers are found across all country-income groups, but predominantly in developing countries. Employment mediated through digital platforms tends to be organised on a contractor model across all types of economies. For example, around the world, digitally intermediated service provision – ride-sharing or food delivery work, for example – has been organised on a contractor (self-employment) model. So far, it has proved difficult to classify such work arrangements, both in developed as well as developing countries.

The new classification, ICSE-18, departs significantly from the overarching high-level divide used in classification systems until now – that between paid/wage employment (dependent) and self-employment (independent) – and which has governed the existing classification system, ICSE-93. This dichotomy is based on two dimensions: “Authority” or autonomy in decision-making regarding the activities of the economic unit; and “Risk” or financial investment in the operation.

The limitation of the existing ICSE-93 was that it conflated both dimensions: the autonomy in economic decision-making and control had been expected to counterbalance the risk or investment involved. In practice, this conflation of both criteria resulted in the assumption that a worker who is paid based on end-product (in “work for profit”)⁴ is automatically independent/self-employed while a worker receiving a wage is dependent/employee (ILO 2013b). In reality, workers now are often paid based on an end-product but also bear risks similar to those faced by independent workers (income at risk and responsibility for own social protection), yet have little or no autonomy in decision-making regarding their operation or work performance, or do not control their access to the market.

Instead, the new ICSE-18 includes two – complementary – classification hierarchies: ICSE-A based on Authority (or autonomy) to identify and classify Dependent and Independent workers; and ICSE-R based on Risk to classify workers in employment for pay and those in employment for profit. It represents a break from the Employee/Self-employed divide, and from a single classification hierarchy. Both classification hierarchies are necessary for labour force statistics; and ICSE-R is needed for the System of National Accounts.

The new classification system enables proper accounting and visibility of workers in ambiguous situations, such as those described above and who will be classified as “Dependent Contractors”, a new sub-category. On the Autonomy hierarchy, dependent contractors are classified in the Dependent workers group, along with Employees and Contributing Family Workers. On the Risk (and investment) hierarchy, they are classified as in employment for profit, along with Employers and independent own-account workers in household market enterprises. Interestingly, developing country representatives in ILO regional consultations welcomed the new Dependent Contractor category and supported its adoption. They had found it difficult to classify many of the workers in their countries as either independent self-employed or dependent wage employed.

New category of Dependent Contractors

The new classification, ICSE-18, provides an international statistical definition for dependent contractors. It is summarised in the following way. Dependent contractors are workers employed for profit:

- who have contractual arrangements of a commercial nature to provide goods or services for or through another economic unit;
 - who are not employees of that economic unit;
 - who are dependent on another entity that exercises control over their productive activities and directly benefits from the work performed by them.
- a Their dependency may be of an operational nature or economic nature such as through control over:
- access to the market;
 - the price for the goods produced or services provided;
 - or access to raw materials or capital items.
- b The economic unit on which they depend:
- benefits from a share of sales produced by the dependent contractor; and/or
 - benefits from reduced labour costs when the work performed by dependent contractors may otherwise be performed by its employees.
- c The activity of the dependent contractor would potentially be at risk in the event of termination of the contractual relationship with that economic unit.⁵

Following this 2018 revision, guidelines on how to measure dependent contractors are being developed by the ILO in consultation with National Statistical Offices (NSOs), a process that is expected to take a few years. As noted earlier, dependent contractor work arrangements exist across all types of economies. Initially used in selected industries like publishing in developed countries, dependent contractors can now be found in other sectors and occupations. Industrial outworkers and homeworkers in developing countries who are doing piece rate work for orders issued by a garment sub-contractor in a global supply chain also are candidates for classification as dependent contractors. These workers are not small-scale independent operators, though they own the workplace and equipment and pay for electricity. To receive work orders through the production chains of larger companies, they depend on the sub-contractor for instructions, for supplies, and take a price set by the ordering company. So-called freelance workers and platform intermediated workers/“gig workers” likely would also be classified as dependent contractors.

Developing measurement guidelines for the Dependent Contractor category is challenging due to the large variety of circumstances and relationships that yield dependency for a worker. Initial testing in Denmark and Chile indicate that measurement guidelines may need to allow for some variation in survey questions across types of economies and possibly industrial sector.⁶

Employee sub-categories

Improvements provided by ICSE-18 also include, within the Employee category, four detailed sub-categories: permanent employees, paid apprentices/trainees/interns, fixed-term employees and short-term/casual employees. The latter two sub-categories cover the prevailing non-standard forms of employment for employees. In combination with variables on social protection coverage, data on these categories will provide the share of workers in non-standard wage employment that also are informal.

Further improving the reporting of informal employment

The ICSE-18 also provides cross-cutting variables, several of which have significant relevance for informal employment. The “Type of workplace/Place of work” variable is identified as “essential” for the compilation of coherent statistics on work relationships and for the identification of important groups of interest. It will be useful for classifying many of the occupations of informal workers, including home-based workers, street vendors and market traders.

Also, the 20th ICLS resolution has clarified the definition for domestic workers. This category of workers is the subject of an ILO Convention (C 189). In a number of countries, domestic workers have been excluded from main labour standards regulation and often employment-related social protection. Therefore, it is important for countries to have an international definition for this category of workers and to monitor the number and work arrangements of these workers.

Conclusion

Significant changes in employment patterns across developed, emerging and developing economies have occurred in the past two decades. Employment arrangements have become more diverse, and many arrangements sever workers from access to social protection through work. These trends raise the importance of the application of the definition of informal employment across all economies, developed as well as emerging and developing ones. Cross-national measurement is needed to keep track of the consequences of informal employment for workers and to inform global policy discussions. Progress has been made in international statistics to better measure employment changes. This chapter has highlighted key changes that enable a more accurate representation of employment patterns and better reporting of informal employment across countries. Official statistics have been better at classifying formal workers than informal workers, though the latter dominate employment in low-income countries. The changes included in ICSE-18 will help represent informal workers more accurately across all country income groups.

Notes

- 1 Employees in such arrangements may also lack coverage under labour standards.
- 2 So far, this pattern is not considered fraud under the laws of most countries and the ambiguity has not been addressed with a regulatory change.
- 3 A relevant policy concern is that if countries tie access to key features of social protection to a form of dependent work/employment, how should they think about connecting (or reconnecting) workers to social protection who are severed from it due to features of their work arrangement, as, for example, when it is not clear whether there is a direct employer?
- 4 Statistical classification term meaning that the basis for pay is the end product rather than effort spent and that the worker directly bears financial risk, or benefits, from the results of the enterprise, be it a one-person enterprise.
- 5 ILO, “The 20th ICLS Resolution Concerning Work Relationships,” presentation by M. Frosch at the International Statistics Institute, World Statistics Congress, IPS-320, Kuala Lumpur, Malaysia, 18–23 August 2019.
- 6 Papers for International Statistics Institute, World Statistics Congress, IPS-320, Kuala Lumpur, Malaysia, 18–23 August 2019.

5 The measurement of informal employment in Mexico

Rodrigo Negrete

Mexico has made the measurement of informal employment and employment in the informal sector a high priority for many years. The priority placed on informal employment is rooted in the country's economy, legal culture and demography. Mexico is a heterogeneous country, with a diverse economy. A vigorous manufacturing export sector (automobile, air and space industries) coexists alongside subsistence agriculture, street vendors, cottage industries and similar small-scale production. Moreover, in the formal manufacturing sector, the wave of globalisation in the 1990s created pressures to make intra-industry labour relationships as flexible as possible and in doing so promoted informal arrangements.

Mexico historically has had problems in implementing the rule of law. On the one hand, this means the state has a rather weak fiscal/tax base; on the other, vast numbers of the population do not have effective labour and social rights though these are enshrined in the Constitution. Further, many commercial transactions do not benefit from contractual guarantees.

Demographically, Mexico has a rapidly ageing population. Many have no pension and families are no longer large or live close enough to serve as a de facto social protection net. For these reasons, the standard indicators of employment and unemployment are not sufficient to serve as leading labour indicators or key signals to understand the changes in Mexico's labour market. Since 2012, Mexico's National Institute of Statistics and Geography (INEGI, in its Spanish acronym) has supplemented the standard economic indicators with data on informal employment and employment in the informal sector. As with the standard indicators, the indicators related to informal employment distinguish urban and rural areas and state-regional levels and are disseminated on a quarterly basis. This chapter describes the strategy adopted by Mexico to measure informality, provides statistical data on its informal economy and reports on the policy measures and reforms the data have triggered to improve the situation of the employed and the Mexican economy.

The conceptual framework

The 15th and the 17th International Conferences of Labour Statisticians (ICLS) set a classification framework which identifies the part of employment that is

formal, the part that is informal and the modalities of the latter case to achieve a holistic classification of employment.¹ The underlying logic of the framework is to apply operational criteria based on the status in employment classification:

- Independent (self-employed) workers are classified under an enterprise-based approach (informal sector).
- Dependent workers (either de jure or de facto) are classified based on their current employment relationship, i.e., whether it provides them (in law or in practice) basic or standard social benefit and social protection.

While not explicit in the 17th or the 19th ICLS recommendations, the concepts of the informal sector and informal employment broadly encompass those forms of labour market arrangements where risks are personal and not buffered by any institutional protection. Therefore, the concepts point to situations where their employment does not provide persons with the basic or standard guarantees relating to either their commercial transactions or employment relationships.

While informality is a diverse phenomenon, the final outcome or situation should not be confused with whatever causes it, for example, breaking the law, not knowing the law, blind spots in the law, ways to circumvent the law, new realities not yet covered in law, etc. Another essential point is that informality is a phenomenon or set of practices that in principle is widespread throughout the economy rather than in only a part of it.

Mexico's measurement approach: the labour force survey

The Mexico labour force survey (ENOE; Encuesta Nacional de Ocupación y Empleo) provides data for the country's key indicators on informal employment, comprising both the individual and the enterprise levels of data.² The design of this survey has three key elements to produce these data:

- sample size of 120,000 dwellings (out of a total 30 million in the country);
- quarterly collection and reporting of data;
- special design (section 4) which includes questions on characteristics of the economic unit in which the respondent is working.

There are numerous strengths to this approach:

- Provides comprehensive data on informal employment and employment in the informal sector, by quarter.
- Yields statistical series for both short-term and structural analysis.
- Facilitates contrast with formal employment
- Provides the specific demographic context of the individual as well as the household.

- Supplies the labour matrix input needed by national accountants to calculate the size of the informal economy (share of gross domestic product, GDP) on an annual basis.
- Eliminates the need for additional costs in collecting and disseminating data available at the national level (including rural areas) as well as state (provincial) levels.

However, there are also weaknesses in the approach. It is easier to identify the size of informal employment than the size of one of its components, the informal sector. The measurement of the informal sector still remains challenging. In the case of proxy respondents, the person may not know or answer accurately questions on the characteristics of the economic unit. Moreover, the industry structure of the informal sector, in particular at certain levels of disaggregation (beyond the two-digit level) may not be accurate since the survey sample was not designed to take the industry classification into account.

Statistics on the informal economy in Mexico

Table 5.1 presents a comprehensive overview of employment in Mexico and is reported quarterly on the INEGI website (INEGI, n.d.). The employed population in Mexico is approximately 53.8 million workers with around 30.5 million (57 per cent) corresponding to informal employment and 23.3 million (43 per cent) to formal employment. Dependent wage/salary workers, comprising around 35 million of the employed, are the largest status category. Of these, around 15 million are informal and 20 million are formal (so for this subset, proportions are the other way round, 43 per cent informal and 57 per cent formal). The second largest category are own-account workers at around 12 million, most of whom (more than 10 million) are informally employed. Among the auxiliary non-paid workers, 97 per cent are contributing family workers and the remaining 3 per cent are non-family apprentices.³

Data are also provided on the sector composition of employment (Figure 5.1). Employment in (1) the informal sector is the largest component at 14.7 million, followed by (2) informal employment insertion in formal/registered economic units (7.5 million); (3) 5.9 million employed informally in agriculture; and (4) 2.2 million more in paid domestic service who are employed by private households. What in the following is called *informality outside the informal sector* encompasses these last three categories (2, 3 and 4).

One of the uses of the ENOE is to supply the national account system with the labour base required to achieve completeness and infer the contribution of the informal economy to GDP. Figure 5.2 shows the informal economy has contributed about one quarter of the total GDP of the country with a slight decrease from around 23.7 per cent of GDP in 2003 and a peak in 2009 as result of the global crisis to around 22.7 per cent in 2017. One of the unique features of the Mexico estimates is the calculation of not only the contribution made by the informal sector but also the contribution of informal employment outside the

Table 5.1 Key data on informal labour, second quarter, 2018, national (total)

Indicator	Estimations						
	Employed	Formal employment	Informal employment				
			Total	Informal sector	Outside the informal sector		
					Subtotal	Non-farm	Farm
1. Employment by	53785257	23317416	30467841	14745649	15722192	9781907	5940285
1.1 Age groups	53785257	23317416	30467841	14745649	15722192	9781907	5940285
From 15 to 24 years	8923072	2980732	5942340	2266845	3675495	2500062	1175433
From 25 to 44	25440231	12465637	12974594	6340715	6633879	4473857	2160022
From 45 to 64	16519231	7226223	9293008	5001772	4291236	2419328	1871908
65 years on	2851894	624844	2227050	1122131	1104919	376353	728566
Not specified	50829	19980	30849	14186	16663	12307	4356
1.2 Educational attainment	53785257	23317416	30467841	14745649	15722192	9781907	5940285
Incomplete grammar school	5807918	720227	5087691	2195824	2891867	867283	2024 584
Grammar school completed	9336003	2088300	7247703	3625752	3621951	1846288	1775663
Junior high school	18352232	7407905	10944327	5683723	5260604	3669375	1591229
High school and college	20238184	13075203	7162981	3231647	3931334	3385322	546012
Not specified	50920	25781	25139	8703	16436	13639	2797
1.3 Status in employment	53785257	23317416	30467841	14745649	15722192	9781907	5940285
Paid dependent workers	36827208	20192753	16634455	4850865	11783590	9213894	2569696
Salary paid	34697486	19984387	14713099	4075538	10637561	8255584	2381977
Non-salary paid modalities	2129722	208366	1921356	775327	1146029	958310	187719
Employers	2567512	1527077	1040435	1040435	—	—	—
Own-account workers	12014579	1597586	10416993	7874667	2542326	—	2542326
Auxiliary non-paid workers	2375958	—	2375958	979682	1396276	568013	828263
Not specified	—	—	—	—	—	—	—
1.4 Industry	53785257	23317416	30467841	14745649	15722192	9781907	5940285
Primary activities	6717753	777468	5940285	—	5940285	—	5940285
Agriculture, fishing and husbandry	6717753	777468	5940285	—	5940285	—	5940285
Secondary	13786824	6874072	6912752	5362727	1550025	1550025	—
Mining and electricity	417200	370866	46334	18473	27861	27861	—
Manufacturing	8903071	5495395	3407676	2208470	1199206	1199206	—
Construction	4466553	1007811	3458742	3135784	322958	322958	—
Tertiary	32960001	15624809	17335192	9379200	7955992	7955992	—
Trade	10109798	4116344	5993454	4185683	1807771	1807771	—
Hotels, restaurants and food services stalls	4018289	1197099	2821190	1967905	853285	853285	—
Transport and communications	2799865	1349381	1450484	1028531	421953	421953	—
Financial and professional services	3844426	2612293	1232133	547237	684896	684896	—
Social services	4425435	3550083	875352	150035	725317	725317	—
Other services	5525234	985628	4539606	1499809	3039797	3039797	—
Government administrations and international offices	2236954	1813981	422973	—	422973	422973	—
Not specified	320679	41067	279612	3722	275890	275890	—

Source: INEGI, Encuesta Nacional de Ocupación y Empleo.

Classification according to type of economic unit	Classification by status in employment (millions)										Subtotal	
	Paid dependent workers				Employers		Own-account workers		Auxiliary non-paid workers			
	Salary workers		Dependent workers not salary paid									
	Informal	Formal	Informal	Formal	Informal	Formal	Informal	Formal	Informal	Formal	Informal	Formal
Informal sector (producers' private households)	4.08		0.78		1.04		7.87		0.98		14.75	
Paid domestic work (private households)	2.20	0.06	0.01	0.00							2.21	0.06
Corporations, Government and Institutions	6.06	19.51	0.94	0.19		1.18		1.60	0.57		7.57	22.48
Agriculture	2.38	0.41	0.19	0.02		0.35	2.54		0.83		5.94	0.78
Subtotal	14.71	19.98	1.92	0.21	1.04	1.53	10.42	1.60	2.38		30.47	23.32
Total	34.70		2.13		2.57		12.01		2.38		53.79	

Figure 5.1 The formal/informal labour matrix.

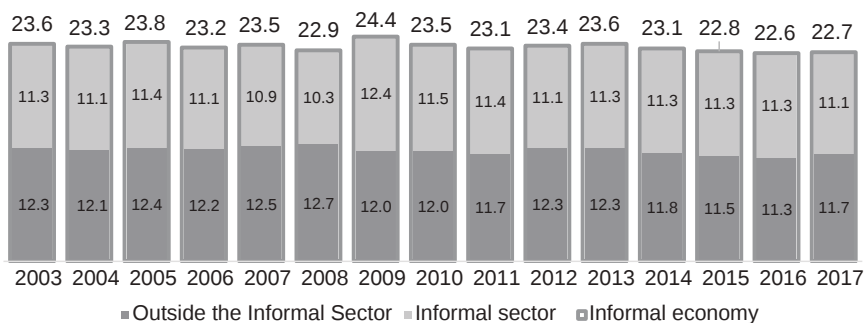


Figure 5.2 Contribution of Informal Economy (Total, Inside and Outside Informal Sector) to GDP.

informal sector. The contribution of the informal sector has been somewhat lower than that of informal employment outside the informal sector. The contribution of informal employment outside the informal sector to total GDP has oscillated mostly between 12.7 and 11.3 per cent.

It is clear that informality is, above all, a structural feature of Mexico's labour market; as such, sudden fluctuations in its share on total employment cannot be expected. However, as a consequence of the global crises in 2008 there was a shift towards a higher level of informal employment than before, as observed between 2009 and 2012. Actually, in the second decade of this century, the GDP growth rate in Mexico has not regained significantly, averaging a rather mediocre 2.5 per cent between 2012 and 2017. However, a string of reforms had an impact in curbing the post-crisis increase in informal employment. Labour

reform in 2012 that recognised diverse short-time/casual non-standard modalities of labour engagements as legal (and thus entitled to basic social protection as workers) had an important impact. Then, in 2013, the federal government launched an initiative to commit governments down to a state level to register and regularise all supervised workers, including those not previously recognised as such. Next, in 2014, a fiscal reform was launched to give fiscal amnesty to economic units not so far registered before the income tax collector authority (SAT, the Mexican equivalent of the US Internal Revenue Service); specific provisions were added in 2015 regarding micro-scale economic activities, extending the fiscal amnesty years in exchange for registration. All these reforms contributed to a decrease in informal employment both within and outside the informal sector to the lowest levels in years and this in a context of slow economic growth. It is worth mentioning that these reforms were a response to the statistics on informal employment that INEGI placed at the core of the public conversation with regard to the situation of both the labour force and the labour market in Mexico.

Future challenges

This chapter has shown that the concept of informal employment, and one of its components, the informal sector, are key indicators of the Mexican economy. For these indicators to continue to provide accurate and comprehensive information on the economy, changes will need to be made in their measurement and tabulation to reflect changes in the economy and in statistical standards. For instance, the 19th ICLS and its adoption of the new framework on work statistics classify subsistence production as work, however, not necessarily as employment (ILO 2013c). Moreover the 20th ICLS and the resolution concerning statistics on work relationships identify a new status category, namely dependent contractors, who are workers and formally independent, however, they are operating under the terms set by a third entity which directly benefits from the dependent contractor performance: a labour insertion favoured by the platform/gig economy (ILO 2018b) and not contemplated before. The identification of these workers will also require changes in both data collection and classification as this group is not specifically covered in the informal employment framework based on the previous classification of status in employment, ICSE-93 (see Figure 5.1). Doing so will create a tension between ways of understanding informality that are based on legal (*de jure*) criteria and those based on other (*de facto*) criteria. This is because categories such as dependent contractors can be registered as operators of one-person business (seemingly formal enterprise) while they are dependent and labour under vulnerable or disadvantaged employment arrangements. In particular, they are not entitled to unemployment benefits in most countries, nor to paid sick leave, so, like informal workers, the full burden of economic risk and contingency is on them.

Notes

- 1 According to the international statistical standards adopted by the 15th ICLS, the informal sector consists of a subset of unincorporated enterprises (i.e., not constituted as separate legal entities independent of their owners) that also are not registered with a national government authority. In contrast to the focus on the production unit in the concept of the informal sector, the 17th ICLS guidelines identify a broader concept of informal employment in which the job or worker is the unit of observation. Informal employment refers to an employment relationship that is not, in law or in practice, subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits. For the full definitions see ILO, *Report of the Fifteenth International Conference of Labour Statisticians* (Geneva: ILO, 19–28 January 1993) and ILO, *Report of the Seventeenth International Conference of Labour Statisticians* (Geneva: ILO, 24 November–3 December 2003).
- 2 For a full description of the survey and the measurement of informal employment, see ILO (2013a).
- 3 The 19th ICLS does not consider non-paid apprentices as employed. Also, all of the Mexican data produced so far pre-dates the 19 ICLS framework, so also includes the whole of subsistence agriculture (see Future Challenges section).

6 WIEGO research on informal employment

Key methods, variables and findings

Martha Chen

Through our statistical and research work, WIEGO (Women in Informal Employment: Globalizing and Organizing) seeks to inform theoretical, research and policy debates on the informal economy and to provide organisations of informal workers, and their representative leaders, with the necessary evidence to effectively demand the legal and policy reforms they need to secure and enhance their livelihood activities. In addition to generating supportive data and research, WIEGO promotes policy dialogues between informal worker leaders and dominant stakeholders, including governments, corporations and international development agencies.

In so doing, WIEGO's task is to present the necessary information:

- statistical data and research findings on the size and contribution of the informal economy to *attract the attention of policy-makers* and other key stakeholders;
- statistical data and research findings on the composition and characteristics of different segments of the informal workforce to *inform policy-making*;
- documentation and dissemination of good policies and practices which protect and/or promote informal livelihoods to *inspire innovative thinking about policy design*.

This chapter on WIEGO's research work complements the chapters in this volume by Joann Vanek (Chapter 3) and Françoise Carré (Chapter 4) on WIEGO's statistical work. After a brief introduction to WIEGO's approach to field research, the chapter discusses four key variables in the composition of informal employment and illustrates, based on WIEGO field research findings, how these variables intersect with the wider institutional environment to determine outcomes for different segments of informal employment and different groups of informal workers.

WIEGO field research

In addition to analysing statistical data as they become available and analysing/documenting promising policies and practices, WIEGO engages in field research

on different topics of concern to informal workers, including: economic trends; value chain dynamics; urban policies; social protection (including health, occupational health and safety and childcare); laws and regulations; organisation and representation; and technology.

To inform the focus and design of our field research, WIEGO typically undertakes three kinds of background research: (1) consultations with organisations of informal workers to determine what research topics or issues are most important to informal workers; (2) literature reviews to assess what is known and thought about how the research topic relates to informal workers; and (3) institutional mapping to identify key stakeholders and their relationship to/stance on the informal economy and the research topic.

WIEGO's field research on different topics typically involves participatory qualitative tools, a questionnaire survey and key informant interviews. The qualitative component of our research is based primarily on Participatory Informal Economy Appraisal (PIEA) – an innovative method designed to capture systematically the perceptions and understandings of informal workers, in their own words, in a focus group setting.¹ This method was originally designed for a 10-city study carried out in 2012 to interrogate what impacts three sectors of urban informal workers and their livelihoods, how they respond, and which institutions help or hinder. In that study, each city team² conducted 15 focus groups of about five participants each per sector (Chen 2014a; Roever 2014; Dias and Samson 2016). Nine focus group tools – organised around the themes of sector characteristics, driving forces and responses, institutional environment, and contributions of the sector – were used to generate data related to the conceptual framework. These PIEA methods have been adopted for subsequent field studies on health, occupational health and safety, technology and law as they related to informal workers. The results of the focus groups are recorded in reports of about 10–12 pages, immediately after each focus group is conducted. Ideally, the focus group data is then coded to facilitate analysis on different topics.

The design of the questionnaire survey is informed by our background research and, if time allows, by the findings of our qualitative research. The sample for our questionnaire surveys typically includes the focus group participants plus an equal number from a purposive sample. After the quantitative and/or qualitative research is finished, and preliminary findings are specified, we conduct interviews with key informants from organisations of informal workers, government and other stakeholders to help interpret the field research findings.

In addition to these generic field research methods, WIEGO has developed an Informal Economy Budget Analysis (IEBA) methodology which examines how government budgets address the needs and interests of different groups of informal workers and explores what opportunities exist for informal workers (or their representatives) to participate at different stages of the budget process. The IEBA methodology was first developed and tested in South Africa as part of a policy process to address the informal economy in Durban. WIEGO then commissioned an analysis of government budgets from an informal economy perspective in four cities: Belo Horizonte in Brazil, Lahore in Pakistan, Metropolitan

Lima in Peru, and Quezon City in the Philippines. More recently, WIEGO has added the interrogation of government revenue in using the methodology in Accra, Ghana, and Monrovia, Liberia.

Finally, WIEGO is committed to co-producing knowledge with local organisations of informal workers and to featuring the voice and expertise of informal workers in our research reports (Ogando and Harvey 2019). In most of our field research studies, local organisations of informal workers are involved in the design of the research study, helping to set priority topics, identify testable hypotheses and specify appropriate questions, and in the implementation of the research, helping to establish contact with the sample population, conduct the research methods, analyse and interpret the findings. After a field study is completed, the WIEGO research team and the local organisation of informal workers which helped facilitate the research jointly analyse the findings to draw out the policy lessons and messages: both the lessons/messages specific to the different research sites and samples as well as the common lessons/messages across sites and samples (or sub-groups in the sample). These policy lessons and messages are published and disseminated together with the research findings. WIEGO then seeks to ensure all findings and policy lessons/messages are disseminated in user-friendly formats, ideally in local languages, for worker education and policy advocacy by organisations of informal workers.

Key variables

Through both our statistical and research work, WIEGO has found that four variables are key to measuring and understanding the dynamics of different segments of the informal workforce, namely, (1) the branch of economic activity; (2) the status in employment; (3) the place of work; and (cross-cutting these); (4) the sex of the worker. WIEGO has promoted the use of all four variables in the collection, tabulation and analysis of labour force data and in our field research.

Branch of economic activity

The branch of economic activity is defined by the products or services produced by the unit in which a person works or, in the case of own-account workers, the person her/himself. In standard usage in both statistics and economics, there are three main branches of economic activity – agriculture (and related sectors); manufacturing; and services (including trade). To fully understand the informal workforce, it is important to disaggregate “agriculture and related sectors” into agriculture, dairy and livestock production, fishery, hunting and forestry (including collection/processing of non-timber forest products); “manufacturing” into various product lines (e.g., textiles and garments, artisan goods, shoes and sporting goods, electronics and pharmaceuticals, automobiles and planes); and “services” into separate sub-branches, including trade and construction as well as personal and information technology services.

Status in employment

The two key dimensions of status in employment are: (1) the type/degree of *economic risk* involved in the job; and (2) the type/degree of *authority* over the establishment or other workers. Until recently, the International Classification of Status in Employment (ICSE) included four main statuses: employer, employee, own-account worker, and contributing family worker. But in today's globalised and digitalised economy there are increasing numbers of workers who do not fit neatly into one or another of these four statuses: notably, contracted or sub-contracted workers who absorb risks but do not have authority over the establishment or other workers or even the sale of products/services. The well-known new example is the Uber driver; the age-old example is the industrial outworker. With the ILO, as reported by Joann Vanek and Françoise Carré in Chapters 3 and 4, WIEGO promoted the addition of a new status category – “dependent contractor” – which was added to the ICSE by the 20th International Conference of Labour Statisticians in 2018.

Place of work

Historically, labour force surveys did not routinely include a “place of work” question. This is because it was assumed that most workers worked in so-called “standard” workplaces – offices, factories, shops, hotels or restaurants – which belong to the employer. In 1998, at the second meeting of the International Expert Group on Statistics on Informal Employment (the Delhi Group), WIEGO made the case that the “place of work” is a key indicator for identifying and classifying informal workers. Increasingly, national statistical offices are including a “place of work” question in their labour force surveys which asks the respondent whether s/he works in one or more of the following places of work:

- Own dwelling/around own dwelling/structure attached to own dwelling
- Own enterprise/unit/office/shop (but separate from own dwelling)
- Employer's office/shop/factory/fixed site (but not dwelling)
- Employer's dwelling/structure attached to employer's dwelling
- Construction site
- Street or other public space
- Market
- Mobile/on a vehicle
- Door-to-door
- Farm/agricultural field/pasture/forest/fishing site
- No fixed workplace
- Other

In our field research, WIEGO has interrogated the costs, risks and benefits of working in different places of work: including, own home, home of others, streets and markets, dumps or landfills.

Sex and other demographic indicators

To understand the roles and status of women and men within the informal economy, it is critical to disaggregate all statistical data and research findings, including on the three indicators above, by sex. Cross-tabulation by age and education as well as sex would be ideal. Other important demographic indicators, which WIEGO hopes to promote as part of our statistical work and research going forward, as data and resources allow, include whether informal workers are from minority racial, ethnic or caste groups; where they live, notably whether they live in informal settlements; and whether they are urban-rural or cross-border migrants.

Illustrative findings

Over the years, through different research projects, WIEGO and our local research partners have generated significant evidence on the importance of these indicators in both measuring and understanding the composition and characteristics of informal employment.

Segmentation of the informal workforce by status in employment and sex

In 1998, with funding from the World Bank, WIEGO commissioned reviews of the existing literature and statistics on the links between informal employment, poverty and gender (Charmes 1998; Sethuraman 1998). To summarise the research findings and statistical data presented in these reviews, the following graphic (without the poverty risk arrow, Figure 6.1) was developed to illustrate

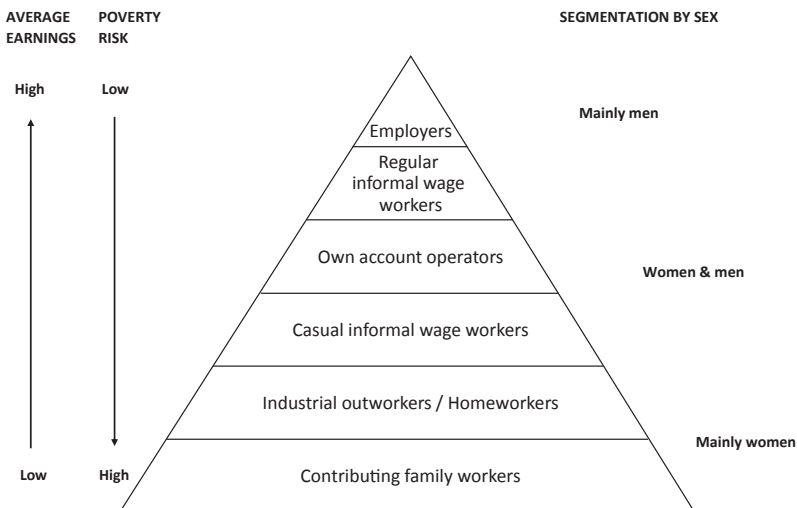


Figure 6.1 WIEGO model of the informal economy: segmented by status in employment and sex with average earnings and poverty risk.

Source: Chen et al. (2016).

gender segmentation and gender gaps in earnings within the informal economy by status in employment. Over the years, as data and resources have become available, WIEGO has tested the segmentation model captured in this iconic infographic with national data from multiple countries: the model has stood the test of time and space. In 2004, for the 2005 edition of *Progress of the World's Women 2005: Women, Work and Poverty* (Chen et al. 2005), we commissioned an analysis of national data that captured the average earnings and risk of being from a poor household of workers in the different segments (what we call “poverty risk”).

Segmentation of the informal workforce by status in employment and sex: average earnings and risk of being from a poor household

What follows is a summary of some illustrative findings on how these key variables mediate the impact of city policies, laws and services on three groups of urban informal workers: home-based workers, street vendors and waste pickers.

Home-based workers: place of work and status in employment

By definition, home-based workers produce goods and services from in or around their own homes. Home-based workers face several risks associated with their homes doubling as workplaces. First, most live and work in homes which are small (often one or two rooms), which make it difficult to carry out productive work when other members of the household need the same space for other purposes. Second, most of their homes are of poor quality, made of inferior materials, poorly ventilated and subject to flooding or leaks. Third, most do not own their homes-cum-workplaces which discourages them from expanding or improving their homes. Fourth, many live and work in underserved informal settlements with little or no basic infrastructure services, including water, sanitation and electricity. Without secure tenure, either de facto or de jure, and without basic infrastructure services, home-cum-workplaces are not productive workplaces (Chen 2014a).

There are two basic types of home-based workers: those who work on their own (the self-employed) and those who work for others (mainly as industrial outworkers, called “homeworkers”). It is important to distinguish, conceptually and statistically for policy purposes, between the two categories. Both categories are impacted in the same way by city housing and zoning policies and by city services. But the two categories operate in different ways and with different constraints within markets. Most self-employed produce goods and services for local markets or customers, while homeworkers produce for value chains, either domestic or global. Lead firms in domestic and global value chains tend to download many costs and risks to homeworkers, including the costs of workspace, equipment, energy and supplies and the risk of volatile or uncertain work orders, while paying them very low piece rates.

Informal traders: place of work

In terms of place of work, there are two main groups of informal traders: those who vend on streets or in open-air markets (what organisations of street vendors, the Self-Employed Women's Association (SEWA) and WIEGO call “natural markets”) and those who trade from built markets. Both groups face risks associated with city policies and practices but the type of risks vary significantly between the two groups. Street vendors face harassment, confiscation of goods, and evictions. Market traders face the risk of fires as well as other risks associated with little or no basic infrastructure services – water, sanitation, and electricity. Another key variable among street vendors, with a gendered outcome, is the *type of product* sold: the 2012 study found that those who sell perishables (more often women) are more likely than those who sell durables (more often men) to have their goods confiscated or simply “taken” by the police and local officials (Roever and Chen 2014).

Waste pickers: status in employment and place of work

Most waste pickers are own-account workers or members of cooperatives: a few (more so men than women) are employers; and a few (more so women than men) are employees. Those who work in dumps or landfills face the greatest occupational health risks while those who work in sorting warehouses face the least occupational health risks. Cooperatives of waste pickers have been able to negotiate with city governments for warehouses to sort and store waste and for contracts to collect and recycle waste. Also, waste pickers who are organised, and have ID cards, are less likely than other waste pickers to be harassed by local authorities or the general public.

Conclusion***Key findings: systemic costs and risks***

The key finding of WIEGO's field research is that informal workers face several systemic sources of costs and risks, including

- *dominant narratives* which stigmatise informal workers and their livelihood activities as being non-compliant (i.e., evading registration and taxation); having low productivity (i.e., being a drag on the economy); creating pressure on public space; being associated with “crime and grime”.
- *biased policies and laws* which are often burdensome for or punitive towards informal units, activities and workers, including commercial laws which are biased towards formal firms with hired workers who operate in so-called “standard” workplaces (shops, factories, offices, hotels, restaurants); and sector laws which are also biased towards formal firms and against informal activities; lack of access to *public space* (to pursue their

livelihood activities); lack of access to *public services* at their workplaces (basic infrastructure and transport services); lack of access to *public procurement* (i.e., right to bid for public contracts); *lack of legal recognition and the right to representation* in rule-setting and policy-making processes relating to their livelihoods.

Indicators of power: collective voice and representation

Two key variables, central to WIEGO's research and work more generally, are not often captured in official statistics, namely, whether or not the informal worker is a member of an organisation of informal workers and whether organisations of informal workers have effective representative voice (i.e., are invited to participate in policy-making and rule-setting processes). To illustrate the importance of these variables, consider Belo Horizonte, Brazil, where local organisations of waste pickers have a long-standing formal partnership with the municipal government. In the 2012 multi-city study, by WIEGO and local partners, Belo Horizonte was the city in which the lowest percentage of waste pickers reported the following common problems faced by waste pickers everywhere: lack of access to waste, lack of access/high cost of infrastructure (notably workshops for sorting, storing and processing recyclable waste), unfair regulations, and harassment (Dias 2011a; Dias and Samson 2016).

The way forward

WIEGO remains committed to the co-production of knowledge with organisations of informal workers through our research: to jointly interrogate the real-life problems of different groups of informal workers and the sources of the structural disadvantages and injustices they face; to privilege the voice and expertise of informal workers in our research reports; and to bridge the ground realities of informal workers and mainstream academic and policy debates. We are also committed to building theory inductively from grounded research.

All members of WIEGO's research team have other primary responsibilities at WIEGO, as coordinators and implementers of our programme activities. In other words, all of WIEGO's researchers are activists. We do not separate our research and statistical work from our policy advocacy and movement building work: all are interrelated and mutually reinforcing. We seek to be rigorous in our research and statistics while also empowering informal workers and their organisations.

In addition to co-producing knowledge with organisations of informal workers, WIEGO remains committed to promoting a more appropriate and favourable regulatory environment for informal workers: by increasing the voice of organisations of informal workers in policy dialogues and promoting their perspectives on different policy responses to the informal economy, including different approaches to formalisation. Going forward, WIEGO will draw on the conclusions to this volume and engage with the contributors to this volume, as

well as organisations of informal workers, in setting our future research and policy agenda.

Notes

- 1 The qualitative methodology was developed collaboratively with Caroline Moser, Angélica Acosta and Irene Vance. It is an adaptation of earlier participatory methodologies developed by Robert Chambers and Caroline Moser with others.
- 2 Each city team consisted of two qualitative researchers, two quantitative researchers and a facilitator from a local organisation of informal workers. A member of WIEGO's research team supported each city team through data analysis and report writing.



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Part III

Economics and the informal economy



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7 Assessing taxation and informality

Disaggregated frameworks matter

Ravi Kanbur

Taxation and informality

In this chapter I move away from the conventional labour regulation perspective on informality and instead take an enterprise taxation perspective. But the arguments I make should be familiar from the points I have made in the labour regulation arena (Kanbur 2017). I argue that the economic frameworks which dominate analytical and policy discourse in this area are flawed. They take too aggregated a view of informality and, as a result, come up with inappropriate policy analysis and prescriptions. This aggregative lens also reflects a certain mindset towards informality, which views it as a mass or a lump, and indeed a “problem” to be addressed. A disaggregated perspective is not only a better description of reality, it helps us break clear from mindsets that date back at least to colonial times.

One of the great stylised facts of development is that richer countries raise a higher share of gross domestic product (GDP) as taxation. Thus, countries like Tanzania, Uganda, Pakistan, India are in the 10–20 per cent range, while in the US it exceeds 25 per cent, in Germany it exceeds 35 per cent, and in France and Sweden it is higher than 40 per cent (Ortiz-Ospina and Roser 2019). The low rates of tax revenues are in turn one explanation for the low rates of public goods provision, which hamper growth and inclusive development. While there are debates on whether shares of tax revenue in GDP approaching 50 per cent are excessive, there seems little disagreement that shares approaching 10 per cent are too low – even basic government functions may not have the resources to be performed, let alone enhance functions such as maintaining infrastructure or public employment schemes for security and poverty reduction.

The connection between informality and low tax revenue is an easy one to make, and indeed has been made. For example, in its assessments of challenges to domestic resource mobilisation, the African Development Bank lists “the cross-cutting structural bottlenecks: high levels of informality, a lack of fiscal legitimacy and huge administrative capacity constraints” (Mubiru 2010: 4), and goes on to specify further the informality “challenge”: “Taxing the informal economy: Africa’s vast ‘informal economy’ – workers and companies operating outside the reach of the law or public administration – is a major obstacle to

broadening the tax base and collecting direct taxes” (ibid.: 4). And yet such a statement is too general and too diffuse. Among other issues, it does not distinguish between those activities which are outside the tax net by design, those which are legally outside the tax net by choice of the enterprise, and those which are illegally not paying tax. This often leads to a blanket characterisation of “informality”. Worse, it leads to suspicion and condemnation of all informal activity as tainted by illegality. What we need is a framework for defining and distinguishing between different types of informality in relation to taxation.

A framework

Kanbur and Keen (2014, 2015) have developed a framework in which enterprises can respond in different ways to a tax regime. They consider a situation in which some economic attribute of an enterprise, say, total sales (as for VAT), is taxed, but the tax only applied beyond a minimum threshold. Those below the threshold are outside the tax net by design – not through their own doing but by the decision of the tax authorities. What about those above? These enterprises can choose between fully complying with tax law, adjusting out of the tax net by lowering sales down to the tax threshold, or staying within the tax net but not complying with the tax law. Even for non-compliance, there is a range of options available. An enterprise could only declare its sales partially, or completely go off the books.

All of these choices are seen in practice. For each enterprise, the choice depends on the size of its unconstrained sales, and the costs and benefits of each action, which in turn depend upon a range of parameters such as the strength of government enforcement, including the probability of getting caught and the magnitudes of fines if caught. Detailed analysis shows (Kanbur and Keen 2014) that enterprises can be classified into five categories of compliance (Table 7.1).

The pure theory suggests a relationship between unconstrained sales and tax compliance category. Of course, the theory is only suggestive. It leaves out many relevant factors so that at best it predicts a direction of possible effect – of course, in reality, some small, medium and large enterprises may be ghosts, partial evaders or compliers. From the theory, the smallest enterprises, labelled here “Microenterprises”, are those whose size falls below the tax threshold. The largest enterprises are those who find it beneficial to comply with the tax law,

Table 7.1 Categories of enterprise by tax compliance

<i>Label</i>	<i>Size by pre-tax sales and response to tax</i>
Microenterprises	Smallest of all; below the tax threshold so tax does not apply
Adjusters	Next size up; adjust by lowering sales to just below the tax threshold
Ghosts	Next size up; not pay any tax at all
Partial evaders	Next size up; under-declare sales to evade taxation partially
Compliers	Largest firms – full declaration of sales and remittance of tax

hence they are labelled “Compliers”. This is because the probability of getting caught and the fines if caught, are sufficiently high that for them, honesty is the best policy. Enterprises that are just above the size of microenterprises find it worthwhile to reduce their sales below their natural size and to come in just below the tax threshold, thereby avoiding paying tax. What they lose through lower sales, they make up in taxes not paid. Note that these enterprises, labelled “Adjusters”, are *not* illegal, they are adjusting and avoiding tax, not evading it. However, the next two size categories up are indeed evading tax. The “Ghosts” are those who disappear from the tax books entirely and declare no sales whatsoever. The “Partial Evaders”, as the name suggests, are those who only declare part of their income. For them, the benefits of partial evasion outweigh the expected costs of getting caught. And so we come back up the sales ladder to the “Compliers” for whom the cost-benefit calculation goes in the other direction.

What is informality and what is the role of tax policy?

This framework can of course be extended and made much richer in structure. However, simple as it is, this framework allows us to capture the essence and logic of the impact of tax policy on enterprises. And it allows us to ask the question: what is informality? In regard to taxation, it is clear what formality is in Table 7.1. It is those enterprises that fall within the tax net and comply. So informality is by definition the complement of this category – all the other enterprises that do not fall within it. But it is immediately seen that there are four such categories, two of which involve illegality, but the other two of which are perfectly legal. These categories each have particular economic characteristics because they are the outcomes of different cost-benefit calculations, involving different policy parameters.

The analytical coarseness of a dichotomy between formal and informal can be seen by conducting a simple exercise. What is the effect of changing the tax threshold, let us say by lowering it to bring in even smaller enterprises into the tax net? As should be clear intuitively, and as is shown formally in Kanbur and Keen (2014), the tax threshold, which bites at low levels of sales, does not affect the decisions of large enterprises deciding between complying and not complying. That boundary depends on other policy parameters, such as resources put into enforcement or the magnitude of fines levied. The tax threshold itself does not affect formality as conventionally conceptualised and measured in taxation, namely, enterprises who fall in the tax net and who fully comply. It thus does not affect aggregate informality either.

However, even though the tax threshold does not affect aggregate informality as conventionally measured, it nevertheless has real economic consequences, including for various sub-categories of informality. On the one hand, it will bring smaller enterprises into the tax net. But it will also affect incentives for larger enterprises to adjust below the tax net – those costs are now higher because sales have to be lower to get out of the tax net. The optimal tax threshold taking into account these different repercussions is derived in Kanbur and

Keen (*ibid.*), but it has little to do with the aggregate level of informality (which, of course, is invariant to the tax threshold).

The situation is even more complicated when, as in practice, there are effectively multiple tax regimes. These can be actual tax regimes, for example, taxes on enterprise profit as well as a sales tax. Or they can be labour regulation regimes which act like tax regimes. Thus, for example, if an enterprise is required to register and bear the consequent costs, these costs are analogous to taxes in the cost-benefit calculation of enterprises. With multiple tax regimes, what is informality? Is formality compliance with all regimes, so that informality is non-compliance with any? Or is there an intermediate definition and, if so, what? These questions remain unanswered in the analytical literature.

However, even more important than the difficulties that the disaggregated multiple tax regimes framework causes for analysis, is that it highlights a full range of taxes which small enterprises do in fact pay – many of these taxes being themselves under the radar of national level tax systems. For example, local taxes are paid by small vendors to local authorities. Further, a whole series of small and larger-scale bribes are paid to local officials by small operators merely to ply their trade when these official can cite some (perhaps long forgotten) regulation. Thus, at the ground level, these small operators are not out of the tax net at all, no matter how it looks from a macro level perspective.

Aggregation, disaggregation and mindsets

Aggregation and disaggregation can be presented, as I have done so far, as primarily an analytical issue. One should not, of course, pursue the *reductio ad absurdum* of full and complete disaggregation – a map of scale 1 to 1 is of no use to anybody. But there is such a thing as being too aggregative, and I have argued for the pitfalls of that perspective. However, aggregation and disaggregation are also to do with mindsets which have long framed the informality discourse, as I have argued in Kanbur (2014).

The administrative and bureaucratic mindset on informality is perhaps best illustrated by the academic and colonial administrator Boeke (1953), whose writings I have interpreted as painting a mind picture of a wall between two parts of the colonial economy – one governed by rules and regulations of the colonists, and the other, the “native economy” following its own methods and structures outside these rules (Kanbur 2014). In this world-view, disaggregation and differentiation within the native economy were not of great interest – much more important was the wide gulf between that and the “modern” economy of the colonists. And it was thought that as colonisation proceeded, the native structures would be brought into the “modern” fold. This aggregative mindset still persists among post-colonial governments, now as between the formal and the informal sector.

The aggregative mindset in academic economics goes back at least to the two-sector development model of Lewis (1954), where one sector was “urban”/“industrial”/“high productivity”/“capitalist”, while the other was

“rural”/“agricultural”/“low productivity”/“traditional”. In this world-view, development proceeds by the transfer of labour from the traditional to the capitalist sector. This perspective was followed in the 1970s by the highly influential two-sector model of Harris and Todaro (1970), in which one sector was “formal” and regulated, and the other sector was “informal” and unregulated. In this perspective, the cause of informality was regulation, which led to lower employment in the regulated sector, with the displaced labour moving to the unregulated sector. The “answer” to this “problem” of informality was thus deregulation. In the late 1990s and 2000s, De Soto (2003) popularised another aggregative perspective, that the real distinction was between part of the economy where legal contracts held sway and could be enforced (“formal”) and where they could not (“informal”). The appropriate policy response was thus to extend the reach of the legal system into those parts of the economy where the government’s writ did not run. This is reminiscent of course of the modern taxation perspective – to extend tax regimes to cover those activities they do not currently cover.

The key point, however, is that “informality” is *not* uniform – perhaps even to such an extent that the term informality itself may have limited analytical power, important though it remains in the broad policy discourse. Rather, we should take a disaggregated view, addressing different types of informality and their specific characteristics and needs, and fashion policy interventions tailored to the great variety of economic circumstances which fall under the broad label. The taxation and informality discourse stands as an excellent illustration of this dictum.

8 Informality and the dynamics of the structure of employment

James Heintz

A great deal of effort has gone into measuring informality, documenting working conditions, and understanding the constraints that informal workers face. Apart from broad trends, less attention has been paid to documenting how informal employment changes over time. One of the central policy debates centres on the need to transform informal employment to improve outcomes for working women and men. Is there a need for formalisation, what does it mean, and how might it be achieved? But discussions of formalisation typically view informal employment changing incrementally – moving specific individuals, jobs or enterprises closer to formality. One way of thinking about this process is to imagine a continuum of informality. Formalisation therefore requires making marginal changes to employment arrangements along this continuum to move existing forms of paid work towards greater formality.

But does formalisation (or informalisation, the expansion of informal employment, for that matter) happen incrementally? Or do the important shifts in informality represent larger disruptions of the status quo – through structural transformations of the economy? In the 1950s, South Korea had a similar level of development, demographic structure, and patterns of employment as Kenya. Agriculture was a large sector, small-scale self-employment was common (i.e., there was a sizeable informal sector), and formal wage employment was relatively limited. In a matter of a few decades, this all changed. Formal wage employment expanded rapidly with the process of industrialisation. Informality declined, particularly informal self-employment. Informality eventually took on a different form and began to be associated with wage employment. Specifically, after the 1997 East Asian economic crisis, the rapid increase in non-regular wage employment was a central concern – rather than the persistence or growth of an informal sector consisting of small-scale enterprises. These changes did not happen piecemeal, through the formalisation of individual employment arrangements. They occurred because of a structural transformation of the Korean economy. Kenya did not experience a similar structural shift. Informal self-employment in small, household enterprises and farms continues to characterise much of the employment in Kenya.

The classic Kaldorian explanation of why employment is transformed during the process of development was based on the experience of industrialisation in high-income economies of the Global North and can be applied, to some extent,

to the newly industrialising economies in East Asia that experienced a similar transformation in the last decades of the twentieth century. This narrative of structural change goes something like this: Labour moves out of small-scale agriculture and into other sectors, most importantly manufacturing and other types of industrial production. Due to advances in production methods and technology, labour is more productive in these industrial sectors than in traditional agriculture. These productivity gains translate into economic growth, as an industrialising country is able to produce more goods and a more diverse array of products. As more labour moves out of traditional agricultural activities and into industrial production, the average productivity of the economy grows.

Higher levels of labour productivity also support improvements in living standards. When incomes rise, households tend to spend a smaller share of their total income on food and start buying other things. People are able to purchase the manufactured goods produced, leading to further industrialisation. Demand for services also rises. This supports an expanding service sector and new employment opportunities. Within this narrative of industrialisation, the process of economic development is therefore associated with a transformation of the structure of employment, with labour moving out of agriculture and into industrial production and a growing service sector. The spatial distribution of labour also changes. The movement out of agriculture is associated with the urbanisation of the workforce.

Industrial production is typically associated with economies of scale. When economies of scale exist, the average productivity of industrial activities increases as firms become larger and larger and as economies diversify, producing spill-over benefits from one sector to another. Workers increasingly specialise in specific tasks and focused activities. Team production can be more efficient than having each worker involved in all stages of the production process. Larger factories, with specialisation and joint production, yield rapid increases in productivity.

Larger firms require larger workforces. How do these companies hire the labour they need? One option would be to treat workers as self-employed, independent contractors and negotiate individual contracts with each worker, outlining the specific tasks that need to get done. Indeed, this was done in the putting out system of the early factories in Britain and in the US when the productive contribution of individual workers could be identified and joint, or team, production was not well established. However, as production systems became more complex, constantly negotiating and re-negotiating individual contracts for an expanding workforce would have been costly and taken time. Plus, it adds a layer of uncertainty. What if the company cannot find the right person to do a task that is essential to production? An alternative solution is to hire workers as paid employees who show up every day and perform a standard set of tasks. As firms get larger, this employment arrangement is more efficient. The process of industrialisation, therefore, is associated with more of the workforce being employed as paid employees.

The emergence of a wage labour force transformed the way societies, and economists, have come to think about labour markets. When wage labour is the

predominant way that paid employment is organised, the labour market can be thought of as operating through the interaction of labour demand (i.e., employers or firms hiring employees) and labour supply (i.e., wage workers looking for jobs that match their skills and experience).

This pattern differs from that observed in economies with a large informal sector in which self-employment accounts for a large share of employment. For instance, three-quarters of all workers in Africa and two-thirds of all workers in South Asia are self-employed (ILO 2018a; Bonnet, Vanek and Chen 2019). Indeed, 44 per cent of all workers globally are self-employed, though the share of self-employment in total employment varies widely across countries (*ibid.*). For workers in self-employment, the distinction between labour demand and labour supply is blurred, and the standard model of a wage labour market does not apply. A different model for these self-employment-dominated labour markets is required – one that sees the demand for the labour of the self-employed coming, not from profit-maximising employers, but from the final demand for the services or goods that informal self-employed workers produce.

When the countries of the Global North were industrialising, employees in factories often organised themselves to bargain for improvements in working conditions, either as unions or other types of worker organisations. Negotiations involved hours of work, safety concerns, wages, hiring and firing practices, and other aspects of overall working conditions. Collective action among workers results in the regulation of labour markets, setting minimum standards and basic levels of decency. These labour standards eventually found their way into national labour laws that spell out a range of social protections for working people. In other words, paid employment becomes formalised through a process of collective action linked to the transformation of these economies.

For these reasons, the process of economic development has been accompanied by a far-reaching transformation of the structure of employment. To summarise, the stylised narrative – based on the historical trajectory of countries that have gone through, at least to some degree, a process of industrialisation – is as follows. There is a movement of labour out of agriculture and into industrial and service jobs. Many workers experience improvements in their standards of living. Working as paid employees replaces forms of self-employment as the dominant employment arrangement. And, as wage employment expands, these employment relationships become increasingly regulated and formalised through processes of collective action at various levels – the firm-level, the industry-level, and the national-level. Formalisation, therefore, has been a result of structural changes in economies.

However, formal wage employment itself is subject to change and can become informalised, as discussed earlier in the case of Korea. Global integration and technological changes often redistribute power away from labour and towards capital, or away from employees and towards employers. These changes in the balance of power have been associated, in many cases, with a roll-back in worker protection and deregulation of labour markets. One outcome has been the informalisation of wage employment in countries where wage employment dominates.

Further advances in technology and the organisation of our economies will continue to shift transactions costs and redefine employment arrangements. One reason, but not the only reason, for the emergence of large-scale wage employment during a process of industrialisation is that organising employment relationships this way, as opposed to hundreds or thousands of individual contracting arrangements with self-employed individuals, allows for specialisation and realisation of economies of scale. However, in recent years, the costs of contracting with individual self-employed workers have fallen with the emergence of new technologies. Increasingly, large firms can mobilise the labour they need without entering into wage employment contracts. The employment model of Uber (and other parts of the “gig economy” and the global sourcing of “crowd work”) is a case in point. These practices may come to alter how labour markets evolve and the nature of future transformations in the structure of employment – with important implications for how we think about questions of informality and formality.

Given the importance of structural change, as well as structural differences in labour markets, it is not surprising that there are different typologies for thinking about informality in developing and developed countries. Why is it difficult to come up with a unifying framework? Because the structures of the economies are different, and informality is not a continuous variable. For these reasons, trying to develop a unified framework without an appreciation of structural differences across countries’ economies is challenging and perhaps misguided.

This points to an important area of research – understanding the relationship between informality and structural change. In this regard, the economic history of informality is important – but, with few exceptions, research in this area is largely missing (see Harriss-White in Chapter 2 and Breman in Chapter 1, for examples of such exceptions). It has a lot to contribute to our understanding of labour market structure and how it changes over time. In the nineteenth century, many western high-income countries had structures of employment with widespread informality. It would be interesting to explore what these looked like and how this structure changed over time.¹

This discussion has important policy implications. The formalisation debate is flawed because it considers the path to formality to be an incremental one, based on individual enterprises or jobs and the idea that informality can be thought of as a simple continuum. There are research projects that try to document how informal enterprises can move up – from very micro, to micro, to small, then medium-scale enterprises. But does this happen in isolation? The ability of one firm to formalise may depend on what is happening to other enterprises in the economy. We need more work in this area to truly understand the dynamics of informal employment.

Note

- 1 Examples of these processes from the US include Cobble and Vosko (2000) and Montgomery (1980).

9 Old and new forms of informal employment

Uma Rani

Until recently, informal labour was seen as a “transitory phenomenon” which would decline with economic development. However, informal labour continues to persist as a major form of work arrangement in the Global South and it has become increasingly prevalent in the Global North as well and is a growing concern. This chapter makes an attempt to outline the trajectories of old and new forms of informal labour in the Global South and in the Global North using the most recent data available. It also makes an attempt to identify the factors that seem to be driving these forms of informal labour.

What do the data suggest?

In the Global South, traditional forms of informal labour continue to persist. In most of the countries, over half of all workers are informally employed as own-account workers, casual day labourers, contract workers, industrial outworkers, homeworkers, without a clear employer-employee relationship, and they do not receive any labour and social protection from their employers. Indeed, just under half of the global workforce, both men and women, are self-employed (ILO 2018a; Bonnet, Vanek and Chen 2019). The past decade has seen some attempts at formalising the informal in the Global South but the approach and the results have been mixed, with some progress in some of the Latin American countries. Argentina, Brazil, the Dominican Republic, Ecuador and Uruguay reduced informal employment by more than 10 percentage points between 2002 and 2013. This was a result of the region’s economic growth, and the formalisation strategies of legislations and incentives that were provided to both the workers and their employers (ILO 2014).

While in most of the Global South “informality” has always been the norm, today the trend is on the rise in the Global North, in the form of outsourcing, and flexible and temporary work. There has been an increasing trend of temporary employment (5.5 and 6.4 percentage points over the past two decades in the European Union and Canada) and part-time employment, which is involuntary in nature (two-fold increase in Spain and Slovakia over the past decade). Part-time work has not only grown in importance over the past decade but there has been diversification in its form, based on hours of work like “short part-time”,

“marginal part time” and “on-call work”. “On-call” work, including zero-hour contracts, has brought variability and unpredictability to work and hours and is more prevalent in the service sector (transport, public administration and health), construction and agriculture. On average, 2.5 per cent of employees had “on-call” work in Europe and the highest incidence was recorded in the Netherlands and Slovenia in 2004 (ILO 2016a).

There has also been a rise in temporary agency work and other contractual relationships involving multiple parties over the past decades in the Global North and the largest markets for temporary work were the United States, Europe and Japan (*ibid.*). Similarly, since the 2008 global financial crisis, there has been a rise in “disguised employment” wherein employees are falsely classified as “independent” or “self-employed” and, therefore, do not enjoy their rights as an employee. In Slovenia, 3.6 per cent of the employed and in the US, about 8–13 per cent of the workers in the construction sector are “falsely self-employed” (*ibid.*). Finally, the past decade has observed the growth of the “on-demand” or “gig” economy, wherein digital platforms mediate work between firms, individual customers and a global or local pool of labour for a variety of tasks and services (crowd work platforms like AMT, Crowd Flower, Click Worker, UpWork, Microworkers; Task Rabbit; Uber; Zomato, domestic work apps such as Didi). These digital platforms can be classified as on-line web-based platforms and local app-based platforms (Berg et al. 2018). The characteristics of these workers resemble that of dependent workers, however, they are classified as “independent contractors” or “self-employed” or “freelancers” which has been contested and led to labour disputes (Cherry 2016). Some of the recent attempts to estimate the size of the online gig economy show that in the European Union between 1 and 5 per cent of the adult population have participated in the on-line platform economy for a paid task (Forde et al. 2017). Similarly, a study of 14 European countries shows that about 10 per cent of the adult population has provided labour services on platforms (Pesole et al. 2018).

These new forms of labour in the Global North resemble the informal labour of the Global South. However, there is also a rise of such labour in the Global South, which is largely undertaken by educated labour forces working in call centres and on digital platforms from home, which distinguishes them from the traditional informal labour, who possessed low levels of skills and had lower levels of education. These new forms of work do not provide minimum wages, workers’ benefits, health insurance and pensions to workers. The tasks that these workers perform are quite varied and range from developing software architecture, applications, and algorithms to developing databases, web development, or product design to microtasks such as data collection, categorisation, tagging, transcriptions and content moderation. Most of the microtasks are geared towards developing databases for big firms, which have the potential of being used for automation or promoting products and services (Rani and Furrer 2019). Some of the tasks, such as content moderation, screening for scenes of obscenity, hate speech, war zone footage, abuse of children and of animals and more, have significant psychological impacts on the workers (Roberts 2016). Workers

in India and the Philippines undertake a substantial proportion of such work, either in business processing outsourcing (BPOs) or on digital labour platforms.

The Global South has also observed a rise in informal work in formal firms, such as contractual and temporary work, which do not provide any protection to workers.

What are the factors that drive these forms of employment?

The development economists in the 1950s and 1960s were of the notion that the “traditional” or informal sector would disappear as development of industries would absorb the labour from this sector, based on the experience of Japan and some other European economies (Lewis 1954). However, the informal sector has not disappeared but instead has thrived in various forms since then and indeed it is part and parcel of the processes of industrialisation, development and globalisation.

The growth of the informal sector in the 1980s was due to the reorganisation of production systems from Fordist mass production towards “flexible specialisation” (Chen 2007; Piore and Sabel 1984). The dependence and interlinkages between the formal and informal sector, especially in the manufacturing process, helped to reduce the costs of formal manufacturing and distribution, thereby increasing the market competitiveness of formal firms (Castells and Portes 1989). Further, one could argue that in reciprocation, the workers and enterprises in the informal sector were able to upgrade their skills and technology through these linkages and improve their quality, efficiency and productivity. However, this was not sufficient for them to grow and integrate into the formal sector.

Further, increasing globalisation and pressures from it have also resulted in shifting the organisation strategies adopted by the firms, like sub-contracting and outsourcing. Due to global competition, firms hire core workers on informal work arrangements and outsource production and services to other small firms and countries. This has led to an increasing trend towards temporary, part-time and contract jobs, as well as industrial outwork, which has led to the erosion of income and benefits for the workers. Further, structural adjustment programmes in many parts of Africa, Asia and Central and Eastern European countries also resulted in the expansion of informal employment.

The countries in the Global North, especially Europe, have over the past decades observed partial deregulation, wherein they not only have implemented reforms liberalising the use of fixed-term contracts but also have allowed the growth of temporary and short-term contracts and diversified forms of part-time work. Further, the decline of unionisation and the regulatory role of collective bargaining have also been major factors in the rise in such forms of work. In both the Global North and the Global South there are worker protection laws but these are not widely implemented and enforced.

Technological developments and the rise of services have also led to increasing global integration in the past decades. A number of IT firms, including Amazon and Google, which used to perform most tasks in-house using permanent workers,

are now outsourcing jobs to call centres, small firms and crowd-work platforms as tasks can be completed at a rapid pace using a global pool of labour. This is considered to be a new business model, called the new Taylorist production process, and is increasingly gaining popularity globally, as it reduces transaction costs, fosters productivity and employs a global pool of the most educated labour force. The global marketplace for digital piecework allows bidding and competition for rates and this, by design, drives the value of labour to the lowest global bidder, which further leads to the commodification of labour. By using a global labour force, this business model does not allow the workers to organise, as workers are dispersed and also are competing for jobs or “gigs”: this is damaging working conditions and leading to unfair labour arrangements. Technology, rather than elevating the workers of the world in the twenty-first century, is actually helping business to reconfigure it in a way that leads to “a globalized race to the bottom in search of cheaper, faster and more human material sources in order for businesses to compete in a globalized 24/7 networked marketplace” (Roberts 2016: 44).

The recent global economic crisis has also brought economic uncertainty and, as a result, more workers have turned to informal self-employment and a number of enterprises have been adjusting through increases in temporary or casual work, on-call workers, and temporary reductions in working hours. Further, the new business model is said to be comprised of the “new augmented workforce”, which includes a small proportion of workers on formal contracts, and the remaining are temporary workers, on-call workers, and digital platform workers (Deloitte 2017). Such business models would increase the trends towards further informalisation. In addition, new trends are also emerging wherein multinational companies are using street vendors to sell their produce without providing them with any labour protection. These trends are likely to continue to grow and, in the process, hinder current efforts towards formalisation. Governments have an important role to play in regulating platforms. In this context, the role of social dialogue is of the utmost importance to ensure that workers are protected. There have been some efforts at the national level, but much more needs to be done at both the national and international levels to ensure decent work for all.

10 Tax and the informal economy

Lessons from South Africa

Imraan Valodia and David Francis

The relationship between the informal economy and the tax system is an important, but under-researched, policy issue. While tax reforms often look at ways to bring the informal economy within the tax system, there are some important areas which have not received as much attention, beyond this preoccupation with bringing the informal economy into the tax net. Using illustrative cases from South Africa, which are applicable in other developing countries, we argue that there are a number of important conceptual, methodological and practical issues that should be considered. We are concerned, here, with four of these. The first is how we conceptualise and measure the informal economy from an economic policy perspective. Second, we are interested in who falls inside the tax net and who does not, and what the implications are, both for our understanding of informality, and to create an effective tax policy. Third, we look at the implications for competitiveness of businesses in the informal sector who are not registered for value added tax (VAT), increasingly the most important form of taxation in developing countries. Finally, we examine the impact of the attempt by some states, through the imposition of a presumptive tax, to draw those in the informal economy into the tax system, and the problems arising from this approach.

Tax and the informal economy

The tax system and the informal economy are closely related. Indeed, by some conceptions, the informal economy is defined precisely by the economic activity that falls outside the tax system. In many economic surveys, whether or not a respondent pays tax is often used as a proxy for informality (Gatti and Honorati 2008; Cichello and Rogan 2017). However, there are several problems with this. The first is that it does not identify workers performing precarious informal work *within* the formal sector. Indeed, for South Africa, the International Labour Organization (ILO and WIEGO 2013) finds that almost half of informal workers are employed within the formal sector itself. Research in South Africa shows that using the lack of tax registration as a proxy for informality also has the opposite problem in that it incorrectly identifies formal workers as informal (Devey, Skinner and Valodia 2006). In South Africa, and in many other countries,

employers deduct income tax from workers' incomes and pay this over to the tax authorities through Pay-As-You-Earn (PAYE) systems. In such cases, many respondents in household surveys are unaware of their own tax status and that of their employers. Indeed, when we compare the proportion of respondents who say they do not pay tax, it is far higher than the proportion of respondents who report working in occupations we would expect to be largely informal, such as livestock herding and informal selling. As we argue above, the relationship between tax and informality is not at all clear-cut, and we remain sceptical about the use of tax as a proxy for informality.

Using an enterprise's tax status to define informality for it and its workers is clearly inexact and is an inappropriate proxy for defining informality. However, it does draw our attention to our understanding of the dynamics between the tax system and the informal economy. If we assume that, as a general rule, most of those engaging in informal business fall outside the tax net, this has important implications for how we understand the role of the tax system in achieving policy outcomes.

The limits of the tax system

People work in informal employment for a number of reasons: some take up informal employment, on a paid basis, because there are either insufficient jobs in the formal sector, or their skills and education preclude them from a formal job. Others, work in self-employment in small-scale enterprises, most commonly in the retail and services sector. There is also an argument in the informal economy literature that business and individuals may choose to operate informally in order to escape the burden of the tax system. In reality, there is very little empirical evidence to support this argument, and it is important to note that there are many reasons why an individual or a business may be informal – most of these have to do with poverty, and with the structure of the economy. In South Africa, structural barriers such as high entry costs, and high levels of industrial concentration mean that there is often no real choice between operating in the formal or the informal sector, with many precarious workers and self-employed workers having no option but to work informally, though, of course, there are exceptions. Under this conception of informality, punitive policy responses which aim to drive workers into the formal sector are not appropriate.

Tax policy is also used to provide relief to both business and individuals. This can be in the form of tax incentives, tax credits, or tax relief. Those who are not part of the tax system are not eligible to receive these benefits. A good example of this is the recent rise in the rate of VAT in South Africa. The South African government raised the VAT rate by 1 percentage point, from 14 per cent to 15 per cent, in April 2018 in order to bolster government finances. VAT is an efficient way to raise revenue and its absolute burden falls largely on the rich, since they are the largest consumers of goods and services. Its relative burden, however, falls disproportionately on the poor, because the poor spend a larger proportion of their incomes on basic expenses. VAT, then, is regressive and

requires complementary policies to alleviate its regressive effects. Zero-rating can mitigate the regressive effects of VAT, but it has its limits, particularly for addressing inequality. This is because there are very few goods that are consumed disproportionately by the poor and are thus appropriate for zero-rating. Furthermore, there are some important goods, such as sanitary products, which the poor are unable to afford, regardless of whether or not they are zero-rated.

One of the best ways to address the regressive effects of VAT is through the provision of some form of tax credit to poor citizens or residents; in many ways, this is more equitable than a system of zero-rating which disproportionately benefits the rich in absolute terms (because they spend more in absolute terms, they receive a greater tax saving). However, if the poor are not in the tax system, benefitting from a tax credit is impossible. The conundrum presented by this example forces us to rethink the assumption that informality arises out of a choice to avoid regulation and taxation. Instead, because they are informal and outside the purview of the tax system, informal workers are sometimes unable to benefit from transfers and credits that are made through the tax system, usually to address poverty.

Value added tax: a problem for informal retailers

The VAT system in South Africa, and in many other developing countries, raises a particular issue for informal retailers, by far the largest proportion of workers in the informal economy, accounting for 41.7 per cent of all non-agricultural informal sector employment in 2014 (Rogan and Skinner 2018). The VAT regulations in South Africa, similar to other jurisdictions in both developing and developed countries, allow very small enterprises to operate outside the VAT system. In South Africa, an enterprise with an annual turnover less than 1 million Rand (approximately US\$70,000) is not required to register as a VAT vendor. These enterprises could opt to register, but enterprises with turnover of less than 50,000 Rand (approximately US\$3,500), are precluded from registering as a VAT vendor. Thus, in practice, most enterprises that operate in the informal economy would not be registered as VAT vendors. As VAT is charged at each stage of the production process, each supplier in a supply chain that is a registered VAT vendor acts as a tax-collection agent for the government: they collect the VAT on the sale of the goods, and can claim back the VAT expended on the inputs, thus paying over to the tax authority only that VAT related to the value added by itself. Informal businesses, which are not VAT vendors, are not able to claim back the VAT on the inputs they purchase, and thus have to absorb this cost in their final sale price. This clearly has a direct impact on their competitiveness and profitability.

Compare, for example, two enterprises, one formal and registered as a VAT vendor and the other informal and not registered as a VAT vendor, selling the same product – bread. The formal vendor is able to deduct VAT paid on all inputs and capital equipment she purchased, whereas the informal retailer cannot – thus, everything else being equal, as a result of the VAT, the informal retailer

has higher costs. Furthermore, the formal retailer is able, with the full backing of the law, to pass VAT at the final stage of production on to the final consumer. The informal retailer does not have the backing of the legal system to enable her to pass the VAT she has paid onto the final consumer through the bread price, and is therefore likely herself to have to absorb some of this cost.

Of course, not being a VAT vendor means that an informal retailer does not have to incur the costs of compliance with the VAT system, which requires adherence to formal accounting or bookkeeping practices which might be beyond the reach of many informal enterprises, and would be costly to comply with, relative to revenue for these businesses. However, the point here is that policy-makers often argue that informal retailers do not pay taxes. As the example above demonstrates, because they are deemed to be the final consumer, informal retailers do in fact pay VAT and their legal position in the VAT system often places them at a significant disadvantage relative to formal retailers against whom they compete.

Presumptive direct taxation

Most developing countries are characterised by having a large informal economy and a relatively low tax/gross domestic product (GDP) ratio. One of the challenges facing governments in all countries, but especially in developing countries, is how to collect sufficient tax revenue to meet national expenditure needs. In developing countries in particular, policy-makers are paying increasing attention to collecting taxes in the informal economy. In order to overcome compliance and information problems which face both informal sector business and the revenue service, some developing countries have elected to level a presumptive tax on informal business.¹ This is especially the case at sub-national level where, for example, local governments have been levying presumptive market taxes in markets where informal traders conduct their economic activity. Other examples include the levying of user fees to access trading sites that are controlled by local government authorities (Chen 2018).

From the perspective of informal enterprises, usually run by informal workers who are self-employed, there are several problems with a presumptive tax. The first is that, by its very nature, a presumptive tax is at best a crude estimation, and at worst an arbitrary amount. For precarious businesses in the informal sector, it may well be unaffordable. The second is that a presumptive tax often curtails the extent to which the taxpayer can engage with the tax authorities. Even if the tax dispensation provides for a rebuttable presumptive tax, informal business will often have no way of verifying their income. Third, a presumptive tax raises the issues we discussed in the first section above: while nominally drawing businesses into the tax system, a presumptive tax does not mean that the redistributive side of the tax system will be available to those paying the presumptive tax. Finally, its implementation risks being inequitable; research has shown that the more visible informal businesses (often in public space) are more likely to be targeted for a presumptive tax (Dube and Casale 2019).

Addressing the gaps

The discussion above highlights some important conceptual and theoretical challenges which we need to incorporate in our understanding of the informal economy. The first is a definitional one. Analysts and policy-makers, especially in the economics arena, continue to use the payment of tax as the primary way to identify whether an enterprise is formal or informal. Over the last decade or so, significant improvements have been made to bring conceptual clarity to the concept of the informal economy, and to the statistical collection of data on the informal economy. According to the definition adopted by the International Conference of Labour Statisticians (ICLS), informal enterprises are enterprises that are not legally incorporated or registered with a national government authority, and informal jobs are those without social protection, or paid annual and sick leave from an employer. This definition has nothing to do with whether enterprises of the self-employed and workers in informal employment pay taxes. It is therefore important that analysts and policy-makers avoid using the payment of taxes as a proxy for informality wherever possible. Not only is this conceptually incorrect but it also erroneously feeds into a discourse that those in the informal economy are not paying taxes, or are hiding from the tax regulations.

Second, it is important for policy to recognise that not being part of the tax system can be disadvantageous to informal enterprises and informal employees. As the examples of VAT demonstrate, there can be significant costs to being outside the regulatory reach of the tax system. This, of course, challenges the theoretical arguments that informality arises out of a choice to avoid regulation and taxation.

Third, the suggestions provided above point to important gaps in tax policy and practice. Overcoming these challenges will require a shift in policy thinking from one that sees the informal economy as backward and undesirable, to one which recognises the merits of the informal economy in and of itself, as a source of employment and poverty reduction (especially in the South African case of persistent unemployment), and acknowledges that the formal and informal sectors are inextricably linked (Rogan 2018a).

Finally, our discussion to some extent supposes formal and informal sectors economies that are largely static – that is, individuals operate either in the one or the other. The reality, however, is that there is a high level of churning over time as individuals move between formal and informal work (see Heintz and Valodia 2012; Valodia 2015).

Finally, the narrative that workers in the informal economy, whether self-employed or in informal wage employment, are opting to be informal in order to evade taxes is clearly incorrect and needs to be strongly challenged. As our discussion has shown, through indirect tax systems like VAT, those working in the informal economy not only pay taxes, but also being informal may well pose an additional tax on them. Moreover, through presumptive taxes in markets and other types of user fees, those working in the informal economy do pay direct taxes. More research is needed to better understand how these taxes are levied,

what the effective rates of taxation may be, and what the economic impact of these taxes are on informal enterprises.

Note

- 1 Joshi, Prichard and Heady (2014) note that presumptive taxes use a simplified tax calculation method to lower record-keeping and compliance costs for small firms. In countries such as Ethiopia, Kenya, Tanzania and Ghana, for example, a presumptive tax is levied on turnover rather than on profit (ibid.).

11 (Re)conceptualising poverty and informal employment

Michael Rogan and Paul Cichello

This chapter aims to address the dominant narrative that informal employment is comprised of low-paid and unproductive work. This is not to deny that working poverty is the reality for many informal workers or that, of the roughly 839 million working poor in the developing world who survive on less than \$2/day, about 80 per cent are informally employed (ILO 2016b). However, the poverty narrative ignores what this income provides daily to working individuals and families. It also reinforces the dualist conceptualisation of the informal economy as a backward sector which is uncoupled from the “modern” formal sector. The conventional poverty approach therefore frames the informal economy as a problem to be solved rather than as an important source of household income or a critical base of the modern economy.

A better understanding of the role of informal employment in actually *reducing* poverty – rather than perpetuating it – could influence a new generation of policies that recognise and support the role of earnings from informal employment in the households of the working poor. This is an important consideration since progress in reducing working poverty (that is, poverty among the employed), particularly in developing countries, has stalled over the past five years (ibid.). There will, therefore, come a point when addressing poverty in the informal economy will need to receive more attention from countries as they strive to meet their poverty reduction targets.

The informal economy and working poverty in South Africa

To explore the potential for measuring the link between informal employment and poverty *reduction*, we undertook a poverty decomposition analysis using household survey data from South Africa (Cichello and Rogan 2017). This method (Araar and Duclos 2009), based on Shapley values, estimates what the rate of poverty *would have been* without each type of income that the households receive (e.g., government transfers, labour market income, remittances, investments, etc.) ignoring any potentially endogenous responses from the household to that lost income.

South Africa is a middle-income country with a high level of inequality and roughly a third of the non-agricultural workforce in informal employment (ILO

2018a). A cursory analysis of household income data as typically measured from income and expenditure surveys can be deceiving. Absolute levels of earnings simply reflect the fact that individual earnings and household incomes are often very low in the informal economy. Without contextualising the impact of these earnings, a first glance at the distribution of household income in South Africa shows that the vast majority (57 per cent) of all household income is attributed to “formal” earnings and relatively little income flows into households from government transfers and informal employment, 7 per cent and 9 per cent, respectively. The income from transfers, in the form of the government’s social grant programme, is widely acknowledged to have impacted positively on child health and education, food security, and in reducing income poverty. In contrast, the income that is derived from employment in the informal economy is rarely recognised while some policy interventions, namely, the city of Johannesburg’s removal of informal traders under ‘Operation Clean Sweep’ in 2013, have actively worked to suppress informal livelihoods.

When considering the impact of transfer income and earnings from informal employment on keeping households above one of the country’s official poverty lines, we highlight three findings from the South African case study. First, while earnings from formal employment are still the single largest factor in reducing poverty, government transfers and earnings from informal employment are actually more important to poverty reduction, relative to their overall share of household income. For example, while only 9 per cent of household income comes from informal employment, 14 per cent of the household income that moves households above the poverty line is attributed to informal employment (Figure 11.1). This is the case for two reasons. First, the households that are closest to the poverty line are more likely to be earning income from the informal economy. Second, even though earnings from informal employment are often very low, they are often enough to move these households just above, or at least closer to, the poverty line. This is an important finding for policy-makers, because it highlights the role that earnings from the informal economy contribute both to households and to poverty reduction at the national level.

Second, there is substantial variation in poverty reduction within the informal economy. Figure 11.2 illustrates the ratio of poverty reduction to relative income in Rand for several types of informal employment in South Africa at the three official poverty lines. At all three poverty lines, the contribution of informal self-employment to reducing poverty is similar to its contribution to total income (hence a ratio of approximately one). In contrast, income from formal employment contributes less to poverty reduction relative to its large contribution to total household income. At the lowest poverty threshold (also called the extreme poverty line), the contribution of income from formal employment is only about 66 per cent of its contribution to total income.

The incomes from several types of informal employees (both inside and outside of the informal sector) appear to be particularly effective in reducing poverty. The earnings of domestic workers, for example, constitute more than double (e.g., 2.5 times at the lowest poverty line) the amount in poverty

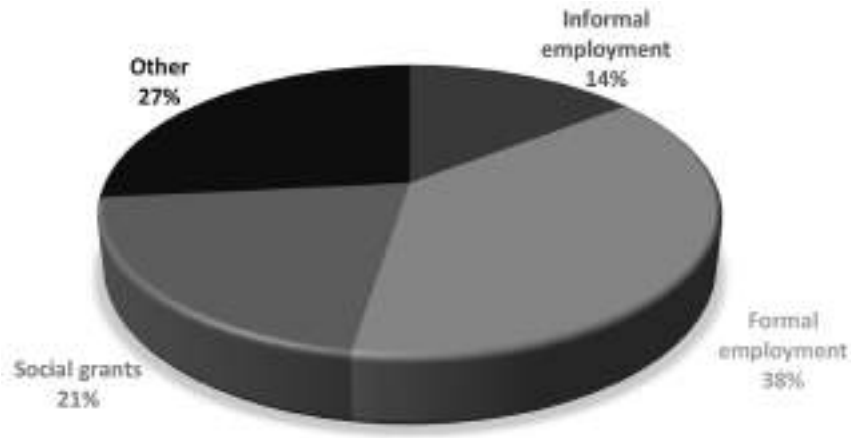


Figure 11.1 Contributions to poverty reduction by income source (Shapley poverty decompositions).

Source: Own calculations (Cichello and Rogan, 2017) from NIDS using the DASP module developed by Araar and Duclos (2007).

Notes:
The data are weighted.
Income sources and poverty lines are expressed in monthly per capita terms (2010 prices, $z = 306$).

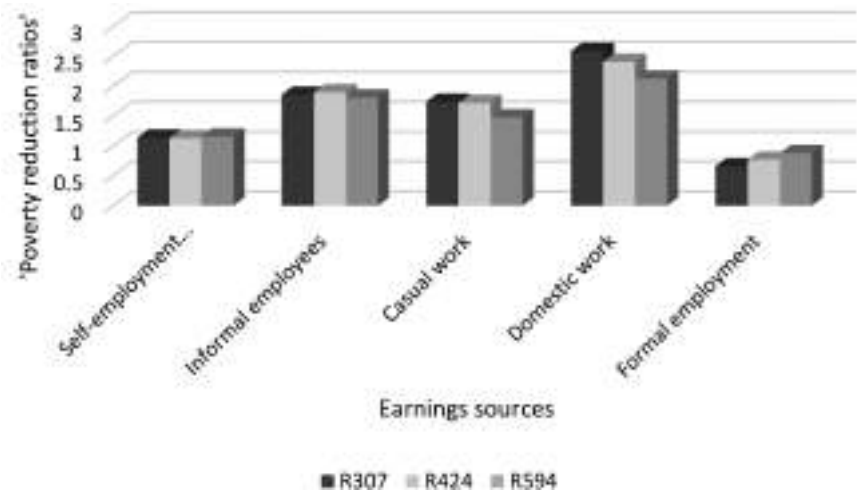


Figure 11.2 Poverty reduction ratios by different categories of informal employment (Shapley poverty decompositions).

Source: Own calculations (Cichello and Rogan, 2017) from NIDS using the DASP module developed by Araar and Duclos (2007).

Notes:
The data are weighted.
Income sources and poverty lines are expressed in monthly per capita terms (in Rand, 2010 prices).

reduction at all three poverty lines relative to their share of overall income. Similarly, the earnings of informal employees and casual workers are nearly twice as effective at reducing poverty as their contributions to total household income in South Africa would suggest.

Third, the ‘per job’ impact of informal jobs on overall poverty reduction is relatively high. In Figure 11.3, the estimated “per job” impact on poverty of earnings from informal employment, relative to the impact of a formal job is compared. Despite significantly lower incomes in the informal economy, the earnings of a typical self-employed worker in South Africa have 63 per cent of the poverty-reducing impact, at the extreme poverty line, compared with earnings from a formal sector job. Put differently, eliminating 100 informal self-employment activities, as some government policies have sought to do in order to discourage “illegal trading”, would drive as many individuals into extreme poverty as eliminating 63 formal jobs. It is precisely these types of stark comparisons that are made possible when the focus is switched to the contribution of informal employment to poverty reduction.

Informal employees and domestic workers have a “per job” impact on poverty reduction which is even closer to a formal job (81 per cent and 85 per cent, respectively). In other words, policies which endanger these jobs or reduce their earnings would be almost the same as eliminating formal jobs in terms of poverty reduction. So it is the ability of these types of employment, despite their low earnings and difficult working conditions, to keep households out of poverty that makes their contributions so significant.

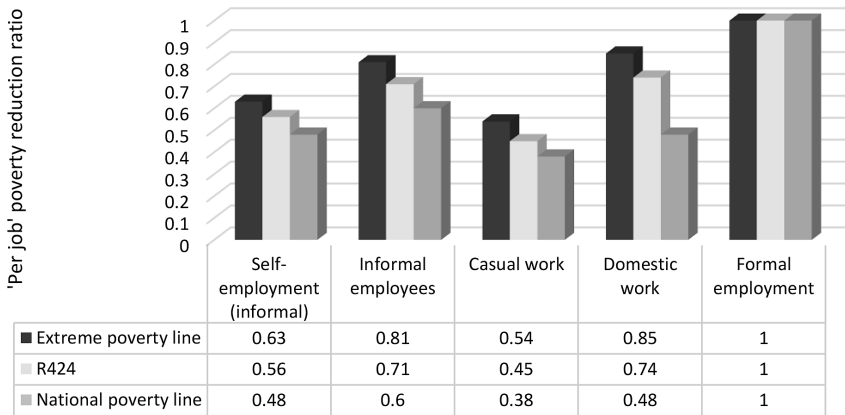


Figure 11.3 Relative ‘per job’ impact of earnings from informal employment on poverty reduction (Shapley poverty decompositions).

Source: Own calculations (Cichello and Rogan, 2017) from NIDS using the DASP module developed by Araar and Duclos (2007).

Notes:

The data are weighted.

Income sources and poverty lines are expressed in monthly per capita terms (Rand 2010 prices).

(Re)conceptualising poverty and informal employment

One conclusion from the analysis of South African earnings data is that, if governments are serious about reducing working poverty in developing countries, then protecting the earnings and working conditions of workers in the informal economy should be a priority.

National poverty estimates attract considerable attention from policy-makers, donors and development organisations. Without analyses that highlight the role of informal employment in actually reducing poverty, the perception will remain that informal employment is not a viable solution to poverty reduction because, by its very nature, it is low paid or has low productivity and does not offer social and legal protection. However, if policy-makers understand the importance of earnings from informal employment to keeping many workers and their households out of poverty, policies concerned with informal employment might look quite different. Measuring the contribution of informal earnings towards national development goals, such as the poverty headcount, is one way to make this connection more tangible and relevant to policy.

Data constraints are a key problem, however, since many countries do not capture data on total household income (in order to measure income poverty) and status in employment (e.g., from Labour Force Surveys) in the same national survey. A clear recommendation which stems from this research is that, as countries work towards developing comparable indicators of working poverty (Ostermeier et al. 2015), they should also strive to collect data that highlights the impact of informal employment on national poverty rates.

Notwithstanding these existing data constraints, reducing working poverty in the informal economy is directly related to meeting three of the Sustainable Development Goals (SDGs) (UNDP n.d.). Since working poverty is a central feature of overall income poverty in most developing countries, the goals of reducing income poverty (SDG 1) and achieving decent work for all (SDG 8) cannot be met without addressing the challenges faced by informal workers in pursuing their livelihoods. Moreover, since women who work in the informal economy are more likely to be in jobs which are the most vulnerable (ILO 2018a), protecting earnings in the informal economy is a crucial strategy to achieve gender equality (SDG 5).

Acknowledgements

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Part IV

Labour law and the informal economy



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12 Revising labour law for work

Judy Fudge

Introduction: can labour law make a contribution?

Should people who sort through trash for a living in the outskirts of Cape Town, Kolkata and Buenos Aires be entitled to bargain collectively with the purchasers of their cull or with municipal governments for access to waste and the right to bid for solid waste management contracts? How do we provide street vendors in Nairobi with maternity pay? Should Uber drivers or self-employed domiciliary care workers be entitled to the minimum wage and to the right to participate in collective bargaining over the conditions of their work?

The broad question that unites these specific examples is whether it is possible to develop a basis for regulating work that can operate in a wide range of settings across different levels of economic development. Labour law is simply one strand in a complex mix of regulations, including municipal bylaws and sectoral economic policies, that shape the standards of living and life chances of informal workers. However, if law and public policies continue to draw the boundaries of labour rights and standards by reference to the contract of (formal) employment, the vast majority of informal workers will continue to be excluded from these basic rights and protections.

Moreover, the divide between an employment contract and other work relations has always presented particular difficulties for women. There is a fundamental mismatch between the law's binary divide and many women's experience, in which the boundaries between paid and unpaid work, formal and informal work, and between the labour market and social security are permeable and shifting. The effects of this mismatch are particularly felt among those women homeworkers and other sub-contracted women informal workers, as well as women who perform domiciliary care. These women workers often find themselves characterised as "independent" or "quasi-independent" despite the reality of their lack of real autonomy or self-sufficiency in the market.

The regulation of work

The standard employment relationship emerged as one of the key institutions of labour markets in industrialised democracies in the first half of the twentieth

century. It took the legal form of the contract of employment, and its function is to link workers' subordination to managerial prerogatives to protections against the abuse of this power. Through the contract of employment, labour law is also linked to other areas of regulation such as social security, tax and corporate law, which, in turn, protect workers against a range of social risks through various mechanisms of redistribution (Fudge 2017).

Changes in production and the ways in which firms pursue "flexible" forms of labour, such as casual labour, contract labour, outsourcing, homeworking, and other forms of sub-contracting have led to a proliferation of employment and work relations and activities that do not depend upon a contract of employment. Consequently, they are beyond the scope of labour law and its associated labour standards and techniques of regulation, such as collective bargaining. Moreover, the prediction that the informal workforce would be absorbed into the formal economy as economies modernised has proven to be incorrect. In fact, in developing and developed countries, the informal economy has persisted and once-formal jobs have been informalised, with the result that the majority of workers are in low-skilled, poorly paid, intermittent and insecure employment.

Given the limited coverage of the contract of employment, we need to consider a range of platforms for providing labour rights and standards (Fudge, McCrystal and Sankaran 2012). This regulation of work would include the traditional techniques, such as collective bargaining, and substantive and procedural laws, but would be expanded to include a wide range of regulatory techniques, such as licensing.

In some cases, the regulation of work would be similar in many respects to the traditional forms of labour law as it would focus on work as a relationship between an "employing entity" – an employer, a retailer, a supplier, purchaser – or some sort of entity that exercises either economic or labour process control over the worker. Here we can think of work as a relationship. However, in other contexts, such as street vendors who do not depend upon one or two suppliers, or self-employed seamstresses, there is no entity that exercises direct control over the worker's performance. In these cases, it is important to find other platforms and techniques for regulating work and protecting workers than those traditionally associated with labour law.

Policy-making needs to look for functional equivalents to the institutional role that the employer played in the standard employment relationship. The idea is to go beyond the form of an institution and look at its function since there are a number of different institutions that can serve a particular function (Marshall 2016).

Work as a relationship: beyond contract

An important suggestion is to focus on the regulation of personal work relations (Freedland and Kountouris 2011). The benefit of this approach is that work relations are no longer seen solely in terms of the subordinated employee, and its alter ego, the independent contractor. The regulation of personal work arrangements must be detached from its anchor in the contract of employment. It is also

critical to move away from a map of personal work relations that depicts them as a series of concentric circles with the contract of employment at its core since this map serves to reinforce, rather than diminish, the hold of the contract as the foundation of labour law.

The regulation of work relations should be centred on the worker (Freedland and Kountouris 2011: 339). The foundational concept is the personal work relation, which is defined as a connection or set of connections, between a worker and another person(s) or organisation(s) arising from an engagement or arrangement for the carrying out of work or the rendering of service or services by the workers personally (*ibid.*: 31). This conception is narrower than work since there must be a relationship and not simply an activity, and it requires that the worker be personally involved in performing the work.

Work as an activity: beyond relationship

Focusing on the relationship with an employer or entity that is functionally equivalent to an employer leaves out not just the reality of independent self-employed workers, but also the possibility of other or shared sources of responsibility, including the state, mutual funds which spread the cost among all parties involved and even private insurance. Once the focus is on the worker and her activities, rather than on the contractual relationship, it is possible to begin to consider a range of ways for dealing with social and economic risks, and not simply employment risk. One way forward is to regard maternity benefits as simply a matter for social security, which is the approach adopted by the International Labour Organization (ILO) (the Maternity Protection Convention, 2000 (No. 183)). Economic risks run the gamut from harassment to bribery and eviction, and here insurance schemes need to be combined with initiatives designed to cultivate transparency and accountability in public institutions. For some informal workers, a guaranteed annual income, sometimes known as a citizenship or basic income, and which has been discussed as a policy reform for over 30 years, may be more suitable than unemployment insurance for dealing with risks to income (McKay 2007).

In the case of health and safety for informal workers, who are engaged in economic activities without a relationship to an entity that controls either their labour process or the space where the work is performed, it is crucial to consider functional equivalents. For street vendors and waste pickers, the municipality, which controls the use of public space and waste and has a tax base, may be the appropriate entity. Health and safety interventions will require innovative low cost work organisation and engineering solutions from occupational hygienists and occupational medicine specialists. Since informal workers will be unable to afford these costs, local government and the formal private sector may have to contribute to these costs under a broader umbrella of health protection (Lund and Naidoo 2016).

Collective bargaining, social dialogue and empowerment

Collective representation of informal workers is critical both in terms of shaping the workers' self-interests as workers and for aggregating and articulating their needs and interests. The ILO defines the term "social dialogue" to include "all types of negotiation, consultation or information sharing either among the bipartite parties in the workplace or industrial sector, or by tripartite partners at the national level, on issues of common interest" (Ebisui 2012: 4). Collective bargaining is one, but not the only, form of social dialogue. Moreover, social dialogue structures need to move from traditional tripartite to broader-based dialogue institutions (Sankaran 2016).

There are a variety of organisational forms that can represent informal workers, though the critical ones must be membership-based in order to cultivate accountability of the organisation to the informal workers. There are three key types of different forms of membership-based organisations, and these different forms overlap (Budlender 2013):

- 1 Unions represent workers with the goal of engaging in collective bargaining on their behalf with corporate enterprises, workers' cooperatives and public authorities that directly or indirectly employ workers or impact their work.
- 2 Worker cooperatives are a form of enterprise that is owned and democratically controlled by their members, who may either be employed as wage workers or as self-employed.
- 3 Associations are membership-based groups that typically do not engage in collective bargaining with a direct employer.

The main counterparts of these informal workers' organisations are large companies, employer associations, the state or central governments, municipalities, the police and employers. Thus, it is critical for informal workers' organisations to identify the entity or authority most responsible for the issues over which they wish to negotiate and that the identified entity then becomes the negotiating partner (Carré, Horn and Bonner 2018). It is also important to recognise that the negotiating partner may differ for different issues even for a single group of workers.

Conclusion

In order to regulate to improve and formalise informal work, it is imperative to adopt a strategic conception of work regulation. Its starting point should be the dominant actors and social activities bound up in work relations and not the existing legal categories of employee, worker or independent contractor nor on pre-existing legal jurisdictions, such as labour, immigration, housing and planning law (Fudge and McCann 2015; von Broembsen and Godfrey 2016). Regulatory power, understood as measures or interventions that seek to change the behaviour of individuals or groups, is not held solely by governments but dis-

persed throughout a number of bodies or groups, such as firms, non-governmental and supra-governmental agencies, standard-setting organisations, credit-rating agencies, business and professional associations, trade unions, religious organisations, courts, and others. Successful regulatory strategies must engage with economic and social actors whose behaviour is the subject of regulation with the broader goal of building capacities in order to ensure that labour market actors internalise norms. In turn, this would ensure the sustainability of regulatory interventions to improve the terms and conditions under which informal workers work.

13 Domestic workers and informality

Challenging invisibility, regulating inclusion

Adelle Blackett

Informality and invisibility

Domestic work has historically been rendered invisible, though, with 67 million workers worldwide, it is ubiquitous. By turning attention to domestic work, we turn attention to the fundamental insight that informality is not synonymous with a lack of order (Guha-Khasnabis, Kanbur and Ostrom 2007) or, for that matter, a lack of law.

Labour law is a field that recognises sources of law other than state-made law. A host of accepted social norms govern workplaces, whether those workplaces are factories or farms, ships or households. Both within classic “employment relationships” and a broad range of work relationships, formal and informal, in the Global South and the Global North, status-based relational inequality cannot be ignored (Atleson 1983).

The law that governs the household as a workplace – the law of the household workplace – is not new law. It has its roots in global histories of slavery and colonialism. Those global histories help to explain the remarkable consistency in persisting understandings of domestic workers’ status and subordinated social location across a range of contexts in the Global North and the Global South. They intersect with racial hierarchies and patriarchal norms to render domestic workers, and their work, invisible.

The law of the household workplace is also not family law, though it is often framed through the use of the colloquial expression, “like one of the family”. The centrality of household economies at various historical moments does not make the domestic worker the “substitute” for the woman of the patriarchal household. The fact that the word for a “domestic” in so many parts of the world is synonymous with “slave” should be taken seriously as a shorthand for the place of the worker in the family, and the deeply asymmetrical relationship that has become so ubiquitous that its laws¹ become invisible.

When we use the label of informality, are we getting closer to naming and redressing historical forms of societal marginalisation, exclusion, inequality and invisibility? The question is not simply about legal form: lawyers might assert that domestic workers, because they have a relationship of subordination to an easily identified employer, are covered by an employment contract, whether it is

written or, as is usually the case, oral. Because they are subject to a contract of employment, the legalistic, private law reasoning goes, they work in the formal economy.

This kind of legal formalism can easily prevent us from seeing what formalisation should mean, and what it has come to be defined to mean in international labour law, via the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). International labour law shifts the focus, so that meaningful inclusion in social protection mechanisms is centred. But there is an additional dimension that needs attention. In formalising the informal in domestic work, it is important not simply to adopt the asymmetrical law of the household workplace that perpetuates domestic workers' substantive inequality and structural invisibility. In other words, becoming visible through formalisation mechanisms does not simply mean becoming a subject of state-made law. Regulatory frameworks will be unenforceable, and will fail to formalise domestic work, if they are not attentive to the existing norms that order the relationship in highly inequitable ways. The task is instead to render visible and deliberately transgress the asymmetrical law of the household workplace. Becoming visible means ensuring that domestic workers are meaningfully included in an alternative and transnational – given the structure of the work-migration nexus and domestic workers' own organisational patterns² – regulatory framework that ensures their meaningful incorporation into the corpus of a labour law that fosters equality. This is what international standard setting on decent work for domestic workers sought to accomplish through the claim of a human right to meaningful inclusion in labour law.

Regulatory frameworks and enforcement

The International Labour Organization *Law and Practice Report* of 2009, which led to Convention No. 189 of 2011, makes the case for specific regulation of decent work for domestic workers. The specificity was framed in terms of a deliberate juxtaposition: “work like any other” and “work like no other”. The juxtaposition of the two ideas was widely cited in the academic community (Shamir and Mundlak, 2011; Smith, 2011; Albin, 2012) as some scholars sought to assess whether we should embrace one or the other. My position has consistently been that both are necessary. It is not enough to say that domestic work is work like any other and delete the words in an international labour convention or a national law that list “domestic workers” among the exclusions. Keeping “work as no other” as well is a way to acknowledge that it is necessary to name and dislodge the fundamentally asymmetrical law of the household workplace that enables domestic workers' exploitation and assures their de facto exclusion, even when de jure they are included. The juxtaposition refocuses attention on the compliance-enhancing mechanisms necessary to promote a change in power relationships as well as a shift of paradigm (through “aha” moments).

The *Law and Practice Report* recognised that a mix of approaches to foster compliance is necessary:

[M]ere tinkering with informal rules in formal legislation is not enough ... a complementary mix of carrots and sticks – capacity building for domestic workers, implementation incentives for employers and robust enforcement by governments – is needed if the objective is to be achieved ... well-crafted regulatory mechanisms with a suitable enforcement machinery make an important difference in the everyday lives of domestic workers – and they convey the message that domestic workers are indeed workers who deserve both rights and respect.

(ILO 2009: paras 40 and 325)

Convention No. 189 and Recommendation No. 201 do some of this work, by turning attention to specific features of the domestic work relationship that need to change. For example, these new international labour standards challenge the presumption that only the employer's needs should determine whether a domestic worker "lives in" (Article 9 of Convention No. 189), and call out the practice of assuming that when the household is on vacation, so too is the accompanying domestic worker (Article 13 of Recommendation No. 201). But how can these be enforced?

The *Law and Practice Report* documented the extent to which domestic work is both deeply localised – isolated as it is in individual households – and characterised by considerable labour migration across national borders. While the ratification of Convention No. 189 has been spectacular, it is even more important to think about what is happening around and beyond ratification. To do so, we need to look at a broad range of changes to labour law. The diffusion of a transnational legal order on decent work for domestic workers extends well beyond the ratification of the international labour standard by individual ILO member states: it includes a range of actions by a range of actors at a range of governance levels, from the local to the national to the transnational. Together, the governance levels are meant to work together, to enhance enforcement.

In a study that has primarily focused on inspection and compliance mechanisms, as well as simplification schemes that facilitate the delivery of social protections to domestic workers, interviews were conducted between 2010 and 2014, with labour inspectors and commissioners at the Commission for Conciliation, Mediation and Arbitration (CCMA) in South Africa (Blackett and Tiemeni 2018) and with labour inspectors and judges at the specialised labour tribunal in Côte d'Ivoire (Blackett and Koné-Silué 2019).

In South Africa, participant observations were undertaken of conciliation hearings at CCMA, a mechanism that is well known and amply used by domestic workers, usually on termination of employment. Meetings were held with CCMA commissioners and representatives of the Ministry of Labour, who were able to capture the subtle, slow shift in perception of the domestic worker-employer relationship as a relationship of servitude to a decent work relationship, and one that was taking place in the minds of both workers and employers. What is distinct about the CCMA, however, is that this relationship is mediated. It is not just the employer and the employees who determine the law of the

household workplace. Rather, the dispute resolution mechanism is fast, close, and cultivates the sense that domestic workers belong there. Its very existence says, *this is a recognised employment relationship, subject to the “rule of law” in the workplace.*

Côte d’Ivoire functions with a generalist labour code, but one that emerges out of a postcolonial context in which domestic workers – at the time, mostly urban male migrants – were understood to be included. That knowledge persists: this author and Dr. Assata Koné-Silué unearthed practices within the labour administration that apply the labour code to domestic workers, as well as 50 written judicial decisions that recognised the domestic work relationship as a labour relationship and applied the code, on termination of employment. As one labour court judge remarked during interviews, employers tended to be surprised that they could even be brought before the labour court. After all, they had provided the domestic worker with a place to live and some level of comfort. The Labour Court, therefore, not only was in the position of recognising the termination; it clarified to the employer that this was, in fact, an employment relationship that falls within Article 2 of the Labour Code.³

In each of these national examples, significant and at times surprising in-roads have been made to promote enforcement of labour laws that seek to secure decent work for domestic workers. In South Africa in particular, the negotiation of a different “rule of law” in the household workplace is being instituted through the accessible, expedited mediation of disputes at the CCMA. While studies also foreground the limits of current initiatives, the key is that practices are evolving, and that a community of learning can be cultivated that sees formalisation as a clear-eyed, counter-hegemonic challenge to asymmetrical workplace power.

Towards a transnational labour law

The approach to regulating “decent work for domestic workers” has helped to shift the meaning of decent work from a minimalist to a fulsome, labour law-driven, frame. That fulsome vision should be marshalled to rethink transnational labour law – and the role of international labour standards within it – for globalisation. It includes rethinking representation to make sure that historically marginalised workers can participate fully in building the law – state and non-state – that governs them. Domestic workers’ social movements are a reminder that a broad range of actors – alongside traditional trade unions and employers’ organisations – can be marshalled (Pape 2016). The pivotal joint enabling role of WIEGO (Women in Informal Employment: Globalizing and Organizing) and the International Union of Food and Allied Workers to the International Domestic Workers’ Network (and now Federation) is an example of the kind of collaboration necessary to strengthen transnational labour law. Some important commentators in the field understandably worry that domestic workers may have sought inclusion in a sinking labour law ship (Du Toit 2013). Domestic workers actively reinvigorating labour law might respond that reports of its death have been

greatly exaggerated. Clearly though, a narrow approach to the field of labour law that excludes those on its margins can no longer – if it ever could – be afforded.

Legal regimes are interconnected. The governance of domestic work in the context of globalisation increasingly shows that the borders between international law and immigration law are porous. Both fields are intimately related to labour law in a global economy. Emerging transnational legal orders – including on the trafficking of domestic work and “contemporary forms of slavery” – have the benefit of unequivocally naming exploitation and abuse. However, as with many approaches that privilege criminalisation, they extend the arm of the punitive state without necessarily working on underlying, structural conditions that make particular forms of work organisation pervasive (Blackett 2018). They run the risk of supplanting rather than enhancing a transnational labour law approach to domestic work, which is essentially an approach that takes development seriously, and sees labour law *as* development.

This is not a minor affirmation, of course, for it deliberately reframes labour law by centring the most marginalised workers whose work predates industrialisation, extends beyond the traditional labour market into reproductive labour, and takes labour migration beyond national borders as a central subject of labour law (Blackett 2011). It posits that they, too, are subjects of labour law, and contends that addressing the regulation of their working lives in a manner that promotes their human dignity and fosters social justice is pivotal to development. In the process of decentring industrialisation in labour law, it forces a similar decentring of a normatively controlling vision of development.

Those who work carefully on informality in the Global South have generally cultivated a vision of localised, and at times South-South legal reforms rather than of legal transplantation from the Global North. The labour law vision flowing through Convention No. 189 and Recommendation No. 201 takes law – state-made law and pluralist law – seriously, and seeks to “formalise” in part by introducing a new transnational legal order that challenges labour law’s boundaries, and is rooted in equality. It works hard to shift the social consensus, and promote compliance. It also means that regulatory responses and their enforcement are not expected, either, to be exclusively national.

Acknowledgements

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Notes

- 1 In *Everyday Transgressions* (Blackett 2019), I explain why I follow a familiar, pluralist labour law tradition of acknowledging the “law of the shop” rather than invoking the

notion of customary law. This choice leads to a clearer acknowledgement that the household is a workplace ("law of the household workplace").

- 2 Decent work for domestic workers is transnational at the very least in the sense understood by Jessup (1956: 2): "to include all law which regulates actions or events that transcend national frontiers". Halliday and Shaffer (2015: 11) go further, and frame the notion of transnational legal ordering to mean "a collection of formalised legal norms and associated organisations and actors that authoritatively order the understanding and practice of law across national jurisdictions".
- 3 See Bouake Labour Court, Decision No. 109 of May 2000, *Le Juris-Social*, September 2002.

14 Enforcement of labour standards in developing countries

Challenges and solutions

Michael J. Piore

The systems of work regulation which are in place today are over 100 years old. They were conceived in a period in which we had – or thought we had – a fairly clear idea of what economic development was all about and what the trajectory of development would look like over time.

Work regulations were designed to ensure that that trajectory was consistent with worker health and welfare. A recent series of spectacular industrial accidents in the developing world, most recently in Bangladesh in factories producing for major brand name retailers from advanced industrial countries, are eerily reminiscent of those which gave rise to modern-day regulation in the early twentieth century and make clear that there is still a need for the protections which work regulation originally arose to provide. But the economy and its trajectory have changed substantially since that time; the original regulatory structure focused on manufacturing but the modern economy is much more dependent on services; new technologies, new managerial techniques, new forms of business organisation and corporate governance, and evolving social mores have led many to argue that the existing regulations are anachronistic. These concerns are further complicated by the fact that over 40 per cent of workers globally are self-employed and only a fraction of these are themselves employers. Regulatory policy is thus faced with the problem of trying to identify what kinds of adjustments would facilitate growth and development and which adjustments are basically an attempt to evade the lessons of history.

The informal economy has come to play a central role in these debates, or rather multiple roles. Its ability to do so derives in no small measure from the ambiguity of the concept itself, the fact that there does not seem to be a single definition. In a certain sense, it is defined by the formal sector – it is composed of economic activities and employment arrangements which do not conform to the rules and regulations of the formal economy.¹ Part of the ambiguity derives from the fact that there are multiple regulations and an enterprise can conform to some and not others. The term informality, however, seems to imply more than a lack of conformity to formal regulations – it suggests a lack of structure, a kind of anarchy. This is very problematic. Lisa Peattie, an anthropologist, argued that there is no such thing as an unstructured market, and she was always able to find an underlying regulatory structure in even the most apparently isolated enclaves

of the economy. All of us who believe that human beings have a tendency to organise their lives in structured social relationships may not subscribe to the strong versions of Lisa's view but it is hard to believe that economic activity that generates as much as 61 per cent of global employment could operate in the unstructured way that the use of the term informality in some scholarship and policy analysis seems to imply.

If informality is not automatically branded as disorganised, then, the informal economy offers a set of models of how to organise (and structure) economic activity, a set of models which one could think of as alternative to those of the formal sector ... and one can ask what those models are, how they affect social welfare, and what their impact is on economic efficiency. In this sense, the informal economy becomes a laboratory for investigating the question of how else, besides the regulatory structure we have inherited from industrial history, we might organise work. But is it possible to take advantage of that laboratory in the existing regulatory structure?

While the debate that is emerging around this question often focuses on the substance of regulations, I would argue that the real need is to create an institutional framework in which the question can be debated and resolved. In this context, Andrew Schrank and I have examined the contrast between the US approach to work regulation and the approach which originates in France and has been adopted in Southern Europe and in Latin America (Piore and Schrank 2018). We argue that, whereas the critique of regulation has focused almost exclusively on the Anglo-Saxon or US system, the Franco-Latin model offers a flexible model of regulation which is actually better suited to the need to distinguish between the progressive changes in modern economies and a regression towards the abuses of an unregulated labour market.

The US has created a specialised system of work regulation. Regulations are administered and enforced by a series of different agencies, each focused on a narrow range of concerns (the Occupational Safety and Health Administration, the Wage and Hour Division of the Department of Labor, the Equal Employment Opportunity Commission, the Employee Retirement Income Security Act, the National Labor Relations Board, the Federal Mediation and Conciliation Service, the State Department, Immigration and Customs Enforcement, and so on). Work regulation tends to be conceived as a list of specific standards or requirements. Violations of the different items on the list are punished by a penalty, typically in the form of a fine, in extreme cases, by criminal sanctions. The penalties act as deterrents against further violations and discharge the obligation of the enterprise under the law.

In France, the whole of the labour code is administered by a single agency. The agents (or work inspectors) are expected to bring the enterprise into compliance. Wilful or deliberate violations are punished through fines and other sanctions, the inspectors are empowered (and expected) to bring the enterprise into compliance and to develop in consultation with the owners and managers a plan through which compliance is actually achieved. The provisions of the labour code are voluminous and extensive, too voluminous to be enforced liter-

ally; an inspector cannot possibly check every provision when he or she visits a shop and thus they acquire considerable discretion as to which part of the code to enforce and under what circumstances. This encourages them to look for the underlying causes of violations in the enterprise's approach to management and in its business strategy and to seek remedies which address these causes rather than the violations individually and narrowly conceived. The Franco-Latin system is thus an approach which pressurises government agencies and the enterprises being supervised to think through and address directly the central questions raised by the recent evolution of the economy, namely, to ask whether and under what circumstances informality is a response to modernity and when it is a regression to older forms of labour exploitation.

In my experience, in countries where work regulation is organised on the French model, there is a continual conversation about these questions among the work inspectors themselves. It is grounded in their own experience in the field where they have exposure to a very wide range of working conditions and managerial practices (probably more than any other actors in the society). Exactly how that experience is put to use is in part dependent on the way these agencies are managed and whether the ongoing conversation among the line agents ever influences official policy and practice. Organisations – of workers, of employers, and of other interested parties – can encourage these discussions and enter into them as they encounter work inspectors in the field when they are working with their members but also by introducing the themes and the voices of the inspectors in the political process and in technical policy discussion and debate.

A key question then becomes whether a special regulatory regime is required for the informal economy. The answer to this question depends on whether one thinks of the informal economy as composed of relatively homogeneous business and employment units or whether it is a catch-all category that is really defined by the formal sector. My own sense is that it is too heterogeneous for a dedicated enforcement agency to make sense. What much of the informal business units have in common is that they do not pay taxes and so in those cases where a dedicated institutional structure has been created (e.g., Argentina), it is motivated by a concern with raising revenue, which is hardly the major issue posed by informal employment from a social perspective. In the advanced developed world, to my knowledge, several countries, most notably France and Spain, have historically created specialised inspection corps for small firms with the notion in part that the management in these firms is less well educated, less schooled in modern business practice, and hence needs special guidance, and interviews with the inspectors in these specialised units suggest that this is indeed the case. But it is not the same thing as a regime of regulation directed at the informal economy. On the other hand, the discussion and debates which programmes aimed at informality are likely to provoke are precisely the kind of open, public discussion of the causes of poor working conditions and the best ways of addressing them. And it is the absence of this kind of discussion and debate which leaves the newly developing world ignorant of the history of employment conditions in those countries which

preceded them in the developmental paths and denies them the lessons of history which would otherwise be the advantage of late development.

Note

- 1 There are two official international statistical definitions: “informal sector” is an enterprise-based definition (i.e., enterprises which are not incorporated or registered with a national authority); and “informal employment” is a broader employment-based definition (i.e., employment without work-based social protection).



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Part V

Urban planning and design

Including informal livelihoods



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15 The informal economy in urban Africa

Challenging planning theory and praxis

Caroline Skinner and Vanessa Watson

This chapter starts by outlining the extent of informal work and settlements in Africa, showing that rather than being an aberration, informality is the norm. The current governance context suggests significant dissonance between city aspirations and planning systems and pervasive informality, resulting in widespread exclusionary practices. Reflecting on lessons from cases of inclusive planning, we highlight the conventional wisdoms in planning that need to be challenged. We go on to consider implications for planning practice and conclude with areas for future research.

Extent of informality in urban Africa

There are two major characteristics of African urban areas that both the literature and policy often view separately – informal work and informal settlements. What the first-ever global estimates of informal employment, compiled by the International Labour Organization (ILO) with support from WIEGO (Women in Informal Employment: Globalizing and Organizing), show (Table 15.1) is that most people who work in the Global South work in the informal economy.

Even in urban areas of Africa, over 80 per cent of all workers are informally employed. Table 15.2 shows the portion of total employment that is informal in a selection of African cities.

Alongside this high incidence of informal employment in Africa is the great extent of shelter, water and sanitation deficits. According to UN Habitat, the lowest levels of infrastructure provision are to be found in urban Africa. They estimate average coverage of water and sanitation at 89 and 69 per cent respectively, of electricity at 69 per cent and of paved roads at 28 per cent (UN Habitat 2012: 49). In 2016, they estimated that while one in every eight persons in the world lives in a slum, the situation is particularly acute in urban Sub-Saharan Africa – where over one in every two residents is a slum dweller (UN Habitat 2016: 57–8). This is less than the World Bank estimate that 61 per cent of urban Africans live in informal settlements (World Bank 2014). While exact estimates vary, what is clear is that slums in the region have grown in tandem with rapid urbanisation.

Table 15.1 Informal employment as a percentage of total, rural and urban employment by geographic region (excluding developed countries), 2016*

<i>Region</i>	<i>Total</i>	<i>Rural</i>	<i>Urban</i>
Asia and Pacific	71	86	51
Sub-Saharan Africa	89	90	81
• Southern Africa	40	57	33
• Rest of Sub-Saharan Africa	92	92**	85
Latin America and the Caribbean	54	69	48
Middle East and North Africa	68	74	60
Eastern Europe and Central Asia	37	47	29

Source: Bonnet et al. (2019), Table 3.3, p. 12.

Notes

* These data are for emerging and developing countries only, not developed countries, in the regions.

** For developing countries, the estimates of informal employment in rural and urban areas are based on a smaller number of countries (with available data) than the estimates for total employment. This accounts for the same estimate for total and rural in developing countries.

Table 15.2 Informal employment as a percentage of total employment in a selection of African cities

<i>Country</i>	<i>City</i>	<i>Percentage</i>
Benin	Cotonou	83
Burkina Faso	Ouagadougou	81
Côte d'Ivoire	Abidjan	79
Madagascar	Antananarivo	64
Mali	Bamako	83
Niger	Niamey	77
Senegal	Dakar	80
Togo	Lomé	83

Source: adapted from www.wiego.org/informal-economy/statistics/statistical-picture

These trends are intimately interconnected – those who work informally often live in slums, slums are not just places of reproduction but also places of work. A critical factor that needs to be taken into account in both the design and building of informal structures and their location is (largely informal) work activities.

Governance context shaping livelihood possibilities

Governance has a significant impact on informal work in urban areas, primarily through land use management and planning systems. Most countries have detailed and elaborate national planning laws which are often inherited from earlier colonial governments and have remained largely unchanged. These laws embody older and European visions of what modern cities should be like. They emphasise order, cleanliness, adherence to building and planning laws, and mono-functional neighbourhoods. They assume that informal work and dwellings

are not present or need to be removed. In many university planning schools, students are taught to implement this kind of planning through master planning and land use zoning. More recent plans for African cities continue this modernist tradition and follow similar principles of orderliness and cleanliness. But there are some important contradictions about the way planning systems function.

The primary contradiction is that most of these cities and towns are largely unplanned – informality is everywhere. Elaborate formal planning laws have little effect on the ground. Yet this does not make life easier for those who live and work informally. The inappropriate and unimplementable formal planning systems become a political tool for politicians, officials and even informal workers and residents themselves. Time and again politicians have used planning arguments such as the need to “restore order”, “modernise” and “clean up the city” to evict thousands of informal workers and informal settlement residents.

This has frequently happened where urban voters support national opposition parties. On other occasions, informal presence has been encouraged by politicians as a “vote-banking” strategy before elections. Or informal workers themselves offer political support to promote their claims to land and space. Hence cities in Africa (and elsewhere) are often driven by patron-client networks searching for exploitative rent-seeking opportunities both outside of, and through, formal government institutions and regulations. This is well documented across the continent – notable examples are Zimbabwe’s 2005 “Operation Marambatsvini” (Kamete 2007a) and ongoing harassment particularly of street vendors (Rogerson 2016), Johannesburg’s “Operation Clean Sweep” (Bénit-Gbaffou 2016), Blantyre’s “Operation Dongosolo” (Riley 2014) as well as cases in Nigerian cities (Onodugo et al. 2016); Nairobi (Morange 2015); Accra (Steel et al. 2014); Lilongwe (Tonda and Kepe 2016) and Kampala (Young 2017).

An added dimension is the big new player in African cities: international property developers. Post the 2008 financial crisis, interest in the African property market has led to a host of urban land grabs with developers claiming they can create “world class cities” through “master planning” Dubai and Shanghai look-alike projects. Increasingly politicians support these to gain prestige and sometimes wealth. But these projects are simply new versions of urban colonial modernisation and are serving to marginalise and exclude even further those working and living informally (Watson 2014).

Challenging conventional wisdoms

Reconsidering the role of planning in relation to the informal economy and to informal settlements needs to happen conceptually as well as in practice. There are a number of conventional wisdoms in planning regarding informality which must be challenged – notions around the mono-functionality of homes and the role of public space; that informally prepared and distributed foods are a threat to consumer health and that informal workers are not contributing to the

economy, to climate change mitigation or to urban service delivery. We consider each of these in turn.

The home is a workspace for many low-income households

The first conceptual shift needed to inform livelihood-supporting planning approaches is the acknowledgement that housing, and settlements, have an economic function. Poor households all over the world use their homes to generate income through making and/or selling products and services from these sites. Yet single-use zoning schemes and infrastructure planning, as well as many state housing policies, fail to recognise this important economic role of housing and can end up banning such activity and adding to economic costs and inefficiencies for home-based workers.

The Mahila Housing Trust's (MHT) slum upgrading work in four states of India effectively incorporates the economic function of housing, recognising that for many of the over 1.5 million members of the Self-Employed Women's Association (SEWA), their homes also function as workplaces. Obino notes that in most cases, housing improvements were linked to a desire to expand economic productivity. For home-based workers, better housing and services allowed more time at productive work, better access to water and safer storage for stocks. An electrical connection can allow better equipment such as an electric sewing machine, while a water connection quickens the production of food to be sold on the street. Studies have also found that improved infrastructure can stimulate investment in housing, but often this is dependent on loans from financial institutions (Obino 2013: 4).

Informal workers should have the right to work in public spaces

Many constitutions recognise the right to work. In Colombia, India and Mexico, court decisions have drawn on this constitutional right and affirmed the right to work on the street. Invoking these constitutional rights represents an advance on the far more prevalent view that any form of street-vending is against the law, but they do fall short of the specific position that work is a right and prohibition of street trading is a denial of that right (Meneses-Reyes and Caballero-Juárez 2014). Brown (2015) suggests that urban public space should be considered a common resource, offering open access to those attempting to secure an income. Secure tenure for livelihoods demands as much recognition as it does for housing and it is quite possible to extend civil and common law traditions in many parts of Africa to accommodate a broader definition of these rights. Brown's African case studies show that in the absence of constitutional measures, collective action by informal workers can also open up the opportunity for dialogue with the state on rights to public space.

These arguments for access to streets and public spaces for work have significant implications for urban planning. Street vendors and other informal workers as well as pedestrians, vehicles and recreational activities use public space and

mutual accommodation needs to be found. Street vendors need secure access to public space but also have a need for basic infrastructure such as running water, electrical connections, waste disposal and toilets. For street vendors as well as informal traders located in built markets, priorities are shelter from the elements, tables to display goods and storage facilities. Where electricity is accessible, some vendors have started more lucrative and value adding trades – carpentering, sewing, catering and computer and cell phone repairs.¹ For waste pickers, sorting and storage facilities can transform their work environment and enhance their productivity and earning capacity (Dias and Samson 2016).

Informal food trade contributes to addressing food insecurity and thus improved health

Planning needs to shift from the assumption that informal food preparation and vending are a health threat and should be removed, to an acknowledgement of the positive health and economic benefits of this sector if it is correctly supported and managed. Urban food security is a key concern in poorer communities, and the informal economy is an important way in which the poor gain access to food. A 2009 survey across poor areas in 11 cities in southern Africa showed a high level of reliance on informal sources for food needs, with some 70 per cent of households surveyed normally sourcing food from informal outlets (Crush and Frayne 2011: 798). Yet planning and health regulations frequently make it extremely difficult for food vendors to operate either in public spaces or in residential areas and this undermines the access of households to cheap and nutritious food. Moreover, when food vendors are subject to large-scale eviction measures, as happened in Blantyre in Malawi in 2006, then the “geography of urban poverty is reshaped” and households no longer able to access these cheaper outlets suffer worsened food insecurity (Riley 2014).

Where informal vendors or traders are operating in public spaces and markets, the municipality needs to provide services and facilities to ensure a healthy selling environment. In Warwick Junction in Durban, South Africa, this was achieved through a partnership between the vendors/traders and the municipality, along with the careful design of facilities. Water points were designed and located to allow for their multiple use for washing, vegetable cleaning, cooking and taxi-washing. Toilets were easy to maintain, and were arranged in smaller blocks distributed throughout the market. Municipal waste removal was supplemented by volunteer market cleaners and intermittent “cleaning blitzes” (Dobson and Skinner 2009: 114–17).

Informal operators can contribute to climate change mitigation and improved urban services

The contribution of the informal economy to urban sustainability is rarely recognised. It is more often regarded as a polluter of the environment, and planning, health and environmental regulations are used to remove and repress it. Yet

informal vendors and traders often source locally and make less use of polluting plastic packaging than formal shops.

Municipal waste management schemes that integrate informal recyclers emit fewer greenhouse gases, as has been proved in Colombia (Sintana, Damgaard and Gomez 2015). In many countries, waste picker movements have negotiated with governments to secure integration into municipal recycling schemes. Peru and Brazil have both passed progressive national laws that support the integration and recognition of waste pickers and their cooperatives. In Peru, Law 29.419 of 2010 regulates the activity of waste pickers, encouraging the registration of waste pickers via incentives to form waste pickers' cooperatives (the reduction of taxes and the offer of capacity building programmes) while Brazilian law mandates the inclusion of waste picker associations into solid waste management systems (Dias 2011b). Belo Horizonte in Brazil, Bogotá in Colombia and Pune in India offer examples of successful integration of waste pickers into municipal waste management schemes.

Dias details the different approaches (2016: 379–82). In all these cases, strong cooperatives of waste pickers have advocated for the right to access waste (in the case of Bogotá, through the courts) and have secured formal agreements with local authorities. In Belo Horizonte, the council has established facilities to sort and process waste which the cooperatives manage, and are now receiving financial incentives for the services they provide. In Pune, the waste picker cooperative has been contracted by the city as an independent service provider with agreed performance indicators doing door-to-door collection and receiving user fees. The Council provides equipment, working space and technical training. In 2010, the then mayor of Bogotá, in response to a Constitutional Court ruling mandating that waste picker cooperatives had the right to bid for solid waste management contracts, created a public waste management authority to integrate and pay waste pickers for the collection, transportation and recuperation of recyclables.

Implications for planning practice

There is a significant gap between the needs of those working informally and the expertise and training of officials charged with the planning and management of informal workplaces and spaces. Planning officials rarely understand the highly specific and differentiated locational and service requirements of informal workers or where their activities fit into wider value chains. It is therefore essential that any urban intervention aimed at supporting the informal economy (whether in public space or home-based) involves extensive negotiation and participatory planning processes, as well as professionals willing and able to consider new forms of infrastructure provision and new or adapted rules to manage their use and servicing.

Key to supportive interventions is understanding economic dynamics. In Warwick Junction, Durban, South Africa, for example, understanding the specific economic dynamics within different segments of the informal economy was

crucial. Through observation, consultation and many one-on-one discussions, it became clear that interventions to enhance the livelihoods of traditional medicine traders were different from interventions needed for bovine head cookers, which were different again from supporting waste pickers operating in the area. Gleaning these insights involved municipal staff spending much time on the streets observing how space was used; one-on-one discussions with individual traders about their suppliers and customers to document backward and forward linkages of particular trades; and carefully designed participatory processes with groups of traders using role play among other techniques (Dobson and Skinner 2009). Planners also need to understand the impact of value chains. For example, for waste pickers the price of recycled metal is set globally and determined by the needs of the big players in China and the East, and this directly affects their ability to survive economically.

Factors common to the approach in these cases are:

- individual informal workers (particularly women) and their organisations are integrally involved in the process;
- there is recognition of informal workers as knowledgeable and legitimate partners;
- planners thus function as facilitators rather than all-knowing experts.

In addition, these cases show the importance of an incremental approach to upgrading, making use of experimentation through “pilots”, rather than end-state and inflexible master planning.

A central issue, however, is the necessary balance between regulation and control, on the one hand, and inclusive and supportive planning approaches, on the other. Where there are competing and conflicting claims on public space (vendors vs. pedestrians, commercial vs. social uses of space), or home-based work which negatively affects neighbours, processes need to be in place, and institutionalised, to reach consensus agreements and mediate competing claims. Such arrangements will inevitably be highly context-specific: there are no models which can work across all places. The importance of consultative approaches and collective action on the part of informal workers has been emphasised above; both allow agreements (even in conflictual situations) to be worked out and reinforced in wider forums.

One consultative process increasingly acknowledged as having potential for both informal workers and shack-dwellers is that of co-production. In this process, communities and groups organise using mapping, surveys, savings schemes and learning exchanges to facilitate their empowerment, and then engage in partnerships with government on upgrade processes. With both knowledge and funding supporting them, communities are far better placed to secure appropriate planning interventions. While co-production often focuses on informal settlement upgrading, there are also economic benefits to be negotiated. For example, a co-production process in Malawi on water access involved the state and communities as well as informal water vendors. The co-production

arrangement improved water access through increased communal water-kiosks, though the functioning of the entire water supply system was not without problems (Adams and Boateng 2018).

Future research priorities

What is being suggested is a fundamentally different approach to planning practice – bottom-up, incremental, flexible, economically conversant and acutely aware of, and informed by, the specific context and power dynamics. This calls for a new cohort of planning practitioners who are willing (and brave enough) to try out new approaches as a few experimenters have already done in the cases we have highlighted. Importantly, those working and living informally have a nuanced understanding of their context, challenging the very notion of “who is a planner”.

In terms of research priorities to support this change, we prioritise detailed case study work in what are often regarded as peripheral, informal areas in the “ordinary” cities and towns. Duminy et al. (2014: 1) support “careful empirical analysis of what actually exists, and critical reflection on how it has come to be that way”. Highly contextualised knowledge of the interests, power relations and actual daily practices underpinning inclusionary planning processes is the route to transforming them.

These case studies should feed into three important processes. First is changing planning laws. Berrisford and McAuslan (2017) argue that the future of African cities must be shaped by laws that address the lived experience of households and firms. They suggest this requires taking some Western-style laws and some locally emerging ones, identifying the aspects of each that are effective, and knitting these together into a legal model that works. This in turn requires deep and context-specific research.

Second is the training of a new cohort of urban planners as is occurring through the Indian Institute of Human Settlements and the African Association of Planning Schools Model Master’s planning curriculum. Both are suggesting using case studies in teaching in combination with experiential learning with communities and their support NGOs, and developing good cases is an important research task (Watson and Odendaal 2013).

Third is the call within planning and urban studies to develop theory “from the South”. This group of scholars (the Comaroffs, Roy, Simone, Watson, Yiftachel among others) as Bhan explains, seek to “unsettle the meta-narratives of urban theory told from the great cities – New York, Chicago, London, Paris – and locate them in place and time” particularly from places that have so far been considered “peripheral” (Bhan 2016: 12).

A final addition is the need for cross-disciplinary work on informality. Empirical and theoretical work on the informal economy has largely been located in development studies and economics. There is insufficient engagement with the urban planning field and a tendency to be space-blind in terms of policy development. The need for planners to understand the economic informants of these

activities suggests that urban spatial planners would do well to engage with development studies debates and vice versa.

Note

- 1 See, for example, in inner-city Durban (Dobson and Skinner 2009: 104).

16 Urban design

Imaginations beyond architecture

Rahul Mehrotra

Urban design is a bridge practice – one that implies flows, is open, plastic and reconfigures itself depending on the problem and the agents, actors and constituencies it has to influence. It is plastic enough to even configure and reconfigure itself between built form and the broader ecologies of the natural system in which it is situated, and more critically as the bridge discipline that embraces the autonomy of architecture and the rich terrain of social science that (ideally) informs the discipline of urban planning.

Today urban design seems to be understood in complete contradiction to this intent. In fact, democracy with advanced capitalism and neoliberal policy is a fatal combination for the urban form of cities more generally and for urban design as we imagine its practice. Under this combination, material configuration through architecture and the aspiration of permanence become the default conditions for our cities and by extension for the expectations of society from urban designers. Here architecture becomes the sole instrument through which cities are imagined and formed. This is particularly limiting, given that cities in the world are in such a state of flux on account of both political and economic uncertainty as well as climate change. So, if anything, urban design should be making this state of flux and the impermanence it implies, as well as the design of transitions in our built environment, the central agenda. In other words, the mission of urban design as a bridge practice could be to straddle and create productive feedback loops between these different conditions that are moulding our built environment today.

However, the practice of urban design globally has been limited to create coherence, efficiencies, and stability in ways that the urban form for our cities is imagined. Architecture becomes the central organizing device for the formation of cities. In autocratic governments, the city and its form are imagined more often than not by multinational design corporations patronized by the monarch and often in complete detachment to the realities on the ground. In democracies, on the other hand, it is usually the combination of market forces leveraged by developers and financial interests and in some cases (at the smaller neighbourhood scale) by community groups or not-for profit-organizations – thus resulting in often disparate imaginations as a result of varying aspirations. This is a non-productive condition because what has resulted from this are boundaries of

containment for urban design practitioners, thus depriving cities of this crucial bridge practice – urban design. A practice that in its original aspirations was to connect different disciplines to make for a more productive and synergic engagement with the construction of the city. And to imagine the city as a broad and complex ecology of living and working in co-existence within natural systems. Thus, the critical questions for the practice of urban design are whether, as a practice, it should only respond to the context of its operation, or should it also engage with the construction of that context itself?

Today that context is of a city in flux. In several cities around the world, in the post-industrial scenario, a new system has resulted where living and working have become extremely fragmented in the formal sector of production but much more intertwined in the informal sectors where living and working often occur in the same space. Locations of jobs and places of living are not interrelated in the predictable fashion when job locations were centralized. However, this has some advantages which are not adequately recognized in the formal imaginations of the city. For while being fragmented, in some ways working and living have become intertwined, albeit informally. Today, in the majority world (of the Global South) self-employment accounts for a large majority of livelihoods, often in public spaces or private homes. This reality should be the real driver for imagining the new self-employed city and what its urban form might be.

Furthermore, in today's networked economies, these patterns are not only fragmented but in flux and constantly reconfiguring. This results in a condition where there is simultaneous fragmentation as well as intertwining of work and living spaces and in fact in the structure of the city itself and its form. The notion of clear zoning or predictable and implementable land use all breaks down into much more multifaceted ways in which the city is used and operates. This is an urbanism created by those outside the elite domains of the formal modernity of the state. It is what Ravi Sundaram refers to as a "pirate" modernity of the poor who slip under the laws of the city to simply survive, without any conscious attempt at constructing a counter-culture (Sundaram 2001). The spaces created or occupied by the poor have been largely excluded from the cultural discourses on globalization, which focus on elite domains of production in the city. They tend to fall below the radar of most urban designers, who focus on the public realm as we have defined it traditionally, but in this condition the meaning of space itself is in flux and ever changing. It is not only the city of the poor, or the regular models of the formal and informal and other such binaries, but a kinetic space, a space where these models collapse into singular entities and where meanings are ever shifting and blurred.

The questions this raises are as follows: can we design for multiple uses and users of space as urban designers and planners? Can we design with a porous and fluid mind – one capable of accepting the simultaneous validity of varying aspirations? Can other forms of organizations be embedded in the discussion about our cities and, if so, how do we recognize and embed this within the formal discourse of urban design? This is not an argument for making our cities temporary but rather one of recognizing the temporal as an integral part of the

city and seeing what space exists for this within the possibilities of urban design – all the way from its urban form, public spaces and governance structures.

So, then, what is the role of urban design in this condition? Most certainly this flux is the new normal and, in addition, the spurts of growth and flux triggered by natural and political uncertainty are going to challenge our reading of the urban condition and the role of urban design. The issues that could be negotiated in this form of urban design practice, then, are as diverse as memory, geography, infrastructure, sanitation, public health governance, ecology, new forms of livelihood and urban form, albeit in some measure temporary. These parameters could unfold their projective potential, offering alternatives of how to embed softer but perhaps more robust systems in urban form otherwise imagined with aspirations for more permanency. Andrea Branzi advises us on how to think of cities of the future. He suggests that we need to learn to implement reversibility, avoiding rigid solutions and definitive decisions. He also suggests approaches which allow space to be adjusted and reprogrammed with new activities not foreseen and not necessarily planned (Cardevila 2016). Thus, urban design as a practice must acknowledge the need to re-examine permanent solutions as the only mode for the formulation of urban imaginaries, and instead imagine new protocols that are constantly reformulated, readapted, and re-projected in an iterative search for a temporary equilibrium that reacts to a permanent state of flux.

One could argue that the future of cities depends less on the rearrangement of buildings and infrastructure and more on the ability of urban designers to openly imagine more malleable technological and material solutions for rapidly shifting economic and social landscapes. That is, to imagine a city form that recognizes and better handles the temporary and elastic nature of the contemporary and emergent built environment with more effective strategies for managing change as an essential element for the construction of the urban environment. The challenge is then learning from these changing conditions on how to manage and negotiate different layers of the urban while accommodating emergent needs and often largely neglected parts of urban society. Thus, the aspiration would then be to imagine a more flexible practice of urban design more aligned with emergent realities, enabling us to deal with more complex scenarios than those of static or stable consolidated situations.

The challenge for urban design today is to transform to become more inclusive, thereby recognizing its dependency on other actors and agencies for implementation and multiple domains for its design. Integral to this new emerging approach are incremental strategies and multifaceted feedback loops making the process of urban design increasingly dynamic. New technologies could potentially help us spatialize and combine big data as well as grounded knowledge and find new ways of discerning emergent patterns to understand spaces in flux. This then facilitates a more nuanced, fine-grained, and grounded registrar of the reality in which we operate. Perhaps emblematically, urban design today is in a place between an intuitive exploration between the formal city represented by architecture and the instant city premised on temporality. That is, between

formalism with its quest for functionalism and the temporary character of informality – in the space of true transitions.

Then urban design could be about how these spatial possibilities play out to influence the quality of lives, of our evolving economy, society and culture and the broader well-being of the planet. It is the broader view of planetary implications and ecological thinking that will prepare for us questions of equity and humanism in the context of our urban design praxis. Design for this condition of flux will necessitate urban design to think in terms of transitions rather than in absolute terms. That is how we may actually avoid designing permanent solutions for perhaps what well might be temporary problems.

Acknowledgements

This chapter draws in part from Rahul Mehrotra (2017) “Urban Design: Beyond Architecture at Scale”, in Suzanne Hall, and Ricky Burdett (eds), *The SAGE Handbook of the 21st Century City*, London: Sage Publications, pp 602–12. Used by permission of the publisher.

17 Informality, housing and work

The view from Indian cities

Gautam Bhan

This chapter interrogates whether the conceptual frameworks and approaches developed within urban practice on informal settlements apply equally well to informal livelihoods, and, particularly, how urban planning, engineering and design might better respond to such livelihoods. It does so by focusing on the links between informality, housing and work with evidence and examples drawn from Indian cities. Research, policy and practice within informal housing and informal livelihood have a lot to learn from each other, and conversations that begin that inter-referencing are essential and critical.

Housing versus houses: the context and frames

Anyone who has spent time in informal settlements knows that the income-poor make at least three kinds of housing choices that are driven by the nature of their work. First, the nature, design and form of the house they self-construct often reflect the need to use the house for work, storage and commerce as well as for residential purposes. Second, and more importantly, the location of where they live – whether they do so legally or in tension with law and master plans in the “slum” – is dominantly determined based on proximity and access to employment. Often, therefore, workers will tolerate poor material quality of a house that is well located rather than take a materially and structurally “better” house that makes livelihood unviable. Third, investing in the housing unit itself, especially for those who build and improve houses incrementally over a period of time, is dependent on work and wages/earnings. In other words, not only can you not afford a better house if wages and earnings are unreliable or inadequate, you also cannot improve the house you currently live in. In many ways, at individual, household and city-scales, the housing question is, in many ways, a livelihoods question.

To understand this more deeply, we must remember that *housing* is not *houses*. Beyond just the dwelling unit or the house, housing is an assemblage of location, services, work and tenure. Elsewhere, my colleagues and I have described a framework that argues that housing has to be three things: *adequate*, *affordable* and *viable*.¹ The first two are familiar to most, touching upon the material adequacy of a dwelling unit, its size, its affordability and its tenure

security. Viability, however, goes beyond just the dwelling unit. It talks about proximity to livelihoods, connections to transport and mobility, and asks whether housing can give a sense of belonging to place and society. Viability asks a simple but pivotal question: can one make a meaningful life here? Housing policy and practice take adequacy and affordability quite seriously, tenure security less so, but it rarely is able to take on viability at all. Part of the reason is that viability cannot be captured by housing policy alone: it requires integration into broader economic and spatial planning.

Like all practice that requires integration across traditionally separated sectors, it is very difficult to do. Viability has resulted unintentionally in the Indian city so far. The “slum” chooses location, form and proximity to work as its primary locational logic. It is viable and affordable. Yet that viability has come at the cost of adequacy and tenure security. What planning policy and practice have done is to ensure some minimum investments in services and infrastructure, some incremental moves on tenure, but largely their approach has been to “look the other way”. This is an odd mode of practice – it’s hard to imagine recommending it as a way to regulate informality.

This status quo is, however, untenable. Indian cities are changing. The most significant emerging threat to viability is no longer that not enough attention is being paid to informal settlements. Instead, it is that within the changing political economy of Indian urbanisation, the state and other land-owning actors are increasingly unwilling to “look the other way.” This implies not only a new intensity to cycles of eviction and resettlement across Indian cities as long-held, politically negotiated, tenure arrangements are threatened, but also a policy framework of building new affordable housing in peripheral locations. This is a familiar sight in Indian cities today: vertical, multi-storey small apartment blocks as “slum redevelopment”, mostly built at scale in the city’s peripheries where land is available cheaply. This new housing stock is a precise schism in our triad. It is materially adequate, relatively affordable, but its location and design definitively break the link between housing and work. Affordable, adequate, but not viable.

Finally, new forms of urbanisation – peri-urban development, corridors, special economic zones – that are underlying a significant part of urbanisation do not have the same historical trajectories that could hold informality in the past. These new urban spaces are planned, controlled and enclaved spaces that are being built at a time when modes of employment and output are shifting; and the relationship between employment and work stands severed. Quick example: even the National Manufacturing Policy that speaks of building new industrial townships which it calls National Industrial Manufacturing Zones does not mention housing even once – not even for formal workers in the planned industrial zones, let alone informal workers in complex, multi-use cities. With trends such as these, in the urbanisation that is to come in India – the second largest in human history after China – what will be the possibility even of the organic informality that has characterised Indian cities so far?

How do we think/move from this context?

I suggest three or four ways of thinking and working differently from this current set of challenges. First, we have to re-think the techniques and tools of planning. Informality in housing has long simply looked at planning as the thing to evade, or a modality in post-facto regularisation. But with the ability to evade planning increasingly shrinking, we will have to confront the need to engage with the state rather than keeping it at a distance. Here, spatial informality has much to learn from economic informality. Informal workers have been more successful in finding ways to engage with the state that respect its informal nature but also seek some form of regulation or support. Take the example of new legislation on street vending in India, the idea of “natural markets” as a planning category, or even welfare funds for construction workers whether they are formal or informal. Residents of informal settlements have been less successful in finding parallel modes of recognition that retain the flexibility of informality but reduce its vulnerability.

Such new innovations that could enable recognition of the need for viable informal housing require both new research but also new locations. In urban India, a long-standing focus on the megacities, such as Delhi and Mumbai, has meant that the opportunities and challenges of non-metropolitan cities (which in India are 500,000 people and up!) have been under-explored. These are cities where urban poverty is ever-present, but housing informality is less severe, tenure more secure, and evictions less likely. These are also the cities that will enter into new phases of urbanisation within the next decade. It is in these cities that planning for future growth is still possible and desirable, and we must ask: how will we protect spaces for organic, incremental urban forms to exist as these cities grow? Do these forms have to be “informal” in the way we currently understand the term? What balance of informal work and space will exist in these minor urban centres?

Second, our approach to planning, as well as to planning education, must change. Only one architectural school in India teaches a full course on repair. No engineering college teaches courses on retrofitting services into already built landscapes. We know how to plan a new layout but not what zone to apply on a landscape that is already built before the plan was laid out. Planning is taught in India as if the temporalities of urbanisation are yet to come, as if our cities are yet to be built instead of the complex urban environments we already have, whether intended or unintended. What we need is a new vocabulary of practice: repair, retrofit, regularise instead of plan, build and allocate.²

Third, we have not adequately explored what it means to make arguments, frame research and advocate practice at the intersection of multiple informalities. For example, can we argue for improvements in informal housing – viability, adequacy, or affordability – through its impact on employment? In other words: measure service improvements, for example, in housing by measuring impacts on wages and earnings in addition to the health benefits of sanitation? We need new connections that recognise and take further all the ways that houses become

housing. In urban India, the strongest claim to rights in the city currently is education, a new fundamental right in the Indian Constitution. This right is spatial: the right to go to a school within 2km of your house. A current legal challenge in the Punjab High Court asks: does an informal settlement within 2km of a school count as “residence”? This judgment can go either way but one can also imagine making an argument that eviction breaks one’s right to education – a form of leveraging that I am arguing is inadequately explored in both activism and policy. Similarly, the most effective (if not ideal) arguments for upgrading slums are currently coming from the impact on improved environmental health and from building city resilience in response to disasters. How do we leverage the complementarities here? How do we add a focus on informal livelihoods into the mix?

Fourth, we have to find ways to return some of the responsibility of delivering housing back to employers, agents, contractors, and the range of actors that provide livelihood opportunities, ensuring that we work across the formal-informal spectrum. Again, we have been better at this in speaking of social security than we have in spatial informality. Can we combine the lessons from one into the other? What would it mean to have different kinds of “employers”, as a shorthand category, bear responsibility for housing for informal workers? What would it look like spatially, financially and in terms of governance? How would we deliver housing entitlements to workers outside defined “office” or “workspaces” that exist in formal work?

One idea that cuts across these is the example I want to end with of a new focus we could try that I believe brings together housing and work perfectly: rental housing. Here also, I mean rental in a deeply temporally flexible way: from renting for a night to longer-term rentals. Housing that is flexible, transitory but not vulnerable. If access to this kind of housing came on the basis of work status but not through particular employers, then a range of actors can be imagined who could manage this new form of housing, with contractors taking time-shares, for example, to fulfil mandated worker housing responsibilities in a short-term construction project. It is such new forms of inter-linked praxis that we must explore as we read informalities together. These forms require us to take the spatiality of economic informality, and hence its links to housing, the built environment and planning, seriously.

Notes

- 1 See G. Bhan, S. Harish and G. Anand, *Policy Approaches to Affordable Housing in India: Problems and Opportunities* (Bangalore: Indian Institute for Human Settlements, 2014). Available at: <http://iihs.co.in/knowledge-gateway/policy-approach-to-affordable-housing-in-urban-india/>.
- 2 See G. Bhan, “Notes on a Southern urban practice”, *Environment and Urbanisation* (2019). <https://doi.org/10.1177/0956247818815792>. Full text available at: www.academia.edu/38235852/Notes_on_a_Southern_urban_practice.



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Part VI

Homeworkers

Extending labour rights in global value chains



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18 Regulating corporations in global value chains to realise labour rights for homeworkers

Marlese von Broembsen

Introduction

Labour law distinguishes employees from what it terms independent contractors. Labour law protects employees, whereas law of contract notionally protects independent contractors. In most jurisdictions, homeworkers are considered to be independent contractors.

The premise of the law of contract is that the parties to a contract should be free to contract on whatever terms they wish, even if to their detriment. Courts should honour the “will of the parties” and not interfere in the terms of the contract, unless there are strong public policy imperatives, such as illegal activities.¹

Unless required by legislation, contracts need not be in writing. A valid contract simply requires a “meeting of minds” and agreement on material terms, such as what is being exchanged, for how much, and the delivery date. Imagine the following agreement between a homeworker and an intermediary:

- 1 The contractor (who might be an employee, an independent contractor, or an agent of the factory) – will deliver pre-cut fabric to the homeworker and collect completed T-shirts at an agreed time.
- 2 The homeworker will provide the sewing machine, the thread, electricity and the work space.
- 3 The homeworker will be paid X per piece.
- 4 Poor quality goods will be rejected by the contractor’s unilateral decision.
- 5 The contractor will pay on receipt of goods.

Were the bargaining power distributed equally between the parties, we would likely agree that the terms are fair. The problem is that the terms are not negotiated, but imposed by the contractor on a take-it-or-leave-it basis; the piece-rate is almost always below the equivalent minimum wage for the sector (Pieper and Putri 2017; Zhou 2017) and does not cover the homeworker’s production costs, excludes social protection costs (such as health care or sick leave); the relationship between the contractor and homeworker is seldom arm’s-length: the contractor may be from the same community and might also be the (male) money-lender, or (male) kin, which affects their power relations; and the contract is embedded

within a particular mode of production, known as value chains, which fundamentally impacts on the contractual terms.²

This last point needs elaboration. The contemporary form of transnational production is attributable to technological innovation, lower transport costs, exchange control de-regulation, the World Trade Organisation law that has reduced import tariffs, low wages in developing countries, but also to a development ideology that includes “labour flexibility” as a goal for governments and corporations (Collins 1990; Baldwin 2011).³ Standing (1999) argues that labour flexibility comprises four aspects. (1) *production or organisational flexibility* refers to corporations’ practice of keeping the profitable functions (such as research and development, branding and marketing) and outsourcing or sub-contracting less profitable aspects, such as production that can be commoditised (Klein 1999); (2) *wage system flexibility* targets the wage costs of production: firms reduce their wage costs by restructuring their relationships with workers to avoid the responsibilities that come with an employment contract, including by sub-contracting work; (3) *labour cost flexibility* targets the non-wage component of labour, including social protection (such as unemployment insurance), compensation for injuries at work, sick leave and supervision costs. Firms find ways to transfer these costs to other firms and/or to their workers and these firms (factories) in turn transfer these costs to sub-contracted labour, including homeworkers; and, finally, (4) *numerical flexibility* means firms hire when market demand is high and lay off when demand is low. Typically, they hire casual, part-time or sub-contracted labour (including homeworkers) for high demand periods, which enables them to transfer the costs and risks of fluctuating demand to these workers. Hiring homeworkers enables manufacturing companies to achieve all four forms of labour flexibility.

A recent global survey (ILO 2017) of 1,454 suppliers to multinational enterprises (MNEs) from 87 countries by the International Labour Organization shows that MNEs continually pressurise suppliers to drop their prices. Up to 52 per cent of suppliers that were surveyed sign contracts to produce goods at a loss. The primary reason they do so, is to secure future orders. Demanding unpaid overtime and keeping wages low for regular workers, combined with outsourcing to homeworkers who are paid even less and enjoy fewer labour rights, are the suppliers’ primary tactics for keeping costs low.

In this environment, what might the best legal strategy be to secure labour rights for homeworkers, including the right to freedom of association and collective bargaining? Would it be to expand the concept of “employee” in which to reclassify homeworkers as several jurisdictions have done? Or devise a separate category called “dependent” contractors” in which to classify homeworkers, as the 20th International Conference of Labour Statisticians has recommended?⁴ Should we look to contract law and regulate contracts between contractors and homeworkers? Should we look to human rights law, as per the International Trade Union Confederation (ITUC) approach in crafting international law instruments? Which approaches would work across jurisdictions to address the problem of mobile capital? And which approaches hold most possibility to

address the unfettered power of brands and retailers that enables them to conclude contracts with suppliers that allow them to pay \$4 per T-shirt – a dollar less than the \$5 they paid 20 years ago (Baldwin 2011) and to coerce suppliers to agree to produce goods at a loss?

This chapter discusses two international human rights law initiatives and three different approaches adopted by countries; and offers brief comments on an analytical framework as we craft legal strategies for protecting homeworkers.

International law

The ITUC adopted a human rights approach in its negotiations for international legal instruments. Both the revised ILO MNE Declaration (which is likely to become a Convention), and the Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (the “Guidance”)⁵ incorporate the UN Guiding Principles on Business and Human Rights.

According to the Guiding Principles, businesses should assume responsibility for addressing “human rights impacts” attributable to their commercial activities, and prevent or mitigate behaviour by other actors in their supply chains (such as suppliers or sub-contractors) that violate workers’ human rights (Ruggie 2011). Businesses must draft a policy commitment to human rights, which should be distributed to all their stakeholders, and undertake a due diligence of their supply chains to assess whether the production processes might violate workers’ rights. These rights are found in the Universal Declaration of Human Rights,⁶ the ILO Declaration on Fundamental Principles and Rights at Work, and national legislation. According to the Guiding Principles, businesses should use their “leverage” with suppliers to incorporate labour/human rights in their procurement contracts and to terminate relations with recalcitrant suppliers. They should act if workers’ rights might potentially be violated, and should implement a remediation process if workers have suffered human rights violations.

The OECD’s (2017) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (the “Guidance”) includes a section on homeworkers, which recommends particular practices. Businesses are encouraged to identify production processes and countries where homeworkers are likely to be prevalent and to assess whether their suppliers’ procedures for sourcing from homeworkers are responsible. The recommendations also encourage businesses to engage governments to promote homeworkers’ rights and to promote their equal treatment to other workers (OECD 2011). The Guidance is addressed to multinational enterprises (MNEs) and includes their subsidiaries. Importantly, it applies to all sectors and sizes, including small and medium-sized enterprises. The criteria for the Guidance to be applicable is that the business must either operate or be based in a country that is a signatory to the Guidelines. This means that domestic companies also have to adhere to the Guidelines if they are based in a country that adheres to the Guidelines. The list of adhering countries includes the 36 OECD countries, and 12 non-OECD countries.

Human rights discourse can, and does, shift public consciousness, which in itself is a form of regulation: market actors change their behaviour in the face of sanctions such as potential consumer boycotts. However, compliance by businesses with the instruments is voluntary, and the focus is on businesses securing their suppliers' compliance and not on challenging their own procurement practices. In the case of the OECD Guidance, homeworkers could take a case to the national contact point (NCP) in the country in which the MNE is domiciled and the NCP could make a *non-binding* finding against the MNE. Even if an MNE is not bound by the decision, such a strategy renders homeworkers more visible, and enables them to shape the public discourse about homework.

National legislation

National legislation employs one of three approaches. The most common approach expands the traditional employment/labour relations legislation that covers employees to include sub-contracted work, including homeworkers, which effectively extends labour rights to homeworkers on the basis that they are disguised employees. The second approach, pioneered by Thailand, is to legislate that the contract between "hirers" and homeworkers must satisfy certain conditions for the contract to be valid and legal. The third approach is to combine a "due diligence" human rights approach with a "mandatory code" that regulates the terms of contract. The chapter briefly discusses each, and their method of enforcement.

Countries such as Bulgaria, Chile, Morocco, Nicaragua, South Africa and Tanzania have amended their existing labour legislation to include sub-contracted work ("disguised employment"). The weakness of this approach is two-fold: first, if the homeworker is contracted directly by a factory, the legislation would help her show that she is *de jure* the factory's employee and that she is entitled to the same rights as other employees. If, however, she is contracted through an intermediary contractor, including another homeworker, she may only be able to establish an employment relationship with the intermediary, and not with the factory (unless the intermediary is a factory employee or unless an agency relationship can be proved). The claims for labour rights are therefore against an intermediary contractor who might have as little bargaining power as the homeworker. The Thai legislation has the same effect, in that the "hirer" is liable and the legislation does not address the hirer's claim against the factory. Second, if a homeworker works for three different intermediaries, she may not be able to satisfy a court that any one is her employer. Australia's legislation, by contrast, regulates the entire chain, rather than the "employment" relationship only.⁷ The homeworker can claim from anyone who she regards as the "employer" and if that person is an intermediary contractor, he can make a claim against the actual employer.

The three approaches differ in another important respect. For the first two approaches, the burden of enforcement rests with homeworkers.⁸ In Australia, by contrast, several chain actors bear responsibility for enforcement. The retailers,

factories, suppliers and contractors each have transparency and disclosure duties to the state, and to the trade union. They have a duty if they sell their products in the particular state if they have procured from homeworkers in any state of Australia, even if that state does not have the same legislation. The state has a duty to inspect and can be a party to litigation, and trade unions participate in enforcement by reviewing the details reported by the retailers and other parties, and have powers of inspection. This approach reflects “new governance” (Lobel 2007) theories of regulation, according to which the responsibility of enforcement is distributed across several actors, including self-regulation by the private sector, and by civil society (such as unions and non-governmental organisations, NGOs) and incentives and enforcement mechanisms (such as duties of transparency, benchmarks, best practice goals, etc.) are deployed. In the Australian example, the combination of hard (state) and soft (new governance) regulatory mechanisms has proven to be particularly effective.⁹

Looking ahead

Even if national law is effective, capital can, and does, move to countries with less onerous regulation or weaker enforcement (Pieper and Putri 2017). A plural-overlapping conception of governance is therefore critical, meaning that many different forms of governance at different jurisdictional spheres should co-exist. Governance is needed at the global, regional, national and state level, and no one-size-fits-all: different models of regulation and enforcement are feasible and effective in different political, cultural and institutional contexts.¹⁰ For example, the Australian legislation was possible because of strong union pressure and union capacity to enforce the legislation (Rawlings 2014).

The menu of enforcement options needs to be expanded beyond reliance on homeworkers to go to court or to a labour tribunal, since the evidence suggests that they would rather be exploited than complain and risk losing their work (Sinha and Mehrotra 2016; von Broembsen 2018). New governance theory offers options that might be used creatively for homeworke organisations to participate in enforcement.

The UK Modern Slavery Act and the Californian Transparency in Supply Chains Act, which address forced labour,¹¹ are weak in terms of the responsibilities of businesses or the sanctions against them for non-compliance, *but* from a legal perspective, the innovation of these two national Acts lies in regulating not only *their domestic* corporations’ dealings in other countries, but also *foreign* corporations that sell products to their consumers. They demonstrate that, with sufficient political will, governments of developed countries can regulate the activities of both multinationals incorporated in their territories that do business in other countries, *and* multinationals that are not incorporated in their jurisdiction, but sell to their domestic markets. These legal strategies could therefore be extended to incorporate other rights violations.

Homeworke organisations could use international law mechanisms – ILO mechanisms for countries that have ratified Convention 177, and national contact

points (NCPs) in countries that have effective NCPs and are the home country of multinational corporations with homeworkers in their supply chains. Consider Bulgaria, which has ratified ILO Home Work Convention 177 (C177), concluded a national agreement with trade union federations and with TUSIV “Edinstvo” (UNITY in English), the Bulgarian trade union of informal workers. The government subsequently amended its Labour Code so that homeworkers are treated on equal terms with other employees, in accordance with C177. But the Ministry of Labour and Social Policy has failed to enforce the amended legislation, claiming that in the absence of written contracts, homeworkers are not entitled to the Labour Code’s Chapter VIII provisions for homeworkers.

A country is required to report to the ILO two years after ratifying a Convention on its progress on implementation, and thereafter every five years. The most representative trade union federation and employer organisation may comment on their government’s report; they may also submit their own independent reports on the implementation, both in law and in practice, of the convention concerned. In 2014, UNITY sent a letter to the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR). The CEACR asked the government to respond to these charges in its next report and asked for research on homeworkers’ terms and conditions of work. Bulgaria’s next report was due by 1 September 2018. In August 2018, UNITY submitted its own report to the CEACR, and the CEACR has asked the trade union federation and the government to respond. Whereas the most representative trade union originally agreed with the government’s position, its final report quoted sections of UNITY’s report. Also UNITY asked researchers from WIEGO to write a research report on homeworkers’ terms and conditions of work, which it also submitted to CEACR.

The CEACR used UNITY’s report and WIEGO’s research as the basis of its comments and questions to the Bulgarian government. CITUB, the trade union federation, initially supported the government position, namely, that homeworkers are independent contractors unless they have employment contracts. Once the CEACR asked CITUB to respond to UNITY’s report, CITUB changed its position to support UNITY’s argument that the legislation does not reflect the national agreement that was signed in November 2018.

The CEACR’s final comments to the Bulgarian government are the following:

The Committee requests the Government to provide detailed information on specific steps taken or envisaged to ensure equality of treatment between homeworkers and other workers, including by consulting the social partners concerned with a view to identifying homeworkers in an employment relationship, within the meaning of Article 1 of the Convention, who should be benefiting from the protections afforded by the Labour Code. Further recalling that paragraph 13 of the Home Work Recommendation, 1996 (No. 184), provides that minimum rates of wage should be fixed for home work in accordance with national law and practice, the Committee asks the Government to reply in detail to the observations raised by UNITY in relation to the low level of wages earned by home workers.

The Committee requests the Government to provide detailed information concerning the measures adopted or envisaged to improve the situation of homeworkers, and to identify the employers' and workers' organisations that have been consulted with regard to the development, implementation and review of such measures.¹²

The CEACR's "requests" addressed to the government are merely requests which the government may or may not address in its report in five years' time. The ILO reporting mechanism is therefore very weak as a mechanism to enforce compliance with ratified conventions. But the story illustrates the fact that if a representative organisation of homeworkers has voice in an international forum, it can shift the power relations and the discourse on homework within a country. Since the CEACR's request, the government has been willing to engage with UNITY again. It is paying for a meeting on homework, which UNITY is organising, and to which UNITY may invite its members as well as international speakers and the ILO's international standards department.

Finally, transnational HomeNets should engage with global sector unions for homeworkers to be recognised and protected in global framework agreements with brands, and in the provisions in trade agreements that aim to protect labour rights.

Notes

- 1 Unlike common law countries, many civil law (non-Anglo-Saxon) countries' law of contract requires parties to observe a duty of good faith.
- 2 Terms used by different disciplines include global supply chains; global value chains; global production networks and global commodity chains. See Sturgeon (2009) for a nuanced discussion of the different disciplines and literatures that contribute to global value chain analysis, including economic geography, economic sociology, strategic management and transaction costs economics.
- 3 See Baldwin (2011), who distinguishes between a first and second "unbundling" of production and who argues that while global value chains are not new, this second, contemporary "unbundling" has different characteristics to the first. For example, in the first unbundling, MNEs would establish a plant in a country through a subsidiary, i.e., production was vertically integrated, in that the MNE owned shares in its suppliers. With the second unbundling, MNEs have do not own shares in their suppliers, who are legally autonomous firms.
- 4 WIEGO colleagues were members of the Expert Group on the Revision of the International Classification of Status in Employment that worked on proposed criteria for such a category in international statistics, but no such category yet exists in law, as far as I am aware, despite debates since the 1960s. See Harry Arthurs (1965–66).
- 5 Since the 2011 update to the Guidelines, the OECD has clarified what the due diligence process should involve and a due diligence guidance has been developed for five different sectors including the garment and footwear sector – a key sector for homeworkers.
- 6 See Sections 23–5, which pertain to all workers, including homeworkers.
- 7 Brazil has also adopted a supply chain approach. The National Labour Law, which was promulgated in 1943, states that companies that outsource production share the responsibility for the rights of workers in their supply chain (Tilly et al. 2013). The

textile sector union has used this legislation to put pressure on the lead firm, or on labour inspectors, to realise employment rights and benefits, including social protection, for homeworkers.

- 8 In Thailand, HomeNet Thailand is pressuring the government to enforce the legislation though campaigns targeted at factories complying voluntarily, rather than because of inspection, and is loath to litigate.
- 9 See Trubeck and Trubeck (2006) for ways in which traditional law and new governance approaches complement, or work against each other.
- 10 See Marshall, Shelley. “New Models of Labour Regulation for Non-Standard and Informal workers”, paper presented at the Labour Law Research Network Conference, University of Toronto, June 2017 (on file with author), for examples to illustrate this point.
- 11 See the United Kingdom’s Modern Slavery Act of 2015; and California’s Transparency in Supply Chains Act of 2010.
- 12 See www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:13100:0::NO::P13100_COMMENT_ID:3966155 (accessed 20 June 2019).

19 Extending labour standards to informal workers at the base of global garment value chains

New institutions in the labour market

Meenu Tewari

Ever since work became splintered and distributed across the globe through highly mobile value chains, a central concern among labour advocates and regulators has been: how and under what conditions can good labour practices and safe working conditions be extended to the most vulnerable workers in the lower tiers of global value chains? These spaces at the base of global supply chains are often hidden from view by layers of opaque, contingent and exploitative contractual ties that create new informalities at the bottom of even the most formalised production networks. A wave of recent industrial accidents – factory fires and building collapses – many of them in the garment districts of Bangladesh (e.g., Tazreen, Rana Plaza), but also elsewhere, has focused fresh attention on this dilemma.

There is widespread agreement today that company codes of conduct and their elaborate monitoring systems, though important, are generally unable to reach beyond the top tiers of global supply chains. There is also general consensus that voluntary codes alone, without management commitment and retraining, have limited impact on factory workers (e.g., Richard Locke's painstaking 2013 study). Private systems have evolved from the auditing-policing model of the late 1990s and early 2000s, to the more consultative and collaborative model of global partnerships and multi-stakeholder engagement of the past 15 years (the Ethical Trading Initiative (ETI), Social Accountability International (SAI), Better Work, the Fair Labour Association (FLA), the Worker Rights Consortium (WRC), and the Alliance and the Accord). Despite these efforts, there has been limited success in enforcing labour protections in the lower tiers of global chains, let alone beyond them. One global trade unionist associated with a multi-stakeholder initiative went so far as to say that the CSR business had done little more than generate a "\$60 billion industry ... Imagine what could have happened if those funds had gone to the workers, we wouldn't still be trying to define what a living wage should look like" (personal interview, Lakshmi Bhatia, 2013, referring to discussions with the late Neil Kearney, former Secretary of the FLA).

At the same time, it is also true that without any private regulation, there would be many more Tazreens or Rana Plazas. Therein lies the dilemma for the

world of private governance: how to ensure a wider socialisation of safe and improved working conditions that can reach further and deeper down the value chain, and even beyond it, in the face of intensified competition, short lead times, low margins, relentless price pressures and the powerful search for low costs.

On the other hand, and despite important advances, national and sub-national governments have also found it equally challenging to enforce or extend formal protections and labour laws to the many tiers of informal work associated with both export and domestic production. Indeed, many countries are caught within dualistic debates about the effects of labour market regulation. Do regulations add to labour market rigidity, and thus “cost jobs”, or does undermining labour welfare undermine the long-term growth of productivity and hence employment? The outcomes of these debates, which turn upon the notion that low factor costs act as a draw for foreign investment, have in fact had the opposite effect of what either side would hope for: weak or passive enforcement of even existing laws and a proliferation of contingent, unprotected, contractual work.

These meta-narratives and debates, however, obscure the interesting but messy ways in which change is actually taking place on the ground: through many local, ongoing experiments that signal the emergence of new institutional processes in the labour market that may be better able to diffuse inclusive work practices more widely among the hard-to-reach, informal and less visible segments of global export chains. Indeed, these varied and emergent trajectories seem to shape patterns of upward mobility for workers while also improving firm performance.

I report briefly on three examples of such emerging institutional arrangements in the labour market from my own research on the garment industry in India. These efforts are works in progress with many grey areas, but together they show that a variety of actors – *unions, NGOs, global buyers and governments* – are experimenting with new ways of organising work such that good labour practices are extended not only to workers involved in the lowest links of the value chains, but also to the wider communities, or area-based labour markets within which these value chains touch down or are embedded.

An important pattern that cuts across all the examples is the locus of these inclusive efforts: while ultimately rooted in issues related to workers’ economic lives and working conditions, these efforts do not always originate on the factory floor. Rather, they originate in the social sphere of workers’ lives and in the places where workers live, including with homeworkers who work in their own homes which double as workplaces. Likewise, the focus is not on any one individual firm, but on the places and area-based labour markets from which those workers are drawn.

Unions organising informal workers successfully in the face of neoliberal pressures

The first example comes from the recent work of unions, such as the New Trade Union Initiative (NTUI),¹ that have successfully organised informal workers (in

garments, services, domestic work, agriculture) and won important gains for them, despite the prevailing policy rhetoric in favour of market liberalism, labour market reform (loosening of rigid regulations) and the general view that unions are a burden on firm competitiveness in an era of flexible production. But these successes do not track old union expectations of confrontations with management, or of traditional forms of shop floor organising, or of tripartite bargaining. Unions such as NTUI have succeeded by addressing the issue of labour rights in new ways. They reject protectionism as a response to globalisation and hold the view that, given the internationalisation of work, it is the global supply chain, rather than the nation state alone, that is the appropriate arena for organising labour rights: “Effective organisation [today] demands a fundamental realignment of labour to the global supply chain, and not only the nation state.”² This has led the NTUI and its associated unions such as the Garment and Textile Workers Union (GATWU) to focus on two strategies simultaneously. First, they have focused their organising efforts on the first-tier (India-based) suppliers of global brands, rather than third- or fourth-tier suppliers lower down the chain, as well as on stores and outlets of the global brands themselves. Their (aspirational) goal is to ensure a *living wage* at the first-tier level, which they expect will cascade down the supply chain allowing lower tier suppliers to comply with the minimum wage. “If you leave Tier 1 to be minimum wage compliant, you can forget about getting Tier 4 to comply with the minimum” (personal interview with Ashim Roy, 2006). NTUI has also joined hands with other global trade unions to fight for an Asian wage floor to prevent a regional race to the bottom, including joining with the Asian Wage Floor Alliance. Second, even more striking is the path that NTUI (and GATWU) have taken towards shop-floor organising. In its work on the garment sector in Bengaluru, for example, NTUI first began its work *at the level of the community, outside the shop floor*. It built a working women’s non-profit organisation in the garment clusters around Bengaluru and focused its attention on building social alliances with a variety of institutions (universities, local government) to help provide basic services to local workers (water, creches, even proposing to build locally run laundries to help manage the workload of the garment workers in these communities).³ This helped NTUI and GATWU to not only win local trust but also build leadership and organisational capacities among the local garment workers through social engagement and tutelage. Many of the leaders who emerged from this process later went on to organise the shop floors of the firms they worked in. Through their work (and negotiations) on the inside, and cluster-wide protests and picketing of the top tier firms organised by NTUI and GATWU on the outside, the union won important minimum wage raises for *all* workers in the sector, as well as fairer cost of living increments to wages, among other gains in the workplace. While these workplace gains were important, of equal importance to the lives of the workers were the social services that NTUI’s area-based foundation (a separate non-profit) brokered through collaborative alliances, materially improving the quality of life of the women who worked 16-hour shifts in the garment factories.⁴

The coupling and intertwining of concerns relating to both the social and economic lives of the workers have been central to NTUI's successful organising efforts. The actual form this takes varies by sector, but the embedding of the economic in the social is a pattern that cuts across all its efforts.

IKEA's area-based (territorial) efforts to upgrade social standards in its carpet belt

A similar area-based approach was followed by IKEA India as it sought new ways to keep its carpet-making factories in North India child labour-free. IKEA's approach was two-fold. First, was to integrate its corporate social responsibility (CSR) and sourcing divisions to ensure that all orders placed were compliant from the start, or that the divisions were working with the suppliers to make them compliant before procurement was escalated. This was in contrast to its earlier (and more common) bifurcated monitoring and policing model that operated independently from sourcing. The second part of their approach was to step away from focusing only on their core suppliers and put the onus on them to be (child-labour) compliant. Rather, IKEA decided to put in place a wider set of alliances that would help them *make all the communities in their entire carpet-making region child labour-free* by trying to remove the incentives among households in the region to put their children to work. To achieve this, IKEA did not simply "throw money at the problem". They built a series of alliances with a variety of actors: university professors, the World Health Organization (WHO) and UNICEF's India offices, other NGOs (non-governmental organizations) and, most importantly, with district administrators and state government officers to bring in a variety of existing programmes related to health, education, school lunches, and social security. They had identified the presence of punishing debt as the deeper, root cause that led families to send their children to work. They worked with the state government and UNICEF (United Nations Children's Fund) to help build self-help groups where, through small savings, local women could accumulate enough to open bank accounts and borrow at lower interest rates to pay off higher debt loans. They also worked with UNICEF to build bridge schools to help prepare the children to get back to school.

This work was not restricted to the home-based workers who were directly employed by IKEA's supplier factories. It involved working with all households in the carpet-making belt – irrespective of their current connection to IKEA's work (as they were all "potential workers"/suppliers). The aim was to help make progress in eliminating (or at least blunting) the conditions in the entire belt that generated the incentives on both the supply and demand side for the use of child labour in production (akin to Locke's (2013) root cause arguments). IKEA did not act alone, but worked with a wide set of partners, including several public sector institutions. The efforts are a work in progress, and have had mixed success, but in the orchestrating of many services and existing public (and multi-lateral) programmes on households in the region, many important benefits were brought to the communities that did not exist before. These have spilled over

widely across the communities in IKEA's supply belt, far beyond specific factories and home-based carpet weavers supplying directly to IKEA or its supply chain. The beneficiaries included all weavers in the region, whether or not they currently supplied to IKEA (based on personal interviews with IKEA's New Delhi office, 2005, 2009).

Networked contracting at the bottom of garment export chains

The final example comes from an experiment in Mewat district, over an hour from Gurgaon and two hours from New Delhi in North India. A novel partnership was forged in this region in 2008–09 when a leading global buyer (Gap Inc.), came together with the government (Ministry of Women and Child Development), a socially embedded NGO (Society for the Promotion of Youth and Masses or SPYM, which had worked with the ministry in the region for 15 years organising local women in self-help groups), and two exporters from the Gurgaon region to connect local home-based hand embroiderers in two communities of Mewat directly with export markets. The arrangement included an attempt to bring the women embroiderers out of their homes and into a community workspace organised by SPYM so as to provide decent working conditions and ensure that they worked in a child labour-free work setting, all within a short walking distance from their homes. The network of collaborators, led by Gap, invited one exporter to become associated with each community. The exporters (who were interested in child labour-free embroidery) agreed to train the workers, place orders, oversee the initial work, pick up the finished work and make regular payments based on the total hours put in and monitor the quality of the work.

Gap and the government oversaw the arrangements mainly to ensure that minimum wages were paid (pro-rated as piece rates) to each worker based on the hours they worked, in a fair, timely and transparent way. The NGO, SPYM, had already worked with the government for over 15 years to organise these communities around self-help groups and set up private bank accounts for workers. The workers therefore received payment directly into these accounts. SPYM retained 20 per cent of the payment of each order to cover its overheads expenses and operating costs (rental costs of the space and supplies). While Gap gave two instalments of US\$5,000 each⁵ to get the network going, the idea was that as long as the orders kept coming in, the programme would be self-sustaining.

The work centre was not membership-based. It was open to the entire community and anyone interested in working there was able to do so based on the time they had, with the only condition that work not be taken home, and that they open a bank account if they did not already have one.

At its peak, by early 2010, about 800 women had been trained; those who worked collectively produced 200,000 pieces of work, earning on average between 1,500 and 5,000 rupees per month, depending upon the hours they put in. Together they brought in nearly two million rupees into the region in just the

first six months of the programme, using the funds to retire debt, send their children to school (or to better schools) and defray family expenses.⁶ The programme worked well until the middle of 2010 when the effects of the recession led to a reduction in orders, eventually leading to some attrition in the ranks of the workers. There was also churn within Gap and the government. Despite the churn, the programme survives, albeit at reduced strength. By 2011, both its exporters had returned with some work orders, and SPYM was looking for domestic buyers.

Even if the programme eventually does not survive, the skills have been retained and it has provided a model to learn from. And two aspects of the experiment are striking. First, this programme, like the others described, was once again an area-based, labour market-wide effort that was open to all residents in the targeted region. Like the others, but even more so, there was a strong role of the government in orchestrating the programme with a major global buyer, Gap. The surprise (to me), however, was that the ministry involved was not one that would be expected to be associated with a business-led partnership. It was not the labour ministry or an economic ministry, but a social sector ministry, the Ministry of Women and Child Development. However, as Marty Chen pointed out, this finding is not likely to be surprising to activists who have long worked in the trenches with informal women workers: “as the labour and economic ministries would not necessarily recognize home-based women workers and not see them as worthy of a business partnership” (Chen, personal communication, 2019).

Social bureaucracies are often relegated to second-tier status in the pecking order of state power, seen as agents of welfare or “mere” redistribution. But the role of the Ministry of Women and Child Development was not incidental in this experiment. Their prior work with the households in the region over many years had helped establish a foundation of trust and social ties on which an economic, market-making partnership could be anchored later when an opportunity presented itself. This layering aspect of the Mewat partnership suggests that the economic role of social bureaucracies is often overlooked or undervalued and that they can play an important role in building economic security and accountable work at the base of the garment export chains – as well as at the bottom of the domestic labour market.

The second point to note is that the partnership that the ministry forged with Gap is an example of the kinds of public-private collaborations that are born out of the *weakness* rather than strength of the large and powerful global buyers. In this case, Gap sought out the Ministry of Women and Child Development after trafficked child labour had been found in one of its North Indian supplier factories. The public shaming that followed and the company’s inability to handle on its own the trafficking problem that had crept into its supply chain, led Gap to turn to the government for help and collaboration:

The very fact that we have 94% of the work force in the informal sector ... However you try and basically shift or change the composition of the crust,

pumping in millions and millions of dollars, you are rarely able to penetrate deeper ... it is so critical for the private sector to actually join hands with the government because if we talk about scale ... it is time we stop measuring effort and started measuring impact. For this, we need the government.

(Interview with Lakshmi Bhatia, former Director of Global Partnerships, Gap, 9 July 2011)

In sum, this chapter draws attention to recent experiments that suggest the need to look closely at territorial or specialised strategies of diffusing labour standards as a complement to sectoral and more universal strategies of labour protection. These strategies straddle the complex intersections between the social and economic lives of workers and focus not only on individual shop floors, but beyond them to area-wide sectoral labour markets. In inverting the pathway of organising from the places of social reproduction – where workers live – to their workplaces, these strategies help build new institutions that can nurture stability in a layered and socially embedded middle ground between workers' social and economic lives.⁷ These strategies are collaborative as well as customised, but workers and their allies do not hesitate to resist, though the sphere of resistance is different and strategic, aimed at higher level, branded actors rather than the local supplier. The role of the state is going to be essential in sustaining these processes and determining the nature of outcomes. Interestingly, social bureaucracies, and not just economic or labour ministries, are important allies. Such a hybrid state regulates as well as collaborates. It learns, and holds open a space for relational mediation between firms, labour and civic actors to jointly reach workers in the lowest tiers of global subcontracting systems – informal and invisible workers who are hard for any single actor to reach on its own in sustained ways.

The broader point is that at a time when firms are restructuring deeply, it is insufficient to limit the struggle for workers' safety and welfare to the workplace alone. It is important to bridge labour relations, labour sociology, industry studies and institutional explorations of the role of the state in how outcomes for labour play out. Spatialised, territory-based strategies (and institutions) described here offer important lessons about how to organise for labour *welfare* and not just for workplace safety alone.

Notes

- 1 A federation of party-independent unions that emerged in the early 2000s and became officially federated in 2005.
- 2 Interview with Ashim Roy of NTUI. See Tewari (2010).
- 3 This approach is similar to the work and progressive politics of the Industrial Areas Foundation (IAF) that Paul Osterman has written about (Osterman 2003).
- 4 This struggle has, however, not always extended to home-based workers contracted by factories.
- 5 Given the context, this is a rather small amount.

- 6 Interview with former Director of Global Partnerships, Gap, 2011; see Tewari (2017) for details.
- 7 Brazil is an excellent example where the state has succeeded in strengthening labour regulations (via the Latin model, see Piore and Schrank 2018) while helping a growing number of low-income, low-skilled workers transition from the informal to the formal sector through a combination of industrial policy, labour and training policies and its social welfare (Bolsa) programmes (see Guinn 2019).

Part VII

Street vendors

Politics and possibilities for inclusion



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20 Street vendors and planning paradigms

Amin Y. Kamete

Not being a fan of theories, approaches and prescriptions that reek of universalism, I will not pontificate about prescriptions on specific ways in which planning theories and approaches can be modified to benefit street vendors everywhere. Instead, this chapter will raise questions and discuss issues that might point towards *some* building blocks of such modifications.

What is not working?

At the risk of oversimplification, it is fair to state that planning theories and approaches have been harsh to street vendors because of the *ideals* they espouse, the *methods* they adopt, and the *scale* at which they are deployed (see Figure 20.1).

In terms of the ideals – defined here as standards of perfection or principles to be aimed at – it has often been noted that order, improvement and progress towards western-inspired modern cities are some of planning’s primary obsessions. The single-minded quest for these ideals directly influences the methods adopted to attain them. Positivism, which emphasises empirical data and scientific methods, is the key ingredient influencing these methods. This is encapsulated in the process driven by the planning paradigm that has stubbornly refused to disappear completely, namely, rational comprehensive planning (RCP).

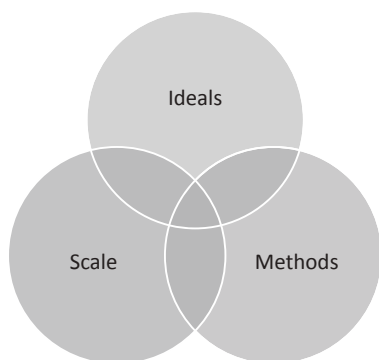


Figure 20.1 What is not working with current theories and approaches?

Then there is scale. Positivism tends to simultaneously universalise approaches, depoliticise contexts and technicalise solutions to problems. Modernist planning, as reflected in the RCP, is no exception. Spatially, because of the belief in the universal applicability of scientific solutions and methods, we see this being applied at various administrative and spatial scales, with lower administrative levels being expected to conform to what is prescribed by the levels above them. Thus, we see planning being deployed at national, regional, urban, local and “sub-local” scales, with the lower tiers being expected to faithfully reflect – or at least not conflict with – the visions and dreams espoused by the spatial and administrative levels above them. Given this, it is not surprising that the visions and dreams that cascade down the hierarchy are those of the dominant groups – the economic and power elite who control the state-level bureaucracy responsible for producing the higher-level plans.

The grand result of the intertwining of ideals, methods and scale is the spawning of a retinue of exclusionary knowledges and practices that effectively marginalise some livelihood practices. People who cannot live up to the ideals, are perceived as threats, nuisances or misfits, and are dismissed as “ignorant”. Because these people operate at local and sub-local scales, they also fall victim to top-down (national to local and bureaucrat to public) planning and design approaches that marginalise them. This, of course, refers to modernist planning, which, despite some tweaking and upheavals, refuses to disappear.

So, what exactly is wrong with modernist planning? In my research in urban Zimbabwe, I have always found out that it all comes down to what Sandercock (2003) terms “pillars of modernist planning” which emphasise *rational*, *comprehensive* and *science-based* planning while amplifying *state-directed futures* and the *public interest*. I have also discovered that it is not all about modernist planning. I have discussed this elsewhere (Kamete 2013). I will focus on some important impediments generated by these pillars, namely, the organisation of planning, auto-exclusion, excluding the excluders, and pernicious assimilation. The effect of these pillars and the impediments they spawn is that street vendors are excluded, marginalised and suppressed. It is on these effects and impediments that attempts to modify planning and design theories and approaches should focus.

Modifications to planning theory and approaches?

The tyranny of opposites

No grand solutions will be attempted here, as I do not believe in these. But neither do I dismiss attempts at positive and normative planning theory. There is value in abstraction and idealism. However, I think there is a tendency to focus on generating and pursuing “opposites” to dominant theories, practices and approaches. This is not very helpful; this should be done in conjunction with a more radical and somewhat uncomfortable route. When it comes to planning theories and approaches, the starting point should not only be about generating

opposites or friendlier practices and approaches. Some energy should be directed at raising unsettling questions to which we might have no answers.

Some building blocks for modifying theory and approaches

What is the danger to street vendors in current practices?

I have argued elsewhere that the real danger to informality is the state's modernist rationality (Kamete 2017a). In one of his metaphors, Bauman describes the modern nation state as the "gardening" state (Bauman 1993). This explains the state's proclivity for order, progress, well-being and betterment (Scott 1998). The gardening state is the epitome of "solid modernity" (Bauman 1991) which, as Jacobsen and Marshman (2008) assert, is "all about 'cultivation', planning and design" to improve and speed up the process of western-inspired modernisation. For street vendors, the danger of the gardening state lies in its "separation" practices and the ascription and denying of value to certain spatial practices and groups. In this "garden", people deemed to have value as citizens are nurtured as "good plants" whereas those seen as having no value are treated as "weeds" – useless social undesirables (Bauman 1991). There is no prize for guessing where street vendors are placed in this separation.

Rethinking dreaming and the organisation of planning

What does this have to do with planning? The problem comes down to *dreaming*. There is a danger in coming up with collective templates, be they dreams, visions or futures. Yet this is what planning is all about. Plans are collective dreams. But then, dreams are about destinations. The problem here is that you cannot talk about a destination without identifying obstacles and threats in your path. This is where the second threat comes in: the identification and designation of "good plants" and "useless weeds" – good citizens and dangerous outlaws. So, any planning that entails creating desired futures is potentially exclusionary and/or dangerous to people such as street vendors, who do not fit into or cannot live up to the dreams and visions of the politically and economically dominant groups. It is exclusionary because it inevitably creates undesirables, rejects and leftovers; it is dangerous because it constitutes some groups as threats and nuisances. So, the question for planning theory and research is: *Should we, as a collectivity, dream at all?*

Rethinking development planning

This is something that strikes at the very heart of "development planning" or "forward planning", which is a key component in the organisation of planning. Seen this way, the question can be rephrased as: *Should society plan at all?* My view is that it should. Which is where the real challenge for planning theories and approaches lies. The challenge is to come up with a different kind of dream-

ing where the dominant vision does not generate a nightmare for those whose dreams do not see the light of day or are not articulated, captured, sought or acknowledged in the official plan. In other words, planning theory should come up with a way of reconciling the dreams of different strata of society and a way of dreaming that does not instinctively divide people into “good plants” and “useless weeds”. It should explore a kind of planning where the Other’s failure to conform is seen not as a *threat* to be eliminated or a *pathology* to be eradicated, cured or excluded, but rather a reflection of diversity of dreams and visions or indeed of deficiency in the official plan, and therefore a challenge to be confronted and addressed.

Properly theorising development management

Development management is the “policing” arm of planning where the dream is meant to be protected and realised. It consists of development control and planning enforcement. This practice is severely under-theorised in planning scholarship. Planning scholarship relies on perspectives from other disciplines to illuminate it. While planning theory has done well in importing, internalising and deploying knowledge from other disciplines in development planning, there is not much on development management. In the absence of research, development control remains a legalistic, depoliticised and technicalised endeavour. This makes it “inaccessible” or even hostile to street vendors who, by the time development kicks in are classified as hostile deviants and threats. This is so because, according to the official plan, where vendors operate they are “out of place” – deviants who pay no heed to planning diktats on the occupation and use of land.

The same applies to planning enforcement which is the state’s tool for handling things, people and activities deemed to be violating planning controls. Planning enforcement is characterised by “urban cleansing” through evictions and demolition. Planning theory and research need to expand to this technicalised and depoliticised arena. Research should go beyond describing and critiquing urban clean-up campaigns. It should also determine the extent to which planning systems and practices are the creators of the “problems” that they now purport to resolve and how these systems and practices could be made to work for street vendors. The challenge is to come up with perspectives and prescriptions that bring politics and context into this arena. Abandoning this important practice in the technician and legalist realm partially explains the persistence of urban clean-up operations as the favoured response to “spatial unruliness” (Kamete 2008).

Addressing the under-theorisation of space and place

Another explanation for the dominance of technicalism and legalism in development management is the under-theorisation of space and place in planning theory. Disciplines such as social theory, urban geography and urban sociology have yielded deep insights into the social production of space and the imbrication

of power therein. Critical thinkers such as Lefebvre, Foucault and de Certeau have offered rich insights into the contestability and “power-laden-ness” of space and place. Some planning scholars have built on this line of reasoning and produced thought-provoking reflections and analysis on public space and place. This should be expected to have an impact on planning and design approaches leading to a broadening of practices such as development management beyond their present technicist and legalist confines. In theory, this should have led to a democratisation and radicalisation of planning practice beyond public participation and consultation. Arguably, this could lead to the integration of street vendors into urban plans and landscapes. There is need for serious research on why theories of space and place remain marginalised in planning scholarship and how these can be integrated into planning thought, and thence practice.

Dealing with “auto-exclusion”

Planning theory and approaches recognise the importance of involving all stakeholders in planning. The popularity, and in some countries, the legislation of public participation, public consultation and collaborative planning stand as testimony that planning theory and approaches have taken inclusivity on board. This should be good news for street vendors. However, in many contexts, research shows that participation is not as widespread as would be anticipated. The blame cannot exclusively be attributed to planning systems and practices. The woeful rate of participation is partly a result of “auto-exclusion” or self-exclusion. Marginalised groups such as street vendors have been known to stay away from public consultations. They are also known to “exclude the excluders”, by “locking out” planners and other bureaucrats (Kamete 2007b). This is unfortunate because it normally happens during that crucial element of the planning system, development planning, which, as shown above, is where the plans, policies and strategies are conceived, made and adopted. When development control and planning enforcement come to haunt them, street vendors, as one planner told me during my research in Zimbabwe, “cannot cry foul and say they were excluded, when it is they who voluntarily and unwisely boycotted the process”.

The challenge for planning theory and practice is not to be obsessed solely with widening participation within the current frameworks and terms of engagement. It should also be concerned with understanding and tackling the dilemmas of auto-exclusion. Planning research can contribute to this by, among other things, gaining deeper insights into the phenomenon of auto-exclusion in planning and (re)interrogating the very concept of public participation and public consultation.

Acknowledging and addressing the dangers of “pernicious assimilation”

The brief for this part refers to modifying planning theory and approaches “to integrate street vendors into urban plans and landscapes”. Elsewhere, I have argued that planning theory and approaches should raise uncomfortable questions about “integration” (Kamete 2017b). I have tackled what I term “pernicious assimilation” (ibid.). This exposes the dark side of integration or inclusion. Not all mainstreaming, integration or inclusion is good for street vendors. Some integration practices that emphasise formalisation amount to a sinister “forced conversion” (Kamete 2013). This entails railroading street vendors into making crippling Faustian bargains that strip away the very soul of informality.

They are forced to shed offending traits of informality and take on the favoured traits of formality. What we need is planning theory that does not blindly accept integration or mainstreaming as the panaceas for all the problems faced by street vendors. Planning theory needs to muddy the waters by exposing what amounts to pernicious assimilation. It needs to explore alternatives that truly work for marginalised groups. More critical research is needed into practices of integration in specific contexts to determine their impact on street vendors, to capture the vendors’ perspectives, and document their experiences. This could help re-evaluate current practices and come up with integration practices that are not insidiously pernicious.

Conclusion

As indicated above, I am not enamoured by grand universalist prescriptions. I am also not convinced that generating opposites to what is not working is the best way to go forward. What we need are not ready-made modifications to planning and design theory and approaches. Our effort should be expended on developing building blocks that can be adapted to different times and contexts.

21 Street vending and the state

Challenging theory, changing research

Veronica Crossa

A few preambles

Understanding theories that address the relationship between street vendors and the state within the Latin American context is not an easy task. Moreover, I am quite sceptical of regional narratives that sometimes decontextualize and essentialize people, places and experiences under the academic legitimacy of a spatial construction called “a region”, in this case, Latin America. Obviously, there are shared characteristics within the region, for instance, the precarious nature of work on the street; many of the working conditions of street vendors are similar (long hours, uncertainty, waiting, conflicts for and over spaces of work, organizational structures within street vending organizations, and so on). But generalizing on the relationship between street traders and the state within the entire region implies that the state operates in the same fashion, regardless of the context. As a geographer, I am more interested in precisely the geographies of the state that might shed light on the particularities of each context. State-society relations vary geographically and historically. Hence, the first point I want to make is that the relationship between street traders and the state is marked by the historical-geographical evolution of state-society relations. And this difference is not just a point I want to make, but a proposal of how to think and inform current research on informality: work that is geographically and historically grounded in a particular context, even a particular public space.

Much of this chapter is based on my experiences, observations and reflections on research I have conducted concerning the micro-scale politics of street vending in the context of Mexico City. Hence, most of what I will allude to is a product of my engagement with geography and urban studies. I do not expect to provide a model that can be applied to the entire region of Latin America, nor the entire range of studies on this matter within the social sciences.

Relationship between street vending and the state

Theories on the relationship between street vending and the state have mostly been framed within the study of informality more broadly. Although there have been a range of studies that have looked specifically at the phenomena of street

vending, few have developed as grand theories, but have rather explored the multiple ways and the conditions under which state institutions are associated with so-called informal activities. Hence, it is difficult to detach notions of street vending from broader and more abstract concepts as the informal economy. The study of street vending and other practices associated with the so-called informal economy has traditionally been carried out within the broad disciplinary realm of development studies. Viewed originally as an activity geographically confined to developing countries, the informal or pre-modern sector was defined as a series of economic activities that did not contribute to the growth of national economies. The underlying assumption was that informal activities had to be pushed into the formal sphere in order for a nation to transition into the modern economy, in line with developed nations. Within this general interest on informality relative to linear and colonial understandings of modernity and development, a sub-sector within urban studies also showed an interest in the rise of this form of economic livelihood but within the context of important changes in the composition of cities. This work developed a perspective which saw life outside the margins of the state (primarily in relation to housing) as a product of the incapacity of rural migrants to completely become urbanites, thus living in limbo between the urban-rural and the formal-informal.

Taking Latin America as the regional context, a wide range of studies were produced in order to understand the mechanisms developed by recent urban migrants to survive in a context of unemployment and general poverty, and whether those mechanisms existed on the margins of the state. Early work in the informal sector tended to provide a dualist framework based on different and sometimes contrasting definitions of “the informal” and “the formal”. Informality was defined as what formality was not, but not in relation to each other. Indeed, these first approaches to informality in general, and also to street vending specifically, rarely explored street vending in relation to the formal institutions of the state or as a product of the existing fissures within the state. The state was never called into question.

In the last decade or so, informality has returned to the international urban planning agenda. Currently, a strand of postcolonial urban scholars calling for new geographies of (urban) theory are pushing the politics of informality another step. For example, Roy (2005) provides an account of the relationship between informal practices and the so-called formal structures of the state, particularly regarding urban land and housing. Rather than view informality as synonymous with poverty and as a practice confined exclusively to marginalized groups, Roy, taking the case of the Indian planning system, argues that the state itself is an informalized entity characterized by deregulation, ambiguity and exception (Roy, 2009). Hence, while authors have acknowledged that the state can act in ways that fall into “informal” practices, Roy suggests that the form of governing is itself permeated by the logic of informality (*ibid.*: 82). In other words, informal practices by the state are not random, atomized actions taken by actors who fall in between the cracks of formality, rather they are actions which are

calculated and that involve purposive action and planning (ibid.: 83). At issue is what type of informality is considered legitimate.

Modifying theory?

Recently, the study of street vending has taken on new forms and different theoretical paths. This change is partly linked to the proliferation of urban policies identified under the rubric of “recovery of public space”, which has involved, among other things, the displacement of large sectors of the urban population who engage in so-called informal activities. Street vendors have been primary targets and constructed as detrimental to the creation of vibrant urban public spaces. Indeed, in a number of cities, street vendors and other visible participants of informal activities have come to embody a profound set of socio-economic and cultural anxieties linked to fear and fury towards the poor urban other. For many authors interested in the subject, street vending has served as an analytical showcase for addressing more deeply rooted social processes such as different conceptions of (dis)order in a changing urban context (Meneses 2011; Silva 2011). Research on street vending has transitioned from being the subject itself to constituting the means for exploring the ways in which a political, cultural, social and economic order is established and reproduced in everyday life. This implies an important turnaround, with both epistemological and methodological implications. It is not that street vending as an analytical reality ceases to be important for understanding an urban social order, but that order is approached from the concrete realities and the multiple voices of the vendors themselves. Although many of the original discussions about, for example, the formal/informal binary remain a matter of debate, the nature of these issues begins to be approached from different theoretical angles. Thus, it is no longer formal-informal as two distinct categories of analysis, but as part of a complex set of interrelations that overlap, fragment, multiply and unite at different times. In this way it could be said that the study of street vending and informality in general goes from being analysed as a static condition linked to structural problems such as poverty and marginalization to being a highly dynamic practice that is in continuous negotiation in daily life, involving multiple urban actors, from state regulatory actors – such as political-administrative units, police – to neighbours, consumers, other street vendors, established merchants and tourists.

Despite the valuable insight provided by these contemporary approaches, there is still much scope for enhancing and delving deeper into many of the concerns posed by these approximations. Concretely, here I want to argue for the importance of thinking about four ways in which theories of street vending and its relation to the state can be further explored:

- 1 *Spatial systems of management*: By this, is meant the normative and extra-normative processes that regulate particular spaces. The question here is how space is regulated and controlled by multiple agents, including the state, street-vending organizations, street vendors (and their systems of

organization – the use of labour for the setting of stalls, their costs, and so on). Every vendor, every organization has its own spatial arrangement and territorial control, depending on the location, the nature of what is sold, and so on. These spatial systems of management have to be thought of always in conjunction with normative and legal frameworks. Furthermore, these formal frameworks must be explored not only in normative terms but also in their manifestations in everyday life, through the role of street-level bureaucrats (Lipsky 1980), who mediate, negotiate, and function as intermediaries between what is stipulated by law, in all of its manifestations, and its application on the street.

- 2 *Accounting for difference*: Stress the importance of recognizing heterogeneity among street vendors, rather than only seeing a homogeneous and cohesive body of spatially and temporally fixed individuals with similar concerns, backgrounds, and needs; a group comprising individuals conceived as part of a totality in which internal differences are ignored or even considered a potential threat to the integrity of the whole. Street vending is an extremely diverse activity, comprising individuals and groups who are themselves internally differentiated, resulting in different degrees of exclusion, power, resources, mechanisms of exclusion, and practices of negotiation and resistance. De-homogenizing the politics of the informal sector highlights different types of social groups involved in the activity.
- 3 *Relational analysis*: Relational thinking places emphasis on the interconnections that shape people and places. Rather than accepting pre-constituted identities, relational thinking emphasizes the connections, interrelations, and power relations through which identities are constructed and practices are framed. A relational approach to understanding street vending can be undertaken in two ways:
 - a Breaking binary analyses of formal = state vs. informal = street vending. Rather, a relational approach would value the multiple ways in which so-called formal activities are consolidated through the reproduction of so-called informal practices. For example, in Mexico, the precarious nature of the formal economy (extremely low salaries, no benefits, etc.) necessarily requires the existence of an informal economy; of street vendors to offer food and products at a low cost (matching the salaries); and of an informal service sector that allows for social reproduction (nannies, domestic workers, caretakers). In many cases, a precarious formal labour market is precisely what facilitates the consolidation of an informal economy.
 - b Systems of exchange and reciprocity at the level of everyday life, between multiple actors: Within an organization of street vendors; between the leader of an organization and street-level bureaucrats; between the leader of an organization and street vendors; between street vendors and other urban actors (established merchants, neighbours, clients); and among street vendors themselves. A fundamental issue here is how systems of exchange have changed historically and under

what political, economic and cultural conditions these transformations have taken place. In Mexico, for example, there are intergenerational links between different leaders of street vending organizations that are juxtaposed in complex and sometimes conflicting ways with the political structure of the state.

- 4 *Symbolic and discursive construction of urban order:* Street vending as an “urban problem” is defined not only by the state and its multiple institutions, but also by citizens themselves who deposit particular social anxieties around notions of order, hygiene, chaos and aesthetics on street vendors. Indeed, street vendors represent the most visible notion of chaos for many urban dwellers, especially the upper-middle urban class. Some important questions that should be answered are: how are discourses around chaos/order constructed and reproduced in everyday life among different sectors of the urban population, including, of course, discourses produced by the state itself? How do citizens participate in the reproduction of such discourses? How is the notion of order symbolically and morally constructed, and what role do street vendors play in these constructions? (Discourse analysis is useful here – of newspapers, for example, or of public policy, of the political rhetoric around public order and street vending.)

Shaping research

In this brief final section, I will focus specifically on methodological approaches that may help inform the ways in which existing theories can be modified, or reworked in order to account for the complexities involved in the relationship between street vending and the state. The call is for qualitative research that is sensitive to the nuances and multiple contexts within which urban transformations occur. This form of inquiry involves a combination of different methods including observation, discussion, interactions, performance, and conversations. It also requires the participation of individuals from various groups to discuss, share, and debate over issues and events pertaining to, in this case, changes in street vendors’ daily lives.

Concretely, I would argue that the type of research needed to inform the rethinking that is needed entails an ethnographic approach. By this, I mean research that can sometimes be slow (ethnography is, by definition slow), but that can allow us to understand a specific place, the geography of a locality, the history of its people, and more importantly, the changing relations that have developed among people in the area. Ethnography entails becoming involved in the intricacies of people’s everyday lives, their relations, interactions, modes of subsistence, and the ways in which people make sense of their multiple realities. While the specific methodological tools may vary within ethnography, the use of triangulation yields extremely rich findings, especially information gathered from a combination of archival work; interviews (open-ended discussions through the use of narratives);¹ discourse analysis; participant observation; and

focus groups. A rich ethnographic approach can be framed by looking specifically at the combination of the four themes presented above.

Note

- 1 In critical ethnography, this approach provides spaces for individuals to voice their experiences, knowledge, concerns and necessities that are often unheard and overlooked by policy circles and legal discussions.

22 Street vendors and regulations

Sally Roever

The state of street vending in cities across the world today is not much different than it was 20 years ago: while street vendors contribute to cities by creating jobs, generating revenue for local governments, and “bring[ing] life to dull streets”, they are also subjects of regulation – and sometimes eviction – due to concerns around congestion in public spaces, competition with off-street businesses, and health and sanitation challenges (Bromley 2000). What is different now is that recent research has produced a much more fine-grained understanding of the components of regulation and, significantly, the urban policies and politics behind them.

This chapter outlines key insights from the past 20 years of research on four areas of regulation as they apply to street trade: (1) licensing regimes; (2) spatial regulations; (3) enforcement provisions; and (4) taxation. It then highlights important lessons from the day-to-day realities of street trade that are under-researched and points to promising areas for future research, drawing on the field experience of Women in Informal Employment: Globalizing and Organizing (WIEGO) and StreetNet International, the global federation of street vendor organisations.

Street vending regulations: a global view

Licensing regimes

The main difference between a licensing system and a permitting system is that a licensing system regulates the right to undertake the activity, while a permitting system regulates the space in which the activity takes place (Horn 2018). In many cities, by-laws require street vendors to have a licence in order to trade; trading without a licence is thus considered illegal. Through this system, many local authorities make explicit their intent to control the number of street vendors by limiting the number of licences issued.

With the criminalisation of vending without a licence built into the legal structure, and the limit on available licences built into the policy structure, authorities can then selectively enforce the by-law through fines or arrests when it is politically convenient to get rid of vendors, and relax enforcement when it is

politically convenient to allow them to work. These practices, and the policies and political coalitions behind them, are now well documented in cities as diverse as Guangzhou (Xue and Huang 2015), Bogotá (Donovan 2008), Mumbai (Anjaria 2006) and Johannesburg (Bénit-Gbaffou 2015), among others.

Historically, licensing regimes have been used in efforts to control economic activity under centralised planning paradigms (as in colonial-era legislation in India), but under present-day norms of deregulation, licensing and enforcement practices often are informed not so much by a planning paradigm as by political expediency.

Spatial regulations

Regulations designed to keep street vendors out of certain public spaces are more centrally linked to prevailing urban governance paradigms than licensing systems. How these paradigms manifest themselves in policy and practice ranges from locality-specific permitting regimes that control who can vend in which space, to relocation projects designed to “graduate” street vendors to off-street commercial premises, to outright evictions, sometimes on a mass scale and sometimes violent – the latter of which are now routinely documented via social media.

There is now a well-established research trajectory analysing these efforts to control public space, particularly in the historic centres of Latin American cities (Swanson 2007; Crossa 2009; Mackie, Bromley and Brown 2014) and the central business districts of African cities (Skinner 2008; Kamete 2012; Morange 2015). This research examines the political coalitions behind clearances of public space. Building on this set of studies, an important recent advance is the examination of the conceptual and theoretical frames that inform those coalitions, drive their discourses and define their policy choices.

For example, Aliaga Linares (2018) shows that street vending regulation in Lima, Peru, and Bogotá, Colombia, reflects different theoretical views of informality under different national political economy contexts. During the import substitution industrialisation period from the 1970s to the mid-1980s, both cities adopted a dualist perspective on the informal economy under socialist urban policy regimes; this produced a tolerant regulatory approach to street vending involving a mix of licensing, zoning and support for political participation. Under structural adjustment policies between the mid-1980s and the late-1990s, the dualist view was replaced with a legalist view, and neoliberalism replaced municipal socialism in both cities (Goldfrank and Schrank 2009), leading to far more restrictive regulations. From 2000 to 2010, the two cities diverged. In Lima, local government politicians embraced a stronger neoliberal approach that framed street vendors as entrepreneurs, leading to policies compelling them to relocate to private commercial spaces at their own expense through group savings schemes. In Bogotá, a shift back to municipal socialism produced a view of street vendors as workers instead of entrepreneurs, which – backed by constitutional court rulings in favour of vendors’ right to work – led to more promotional policies.

Enforcement provisions

Many researchers have noted the gap between the pervasiveness of street vending regulations around the world and their enforcement in practice. This gap has been connected to the considerable monetary and human resources required to enforce a hopelessly complex regulatory structure (New York City Independent Budget Office 2010); the electoral costs of enforcement (Holland 2015); and the regulatory spaces that enable local officials to use their positions of relative power over vendors to undertake selective enforcement (Roever 2016). Enforcement via low-level harassment is now well documented in many cities; there is even a map of “bribes per square meter” among street vendors for downtown São Paulo (Itikawa 2006).

Within the regulations themselves, enforcement provisions commonly allow for fines and merchandise confiscations, as well as licence revocations and even arrests. These provisions have a significant impact on street vendors’ income, productivity and assets (Roever and Skinner 2016). Interestingly, legal challenges to merchandise confiscations have begun to emerge; for example, a street vendor in Durban, with the support of the Legal Resources Centre, won a 2014 court case challenging the city’s power to impound merchandise and seeking compensation (Dobson and Quazi 2015).

Taxation

Notwithstanding the common assumption that street vendors do not pay taxes of any kind, regulatory schemes often incorporate some mix of taxes, levies and fees. In West African cities, for example, where there is a high density of market trade, there is a correspondingly high rate of taxes, levies and fees in markets collected on a daily, monthly and/or yearly basis (Adamtey 2015; Horn 2018). Street vending generates tax revenue both directly and indirectly; in Los Angeles, for example, the potential direct, indirect and induced tax revenue generated through vendor sales throughout the retail chain is estimated to be \$124 million (Liu, Burns and Flaming 2015: 6).

Recent studies have begun to unpack the different kinds of taxes, levies and fees and the kinds of street vendors to which they are applicable. Entitlement fees and valuation fees written into national tax laws, for example, can shape the way municipalities charge street vendors for the use of public space (Roever 2016). Income tax is rarely applicable to low-income street vendors because their earnings fall under the threshold for income taxation; yet many street vendors pay value added tax (VAT) on the goods they purchase, without any way to pass on the cost of VAT to consumers (Skinner, Reed and Harvey 2018). A broader literature documents the range of efforts to “tax the informal sector” (e.g., Dube and Casale 2016). Recently, researchers have begun to examine street vendors’ perceptions of the fairness of those taxes (Rogan 2018b) within the context of the broader literatures on municipal finance and tax justice.

Street vending realities and future research

Organising and regulation

The extensive literature on street vending regulation reviewed above reflects a heavy emphasis on the state, with less attention paid to the dynamics of organising. Yet the reality is that street vendor organising is centrally related to regulation, whether the organising itself is formal or informal, and whether or not the main source of regulation is the state. The global movement of street vendor organisations coordinated through StreetNet International is increasingly pushing the boundaries of regulation, primarily by expanding the capacity of street vending organisations to engage in negotiation and collective bargaining (Carré, Horn and Bonner 2018). Thus, efforts by street vendor organisations to engage with different government entities in order to develop a harmonised approach to street vending regulation represent a key research frontier.

However, these engagements often do not take place in neatly bound forums or easily defined spaces. Rather, they evolve slowly in a variety of different modalities, with as many cancelled meetings as meetings held, as many unanswered invitations as accepted ones, as many false starts and setbacks as agreements made – all in the context of changing political currents and a constant rotation of government authorities with whom to engage. While evictions and relocations – as well as resistance strategies against them – are far better documented now than they were two decades ago, the spaces in between those headlining moments are less well understood.

Workers and entrepreneurs

Above and beyond the localised struggles between street vendors and city authorities, a broader struggle for economic inclusion is playing out both within organising contexts and between street vendor organisations and the national state. This struggle relates to the fact that earnings from street vending can vary widely; while most street vendors are own-account workers with unstable earnings, poor access to health services and high exposure to occupational health and safety risks, a few become entrepreneurs who own or rent multiple stalls or stands, or occupy niche product sectors where earnings' potential is considerably higher. StreetNet International has addressed the resulting class structure explicitly by committing itself to supporting the poorest. But government policies and programmes often target the entrepreneurial end of the earnings continuum, meaning that the poorest vendors are left behind.

This differentiation has implications for street vendors' access to social protection and, more broadly, for formalisation approaches. One emerging model (from Brazil) allows "individual microenterprise operators" with low earnings to register for social security at subsidised rates, facilitating a type of formalisation for those at the lower end of the earnings continuum, but StreetNet organisers point out the potential of this model to undermine organising and collective

action, given its framing of vendors as entrepreneurs instead of workers. A useful approach in future research agendas would be to better understand the possibilities of inclusion for the poorest vendors but also those own-account workers who are in between the vulnerable poor, on the one hand (e.g., elderly and disabled who may be granted privileged access to vending licences), and the entrepreneurial middle class (e.g., who can afford to pay to access micro-enterprise programmes) on the other. This middle group represents many own-account workers but gets relatively less attention in research and policy.

Approaches to knowledge generation

Finally, it is important for future research on street trade to find the middle ground in research design between in-depth case studies of a single location and quantitative analyses of large datasets that fold street vendors in with other informal sector enterprises. Structured comparisons of multiple locations drawing on both qualitative and quantitative data help reveal the complexity of street trade and its relationship to informality (Aliaga Linares and Roever 2019). Recent advances in theoretical and conceptual frameworks can serve as a foundation for better understanding of the links between urban dynamics, regulations and the day-to-day realities that street vendors face. Above all, investing in participatory approaches to knowledge generation that value street vendors' lived experiences and perceptions (Ogando and Harvey 2019) can provide insights that until now have remained on the margins of mainstream research.



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Part VIII

Waste pickers

Integration and rights in public waste
management



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23 Waste pickers and their right to the city

Dispossession and displacement in nineteenth-century Paris and contemporary Montevideo

Lucía Fernandez

Introduction

We were sitting for decades over a pile of gold without really noticing ... now they are aware of it and are coming for our waste.

(Alex Cardoso, Brazilian *catador* during Expocataadores, Brazil, 2013)

In recent decades, owners of capital have been looking at waste management as a new, emerging, high-yielding global market. The challenge of managing an increasing amount of waste represents an opportunity for profit-making for both existing and new businesses (World Bank 2012). In sum, waste management has become a multimillion-dollar industry.

Driven both by profit-making and urban paradigms of modern hygienic cities (Harpet 1997; Barles 2005; Abussafy 2013), technological solutions to the challenge of collecting, transporting, disposing of and treating waste are being adopted by cities around the world. In the process, the competition for waste, for recyclable materials and waste management contracts, has intensified; and the livelihoods of traditional waste pickers, and their knowledge of recycling, are under threat. Around the world, cities are privatizing waste management and, in so doing, dispossessing traditional waste pickers of their right to access and recycle waste, thus creating a fight for the appropriation of waste (Samson 2009, 2014). To paraphrase David Harvey (2004), accumulation of capital (in this case waste) by some actors leads to dispossession of capital (waste) for others.

This competition for waste, for recyclable materials and for waste management contracts can be understood as a competition for the right to the city and its resources. The French philosopher Lefebvre argued that urban space is an object and instrument of confrontation and conflict, and at the same time a means of production and a means of control – of domination and power – where various interests compete, leading to clashes over appropriation and use of urban space (Lefebvre 1974). Over the past decade or more, in the spirit of Lefebvre, a *right to the city* movement has emerged to challenge the capitalist order, to seek a

radical restructuring of social, political, and economic relationships in the city (Lefebvre 1968; Purcell 2003).

This chapter illustrates how the accumulation of waste, and waste management, by powerful groups, institutions, and elites lead to dispossession of waste for traditional waste pickers, undermining their access to waste and to public space and their right to transit freely within the city. In the process the system of waste management established by the traditional waste pickers, what some observers have called *socioeconomic metabolic systems*¹ (Martinez-Alier, 2009; Veronesi, 2016; Demaria, 2017) or *recyclingscape* (Samson 2017 and Chapter 25 in this volume), is being disrupted and displaced, and municipalities refuse to acknowledge the waste management and recycling *system* created by the waste pickers.

To understand the conflicts around waste management and how waste pickers operate in urban space, in particular in public space, I will analyse a set of public resolutions in Paris, France, in the late nineteenth century and Montevideo, Uruguay, between 2012 and 2017: both of which undermined the access of waste pickers, an emblematic group of the urban poor, to recyclable materials as well as their access to the center of their cities.

Normalizing space and time of waste in Paris

Roughly the same number of waste pickers collected waste from the streets of Paris in the late nineteenth century, as do so in Montevideo today. In Paris, in 1884, according to the official census,² there were around 7,050 *chiffonniers* (waste pickers) which means around 34,000 persons, lived off collecting and recycling waste as a family-based business; who collected about 130,200 tons of waste per year generating around 70,000 francs per day in waste-picker incomes, and almost 5 million francs per year for the entire recycling and recovery industry.³ Indeed, 85 percent of the reclaimed materials that went into the recycling industry came from the work of picking and sorting done by the Parisian *chiffonniers*.

But over a few decades, following the plans of Baron Haussmann, a civil servant and politician, to “modernize Paris”, the city shifted toward capital speculation (Harvey 2008a: 458) which led to displacements of the urban poor from downtown areas to the city’s periphery/outskirts. The very first waste container, which carried the name of the city mayor, Eugène-René Poubelle, was introduced in 1870 to normalize both the *space* in which domestic waste must be placed, as well as the *time* it should be placed, namely, outside on the street right before the passage of the waste truck. In 1883, a public ruling, again from mayor Poubelle, prohibited waste pickers from emptying the waste containers on the public highway, or placing any of the contents outside the container to find what might be suitable for reclaiming.

The Poubelle ruling led to the founding of an association of *chiffonniers*, called the “Chambre Syndicale des Chiffonniers” which characterized the threat posed by the ruling to the traditional recycling system as follows:

A head of household with his wife and three children earned 10 Frs a day or 2 Frs per person on average. Since garbage can no longer be dumped on public roads, 50% of the materials used by chiffonniers is lost to the French recycling industry. And instead of 2 Frs a day, the chiffonniers scarcely earn 1 Fr ... Here is the crisis we are undergoing.⁴

This crisis was not only economical but was also territorial. In order to modernize the collection system and to privatize it for the benefit of specialized companies, the *chiffonniers* began to be displaced, not only from their homes, but also from their working space (Lortie 1992; Kamoun 2000; Barles 2005). The collection and disposal of waste in the entire city, and particularly in the richest areas of Paris where the most valuable recoverable waste was to be found, were granted to a company that signed a contract with the state.⁵

The future of “modern” waste management finds its beginnings in this ruling from the late nineteenth century. As the years passed and as Paris kept growing, the *chiffonniers* continued to lose their *right to the city* (Harvey 2008b), manifested in their confinement to the periphery and their inability to access and enjoy Paris *intramuros* (Figure 23.1). From an ecological perspective, this shift came with a dramatic change in the city’s urban metabolism as modern waste management systems no longer engaged in recycling (as the *chiffonniers* used to promote). Waste disposal was centralized into a series of new incinerators, further undermining the ability of waste pickers to recover and recycle waste and the air quality of the city.

Territorial displacement of *clasificadores* in Montevideo

A neighbor from Buceo called me and gave me a 29-inch TV that still works! If they take us off the street, people do not understand that we lose all these opportunities, which are not quantifiable at an economic level, but in our own quality of life and our relationship with our neighbors.

(Juan Carlos Silva, *clasificador*, president of the Trade Union in Montevideo, interview 30 November 2015)

In Montevideo today, a city where thousands⁶ of waste pickers (*clasificadores*) have, historically, recycled everything that they could access,⁷ capitalism, disguised in public policies with the support of a very progressive government, reproduces the same exclusionary practices as in Paris in the late nineteenth century. Since 2003, when new waste containers first appeared in public space, many waste pickers are no longer able to visit downtown areas for recovery purposes (Figure 23.2). The practice of limiting access to the richest areas of the city, and to the waste that is produced there, has been intensified since the new system of “hermetic containers” was first introduced in 2015 and since horse carts were banned in 2013 from entering the old downtown which was reconfigured as an exclusionary zone. In addition, waste produced by large generators such as hotels, restaurants, shopping malls, which comprises mostly valuable

recyclable materials, has become the exclusive domain of private companies or individuals driving motorized vehicles, after a rule was passed in 2012 to “formalize” what waste pickers had done for decades. This set of policies implies, among others, the rupture of a system of social relations that used to link waste pickers with more than 3,000 “clients” (Barrenechea and Gonzalez 2003) in the city who used to offer their waste “for free” through a solidarity system. The new formal enterprises get paid for the amount of waste they collect and dispose of, leading to a significant decrease in recycling rates as they simply dispose of the recyclable materials into the sanitary landfill, rather than reclaiming them.⁸ Therefore, the urban metabolism of the city is again affected by undermining access to recyclables for those who historically reclaimed and recycled them. This new set of policies, in addition to being insufficient in terms of recycling and exclusionary of waste pickers,⁹ implies a profound dislocation of these workers from urban space and, indeed, their city, confining them to the urban periphery where they can devote themselves to sorting and selling materials at the new sorting centers built by the municipality through the Packaging Law established in 2009, where industry responsible for producing large amounts of packaging is now responsible for their waste and needs to pay the state a proportion of funds to cover the costs of formal recycling.

Expanding the notion of commons in the city as social factory

To conclude, the right to the city becomes for waste pickers essentially the right to centrality, to use and appropriate public space, and not to be excluded from the urban form. As Lefebvre (1968) argued, by excluding groups and classes from “urbanity”, we are also excluding them from civilisation and society. Therefore, claiming the right to the city for waste pickers is a legitimate reaction to an increasingly discriminatory and segregated urban paradigm associated with the privatization of waste and its management and other policies on the use of space. In addressing the urban roots of the May 1968 movement in Paris, Lefebvre argued that capital has moved beyond the factory walls and as a result the city has become “the social factory”.¹⁰ Hardt and Negri (2001) argued that the metropolis is to the multitude what the factory was to the working class. Regarding informal waste pickers, most of whom are territorially and organizationally dispersed, it is crucial to understand that while the struggles of the “workers” are aimed at improving working conditions, mobilizations against waste dispossession are aimed at claiming and recovering common public goods, as a condition to make life – and livelihoods – possible in the great social factory that is the city (Castro Coma and Martí Costa 2016).

The main theoretical challenge would be to expand the notion of common goods to include waste as a commons (Cavé 2012, 2015; Zapata and Zapata 2015; O’Hare 2017) to critically analyse the relations between those who produce waste (citizens) or improve it at various scales (waste pickers/recyclers) and those who appropriate it for profit (private collection companies). The concept of *commons* should then be framed not as an object but as what is

produced collectively (Federici 2012; Heller 2012), over which control or management is not delegated to an outside social body but is exercised directly by those who produce it. The strength of the *commons* understood in this sense lies in the fact that its production allows us to think about the possibility of generating something new, to create new forms of reproduction, organization, and regulation of collective life and public governance.

To spatialize these commons, to think of them from the urban space perspective, helps us understand the power and collaborative relationships among the actors related to waste management. The recognition of the work, services and contributions of waste pickers in the city must be affirmed through a new type of community that manages its urban resources in a sustainable way. Samson (2015a) and Chikarmane (2016) argue that by mobilizing collectively to demand formal incorporation into municipal waste management systems, waste pickers are expanding both the public sector and the public sphere, transforming relations between the state, the formal economy, the informal economy and residents, and contributing to the forging of a more inclusive, participatory and democratic state. The rights of waste pickers as citizens and workers, including linking them with other residents of the city through the management of waste, are fundamental for living in a healthy and democratic city that is inclusive of all its inhabitants.

Following the “right to the city” concept and a new understanding of the urban space, these principles and practice of communal ownership will help us frame a potentially radically different model of municipal waste management and governance. This new management and governance model, in which waste is produced, managed and controlled by the community, is based on a new interpretation of what is public or common; it challenges the notion of a centralized state by pushing for a system that is capable of managing a complex and decentralized communalism (Bookchin 2006).

Notes

- 1 What follows this concept, and according to a dialectical vision, is the understanding of urban metabolism as a mutually constructive conception of the relations between nature and urban society, where nature is metabolically transmuted through urban space according to its historical processes (Swyngedouw and Kaika 2000). Therefore, in exercising power over ecological and social flows, human beings are active players in the evolution of the city.
- 2 According to the “Hygienic Research Commission” published in the *Official Bulletin* of 1886 (Barberet 1886: 84).
- 3 See Fontaine (1903: 17).
- 4 Excerpt from the statement of Mr. Potin, *chiffonnier* leader, to the Parliamentary Commission, March 11, 1884 (Barberet 1886: 70).
- 5 “Art. 21 – All the products contained in the receptacles, deposited by the local residents or projected illicitly on the public road, will belong to the contractor who will draw such a part as it will judge suitable, either by transporting them outside to be delivered to the farmer, either by turning them into factories by cremation or by any other method ...” (Excerpt from the specifications of the company for the removal of sludge and garbage and residues sweeping Paris, from 1891 to 1899; Fontaine, 1903: 73).

- 6 From 3,500 waste pickers during stable or positive economic scenarios, to more than 10,000 as a result of the economic crisis suffered in 2003.
- 7 Similar to numbers in Brazil, it has been proved that almost 90 percent of what is recycled in the city was thanks to waste pickers at the bottom of the pyramid (2006 study by the national government).
- 8 There is very little economic rentability for them to spend time and resources on sorting waste, as most of the value generation came from the high rates charged for collection.
- 9 From the thousands who have lost their income (the approximate number is under investigation), only 128 waste pickers are formalized and working in four new places, which are located, as shown in Figure 23.2, far from downtown, near their homes.
- 10 The social factory is a concept developed by the Italian autonomist Marxist Mario Tronti in his book, *Factory and Society* (1962), to help analyse how capitalist social relations had expanded outside the sphere of production to that of society as a whole.

24 Managing urban waste as a common pool resource

Jérémie Cavé

Introduction

In the experts' literature about solid waste management (SWM), the type of economic service that municipal solid waste management constitutes is not clear: is it a public service? Or is it a market economy activity? SWM is conceived variously as “a demand-driven business, a policy-driven activity and a public good” (UN-Habitat 2010: 164). The problem is that SWM is composed of many different tasks, which can be unbundled. Whereas street cleaning may be considered as a public good, the status of door-to-door collection is not as obvious: it still can be assimilated to a public good, yet it is one of the services “most easily converted to a private good, being divisible among consumers for services and payments” (Baud and Post 2003).

In 1994, a World Bank report, aimed at targeting the areas of potential private sector participation in the field of SWM in developing countries, proposed an economic characterisation of these successive tasks. Most of them were classified as public or toll goods. The sale of recyclables was presented as a private good. And the common goods box was left empty (Figure 24.1).

In contrast to this analysis, the idea of urban waste as commons may help us re-imagine urban policies beyond the state/market dichotomy that appears today as a structural axis of expropriation dynamics, especially in the Global South. Urban solid waste could fruitfully be conceived and managed as common pool resources. This would imply the attribution of use rights to a diversity of reclaiming and recovery agents and devices, in so far as they agree to some regulation and to channel their own refuse (derived from their recovery process) to sanitary landfills.

Appropriation conflicts

Defined as something thrown away, waste is an object that no longer belongs to anyone. Waste is what has been abandoned, i.e., *res derelicta*, things over which their former owners have renounced their property rights.¹

The so-called “modernisation” process of SWM provokes clashes between agents: some experts invoke “contested” waste (Fahmi and Sutton 2010) whereas

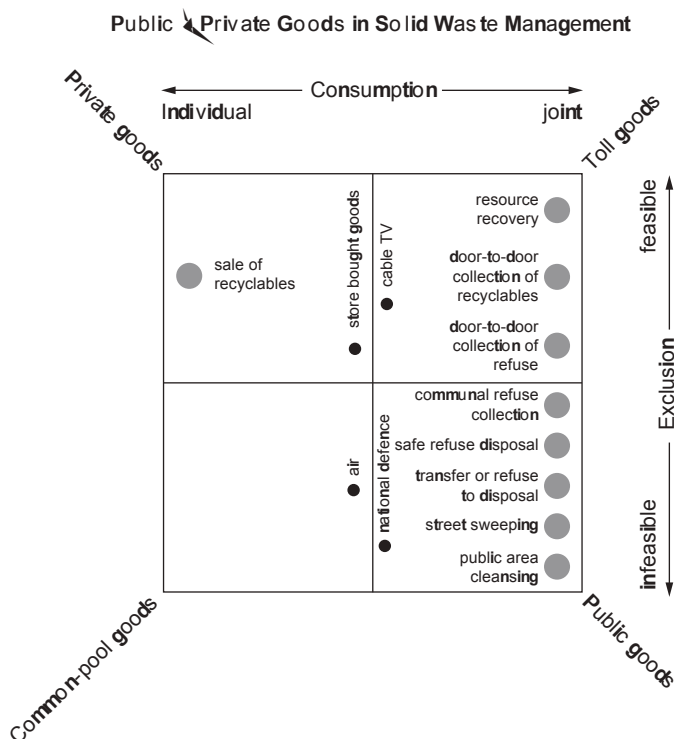


Figure 24.1 Public vs private goods in solid waste management.

Source: Cavé (2015: 121).

others talk of “competition” (UN-Habitat 2010: 8). Such “appropriation conflicts” (Cavé 2014) over SWM arise, pitting a variety of actors against each other (municipal authorities, private operators, waste pickers, residents’ associations, industrial companies, etc.), because SWM is no longer only concerned with neutralising a nuisance, but also, increasingly, with recovering a valuable resource.

It is all the more critical to provide conceptual and operational tools to manage urban waste as commons today as most cities (focused on collection and disposal) do not recycle any of their waste while an increasing number of agents (including large private companies and producer responsibility schemes) now show an interest in waste management and recycling as a way to capture cheap raw materials: that is, in “urban mining”.

The urban solid waste deposit: an impure public good

The nature of waste is by no means intrinsic. A specific plastic package may be seen as a useless residue until there is a shortage, at which point it is re-classified

and re-valued as a commodity: “this is why what is waste today will not be waste tomorrow and why what was, common-sensically, waste yesterday is now incorporated as an economic ‘sector’” (O’Brien 1999: 278). Precisely because of this fluctuating status, it is time to stop dealing with SWM issues in terms of the garbage/resource dichotomy, which ultimately implies a public/private good dialectic, and instead start considering urban solid waste holistically as a common good.

First, from a spatial perspective, the most lucrative items are gradually extracted (“creamed-off”) from the solid waste stream through several stages of upstream interception. The fact that this urban service is provided on the streets (and not through an underground network), with successive offloadings, makes it possible and relatively easy for non-governmental actors to capture part of the flow. In other words, the way waste is managed makes it very difficult to exclude anyone from its appropriation.

Second, from an economic point of view, the reclaiming of recyclable solid waste constitutes a coveted objective for several actors. Far from being marginal or archaic, the informal recovery sector is embedded in the global industrial economy. The analysis of resale prices for reclaimed materials in south-east Brazilian cities demonstrates that the power of mechanisms aimed at catching dry waste rests on a non-elastic link to the global market demand for the corresponding virgin materials.² In other words, the potential economic revenues from the trading of solid waste items are substantial. To this extent, waste is a rival good.

Being both rival and non-excludable, the urban solid waste deposit thus de facto appears as a common good. Neither pure resource, nor mere garbage, the urban solid waste deposit is always both.

Would it be possible to manage urban waste as Common Pool Resources?

When considering the entire deposit of urban solid waste as Common Pool Resources (CPR) as defined by Elinor Ostrom (Ostrom 1990), a distinction can be made between waste flows and stocks. Recognising this flow-stock structure in the SW deposit enables us to penetrate further into the internal dynamics of a common good. Indeed, according to Ostrom, any resource system is formed by these two interdependent components. The flow refers to units that are removed from the resource stock. The stock refers to units that are not removed from the resource.

- One portion of the urban solid waste deposit is quickly recovered or purchased and never actually ends up in a landfill. This part that is sufficiently valuable not to be discarded can be equated with flows.
- The rest of the deposit is permanently abandoned, of interest only to the municipal authorities. That fraction of the deposit, of zero or negative value, corresponds to a stock. There is no spontaneous incentive for anyone to get involved in its circulation.

Mixed together, flows and stock constitute the solid waste deposit. Apprehending the urban waste deposit as CPR implies nonetheless the reversal of the internal dynamics of such a system:

- in the CPR described by Ostrom, the stock is necessary to the flow's renewal;
- in the case of solid waste, it is the opposite: the flow is paired with a stock that is potentially harmful and that, consequently, must not grow. And no-one wants to appropriate that stock.

In other words, the danger does not lie in the stock's exhaustion, but rather in its uncontrolled growth and disposal. Therefore, the risk that informal recovery agents are generating is that, by extracting the most lucrative section of the deposit, they could throw the municipal service off balance. Indeed, due to fact that reclaiming recyclables is largely done by informal agents, waste pickers as well as itinerant junk dealers and local shops, municipalities may not be able to compensate their collection and treatment costs with the revenue from the sale of recyclables. Consequently, the informal recovery agents' exclusive focus on recyclables (flows) may ultimately put the sanitary disposal of residues (stock) at risk.

According to Elinor Ostrom, appropriators of CPR are faced with two kinds of problems:

- 1 The first is rent dissipation. This refers, for instance, to the (economic) risk involved when separate door-to-door collection is implemented and the deposit is at the same time significantly creamed off upstream. This problem could be solved through the "way of attributing a fixed, time-independent quantity of resource units [to the various appropriators, so as] to reduce uncertainty and conflict over the assignment of rights" (Ostrom 1990: 64). In some Brazilian cities, for instance, informal agents agree to stop recovering recyclables from the streets provided that the municipality delivers to them the whole output of its separate collection scheme.
- 2 The second problem consists in the attribution of spatial or temporal access to the resource, as reflected in the interception dynamics observed in Vitória and Coimbatore (Cavé 2014). According to Ostrom, these kind of problems arise "because spatial and temporal distributions of common resource units frequently are heterogeneous and uncertain" (1990: 65). As long as recovery agents operate informally and/or illegally, it is very difficult for them to save and invest financial resources as they have no guarantee at all that they will be getting recyclables the next day and at a sufficient rate. They also do not care about what happens to final residues (stock) as they are frequently chased and repressed by the public agents in charge of it.

Mobilising use rights appears a promising lead. Use rights have been theorised, within the resource institutional regimes (RIR) framework, as an analytical and

operational tool. Use rights are realised in the privileged access to a flow of resource units. Unlike property rights, use rights determine “who might have what use of which quantity of the resource, in the form of which goods and services derived from it” (Gerber et al., 2009: 7). Use rights thus refer to resource management and withdrawal rules that do not grant absolute freedom in the use of the resource.³ As a matter of fact, after a long and harsh struggle for the *recicladores*’ rights, the Colombian Constitutional Court has warranted a “sure and safe access” to solid waste to informal recovery agents.⁴

Concluding remarks

Emanating from a combination of public and private law, use rights seem an appropriate prism through which to manage waste as a CPR. Taking into account the multi-segmented nature of the SWM service and the economic value of the flow part of waste – which make interceptions unavoidable – the assignment of targeted use rights could offer an innovative way to solve solid waste appropriation conflicts. Indeed, the main difference between attributing use rights rather than property rights is that it makes the appropriators accountable to a regulator for the whole flow’s traceability. Indeed, the informal recovery circuits do generate various kinds of refuse (solid, liquid, gaseous) that today are disseminated in the environment without any supervision.

The inclusion of both stock (for minimisation) and flows (for maximisation) within the analytical framework of CPR, suggests the desirability of a *semi-decentralised* SWM system. In such a system, non-governmental recycling initiatives would not be eradicated in favour of a monopolistic and centralised service focused on landfill solutions. Recovery agents would be incorporated as local players able to efficiently capture at source as much waste as possible. However, they would be included on the proviso that they would channel their own waste residues to the centralised treatment facilities in order to cope with environmental and sanitary externalities. Hence, stock management would be centralised, and flow management decentralised, as in the case of some Indian neighbourhoods or in Surabaya in Indonesia where waste separation, recyclables resale and composting are implemented at the Kampung (neighbourhood) level and final residues are removed to a centralised sanitary landfill.

Notes

- 1 Municipal authorities have the “responsibility” of dealing with waste; they do not own the waste.
- 2 Data from CEMPRE (Compromisso Empresarial para Reciclagem, www.cempre.org.br) shows the monthly resale prices communicated by a series of waste pickers cooperatives from the south-east of Brazil for the 2001–2010 period. The materials considered are: white paper, cardboard, aluminium cans, plastics soft and hard, PET. Average values were aggregated from: Vitória and Guarapari (ES), Itabira (SP), São José dos Campos (SP) and Rio de Janeiro (RJ). Data from London Stock Exchange (LSE) indicate the ‘fixing’ commodity prices, from Société Générale systems, through one of

their major providers, that is, Reuters. These are the daily readings, from Monday to Friday, from 3 September 2001 to 13 May 2010, which amounts to 2,194 readings.

- 3 Close to the notion of “operational level” rights (where we find *access* rights to CPR as well as resource’s units *removal* rights) (Schlager and Ostrom 1992).

- 4 Auto 275/11. Available at: www.corteconstitucional.gov.co/relatoria/autos/2011/a275-11.htm.

25 The political work of waste picker integration

Melanie Samson

Historically, reclaimers who informally collect reusable and recyclable materials were as ignored by academics as they were by policy-makers. Although there is now burgeoning interest in the people both groups tend to refer to as “waste pickers”, these interests are running in different directions. Key areas of focus in scholarly research include the role of waste pickers in the production of value, their relation to the global economy, their environmental contributions, how they are dispossessed by municipal recycling contracts, and how they are organising. For their part, policy-makers at levels ranging from local government to the World Bank focus their attention on promoting and implementing waste picker integration as part of a broader trend towards “formalising the informal economy”. While there is a large and growing policy-oriented literature on waste picker integration, curiously scant attention has been paid to this global policy trend in academic debates.

Yet waste picker integration is far from just a technical policy issue. In this chapter I argue that the concept of waste picker integration performs important political work.¹ The chapter further contends that critically interrogating this political work is both theoretically generative and relevant to the struggles of reclaimer movements. In the chapter I refer to waste picker integration when this concept is used, but refer to the workers as reclaimers. “Reclaimer” emphasises that these workers are rescuing items with potential value from being wasted and engaging in multiple, complex forms of labour to revalue them, while “waste picker” associates them with rubbish and reduces their work to the simple act of “picking”.

The remainder of the chapter is divided into three sections. The first section presents four key ways waste picker integration is conceptualised in the literature. The second section identifies the erasures that underpin these conceptualisations and the political work that they perform. The concluding section explores the transformative political work that is possible when focus is shifted from waste picker integration to the integration of municipalities and industry into the existing recyclingscape² established by reclaimers.

Conceptualisations of integration

Kashyap and Visvanathan (2014) note that the term “integration” encompasses a wide range of policies and programmes. This can be attributed, at least partially,

to the fact that most literature on waste picker integration is policy-oriented. Although authors generally do not define what they mean by integration, I argue that it is possible to discern four different conceptualisations of waste picker integration.

Conceptualisation 1: waste picker integration as charity

The first strand of literature implicitly frames waste picker integration as a charitable activity conducted by local government or industry *for* waste pickers to assist them in purportedly marginal, survivalist work. Velis et al. (2012: 60) refer to projects rooted in this understanding as “traditional development approaches to integration” that “focus on ‘helping’ waste pickers” without recognising them as partners or even consulting them. Such projects typically include the provision of training, equipment and space. They can also include initiatives designed by local government and/or industry to encourage waste pickers to form companies and cooperatives that become the recipients of support and contracts. The four key aspects of this conceptualisation are: (1) integration focuses narrowly on the daily physical work of extracting, sorting, cleaning and selling materials; (2) integration programmes provide support to directly assist waste pickers in conducting their work; (3) programmes focus on the integration of waste pickers’ labour, rather than integration of their recycling system; and (4) waste pickers are passive targets of local government programmes. Unsurprisingly, waste pickers frequently do not want to be integrated in the ways envisioned by government and industry, leading to project failure and adverse effects for the very reclaimers the projects claim to be assisting (Ahmed and Ali 2004; Scheinberg 2012; Velis et al. 2012; Reddy 2015; Pholoto 2016; Sekhwela 2017).

Conceptualisation 2: waste picker integration as participation

The second conceptualisation continues to frame waste picker integration as integration of reclaimers’ daily labour to improve their livelihoods. However, policies and programmes are developed through participatory approaches (which range from tokenistic to democratic), as policy-makers, donor agencies and academics increasingly recognise that successful integration requires the active involvement of reclaimers (Nas and Jaffe 2004; Nzeadibe and Anyadike 2012; Scheinberg 2012; Velis et al. 2012; Ezeah, Fazakerley and Roberts 2013). In order to facilitate meaningful participation, support is often provided to waste pickers to form and sustain organisations to represent themselves (Gunsilius 2012; Velis et al. 2012; Masood and Barlow 2013). This approach can also include attention to the specific histories, politics and other key aspects of different places in order to identify the most relevant ways to integrate the work of waste pickers in a particular context.

Conceptualisation 3: waste picker integration as a multifaceted process

The third conceptualisation also emphasises the importance of participation in the integration of reclaimers' daily work. However, in this approach, waste picker integration is conceptualised as a multifaceted process that requires social, cultural, political, legal and economic interventions, as each of these spheres shapes waste pickers' work (Dias 2011c; Gunsilius 2012; Scheinberg 2012; Ezeah, Fazakerley and Roberts 2013). Due to the stigmatisation of reclaimers, strong emphasis is placed on social and cultural interventions to generate the recognition of and respect for reclaimers required for them to perform their work unhindered (Nas and Jaffe 2004; Nzeadibe and Anyadike 2012; Velis et al. 2012; Masood and Barlow 2013; Cohen 2014).

Conceptualisation 4: waste picker integration as social transformation

The fourth conceptualisation moves beyond utilitarian integration into other spheres. Rather than being an end in itself, waste picker integration is conceptualised as part of larger political projects and struggles for social justice and transformation (Gutberlet 2008; Chikarmane 2012). Dias (2011c) argues that the process of developing waste picker integration policies and programmes is as important as the policies and programmes themselves, as it forges new forms of citizenship. Chikarmane and Narayan (2005) highlight how in organising around integration, reclaimers transform their understanding of the world and their place within it. Integration therefore becomes one way of changing these current oppressive and exclusionary realities. While this conceptualisation of integration is held primarily by reclaimer organisations, to a certain extent, it also underpinned the policies and programmes of the Workers' Party (PT) as well as local and national governments in Brazil (Gutberlet 2008; Dias 2011a).

Integration as erasure

When looking at the political work of integration, it is useful to think about waste picker integration as erasure. As the narrowest form of integration, waste picker integration as charity is based on five key erasures. The first is the erasure of reclaiming as a productive economic activity. This strips reclaimers of their identities as workers who make important economic contributions, and enables the state and industry to treat reclaimers as the fortunate recipients of municipal beneficence. In doing so, the state and industry relieve themselves of the responsibilities to do the following:

- remunerate reclaimers for the services they provide;
- ensure a fairer distribution of profits in the sector;
- support reclaimers in transforming their place in the recycling value chain;

- even give reclaimers preference over poor community members when jobs are created in formal recycling programmes.

Second is the erasure of reclaimers' knowledge. Before reclaimers can even start to think of reaching their hands into rubbish bins, they must reject the municipality's understanding of domestic waste as anything disposed of by residents, and develop a more refined ontology that differentiates potential value from waste. They then need to develop a deep understanding of the nature of the different materials they salvage and the differing potential values congealed within them. Other essential types of knowledge include knowledge of the patterns and rhythms of waste collection in the city; and how to categorise and prepare materials for sale; and the recycling market and its local geographies. By erasing the epistemic agency of reclaimers, municipalities and industry reduce reclaimers to unthinking manual labourers who do not possess valuable insights into how the recycling system in the city does and should function. Municipalities and industry are therefore able to justify denying reclaimers' "epistemic participation" (Fricker 2010; Hookway 2010) in both the development of municipal separation at source programmes and, ironically, in the design of "integration" programmes.

Third, just as colonialists cast colonised land as barren, wasted, and lying in wait to be put to productive use in their own interests (McClintock 1995; Gidwani 2008; Goldstein 2013), municipalities and industry erase the "recyclingscape" created by the reclaimers. Due to their unwillingness to recognise this informally produced system, municipalities and industry see only a "wastescape", which conveniently enables them to deem themselves the best custodians of the space and midwives of a completely new recyclingscape.

The fourth erasure is the erasure of reclaimers' forging of a new sphere of accumulation (Samson 2015b). Reclaimers created the recyclable collection system in virtually all post-colonial cities. As municipalities treated recyclable materials as trash that needed to be collected, transported and landfilled, recyclables put out for collection were a cost to the municipality. It was reclaimers who identified that value could be extracted from items misclassified as waste. In doing so, they informally created a new sphere of accumulation. By denying its existence, municipalities and industry can enclose the recyclables commons in a process of accumulation by dispossession (*ibid.*), claim to be creating a completely new sphere of accumulation, and avoid paying compensation to the reclaimers who are dispossessed.

The final erasure is the erasure of reclaimers' very humanity. The rendering of reclaimers as "human waste" (Bauman 2004) has been documented in cities across the world (Nas and Jaffe 2004; Gidwani and Reddy 2011). Understanding that reclaimers are framed as "surplus people" living at the very edges of the economy and society helps to explain why municipalities feel that they do not need to pay reclaimers for the service they provide, include them in the setting of priorities and decision-making, or consider how they are affected by separation at source.

Taken together, these five erasures consolidate existing power relations; dispossess reclaimers; exacerbate their political, social, epistemic and economic marginalisation; and open new spheres of accumulation for capital and patronage for the local state.

While these erasures are most fully realised in the conceptualisation of waste picker integration as charity, to varying degrees they also underpin conceptualisations 2 and 3 of waste picker integration as “participation” and “multifaceted”. Although these two conceptualisations recognise reclaimers’ work and knowledge, both are highly circumscribed; the work that is acknowledged is limited to the daily labour of reclaiming, and reclaimers’ knowledge is drawn on in a utilitarian way in order to design better projects and programmes to integrate this daily work. Reclaimers are not completely dismissed as human waste, but they are also not considered and engaged as complex, multidimensional people involved in all spheres of social, political and economic life. Their role in creating a new sphere of accumulation, and the very existence of that sphere remain erased.

For the most part, projects rooted in conceptualisations 2 and 3 do not recognise the reclaimers’ recyclingscape and focus instead on integrating individual reclaimers and cooperatives. Even when the recyclingscape is recognised, it is assumed that it should be integrated with the municipality’s envisioned recyclingscape or be kept in mind when reclaimers and the municipality collectively design a new one. The existing recyclingscape is not given primacy as the foundation for any new developments, and at best reclaimers are treated as equal partners in these processes rather than leading them.

Municipal and industry integration into the reclaimers’ recyclingscape

Just as the meaning of “integration” in waste picker integration has been insufficiently theorised, the assumption that it is waste pickers who are being integrated also needs to be problematised. Reclaimer Louis Mahlangu dismissed this notion when he informed industry representatives and national and local officials in a meeting that “it is the city who is integrating itself on our existing structures, because we’ve been doing it for many years, so it is them who is integrating onto our existing system.”

Rather than looking at how to include reclaimers in formal waste management and recycling systems, the real question is how municipal and industry systems should integrate into the reclaimers’ recyclingscape. This approach redresses the “erasures” of waste picker integration as it recognises reclaimers as human beings engaged in all spheres of life; epistemic agents; workers with rights to the materials they collect; and creators of the recyclingscape and a new sphere of accumulation. As in Latin America, where the people who perform this labour and their organisations use names that associate them with recycling and the collection of valuable materials, the use of the word reclaimer (rather than waste picker) removes the association of reclaimers with the rubbish

residents mix their recyclables into, and focuses instead on reclaimers' creative act of imbuing these trashed recyclables with new value.

Understanding integration as the integration of municipal and industry systems into the reclaimers' recyclingscape performs important broader transformative political work. It expands the ontology of the economy not merely to include the informal economy, but also to recognise that activities defined as informal often serve as the base for integrated economic processes. It also disrupts established understandings of who has knowledge and expertise, how knowledge is generated, and whose perspectives and ideas are crucial for political and economic processes. In doing so, this conceptualisation demands transformations in forms of governance and in the social, political, economic and cultural spheres.

This conceptualisation of integration as integration into reclaimers' recyclingscape shares many affinities with "integration as transformation". In this regard, it is important to note that the Portuguese literature about Brazil uses the term "inclusive recycling", and this is typically carried through into English language articles written about Brazil (cf. Gutberlet 2008; Dias 2011d). While this moves away from the notion that it is waste pickers who must be integrated, the term "inclusive recycling" conveys notions of equality between the parties. By contrast, redressing the erasures of integration makes clear that reclaimers, the recyclingscape they produced and reproduce on a daily basis, and the sphere of accumulation they created should be given primacy. It therefore more clearly articulates and redresses the existing unequal power dynamics in how municipalities and industry relate to reclaimers.

Of course, it is one thing to call for a transformation in power relations and another to actually achieve this. As movements of reclaimers, formal and informal workers, and all oppressed and exploited groups know all too well, those with power do not readily relinquish it. However, focusing on identifying and reversing these and other erasures of integration can hopefully assist reclaimer movements in developing and bolstering deeper demands and more expansive visions of the future.

Acknowledgements

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Notes

- 1 Here I am drawing on Stuart Hall's (2008) theorisation of the "political work" that race does.
- 2 Swyngedouw's (1999) concept of the "waterscape" had inspired some waste and discard scholars to begin to use the term "wastescape". I argue that it is crucially important to see the "recyclingscape" forged by reclaimers and to understand that this is the terrain on which all debates about municipal and industry recycling programmes play out.

Part IX

Social policy and informal workers



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26 The place of informal workers in different approaches to social protection

Francie Lund

Introduction

Social protection arises in response to different concerns of different nation states. Social protection for workers, in the form of access to social insurance, appeared as a feature of industrialised nations in the nineteenth century. In Germany, in 1889, Chancellor Otto von Bismarck introduced the first measure of social security focused on the workforce – specifically, formal workers. Social security, as it became known, spread rapidly through Europe. In Britain, an organised national programme of school meals appeared in the early twentieth century as a response to the poor nutritional state of men presenting themselves to fight in the imperialist Anglo-Boer War in South Africa. In the USA, the Great Depression triggered the shift in economic policy towards massive investment in infrastructural and economic programmes, such as the Tennessee Valley Authority, as well as initiating a national old age pension system. In Britain, the introduction of Beveridge’s plan for a welfare state was blocked by Churchill before the Second World War; it was accepted following the war and developed into Britain’s comprehensive welfare state that included the social insurance-based national health system.

The core debate in social protection is about the relationships between, and respective responsibilities of, the state, the market, and individuals, with a core concern being the extent to which state intervention distorts markets and undermines the “self-reliance” of families and communities. This relates also to whether the objective of social protection is to address and mitigate poverty or also to play a redistributive role.

Welfare regimes in the Global North were largely built on assumptions of (nearly) full employment in formal work. It was assumed that workers and their families could be protected through contributory social benefits, with a residual set of social assistance benefits for the very poor or those unable to enter formal labour markets.

Inexorably, increasing numbers of workers across the world are experiencing the erosion of their social protection. Informal workers, by definition, do not receive work-related social protection, though some, in some countries, do receive social benefits as citizens. The processes of casualisation of employment

mean that growing numbers of workers, though they may have steady employment, nevertheless have some work-related benefits capped, stopped, or never awarded at all.

One of the barriers to the development of appropriate and equitable economic and social policies is this: those who “do” social policy do not see informal workers – they see citizens, or “poor and vulnerable and marginalised” people. Those who “do” economic policy – macro and micro – do not see labour as a “produced factor of production” and, therefore, do not see social spending as investment in the reproduction of society – and of the labour force – of the present and future.

Getting social protection for informal workers on the map

When the WIEGO (Women in Informal Employment: Globalizing and Organizing) Social Protection programme was started in 2000, there was very little published work on social protection for informal workers. A singular exception was the ILO book, *Social Security for the Excluded Majority* (Von Ginnekin 1999), which explicitly foregrounded informal workers. Three years later an edited volume commissioned and published by the Friedrich Ebert Stiftung assessed social protection systems in nine countries in South-east and East Asia (Adam, von Hauff, and Marei 2002); all chapters noted the absence of provision for informal workers. Elsewhere, some literature and case studies emerged on related topics such as micro insurance, micro savings, rotating credit associations by/for informal workers and some publications by the Self-Employed Women’s Association (SEWA) of India on their health insurance scheme and childcare services.

One of the first activities of the WIEGO Social Protection programme was a book for ILO’s STEP (Strategies and Tools against Social Exclusion and Poverty) programme on a gendered approach to social protection for informal workers (Lund and Srinivas 2000); this publication purposely moved away from the “poor and marginal and excluded” paradigm towards seeing the informally employed as workers. The core question framed by WIEGO in this volume was: “Under what conditions can what kind of workers in the informal economy (and especially poorer women) get access to what core measures of provision, which can be incrementally improved upon in the future?” (ibid.).

In 2002, WIEGO’s Social Protection Programme produced a framework paper for its work. Key characteristics of the conceptual and strategic approach outlined in that framework paper were:

- It recognises the right to social protection as an inalienable part of work.
- It has as a core variable the different status in employment, along a continuum from wholly formal employment, to informal employment, with many gradations in between.
- It focuses on poorer women, but not to the exclusion of men.
- It keeps open a role in social protection for all interest groups.
- It advocates principles of equity and redistribution (Lund 2004: 238).¹

A point of departure was that the strategic approach had to be incremental. It did not expect that fundamental differences in worker benefits would be possible in the short term, but that fundamental differences would be the longer-term goal. As in the book for ILO STEP, the WIEGO framework paper advocated a multi-dimensional approach to understanding risk and protection, integrating a life-cycle approach, an analysis of work-related risks based on occupational sector and place of work, and a commitment to informal worker involvement in policy processes and reforms.

I first presented the framework paper at a 2002 conference of the Inter-American Development Bank in Santiago, Chile, at which Armando Barrientos also presented a paper on women in the informal economy in Latin America (Barrientos 2004). Between 2002 and 2005, WIEGO tested the approach outlined in the framework paper in a series of country dialogues and research meetings, in five Latin American and eight Asian countries. During this time, relationships were forged with organisations of informal workers and supportive NGOs, through the process facilitated in Latin America by Carmen Roca, WIEGO's regional coordinator for Latin America and the Caribbean, and in Asia by HomeNet Thailand.

The launch of the ILO STEP/WIEGO book (Lund and Srinivas 2000) led to a further collaboration between ILO STEP and WIEGO. The partners organised a technical consultative workshop with the World Bank. The aim was to hold up an empirical mirror, as it were, against which to assess the ability of the social protection approach of each of the three organisations to integrate informal workers. Two case studies were commissioned to interrogate whether and how informal workers gained access to social protection: one of horticulture workers in Chile and South Africa (by Armando Barrientos and Stephanie Ware Barrientos); the other of garment workers in the Philippines and Thailand (by Donna Doane, Rosalinda Ofreneo and Daonoi Srikajon). As far as we know, this was the first time that social protection for informal and formal workers was analysed using global value chain (GVC) analysis.

Shortly before the workshop, the World Bank had introduced a "new approach" of Social Risk Management (SRM), which was meant to replace its short-term social safety net approach (Holzmann and Jorgenson 1999). During the workshop between the International Labour Organization (ILO), the World Bank and WIEGO, attended by HomeNet Thailand and SEWA among others, the weaknesses in the SRM approach became apparent: notably, that the poor were seen as responsible for their own social protection, and informal workers were not included in the model. It was a remarkable opportunity for the partners to come to grips, at a deep level, with the differences in our approaches, drawing on the concrete realities of informal workers' lives. After the workshop, the ILO, WIEGO and World Bank produced a book entitled *Chains of Production, Ladders of Protection* which presented the GVC framework, the case studies, and the lessons learned (Lund and Nicholson 2003).

Since then, the WIEGO Social Protection programme has evolved in significant ways to include a focus on occupational health and safety and on childcare

as core components of social protection; to engage with global debates on universal health, including issues of financing, costing, and delivery systems; and to explore whether and how to engage in issues relating to social protection for elderly informal workers. What follows are selected conceptual and strategic issues that have emerged during the first two decades of WIEGO's Social Protection programme.

Selected policy issues

In the last 20 years, there have been major changes in the social protection arena, having to do with the changing role of the state, the need for protection against the risks associated with climate change and migration and the role of civil society organisations, among other things.

While there has been withdrawal in many states from social spending, along with privatisation of some services, there is also a great deal of new attention on cash transfers, and on universal health care/coverage. I select four issues to illustrate progress, regress and paradoxes.

Social policy and social protection cannot remediate inequalities caused by economic, labour and trade policies that create inequality

The lack of social protection for the majority of workers across the world is a disconcertingly hard reality and challenge. WIEGO advocates for greater security at work, at the same time knowing that processes such as the informalisation of once formal workers is further eroding social provision.

One vignette: in 2009, WIEGO was asked to present a keynote address to a European Commission (EC) and Organisation for Economic Cooperation and Development (OECD) joint seminar on "Employment, Social Protection and Decent Work in ACP Countries" (Africa, Caribbean and Pacific)". The EC and the OECD were in the process of encouraging numbers of ACP countries into trade agreements that would disadvantage those very countries; the model was so harsh and punitive that it was denounced by the World Bank. As noted in my back-to-office report:

This social protection round of training and seminars [being held by the EC and OECD] goes in parallel with their economic and aid policies. On the one hand, the economic policy branch of the EC is forcing trade deals on APC countries which are absolutely sure to impoverish them further; but on the other hand, the EC will try and remediate the bad economic and trade policy with this sort of "training" in decent work and social protection. It just does not make sense.

National and local levels of government

International organisations work chiefly with the nation state as their point of entry, and this is the level at which partnerships are typically formed and dealt

with (World Trade Organization, World Health Organization, International Labour Organization, UN agencies, etc.). In many countries, social policy and social protection are developed at the national level. As early as the Social Protection framework paper, and then made even more clear through WIEGO's occupational health and safety project and health work more generally, is the fact that the local, municipal level of government influences the daily lives of informal workers most directly, especially with regard to the provision of infrastructure that will allow workers to access safer and healthier workplaces, including their own homes (Lund 2012). WIEGO's strategic interventions, guided by its theory of change, demand that we balance support for organisations of informal workers on the ground, with an analysis of the hierarchy in the vertical ladder between local and state or federal levels of government, and the horizontal links at the local level between different functions within local government, as well as within central government. The intersection between social protection and urban policies is an area that will be developed in the next phase of work. It is an exciting place to be, conceptually, and in terms of identifying practical spaces for policy reform.

Universal health coverage (UHC) and private insurance

The last ten years or so have seen the growth, globally, of a commitment to universal health care, or universal health coverage, endorsed and supported by significant philanthropic foundations, such as the Bill and Melinda Gates Foundation and the Rockefeller Foundation. The last great push towards universal health care (UHC) following the Alma Ata Conference in 1978, was based on primary health care (PHC); the understanding was that the PHC component would be state-provided. Now, in the current fervour of support for UHC, the focus is less on public health care and more on health insurance, with many promoters seeing a role for the private insurance firms supported by government. Others make the case for different roles that can be played by the state: from provision of services to financing, enabling, and guaranteeing the provision of services by others.

There are grave concerns that health programmes underpinned by private insurance tend towards the provision of curative services, and away from any significant commitment towards preventive health services as one of the pillars of primary health care and of public health. This concern is illustrated by the design and implementation of the Rashtriya Swasthya Bima Yojana (RSBY) in India, a government scheme to provide health insurance for families below the poverty line (Jain 2012) which now forms part of Ayushman Bharat, a larger programme including primary health care.

Cash transfers

A surprising development in social protection in the last 30 years has been the rapid spread of cash transfers in Sub-Saharan Africa and Latin America. Some

attribute the main cause of the spread of this form of provision to the success of some programmes in the Global South (Hanlon, Hulme and Barrientos 2010); others proffer the idea of south-south learning, for example, from Brazil to Ghana (Foli, Béland and Beck Fenwick 2018); others would say it was important that the World Bank's own researchers found that cash transfers, properly designed, could be effective as well as equitable, and could be seen as compensation for the damage caused by the privatisation of pensions schemes under structural adjustment. Bob Deacon writes about ILO's Social Protection Department playing a driving role (Deacon 2013); others point to the NGO HelpAge International driving the move to cash transfers for elderly people.

The WIEGO Social Protection team, and WIEGO as a whole, see the merit of cash transfers in providing direct income support, especially to women and children. The initial model of the Global Social Protection Floor (SPF) comprised essentially cash transfers over the life-cycle, as well as affordable basic health care. Early SPF documents acknowledged informal workers but clubbed them with "the unemployed". In the course of the acceptance by all UN agencies of the SPFs, and the start of implementation, the focus on informal workers is being further diluted. The intended "universality" of the SPFs might be – probably is – contributing to the loss of focus on worker-oriented social protection in favour of citizen-based social protection (see Laura Alfes, Chapter 27 in this volume).

Going forward

Social protection for informal workers is now on the global policy map. Strong partnerships between WIEGO, some local and national actors as well as international organisations and other NGOs have contributed to this. The processes of working through existing organisations of informal workers wherever possible was a unique and effective way of bridging between organisations of workers, on the one hand, and the authorities or agencies who control their spaces, on the other.

Policy research and advocacy on women's informal work and childcare underscore the challenges of making visible all the ways that family care impacts the experiences of informal women workers. Participatory action research and regional meetings that were part of WIEGO's Child Care Initiative revealed that poorer informal working women themselves do not necessarily articulate childcare as a priority need. Key organisational and programme leaders have suggested that this might be due to the fact that the workers themselves see childcare as something that simply is women's personal responsibility not that of others or society at large.

The boundary between paid work by adults and unpaid domestic chores, care work and reproductive labour is difficult to maintain when advocating for social protection, particularly family-related benefits, for women informal workers. Diane Elson notes the invisibility of unpaid care work, and how social reproduction is taken for granted. She notes that "[the] unpaid care economy is outside the production boundary, but its operation has implications for what goes on

inside the production boundary” (Elson 2004: 65). So much of unpaid work necessary to the household is performed by women that it affects their ability to engage in paid work outside of, or even within, the home. Women with children engage in the lower earning, least predictable forms of informal work as a result of care responsibilities.

Nevertheless, practical interventions have shown that women do engage with specific work-related issues when the connection of these issues to their daily work experience is direct and clear. For example, as part of WIEGO projects aiming to improve awareness and practices of occupational health and safety in Warwick Junction in Durban, South Africa, information campaigns and training undertaken “reinforced to traders that they are workers, that the spaces in which they work are workplaces, and that they have rights and responsibilities in relation to that space” (Alfers et al. 2016).

Going forward, a challenge for policy-relevant research and advocacy for social protection is how to maintain the focus on improving paid work, and consider the boundary in women’s lives between unpaid care work roles and earning activities, while interacting intellectually and strategically with a broad array of international and national organisations and NGOs. Some of these work in different but closely related domains and may address only women’s household responsibilities, on the one hand, or only consider men’s needs when dealing with workers’ social protection, on the other.

A related challenge, detailed by Laura Alfers in Chapter 27, is how to approach social protection through both a citizenship and work status lens, encompassing consideration of universal approaches to social protection provision yet ensuring consideration of the particular features of informal work that lead to specific needs of workers. A significant aspect to consider in universal approaches is the substantial need for financing support ensuring access to social protection for informal workers but also others in similarly tenuous financial situations. As Silke Staab in Chapter 28 in this volume concludes, universal systems that are built through on-going support from broad-based constituencies can be sustainable financially and politically and, in turn, ensure that all workers, informal workers among them, are included.

Note

- 1 The social protection framework had its roots in a study done with Smita Srinivas for the ILO initiative “Strategies and Tools against Social Exclusion and Poverty” (Lund and Srinivas 2000).

27 Social protection and informal workers

Rethinking the terms of inclusion

Laura Alfery

In his edited volume, *Social Policy in a Development Context*, Mkandawire (2004) argues that a characteristic of much of the writing on social policy in a development context is its “excessive” description and “lack of theoretical and conceptual underpinnings”. This chapter reflects on some of the theoretical concepts which may be brought to bear on the study of social protection in relation to informal workers. In doing so it aims to contribute to Mkandawire’s call to add “methodological thickness” to the study of social policy more generally in the developing world. It focuses on the nexus of inclusion and exclusion – concepts that are sometimes explicit, but also often implicit, within much of the social protection literature. Questions about inclusion and exclusion manifest in different ways, depending on the focus, but there are two areas where they impact on WIEGO’s (Women in Informal Employment: Globalizing and Organizing) approach to social protection.

The first relates to what the historian Frederick Cooper (1996) has called the “terms of inclusion” into social protection, and specifically the tension that exists between inclusion based on work status, and more universal conceptions where inclusion is based on citizenship.¹ While this tension is rather a binary, within the study of social protection, it often translates into a division between those scholars and activists who focus on work-related social protection (oriented towards formal workers and based on an employment relationship) and those who focus on social protection provided through the state for the vulnerable poor outside of the labour market – children, the elderly, and the disabled. Here poverty – and the inability to work – are the determining criteria for inclusion. Working with informal workers – who are both workers and often poor – means that this tension is particularly visible to WIEGO analysts.

Related to this is the line that is drawn between those members of society who are included in social protection systems and those who are excluded. Informal workers often fall into the category of the excluded. As the continued existence of the informal economy has increasingly been acknowledged, the question of how to “extend social protection to informal workers” has become more prominent. There are different ideas about the best way to do this – and perspectives are often influenced by whether one comes from a background in work-related social protection or from the more development/poverty-centred approach.

This chapter suggests two things. First, that instead of focusing on the worker or the citizen, as is commonly done, it is important to think about the worker and the citizen in relation to one another. This relational approach draws on a Marxist dialectical method, allowing us to see different elements within a system not as separate, but as “dual aspects of a unity” (Harvey 2010).

Second, that particularly in relation to informal workers in the context of rapid urbanisation, there is a need to think more widely about the exclusion/inclusion nexus across spheres of policy. Drawing on Du Toit’s (2005) concept of “adverse incorporation”, we need to not only think about how to include informal workers into systems from which they are excluded, but also think about where, how and on what terms informal workers are already included in systems, and how this inclusion interacts with the aims and goals of social protection.

In making these arguments, the chapter draws on two short stories derived from the history of health policy. In doing so, it shows how historical methods may feed into our understanding of current policy debates.

Relating workers and citizens in health provision

Health provision is commonly thought of as an issue of human rights and citizenship, and it is framed as a social issue, not an economic issue. Where people as economic agents – as workers – come into view is often limited to a small and often ignored area of health – occupational health and safety. Alternatively, work comes up in relation to the types of employment contributory health schemes which tend to be thought of as ill-suited to development contexts because of small formal workforces and because they divide risk pools and reinforce the status of an elite class. This means that the worker – the person as an economic agent, connected into the economic system – is not a reality that is considered. The following story reveals some of the dangers within this position.

In 1950, the World Health Organization (WHO) declared that health was a right for all and in line with the Universal Declaration on Human Rights placed the responsibility for health provision squarely on governments. In many African countries which were just beginning to emerge from colonial oppression, this had some no doubt unintended consequences. British colonial governments, while certainly biased towards the interests of large industries, had also put pressure on large employers (plantations, oil companies, mining companies, and so on) to provide health services to their workers and families (mainly as a way to avoid their own spending on such services). Some (by no means all) of these employers complied, thereby providing health services to thousands of workers and their families, often in rural areas where the colonial and post-colonial state was unwilling or unable to reach.

The ensuing debates and deliberations played out particularly clearly at the 1951 Conference on Industry and Tropical Health, which was a gathering of the major corporate powerhouses working in the developing world.² The key issue was about “getting out from under”, which meant thinking of ways to free

industry from its prior commitments to general health service provision – not an easy process where arrangements were the result of union bargaining. Yet it was reasoned that as long as the WHO’s drive towards state provision of primary health care continued, it would become easier for business to withdraw. Occupational health suddenly assumed some strategic importance. If health service provision was to be renegotiated between the state and business, business should rightly take on “preventive and constructive medicine in contradistinction to curative medicine”, and should involve itself only with workers and not their families. The provision of occupational health services – with a focus on prevention and the individual worker – could be the bargaining chip for industry to use to free itself from the expensive and complex provisions of general health provision.

Why is this an important story? First, because it shows what can happen when the employment space and the citizenship space are not seen together – as two elements of a whole. While state health provision has the potential to be more egalitarian, the loss of the direct contribution of capital to health systems is problematic in countries with fragile economies and state capacity, low tax bases and low ability to collect taxes.

Second, it provides a warning about current moves to “delink” social and labour protections – including occupational health and safety (OHS) – from the employment relationship (World Bank 2019). It has been argued that doing so will make protections accessible to informal workers. While this is true – and why a universalist perspective is important when talking about informal workers – it also means shifting of responsibility away from capital and onto the state. This is in a context where states have less and less fiscal space to provide labour and social protections. The casualisation of labour continues along with the ability to collect payroll taxes and to build up effective contributory schemes, and multinationals are ever more creative in avoiding or evading taxation. Analyses of health policy provision which are solely underpinned by a belief in universalism may be unable to pick up on this shift and may become vulnerable to what Rubery (2015) terms a “dangerous liaison” between universalism and neoliberalism.

Social protection, urban policy and adverse incorporation

Another historical anecdote: while workplace-related fatalities in colonial industries in the Gold Coast (Ghana) were (probably) less than meticulously recorded in the annual reports of labour inspectors, the only statistics on work-related mortality for the women workers – who were actively discouraged from waged employment, but who dominated urban trade – are to be found in the municipal sanitation records in, for example, Kumasi.³ In 1924, plague broke out in the Asante capital, Kumasi. Percy Selwyn-Clarke, the Medical Officer of Health for Kumasi, wrote a report on the outbreak. He concluded that “[the] conditions under which food was sold in the market and in which water for drinking and washing purposes was obtained both constituted contributory causes to the

outbreak". To emphasise his point, Selwyn-Clarke recorded the occupations of the deceased. The resulting tabulation indicated that petty traders (considered a woman's occupation) were the worst affected with 43 cases of plague. He noted that "petty traders and market women stood a greater chance of becoming infected than others" because they stored edible goods (later to be sold) in their own homes. This attracted rats – the source of the fleas which spread the plague.

This will not be a surprising story for urbanists, but it does upset the established narrative within social protection, which tends to position informal workers as existing outside of, and excluded from, social and labour protection systems. This is of course often true if we limit the analysis to these policy systems, but it is not true if the net is thrown wider to look at urban policies. In this story, the market women of Kumasi were more vulnerable to plague because they worked in unsanitary conditions, with no access to storage in the markets, a still common complaint among street vendors in Ghana. To argue that informal workers were excluded from health systems because they were excluded from work-related health systems obscures the reality – they are very visible within the municipal sanitation reports⁴ as opposed to their complete absence in the labour reports. A more nuanced perspective would shift the focus from exclusion, to think about the relationship between informal workers and urban systems as one of adverse incorporation. Rather than simply seeing exclusion, Du Toit (2005) argues, when one focuses on the ways in which people are included in systems in a manner which serves to disempower them, one is able to understand more precisely the multiple ways in which disempowerment is produced in the real world.

One of the key roles of work-related social protection is to protect workers' incomes from risk (health or otherwise). While informal workers are often excluded from the social protections which help them to manage risk, many of the risks they face – particularly those who work in informal workplaces such as urban public space, their own homes, or landfill sites – arise because of the adverse ways in which they are incorporated into urban systems. Seeing inclusion and exclusion in this more complex way brings together two areas of policy which are generally considered to be unrelated – urban policy and social protection. It suggests that if we are to think about the world in a way that fits the reality of urban informal workers, then there is further work to be done to interrogate the institutional division that exists between social protection and other policies, such as urban policies, and a need to think about the concepts which will help us to do so.

Notes

- 1 It should be noted that a third option – of accessing social protection through residency – also exists. This is often, however, linked to work status.
- 2 The Conference was held every four years from 1951 to 1970 at Harvard University, funded by the Rockefeller Foundation. This information is drawn from the Proceedings of the Conference on Industry and Tropical Health, housed at the Wellcome Trust Archives in London.

- 3 This information is drawn from the Kumasi Municipal Records from 1925–1926, held at the National Archives of Ghana (PRAAD) in Accra.
- 4 So much so that as Robertson (1984) notes, the standard pronoun in the Accra sanitation reports changed from “he” to “she” which reflected better the gender composition of the people with whom they interacted on a daily basis.

28 Social protection for women informal workers

Perspectives from Latin America

Silke Staab

For the majority of working women and men, the promise of universal social protection remains unfulfilled. Labor market informality is a key driver of this exclusion. Gender biases and inequalities – in markets, households, laws and policies – exacerbate this exclusion for women, including women in informal employment – by systematically devaluing women’s work.

The widespread legal exclusion of domestic workers – one of the most feminized categories among the informally employed – from formal social protection schemes, for example, reflects gendered conceptions of domestic work not being “real” work and hence unworthy of the legal and social protections offered to other kinds of wage labor. Similar conceptions about what kinds of work are appropriate for women and men and the value that is attached to them also shape patterns of occupational segregation within the informal economy. Women are concentrated at the bottom of the famous WIEGO (Women in Informal Employment: Globalizing and Organizing) earnings pyramid (as contributing family workers and home-based industrial out-workers) (see Chapter 6 in this volume), while men are more likely to dominate among informal employers or informal wage workers (Chen 2009).

Gender norms and power relations also shape the division of labor in families and communities. The disproportionate responsibility placed on women for doing household-related chores and looking after children and other dependents means that women interrupt employment more frequently than men and contributes to their concentration in jobs with limited access to social protection. Women in informal employment often cite family responsibilities as one of the reasons for being in less protected work – because it offers greater “flexibility” though this flexibility often comes at the price of lower productivity, higher stress levels and potential risks to the well-being of both women and the dependents they look after while also trying to get their work done.

As a result, classical social security schemes – designed for uninterrupted work trajectories in formal employment that enables regular contributions to social insurance – have not worked well for women (in general), informal workers (in general) and women in informal employment (in particular). In Latin America, only 4 out of 10 ten older adults have a contributory pension, i.e., one that is linked to previous payroll contributions (Bosch, Melguizo and Pagés

2013). In most countries with available data, women are overrepresented among those excluded from social protection; and in some, such as the Dominican Republic and El Salvador, women's old-age coverage is less than half of the already low coverage of men (UN Women 2015).

Does this mean that de-linking social protection from employment-based contributory systems is the solution? Developments in Latin American social protection schemes over the past two decades show that the answer to this question depends to a large degree on what "de-linking" is understood to mean.

Isolated transfers versus integrated social protection systems

If de-linking means the promotion of non-contributory programs (i.e., social assistance) as an alternative to employment-based, contributory social security schemes – which is what the 2019 World Development Report seemed to suggest (World Bank 2018)¹ – then the answer to the question above is clearly no. This would not only risk eroding benefits that many workers currently rely on, but also let employers – who are meant to pay their fair share into social security systems – off the hook. The answer is also no if de-linking takes the form of fairly isolated and narrowly targeted cash transfers based on means-testing and attached to conditionalities for their recipients. The risk that women in informal employment might fall through the cracks in this case is high because they may not be considered "poor enough" to qualify. They may also be burdened with fulfilling the conditions attached to the transfer, such as attending parenting workshops or taking children to check-ups at health care centers that may be difficult to reach, run on schedules that are out of sync with their working hours, or involve extensive waiting times. These are the main criticisms leveled at conditional cash transfer programs by gender equality advocates since the early 2000s when these programs started spreading, first, across Latin America and from there to virtually every other region of the world (e.g., Molyneux 2006; Cookson 2018).

But much has happened in Latin America (and elsewhere) since these transfers were first introduced – including efforts to build integrated social protection systems that combine and integrate contributory (i.e., linked) and non-contributory (i.e., de-linked) elements to enhance the income security of all – independent of whether they work in formal or informal employment and indeed of whether they work for pay at all.

These efforts have been insufficient and uneven across countries and in many cases started stalling against the economic downturn that affected the region from 2010 onwards (UN Women 2017). However, in many countries in the region, the aspiration and associated policies to move toward universal social protection systems have benefited women, including women in informal employment. Two main strategies come to the fore.

On the one hand, there have been efforts to *bring informal workers under the coverage of existing contributory schemes*. The case of Uruguay is illustrative. Here, the rates of domestic workers who are covered for health, pensions, unemployment and maternity leave – through mandatory payroll contributions by their

employers – rose from 27 to 67 percent between 2004 and 2014 (Meier 2010; Cortés 2016). This has been achieved through a combination of legal reforms accompanied by awareness-raising, incentives and enforcement in an exceptionally enabling economic and political environment – including the creation of a tripartite wage council in 2008 that enables the domestic workers union to collectively bargain with employer representatives. The SIMPLES scheme in Brazil is another positive story where incentives for informal enterprises to formalize their activities have not only linked those enterprises to the tax system, but also brought their workers under social security coverage. But such success stories are not widespread.

Overall, the incorporation of informal workers into contributory schemes seems to have worked better in countries that already had fairly high levels of social security coverage (Costa Rica and Uruguay, and to a lesser extent Argentina, Brazil and Chile). In countries with low overall contributory social security coverage, such as Mexico and Paraguay, for example, the rates of domestic workers who contribute have risen very slowly and remained under 3 percent in 2014. It has also been relatively more effective for informal wage workers, such as temporary agricultural workers, domestic workers or workers in informal enterprises where employers can be obliged or incentivized to contribute their share than for the self-employed – though a segment of the self-employed, i.e., those who have more regular and higher average earnings, may be able to afford to make their own contribution to social security.

Home-based workers, street vendors and waste pickers are unlikely to be part of this group. These workers have likely *never* been linked to employment-based social security systems and are unlikely to be linked by way of regular contributions, because their own earnings are too low and too intermittent and because in many cases there is no employer who could be obliged to pay their share.

Efforts to *expand access to social protection that is more independent from labor market trajectories and contribution histories* are hence important, particularly for informal workers at the bottom of the informal employment earnings pyramid which is where women are overrepresented. In most Latin American countries, the percentage of women who are able to fund their old age with a contributory pension is substantially lower than that of men. In this context, the expansion of non-contributory social pension, financed through general taxation, not only can boost overall coverage but also reduce the gender gap in access to pensions.

Over the past two decades, at least 15 countries in the region have introduced new non-contributory pension programs or expanded existing ones to reach a wider population. Consider Bolivia and Ecuador, two countries where overall coverage was very low in the mid-1990s. In 1995, when both countries relied largely on contributory pension systems, 35 and 22 percent of older people respectively had access to a pension, with coverage being much lower among women than among men. By 2016, the percentage of older people, women and men, with access to a pension had gone up to 97 and 59 percent respectively, while gender gaps had practically disappeared (see Figure 28.1).

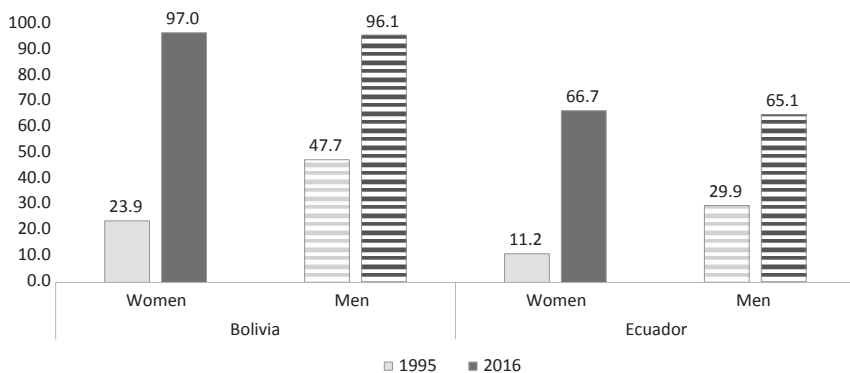


Figure 28.1 Bolivia and Ecuador: pension coverage (contributory and non-contributory) by sex, 1995 and 2016.

Source: Author's calculations based on data from Inter-American Development Bank's Labour Markets and Social Security Information System (The SIMS), <https://mydata.iadb.org/Labor/Database-of-Labor-Markets-and-Social-Security-Info/v2c9-36h7/data> (accessed 11 March 2019).

In several countries in the region, including Bolivia, Ecuador and Mexico, non-contributory benefits now reach more people than contributory pensions (IADB 2019). In others, such as Uruguay, where labor markets are more formalized, non-contributory pensions play a more residual, but nevertheless important role in complementing contributory schemes to achieve universal coverage.

The main take-away from this is that solutions need to be tailored to the specific needs and capacities of different groups of informal workers. They also need to take account of existing pension systems and identify the most promising approaches for closing the remaining gaps. What works for some will not necessarily work for others. Stitching these solutions together into a coherent whole that moves toward universal coverage and gradually overcomes the stark inequalities in access to and adequacy of social protection both among different groups of workers and among women and men, remains one of the main challenges for Latin America (Arza and Franzoni 2018).

From de-linking to rethinking social protection

Social protection systems that work for women in informal employment do not only require *linking* or *de-linking*. They require a more radical *rethinking*. One of the main aims of social protection is to guarantee basic income security to all, whatever their employment trajectories or capacity to contribute to social insurance schemes. They should have a pension when they can no longer work; they should have health care when they get sick; and they should receive maternity benefits to be able to stop working before and after childbirth. What is not often explicitly recognized in mainstream social protection frameworks

is that the income security of women is significantly compromised by their unpaid care responsibilities. Labor market earnings are their main source of income and they get less of those because they do not have access to affordable and reliable services that would free up the time they spend on caring for aging parents, sick relatives or small children for productive activities (UN Women 2015; Alfers 2016).

Among developing regions, Latin America has been at the forefront of debates around unpaid care and domestic chores. Alongside efforts to expand social protection, the coverage of care services for children of pre-school age has increased significantly between 2000 and 2010. In Ecuador, for example, the enrollment of children aged 0–3 years grew from less than 5 percent to over 20 percent. In Brazil and Chile, which had enrollment rates of 12 percent and 11 percent respectively in 2002, this had increased to 21 percent and 26 percent by 2010 (UN Women 2017). Much of this expansion was state-led, that is, accompanied by significant fiscal investments, and important (albeit insufficient) efforts to improve service quality as well as the working conditions of staff. Nevertheless, significant gaps in coverage remain and services are not necessarily aligned with the needs of working parents. Most services are offered on a half-day basis, for example.

Some informal worker organizations have taken childcare matters into their own hands, advocating for or offering services that are better attuned to the needs of their constituency (Moussié 2017). This is important and WIEGO has rightly recognized childcare as a strategic area of engagement, one that is gaining momentum and where it can contribute to make a difference by highlighting the specific needs of women in informal employment as both providers and recipients of paid childcare services.

Implications for research and policy advocacy

The two points above raise a number of concerns and challenges for future research and advocacy on social protection for women in informal employment. They highlight the need for context- and status-specific research and analysis of social protection systems. What works for which groups of workers? What types of informal workers can be meaningfully linked to contributory social protection schemes? What might be gained and lost for informal workers by de-linking social protection from labor force participation in different contexts?

Further research is also needed to deepen the understanding of the relation between informal employment, care/reproductive work and public policy in the lives of women in informal employment. How does one type of work affect the other? How well do social protection (and other policies, such as urban planning) respond to the multiple roles and struggles of women in informal employment? What are potential functional equivalents to classical social protection schemes for women in informal employment?

In terms of social protection advocacy for informal workers, one of the key challenges is to adopt a *systemic* perspective without losing the focus on

informal workers. The most effective and sustainable policy solutions may not necessarily be the ones that are targeted specifically at informal workers, but those that are aimed at creating universal systems with a broad-based constituency who can be brought into sustaining services and benefits financially (through progressive taxation or cross-subsidies) and politically (through mobilization and claims-making). The policy debates in this area are not always or exclusively about informal workers, but about recognition and redistribution more broadly and the creation of alliances for universal social protection systems that provide workable solutions for all those who are currently excluded.

Note

- 1 For a critical reading of the WDR's social protection discussion, see Alferts (2018) and Staab (2018).

29 Informal workers in a context of urbanisation and migration

Reflections from China for social policy in Asia

Sarah Cook

Asia does not lend itself to easy generalisations: the ‘region’ is characterised more by huge variation within and between countries than by many similarities. This chapter focuses on China, with reflections on migration, informality and social policy that may have wider relevance in the region. Across Asia, rapid migration – domestic or across borders – and urbanisation are core features of development and structural transformation processes: population movement continues to take place on a staggering scale contributing to the growth of many of the world’s megacities. Migration and urbanisation are intrinsically associated with informality – of employment, but also of housing, rights to urban “space”, status and security, and entitlements or access to services.

Migration and urbanisation processes are for the most part disorderly and unmanaged. Even where population movement has been subject to greater control by the state – as in China and Vietnam – for most rural residents, the migration process is an individual decision fraught with risk and insecurity. Migrants face multiple exclusions – from decent or formal jobs, or access to housing and social services. In this chapter I argue that their status as migrants, underpinned by China’s state institutionalised urban-rural dualism, is more fundamental in shaping vulnerabilities, including employment conditions and lack of social rights, than the informality of employment – though the two are inextricably linked.

Despite the growing informalisation of urban employment, informal work in China is viewed as a phenomenon almost exclusively associated with migrant workers. Policy responses to informal jobs and enterprises in turn focus on migrants, often exacerbating their exclusion from space, opportunities or access to services. Indeed, the very notion of “informal” employment challenges the Chinese state’s aspirations whether for an orderly transition to a market economy or for the maintenance of social control. When urban residents visibly joined the ranks of “informal” workers following state sector restructuring in the late 1990s, policy-makers had to grapple with the breakdown of the urban worker/rural peasant employment dichotomy and associated mechanisms of social control. Discomfort with the notion of informality (*feizhengui*), with its implications of being outside the formal state system, led instead to wider adoption by

scholars and policy-makers of the term ‘flexible’ (*linghuo*) employment, a recognition of the liberalising reforms necessary to transition to market-based mechanisms of labour allocation (Cook 2008: 50).

The definitions and concepts of informal work have been blurred through the association of informality principally with a “floating population” (*liudong renkou*) of scarcely legal “peasant workers” (*nongmingong*) outside the formal state employment and social security system. This in turn influences what is measured and how policies are formulated. Looking at the 2000–2010 decade following state enterprise reform, when urban workers were laid off in large numbers, estimates for urban informal non-agricultural employment range from 30 per cent to as high as 60 per cent, depending on definitions, data and methods (e.g., Xue et al. 2014; Fang et al. 2016). Such varied estimates, together with a lack of research directly on the nature and conditions of informal jobs, or of the institutional arrangements that support or hinder formalisation, meant, however, that there was a very weak evidence base for policy.

Migration, informality and social policies: the linkages

Migrants to the cities generally face exclusion by virtue of their rural household residence (*hukou*) status that denies them access to many of the entitlements to services and benefits of urban residents, as well as through the nature of their employment. Can social policy provide a path to greater security for migrant informal workers? China has impressively expanded a three-pillar social security system, involving contributory insurance and non-contributory assistance, as well as service provision. Social policies are, however, designed and implemented within a dualist (rural/urban) framework, underpinned by a wide range of state institutions and policies: in this context, notwithstanding a massive expansion of benefits and coverage, policies may marginalise migrants and further incentivise informality even when the intent is formalisation and inclusion.

Expanding coverage of social protection can take place through a number of channels, primarily: the formalisation of employment – where this implies access to contributory social security and insurance; through citizenship or residence entitlements (whether contributory or non-contributory); or based on need (usually non-contributory social assistance). Both social assistance (*dibao*) and a range of insurance programmes started with coverage of formal urban workers, later expanding to urban and then rural residents – with different programmes and benefits for different groups, as illustrated in Figure 29.1. Notable here is that informal employment is a category only applied to rural workers. Urban residents receive benefits as residents regardless of employment, hiding numbers of low-income urban casual or informal workers who have entitlements to social protection as residents.

Does China’s expanding social policy framework successfully incorporate informal migrant workers and meet their needs? China expanded its social assistance programme (*dibao*) beginning in the late 1990s, initially in response to the

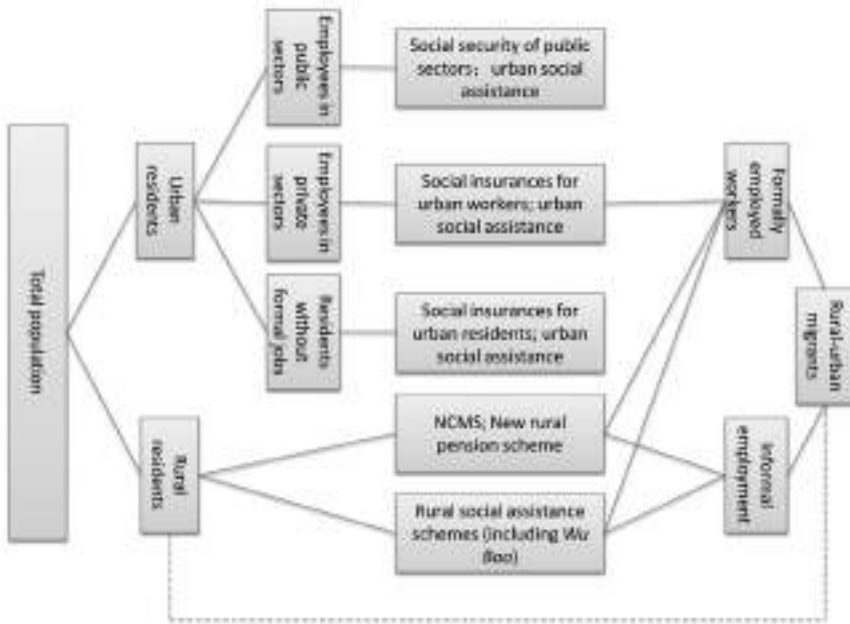


Figure 29.1 Social protection schemes for different population groups in China.

Source: Wang (2013: 7), Figure 3.

inability of urban laid-off workers to find re-employment and rising urban poverty. In the early 2000s, the *dibao* programme was rolled out to rural areas along with basic health and pension programmes. For migrants, however, regardless of location, benefits remain linked to their rural place of registration unless they are covered by formal employment programmes. At lower levels (sub-provincial/municipal) of administration, greater integration and portability of programmes and benefits are starting to occur, but across provincial boundaries this is more challenging. In the case of health, for example, the much higher costs of treatment in an urban hospital will generally exceed reimbursement limits of a rural scheme, while the referral system rarely works across administrative boundaries. In the case of pensions, portability or trust in the system (particularly across jurisdictions) remains an issue. High contributions to formal schemes tend to disincentivise formal employment among migrants (particularly first generation migrants with strong links to rural areas), who prefer to send remittances or invest in housing, children's education or economic activities in their place of origin rather than face an uncertain future pay-out from a scheme in another jurisdiction.

China's social policy expansion broadly reflects a developmental or productivist approach, but retains a strong urban bias inherited from the Maoist system.

During the global financial crisis, the government used social policies to protect (urban) workers and jobs, rebalance the economy and stimulate consumption-led growth, thus harnessing social policy for crisis management (Cook and Lam 2011: 145). In this context, migrant workers became a dispensable “shock absorber” – with a massive reverse flow back to rural areas. More recent extensions of social policy reflect a growing concern to integrate migrants – and particularly second-generation migrants – into urban settings (Chen 2017), and to increase social “investments” in education and early childhood development to enhance future productivity. For migrants, employment remains the main route both to urban residence and social protection coverage, while becoming registered as an urban resident (that is, changing from a rural to urban *hukou*) is key to longer-term security, even while employment may remain informal.

Beyond jobs: family, gender and social reproduction among migrant informal workers

Increasing rates of family migration, and demand for women to fill feminised occupations (domestic service and care), mean that there is a strong gendered dimension to informal employment in China (Cook and Dong 2011). The reform period saw labour force participation of women (both urban and rural) decline at a faster rate than for men; women were more likely to be laid off from state enterprises; wage gaps widened, and informal employment rates for women correspondingly increased (*ibid.*: 76). The loss of childcare provisions that occurred with the dismantling of state and collective services doubly disadvantages female migrants with children, limiting their job choices, while the growth of contributory social insurance schemes exacerbates this disadvantage for women in primary care-giving roles. The alternative – leaving children in rural areas – has become a major social phenomenon in China, as in other parts of Asia: China has over 60 million “left-behind children” with consequences for their cognitive development and mental health that are only just starting to be understood. Access to services including health, housing, care and education are thus becoming urgent social needs for migrants and their families, and for China’s next generation. Exacerbating these inequalities, China (like much of Asia) is rapidly ageing. Migrants and informal workers have limited old age provisions or care, while an elderly urban population relies on care services largely provided by an informal (largely female) migrant workforce.

Implications and debates: social policy for current and future needs

Migrant informal workers’ access to security, benefits and services requires not only well-designed social protection schemes but accompanying access to legal rights and security. Social policies can be used to foster inclusion and reduce discrimination – but can equally exacerbate inequalities. The design and implementation of social policy require systems of identification or criteria for eligibility that

do not increase the risk or vulnerability of migrants whose status is often already tenuous, or put already vulnerable migrants at further disadvantage.

To encourage participation in formal contributory or insurance-based schemes, portability of benefits and entitlements, equalisation of benefits across jurisdictions, as well as mechanisms for guaranteeing access to entitlements, need to be secured. Legal protection and recourse to justice need to underpin these provisions regardless of location. Barriers posed by administrative or governance jurisdictions must be lowered to ensure portability and access – including fiscal measures that redistribute from migrant-receiving areas that benefit from labour, to the often much poorer sending areas.

Regardless of employment, access to housing and services are also needed to provide security to migrant workers. Migrants remain vulnerable to frequent evictions and clearance of homes, places of work or informal schools by the authorities.

New drivers of social policies are seen in the heightened policy emphasis on inclusive growth, and on social investment as a means to achieve such inclusion while also contributing to economic growth. The emphasis on social investment provides entry points for more redistributive policies that can also benefit migrants or informal workers, such as expanding services for early childhood care and education. These policies invest in individual children, but may also relax key constraints on women and potentially reduce the risk of intergenerational poverty traps. In China, such investments are in part driven by a declining labour force, an ageing population and an economic slowdown in response to which greater emphasis is being placed on the quality and productivity of a future workforce. Further research is required to understand related issues associated with ageing populations and second-generation migrants as well as the impacts on left-behind children. The demand for care work and social service provision related to these processes can potentially create opportunities for better jobs particularly for women.

Social policies – in China and beyond – will need to adapt to address new risks at the intersection of informality and migration, for example, those associated with environmental migration/refugees; or from the digital economy and automation driving new movements between formal and informal employment and unemployment. Across Asia, diverse forms of social protection programmes have arisen to address a range of risks in contexts of high levels of informality, urbanisation and migration. A comparative evidence base on the outcomes of different social policy regimes and programmes would help to identify lessons worth sharing.

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30 Realising employer liability for informal workers

Lessons from India

Kamala Sankaran

The lack of social protection has often been used as a criterion to identify those in informal employment.¹ While poor working conditions and other deficits in decent working conditions exist, the lack of social protection to deal with various risks and contingencies is often singled out as a critical aspect of those in informal employment. Consequently, policy-makers who wish to facilitate a transition from informality to formality have, among various options available for this transition, also focused on providing some level of social protection to vulnerable sections of those informally employed. For instance, in India, the Unorganised Workers Social Security Act, 2008, provides some form of limited social security to those persons who are employed or self-employed and who do not have access to the broader and deeper coverage of social protection available to those in more formal employment relationships. This chapter examines the method of financing minimum forms of social protection through the system of “cess-financing” (levied as a duty on total turnover or sales) used in India and its relevance today to provide social protection for all.

Achieving uniformity in the levels of social protection may be a sought-after goal but financial and functional considerations often result in varying levels of social protection available, particularly, for those in informal employment (who often receive no or lower levels of social protection). Traditionally, financing of many social security schemes has been contributory (with both employers and employees contributing differing amounts) or exclusively employer-liability schemes where the entire cost is borne by the employer.² India has experimented with a number of social welfare (benefits) schemes that offer a modicum of social protection that are not financed through such employer-liability or contributory schemes but are financed through publicly levied “cesses” upon the industry concerned to finance the payment of such welfare benefits. For example, for several years (until as recently as 2017) a cess used to be levied on the production of salt to provide for certain benefits in the form of minimum working conditions for workers in salt mines. These benefits were the provision of drinking water (an essential requirement considering that salt production in the informal sector requires workers to work several hours a day in the searing sun with their feet immersed in saline water), gloves, safety equipment like goggles and boots, in addition to crucial health camps and crèches. These “benefits” have been

funded by levying a cess on salt manufacture and with the government agency/commission administering the necessary welfare benefits. In other industries such as the construction industry, where the cess is collected based upon the value of construction, the welfare benefits include, for example, pension, maternity assistance, medical assistance and housing assistance. The benefits provided to registered workers in the construction industry are more akin to the traditional forms of social security while the benefits provided in relatively poorer industries, where the cesses collected are lower, are more akin to forms of social assistance and improvement of working conditions and do not cover the risks and contingencies usually associated with social security.

The ability of the state to levy such a cess requires legislation to be imposed since the cess is nothing other than a tax, not a generalised tax but a specific tax imposed on a specific industry and for a specific purpose. Typically, a cess-related law would grant the power to the state to impose such a cess and it would also indicate the benefits that are to be provided from the collections received.³ In a very loose sense, such legislation could be seen as creating a right held by the workers to claim such benefits; however, the various laws that authorise the collection of such cesses do not create corresponding rights on the part of the workers to ensure that the cesses are collected in accordance with the law nor do they provide for an adequate voice to workers in the allocation of these funds for financing the promised benefits. Where the worker organisations raise the issue of inadequate coverage of cess collection, such claims are only available against the state and not the employer.⁴

The benefits are contingent upon the timely collection of cesses by the state agencies based on a correct assessment of production or turnover. Although they are administered by the labour departments, the assessment of potential cesses requires necessary economic inputs and requisite revenue intelligence to ensure the maximisation of cess collection. Evasion and non-coverage of economic units and employers are a chronic problem plaguing the labour departments which are dependent upon the cess collections to provide the benefits which are promised under these laws.⁵ For instance, many of the unregistered *beedi* (hand-rolled cigarettes) units employ women at home and it has been noted that such home-based workers are less likely to be covered by welfare benefits as compared to factory workers.⁶ The advantage that a cess-related system of social protection has is that it taxes the final product/turnover and that all sub-contracting chains in the production chain also are made liable, albeit indirectly, and have to contribute to the social protection provided to all workers. Further, since benefits are provided by the labour departments and not individual employers or units, the need to identify sub-contractors in order to make them contribute to such benefits does not arise.

As noted above, the cess-based system of funding social protection derives its resources from taxing the industry as a whole. The justification for such a cess has been upheld on the ground that the beneficiaries are those working in the system and the incidence of the cess falls upon the employers who are engaged in producing the output or product, and can therefore justifiably be required to

bear the cost of the benefits. The cess is usually fixed as a proportion of the value of the product/turnover irrespective of the numbers of employees who produce that output. An establishment or unit producing, for example, salt, in a unit where productivity is high and where the workforce is small could end up paying a higher cess calculated as a percentage on output even though such a unit, if it had been covered by a traditional social protection scheme and where the liability is determined on an employee basis, could have contributed a relatively lower amount, since the contribution of the employer would have been determined on the basis of the number of employees and their wages.

The question whether those not directly involved in the production of goods and services can also be asked to contribute through a cess to the welfare and social protection benefits in a sector/industry is more problematic. The state of Kerala in India had sought to create a welfare fund for fish workers, including self-employed fish workers, by levying a cess on fish traders and collecting a percentage of their turnover/sales for the proposed welfare fund. This law was challenged by the fish traders as unconstitutional some years ago on the grounds that these traders (who occasionally provided credit to self-employed fish workers) could not be compelled to contribute to the welfare fund as there is no employer-employee relationship between the fish trader and the fish worker who is the beneficiary of such a welfare fund. On the challenge, the Supreme Court observed:

State cannot ... place the burden of an impost by way of contribution for giving effect to the Act and the Scheme made thereunder for the social security and social welfare of a section of society upon a person who is not a member of such section of society nor an employer of a person who is a member of such section of society. The burden of the impost may be placed only when there exists the relationship of employer and employee between the contributor and the beneficiary of the provision of the Act and the Scheme made thereunder.⁷

Thus, according to this reasoning, the justification for collection of a cess is based primarily on the employer and where the unit or industry employs workers who produce the output. However, this rigid restriction of the power to collect such a cess applies only to instances where an employer-employee relationship exists that has been loosened in recent times. A recent case before the Supreme Court has upheld a cess levied on all litigants in the state of Kerala to contribute to a welfare fund meant for the benefit of advocates appearing in state courts. The Kerala Court Fees and Suits Valuation Act, 1959 permits the collection of an additional fee (based on the value of the suit, i.e., the value of the relief sought) from all litigants approaching the court for relief to contribute to the Advocate Welfare Fund to provide some social protection to the advocates at the time of retirement/cessation of practice/death. The additional fee is payable irrespective of whether or not the litigant engages a lawyer/advocate for his/her court case. The additional levy to contribute to the welfare fund for advocates

was challenged in the Supreme Court. The court upheld this levy and stated: “[I]t becomes apparent that providing social security to the legal profession becomes an essential part of any legal system which has to be effective, efficient and robust to enable it to provide necessary service to the consumers of justice.”⁸ The court can be seen to be endorsing a system of cess/tax on stakeholders/consumers of an industry, in order to pay for the welfare of those engaged or working in such an industry. Yet, the constitutional scheme requires legislation to be put in place prior to the levy of such a cess/tax. Such cess-based welfare schemes are applicable only in certain industries in India, such as building and construction, *beedi* (hand-rolled cigarettes) and certain non-ferrous mines. The cess-system of financing welfare contributions has been used in India in a variety of sectors, particularly those where informal employment is predominant. Recently, as part of the rationalisation of the tax systems across India, the major cess-based systems were abolished with the introduction of a Goods and Service Tax (GST) from July 2017. The result has been a drying-up of resources for the specific industries which used cesses to finance welfare funds. There has been mounting opposition to the abolition of cess-financed welfare and social protection benefits. There is a fear that the specific welfare measure developed over the years for specific industries and the measures provided at local levels, such as the benefits provided for *beedi* workers, salt workers or cine-workers, would not be reflected in the general social security or welfare measures within a ‘one-size-fits-all’ approach to the delivery of such benefits. Further, delivery of these benefits was earlier handled in certain industries through tripartite welfare boards.⁹ The proposed Code on Social Security has tripartite bodies at the central and state levels to monitor the delivery of social security. Yet the number of government and legislative representatives in these bodies is significantly larger, causing further anxiety over the erosion of the tripartite nature of such boards/councils. The approach in recent times has been to introduce greater uniformity and consolidation of benefits across industries that has caused disquiet among trade unions in sectors which had fought for and achieved industry-specific welfare funds and delivery of benefits. On the other hand, the costs of collecting the cess from each industry and the burden placed on the labour departments have been enormous, prompting the justification that such labour-specific cesses also be viewed as a form of tax on goods (thereby justifying the amalgamation of all cesses into the GST) and as introducing a long-overdue uniformity and efficiency in the selection and delivery of welfare benefits provided across industries.

Future research could examine the capacity of a universal tax (such as a GST) that is administered in a centralised manner to finance customised welfare benefits for marginalised and difficult-to-identify groups of workers, such as home-based workers and whether the efficiency of universal social security benefits outweighs the customised and relatively easier-to access benefits of such cess-financed welfare benefits. However, given the low levels of coverage of social protection in India and the lack of effective social protection systems, the abolition of such cesses and the failure to put in place alternate funding for financing these modest welfare benefits remain a cause for concern.

Acknowledgements

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Notes

- 1 Section 2(m) of the Unorganised Workers Social Security Act, 2008.
- 2 In India, for instance, the Maternity Benefit Act, 1961 is an exclusively employer liability funded scheme, while the more widespread Employees' Provident Fund Scheme or the Employees' State Insurance Scheme, which cover important social security benefits for workers in large units and their families, are contributory schemes.
- 3 See the Building and Other Construction Workers Welfare Cess Act, 1996, the Beedi Workers Welfare Cess Act, 1976, and the Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Cess Act, 1976.
- 4 The building and construction workers union has successfully used public interest litigation to compel various states in India to form rules regarding the collection and use of cess funds collected for their industry. There is a need for continuous monitoring and the use of the large amount of cess funds collected for the construction industry has been the principal preoccupation of many of the trade unions in this sector. See, for instance, a key ongoing litigation *National Campaign Committee for Central Legislation on Construction Labour v. Union of India*, Writ Petition (Civil) No. 318 of 2006 in which dozens of orders have already been assessed by the Supreme Court of India, and where related petitions have also been filed by the worker organisations for implementation of certain orders.
- 5 Moving production to smaller unregistered manufacturing units is one way to avoid paying the necessary cess and duties. See ILO (n.d.).
- 6 See Joh (n.d.).
- 7 *Koluthara Exports Ltd. v. State of Kerala & Ors* (2002(2) SCC 459), *Hindustan Times v. State of Uttar Pradesh* decided 1 November 2002.
- 8 *Cardamom Marketing Corporation and Anr v. State of Kerala and Ors*, (2017) 5 Supreme Court Cases 255.
- 9 See Chapter 32 by Rina Agarwala in this volume for the role played by the tripartite boards in the delivery of benefits to informal workers.

Part X

Informal workers and the state



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31 Deciphering African informal economies

Kate Meagher

Introduction

The study of African informal economies has undergone yet another about-face in attitudes to informality. Associated with poverty and marginality in the 1970s and 1980s (ILO 1972), viewed as a seedbed of entrepreneurship in the 1990s (MacGaffey 1991), and as a source of criminality and corruption from the late 1990s into the first decade of the new millennium (Bayart, Ellis and Hibou 1999), African informal economies have once more been re-branded as a new frontier of growth and innovation (Daniels 2010). In the era of “Africa Rising”, informal economies are widely touted as a fount of entrepreneurial dynamism, and as a source of workers and new consumer markets capable of driving ongoing economic growth. What is noteworthy in this panoply of representations of African informality is not just how often the characterisation and attendant policy advice shift, but the tendency to shift from one blanket representation of African informal economies to another, without ever focusing on the possibility of differences among informal economies within the region, except for the conventional division between Sub-Saharan and North Africa. Inadequate attention is given to important differences among informal economies in Sub-Saharan Africa (Meagher 2014).

Size matters

The tendency towards homogeneous representations of informality in Sub-Saharan Africa seems to have been reinforced by the rise of statistical information on informality, even though it is increasingly available at the country level. Sub-Saharan Africa remains the most informalised region in the world, with informality measured at 77 per cent of the non-agricultural workforce and 89 per cent of the total workforce (ILO 2018a). Because African informal economies are generally quite large, there has been relatively little attention to the significant variations in the size of informal economies within the region. While many West African countries have exceptionally large informal economies, in the range of 68–91 per cent of non-agricultural workers, Southern African countries tend to have much smaller informal economies, ranging from 34–55 per cent of the non-agricultural workforce.

Thandika Mkandawire (2010) has drawn attention to these differences in the size of African informal economies, and to the role of the state in this variation. While some scholars have examined why South Africa has a relatively small informal economy, Mkandawire explains historically why not only South Africa, but a range of Southern African countries and some East African countries such as Kenya, have noticeably smaller informal economies than are found in other parts of Africa. Using Samir Amin's (1972) famous typology of cash crop, labour reserve, and concession economies, Mkandawire traces this to the differential capacities and economic objectives of colonial states. This reinforces the recognition that informal economies are not something that emerges purely outside the state, but that the state plays a role in the different size and character of informal economies.

Making African informal economies legible

While some attention is now being paid to variations in size, less attention has been paid to differences in local informal institutions that create additional variations between African informal economies. To be sure, there has been a growing interest in the internal regulatory character of African informal economies since the early 1990s. As Julia Elyachar (2005: 73) explains, where vast areas of urban enterprise and national resource flows take place completely outside the control of the state, "informality has become too central ... to be relegated to the sphere of negative phenomena – 'the "not formal"' ". This recognition invites a closer look at the informal institutional systems that shape how informal economies operate. Particularly in many African countries, where the informal economy is such a significant force, understanding its implications for economic change requires a focus on the actual institutional processes at play, rather than simply assuming how informal economies work on the basis of ideological assumptions and pattern variables. As Keith Hart (2006: 33) observed, "We need to know ... what social forms have emerged to organise the informal economy" and to "examine the institutional particulars sustaining whatever takes place beyond the law".

Growing interest in the regulatory capacities of informal institutions within African informal economies has cast new light on informality as something with potentially constructive modes of organisation. The "new institutionalist turn" has motivated economists and political scientists to take a closer look at the informal regulatory systems, leading to the recognition that the informal economy is not "unorganised" or criminal by definition, but involves a cornucopia of trading networks, credit systems and institutions of labour control that organise economic activity outside the regulatory ambit of the state (Meagher 2010). Management research grounded in the Bottom of the Pyramid (BoP) approach, and corporate interest in penetrating new markets in emerging economies, have also generated growing interest in understanding the institutional organisation of informal economies. This has been accompanied by a new emphasis on making African informal spaces and economic activities "legible"

to large-scale capital, not by rationalising and formalising them, but by deciphering their inner workings. BoP specialists Stuart Hart and Ted London (2005) insist on the need for business investors to develop “native capability” in order to engage more effectively with local informal markets and workers. This has been accompanied by a wider “inclusive turn” in international development thinking, in which engagement with informal actors and greater inclusion of informal economies in the growth process are the order of the day.

Informal economic inclusion in whose interest?

Despite the apparently benign focus on inclusion, efforts to grasp the organisational logic of African informal economies often disguise more opportunistic goals. Many corporate actors and policy-makers regard informal economies as a pool of workers, consumers and institutions that can be tapped for new sources of corporate profit. Making informal economies legible to capital is not just about learning to understand and engage with the needs of informal actors, but about using informal workers and institutions to reduce the cost of operating in African slums and remote rural areas.

Inclusive engagement with African informal economies tends to involve forms of interaction that are highly selective. Efforts to make informal economies legible allow useful informal workers and informal institutions to be identified and “included”, while less useful informal actors and institutions are further marginalised, and even criminalised (Meagher 2015). In the process, informal economic inclusion is turned into an exercise in restructuring and governing African informal economies in line with the needs of global markets. As Catherine Dolan and Kate Roll (2013) explain, building inclusive markets involves “working” informal economic spaces – classifying, restructuring and managing informal economic systems to meet the needs of global business. These “techniques of governance” serve to reformat informal economic systems and value chains in ways that privilege the reduction of formal sector costs and increase formal sector control, while preserving the “advantages” of low cost informal employment. Instead of addressing informality as a condition of vulnerability, it is viewed as an array of labour and institutional resources to be harnessed rather than transformed.

As a result, deeper ethnographic attention to the organisation of African informal economies has done little to dispel the essentialist perspectives on African informality. Viewed as assortments of organisational resources, African informal economies are distinguished largely in terms of whether they are useful or useless to global capital. Corporate actors focus on connecting with the micro-end of informal economies, while bypassing more successful informal traders and producers, who are denigrated as exploiters and middlemen. This selective engagement cuts out the very nodes of accumulation through which informal entrepreneurs improve their livelihoods and move out of poverty. Efforts to circumvent avenues of accumulation within the informal economy have been accompanied by an emphasis on introducing minimalist social protection for

informal workers and micro-producers. The risk of this approach is that, as James Ferguson (2007) pointed out some years ago, supporting the micro-end of the informal economy with limited social protection does not transform informal livelihoods; it just makes them more sustainable. In the process, African informal economies are only viewed in terms of their ability to reduce transaction costs in the formal economy, rather than as livelihood and business systems in their own right.

Varieties of African informal economies

What has been missing from the emphasis on the legibility of African informal economies is a clear focus on informal economies as economic systems that may vary from one country to another. Inadequate attention is paid to the possibility that differences in history, colonial states, post-independence governments, and the nature of engagement with the global economy might have shaped African informal economies differently. Have strong informal entrepreneurial systems persisted in some countries while being crushed in others? Is informality more strongly associated with poverty or criminality in some countries than in others? Are the policy needs of informal actors different in different contexts? Do informal actors in some contexts need preferential credit or technical support more than social protection? Does social protection promote or distract from social and economic transformation? It is important to consider how informal economies differ from each other, and to build up policy advocacy on the basis of the needs of particular sorts of informal economies.

Distinguishing among different types of African informal economies requires looking at them from the perspective of economic systems shaped by the nature of their interaction with the state but also by historical and institutional differences and by distinctive forms of engagement with the global economy. More attention is needed to how differences in pre-colonial economic organisation have created complex informal business systems in some parts of Africa which are absent in others. Mkandawire (2010) has shown how different types of colonial states gave free rein to informal business networks in former cash crop economies concentrated in West Africa, while smashing and criminalising them in former labour reserve economies located predominantly in Southern Africa, and fostering violent modes of informal labour organisation and control in former concession economies of Central Africa. More recent differences in the post-colonial state have created a new layer of variation, as some states have focused on developing manufacturing industries, others have focused on liberal import-export regimes, and still others suffered prolonged periods of war. Distinctive patterns of smuggling networks, informal manufacturing clusters, migrant labour and criminal gangs emerged from these varied forms of the interface between contemporary informal economies and the state. Engagement with the global economy has also contributed to variations among African informal economies. Bureaucratically effective states and large pools of informal labour have facilitated engagement with global value chains and BoP initiatives. States with

weaker bureaucratic capacity and more dynamic informal business systems have posed challenges to the penetration of global value chains “from above”, while giving rise to the transnational informal economic networks globalising the informal economy “from below”.

While this variation across states suggests a high degree of complexity, it can also lead to the identification of distinctive patterns of informal economic organisation. If informal economies are different from each other, policy responses to the informal economy also need to vary, and deeper questions must be asked about what types of inclusion are appropriate. In some cases, where informal economies have developed strong entrepreneurial systems, as in Senegal or Nigeria, state support for small enterprise development may be what is most needed. Where informal economies consist largely of pools of vulnerable labour and bare survival activities, as in South Africa or Namibia, an emphasis on social protection may be more appropriate, while facilitating links between informal labour and formal sector firms may intensify rather than reduce the exploitative processes of labour informalisation. Where informal economic systems involve a high degree of criminality and coercion, as in many parts of Central Africa, efforts of corporate actors to engage with informal economic systems seem ill-conceived.

Concluding thoughts

This think piece reflects on the need to pay more attention to the fact that African informal economies have changed over time and developed in very different ways. While informal economies in some African countries offer constructive possibilities for the development of a locally embedded and dynamic private sector, others foster development trajectories of intensifying poverty, economic exclusion and even criminality. In the current era of expanding informality and corporate links across the formal-informal divide, constructive approaches to economic inclusion require more awareness of the divergent trajectories of Africa’s informal economies and more differentiated policy thinking. I offer three suggestions to facilitate a more effective approach to these issues.

The first is to move beyond essentialist perspectives on economic informality, generally, and African informality, in particular. African informal economies do not represent a single regulatory logic of non-state organisation. On the contrary, distinctive historical patterns have led to the prevalence of very different logics of informal organisation. Where former cash crop economies, especially in West Africa, are endowed with efficient commercial institutions and ethno-religiously embedded governance arrangements, few such institutions have survived in the former labour reserve or concession economies in Southern and Central Africa. Distinctive informal regulatory logics rather than simple variations in the size of informal economies, have varied effects on contemporary economic development.

A second suggestion is that a more historical approach to economic informality can help to identify how positive as well as negative informal economic

trajectories emerge. Grounding contemporary informal economic organisation in a richer pre-colonial and colonial institutional context offers new possibilities for understanding contemporary relations between informal and formal economies. Processes of liberalisation and globalisation have unleashed informal entrepreneurship in many former cash crop economies which continue to expand markets while confounding capitalist discipline. Conversely, former labour reserve economies have given rise to contemporary informal economies with limited capacity for entrepreneurship, and former concession economies tend towards more brutal systems of unfree labour. It is important to note that the state and the international actors are as central as embedded local institutions in shaping these varied development trajectories, given their important role in selectively promoting, suppressing, or hijacking socially embedded economic arrangements (Meagher 2015, 2018).

Finally, a more comparative, historical approach to the analysis of contemporary informality may offer the possibility for more constructive and appropriate policy engagement with African informal economies. This contrasts with contemporary policy approaches to informality in Africa, dominated by the suppression of informal activity by modernising officials, and inclusive initiatives emerging from the business and donor communities. Inclusive arrangements promoted through BoP projects and donor experiments with hybrid governance should be treated with caution. More questions need to be raised about the objectives of inclusion: inclusion of which types of informal economies, in whose interest, and on what terms? It matters whether informal economies of entrepreneurship, vulnerable employment or unfree labour are being embedded in the formal economy, and whether these informal arrangements are being harnessed in the interest of global capital, political expediency, or local economic transformation.

32 Informal workers and the state in India

Rina Agarwala

Informal employment arrangements, which include precarious wage employment and self-employment, have long served as a “fix” for capital to lower labour costs and skirt labour protections. They are not just a residual of a traditional economy destined to disappear with modernity *nor* a recent product of neoliberalism. Rather, informal employment always has fuelled and always will fuel modern capitalist production.

While informal employment has long persisted, informal workers’ social relationships with the state, capital and formal workers have changed over time under varying regimes of capitalist accumulation. During the shift from agrarian to industrial capitalism, state regulations constituted a minority of formally protected labour, formally registered capital and a standard employment relationship while simultaneously retaining informal labour, now re-defined as an excluded, non-standard unprotected “other”. This enabled capital to overtly hire formal labour while discreetly hiring informal labour. These moves divided the working class into formal workers organised within unions on the shop floor, and informal workers who were often excluded from such organisations.

During the recent shift from industrial to financial capitalism, capital has continued to exploit informal labour to ensure profitability. Now, however, states are retracting twentieth-century regulations that held capital responsible for labour, so unprotected informal labour is posited as an ideal, while formal labour is depicted as problematic. Private and public capital can overtly hire informal labour and decrease their reliance on formal labour.

Within this context, scholars have shown that informal workers (in both the Global North and the Global South) are organising to fight for redistribution and recognition. Their movements highlight the contradictory relationship of collaboration and contestation they hold with the state, capital and formal workers. Like formal workers, informal workers are launching what Karl Polanyi (1944) famously called “counter-movements” to resist the de-humanising effects of labour commodification (at the material and symbolic levels), and they often draw on union models of organisation. But informal workers’ movements are also distinct from many formal workers’ movements. First, they struggle for new labour protection regulations that offer some redistribution from capital to *informal* workers and fight for new economic policies that *support* informal

workers' livelihoods, rather than punish them. These struggles target the state. Since informal workers operate outside the protective arm of the state and are unable to make demands under existing law, they wield their electoral power as mass and poor voters to attract state attention.¹

Second, informal workers' movements struggle for what Nancy Fraser (2013) calls "emancipation" from earlier formal workers' movements that excluded certain races, genders and sub-classes – specifically, informal workers. Such exclusions led to dominant state narratives that devalued and punished informal labour. Informal workers, therefore, fight such narratives by demanding state recognition and valorisation as legitimate economic actors, *as workers*.

Informal workers' movements are at an infant stage and are constrained by the marketisation forces of the state and capital. But these challenges must not negate their significance in mobilising, organising, and enacting new state policies that reshape contemporary understandings of "labour" and "capital".

The case of India

While the state has long featured as a central actor in scholarship on Indian labour and development, informal workers have been absent. In the 1980s, Pranab Bardhan (1984) supplemented the classical political economy dyad of labour and capital with the Indian state as a "third actor" with its own interests, power base and collective action strategies. Debates followed on the Indian state's relations with other actors of the triad. Some argued the Indian state was so powerful, it eclipsed class politics between capital and labour (Rudolph and Rudolph 1987). Others argued that Indian capital pushed the Indian state to squeeze labour's power relative to capital, thereby weakening the state's power to discipline capital (Chibber 2003). Still others argued that politically affiliated labour unions in India are more militant and effective than independent unions (Teitelbaum 2011). The focus on labour within these debates remained limited to formal workers.

By the 1990s, academic discussions on state-society relations in India turned to the post-1980s upsurge in "new social movements" (NSM) that mobilised around ascriptive identities (caste, gender, indigeneity) or specific issues (land, environment, education) (Omvedt 1993). Rather than organising into class-based unions, NSMs mobilised as unregistered civic rights groups and/or registered NGOs. These movements of subaltern groups were lauded for exposing the patriarchy, casteism and ethno-centrism that undergirded many formal workers' movements. But this literature, too, ignored informal workers as politically salient.

Informal workers' absence in Indian scholarship on state-society relations is puzzling. Like formal workers, informal workers' exploitation forms a bedrock of state-supported capitalist accumulation (Luxemburg 1951). Over 90 per cent of the workforce in India is informal, including those self-employed in unregulated, small-scale enterprises and wage workers in large, formal enterprises, small informal enterprises and households. Like other identity groups, informal

workers were excluded from formal labour's earlier movements for state protection. There is, therefore, no theoretical reason to omit informal workers from analyses of the state, labour and civic engagement. Rather, scholars' omission is based on an erroneous assumption that informal workers are not "real workers" interacting with capital or the state and are thus unorganisable.

Scholars' blindness to informal workers notwithstanding, Indian informal workers, since the 1970s, have been fighting for improved state relations that recognise and regulate their interactions with capital (Rose 1993; Bhatt 2006). Why do they target the state? Despite its multiple failings, the Indian state still determines economic and labour market policies, and it remains the expected deliverer of development, even among militant citizen groups (Sundar 2016). Moreover, for self-employed workers who do not have an employer, the state is a key driver of their ability to work, as well as their earnings and working conditions.

The Indian state's contemporary project on informal work

Since the 1980s, the Indian state has enacted several new projects to incorporate informality into its development agenda (see Agarwala 2019). While these changes are partly due to informal workers' demands, they also came alongside the state's expanding liberalisation efforts.

First, despite its refusal to guarantee protection for all workers, the Indian government has increasingly recognised informal workers as legitimate actors in its development agenda. In official statistics, although informal *enterprises* have long been acknowledged, the Indian government's National Sample Survey on Employment and Unemployment (NSS) counted individual informal *workers* for the first time only in 1999.² During the 1990s and 2000s, the Indian government also set up a high-level committee to calculate income earned from informal employment and included informal workers' organisations in policy dialogues.

Second, unprotected informal labour in India has become the new ideal. Informal wage employment has grown in large, formally regulated firms in the private and public sectors. Between 1985 and 2011, the share of informal workers in registered factories increased from 12 per cent to 51 per cent (NSS 2012). Between 1999 and 2011, the share of informal workers in registered enterprises grew three times as fast as formal employment in registered enterprises (Ghose 2016). In 2011, the Indian government introduced a new category of workers, called "regular informal". These are workers who have an oral or written contract, but are not entitled to the minimum wages and the non-wage benefits (such as pensions, health care, and annual and sick leave) that formal workers receive. Between 1999 and 2011, the share of regular informal workers increased from 13 per cent to 18 per cent in the public sector and from 39 per cent to 50 per cent in the private sector.³ In many industries (including automobiles and garment manufacturing), informal and formal workers operate side-by-side, despite their unequal protections.

Finally, unprotected informal labour has now become the foundation of Indian employment growth in the non-agricultural sector. Since independence,

state development policies have sought to shift labour from agriculture to non-agricultural jobs. 2011 marked the first year the majority of Indians worked in non-agricultural jobs (at 56 per cent). Agricultural jobs had declined and non-agricultural jobs had grown enough to tip the balance in favour of a long-sought development ideal. Unlike most East Asian economies that drew on their literate workforce to fuel a large manufacturing sector, however, India's non-agricultural employment growth has come from services and construction, where jobs are notoriously informal and unprotected. (India's economic growth, therefore, has not been entirely "jobless", as is often claimed. Rather, the growth has relied on *bad jobs*.)

Indian informal workers' struggles against the state

Within this context, Indian informal workers across sectors (including construction, domestic work, street vending, waste-picking, tobacco manufacturing and garment manufacturing) have initiated innovative ways to improve state relations through new legislations that recognise and regulate informal employment relationships and seek to redistribute profit shares from capital to labour. Despite the expected challenges of implementation, new state legislations are seen by informal workers as essential to attaining dignity and arming workers with (at least) the threat of enforcement.

Redistribution

Since the 1970s, informal workers have used collective bargaining to improve legislation on wages and working conditions to fit multiple informal employment relationships. Home-based garment workers have fought to revise local minimum wage laws from time-based to piece-rates; self-employed street vendors have fought to gain legal access to public space for their businesses, free of police harassment; and waste picker cooperatives have attained exclusive garbage collection contracts from municipalities (Agarwala 2016).

Since the 1980s, informal workers have also used their power as mass voters to demand the state take responsibility for their welfare needs by enacting and implementing an innovative institution, called a "welfare board" (Agarwala 2013).⁴ Because informal workers are excluded from collective bargaining agreements, welfare boards aim to redistribute some profits from capital and the state to informal workers through the delivery of social protection benefits such as housing, education scholarships, health care clinics, funeral expenses and pensions. Such welfare boards that target informal workers, rather than formalising them, are unique to India. Currently, welfare boards are trade-specific. Most are tripartite, where state governments, employers and workers have representation and contribute funds. Employers' contributions come from a tax on production, while workers' contributions come from board membership dues. To register for board benefits, workers must prove their *informal* work status. Unions of informal workers have become essential to educating informal workers about

welfare boards, providing the state with confirmation of workers' informal status, and pressurising the state to implement the benefits mandated by the boards and deliver the promised benefits.

Informal workers' struggles for new redistributive legislation have also drawn on the judicial activism that grew in India during the 1980s when civic groups partnered with the judicial branch to hold the legislative and executive branches accountable for socio-economic deprivations through constitutionally guaranteed rights-based claims using public interest litigation (PIL) (Agarwala 2018). After attaining new legislation that regulates and protects informal employment, informal workers have used PILs to hold the judiciary accountable for enforcing the executive and legislative branches to implement the laws.

Informal construction workers offer an important illustration of these redistribution struggles. They have organised at the national level to successfully force the national government to enact new legislation, including the 1996 Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, which regulates informal employment conditions, and the Welfare Cess Act,⁵ which enacts the Construction Workers' Welfare Board. Subsequently, construction workers successfully used PILs to force all state governments to enact the welfare boards at the local levels. As with all welfare measures in India, construction workers' organisations must now expend substantial time holding governments accountable for implementing the benefits mandated by the boards and exposing state mishandling of the welfare funds.

Due to workers' efforts, construction workers' welfare boards have survived the government's recent attack on welfare boards in other sectors (at least at the time of writing). Construction boards remain one of the few institutions through which the swelling profits of builders can be redistributed to informal workers *and* to workers migrating across state lines. Through the tri-partite governing and funding structure of construction welfare boards, organisations have ensured the distribution of hundreds of thousands of identity cards to informal workers and the collection of hundreds of thousands of dollars for informal workers' welfare. Finally, organisations across the country have used the promise of immediate welfare benefits from the construction boards to organise thousands of new members.

Due to these important benefits and despite the implementation challenges of construction boards, informal workers continue to demand the creation of new welfare boards and the protection of existing welfare boards in other sectors. Some of the other welfare boards have provided self-employed workers (such as garment workers and domestic workers) with trade-specific inputs and tools. Others have aimed to provide generalised welfare to all informal workers across sectors (such as the 2008 Social Security Act for Unorganised Workers). These newer boards are, unfortunately, not tri-partite and many lacked a defined funding source from capital in their original design. But organisations of informal workers continue to rely on the promised benefits of these boards to mobilise new members, ensure state recognition of informal work, and hold the state responsible for some redistribution.

Recognition

Indian informal workers have also fought to attain state recognition as workers and for their economic contributions. This has not been easy since many employers are unregistered (as in domestic work or small-scale manufacturing), or non-existent (as for the self-employed), and work often occurs in non-traditional settings (as in the street or private homes). Informal workers' politics of recognition has spurred a distinct group-based identity that asserts the group's vulnerability, but fights for protections within that identity, rather than fighting to erase the identity by becoming formalised.

Struggles to incorporate informal workers into government statistics and attain new legislation that recognises, regulates and protects informal employment have helped cement state and public recognition of informal labour. As well, through their struggles for union registration and welfare boards, informal workers have attained state-sanctioned identity cards, which in turn offer informal workers state recognition of their work, even in the absence of employer recognition. Most recently, this recognition was afforded to domestic workers through the national approval of domestic workers' unions, despite the government's continuing refusal to enact protective legislations for domestic workers. Particularly striking have been self-employed garment workers' and waste pickers' demands for worker identity cards. To attain worker identity cards, these groups exposed the indirect profits the state and middle-class citizens (in addition to capital) make off their labour value (Agarwala 2016). Informal workers across sectors demand identity cards as essential to attaining legal affirmation of their work, dignity as workers, protection against police harassment, access to social benefits, and a platform to demand legal protection.

Indian informal workers' struggles for state redistribution and recognition have two noteworthy characteristics. First, to mobilise dispersed workers who live with blurred boundaries between work and home (with some working in their homes, and others living at their worksites), organisations have mobilised informal workers' class identities at the neighbourhood or worksite – rather than at the shop floor level. Importantly, the language of “citizenship”, “space-based mobilisation” and “welfare demands on the state” has enabled informal workers' organisations to include subaltern groups (such as women and lower-caste members) involved in hidden forms of contract and self-employed work in homes and unregistered work sheds. In turn, this has enabled informal workers' struggles for state protection to include workers and occupations that had earlier been excluded from formal workers' movements.

Second, the effectiveness of informal workers' struggles is shaped by the political and economic context in which they operate, but not always in simple, expected ways. In some cases, such as waste picking and street vending, informal workers' ability to build relations with the municipal government is key. In other cases, such as construction and tobacco manufacturing, informal workers operating under competitive populist parties (even neoliberal) are more

successful than those operating under single, hegemonic party rule (even when that party is left-wing) (Agarwala 2013).

Next steps

These findings yield important future research agendas. First, the regulation approaches commonly used to explain informal employment must be expanded. By highlighting informal workers as those operating outside protective labour regulation, scholars of the Global South have exposed the structural reasons why formal workers, employers and the state rely on informal work under capitalism – unregulated work *fosters* growth (Portes, Castells and Benton 1989; Breman and van der Linden 2014). However, these regulation approaches focus only on workers' exclusion from protective regulations, ignoring the punitive state regulations (such as denying access to space, criminalising work, enabling police harassment) under which informal workers operate. Regulation approaches also do not accommodate informal workers' efforts to establish new regulations that protect, regulate and recognise informal employment. Therefore, to leave more theoretical space to examine informal workers' budding movements, scholars must specify that informal workers are those not regulated or protected under *traditional labour laws based on a formal employer-employee relationship*.

Second, we need more comparative analyses on informal workers' struggles vis-à-vis the state in different locations and sectors. This may involve examining movements that are still at an infant stage and others that appear to be faltering. But ignoring them will only hinder our understanding of their potential and limits.

Finally, we need deeper research on how different states have established hegemonic models of liberalisation that feature informal workers and absolve capital of responsibility for labour, while still retaining legitimacy among their citizens. Only then can we examine the limits and contradictions of these state strategies and ultimately analyse the future of the world's workers.

Notes

- 1 See Chen (2014b) for a more in-depth discussion on the difference between punitive vs. protective legislation for and government responses to informal work.
- 2 The Self-Employed Women's Association (SEWA) and the WIEGO Network, with the ILO and the Delhi Group on Informal Sector Statistics advocated for a definition of informal employment.
- 3 Ajit Ghose, ICSSR National Fellow and Honorary Professor, Institute for Human Development, New Delhi, February 2017.
- 4 See Chapter 30 by Kamala Sankaran in this volume for a further discussion of the role of welfare boards in realising employer liability for informal workers.
- 5 A "cess" is a tax. In this case, the cess is collected from large construction companies to fund welfare for informal construction workers.

33 Informal domestic workers, informal construction workers and the state

What prospects for improving labour standards?

Chris Tilly

Domestic workers are predominantly employed informally, and so are large numbers of construction workers. Both occupations are mainly wage workers, distinguishing them from self-employed informal workers. In many parts of the world, both professions are heavily populated with migrants, whether internal or cross-border. Beyond that, there might not appear to be many commonalities between the two types of work – one mainly gendered female and one mainly gendered male (though with important exceptions). However, in this chapter, I will emphasise their commonalities more than their contrasts. The chapter starts by describing developments on the ground, and then turns to recent theory and research, at which point the focus broadens to discuss informal work and informal worker organising. I draw on a growing literature and especially on work by collaborators in a six-country comparative research project on informal construction worker and domestic worker organisations, funded by the Ford Foundation.¹

Domestic work: developments on the ground

There is a perception in many countries that domestic work employment is on the rise, due to increases in inequality and in women's labour force participation. However, actual patterns are quite mixed: for example, in China, where domestic work had been reduced to a few enclaves by the 1970s, the occupation is exploding now, whereas in Mexico and the USA, long-term trends are still downward (Hu 2010; Tilly, Rojas and Theodore 2018).

In recent decades, this sector has seen the expansion of domestic worker organisations *and* the consolidation of regulation and governance of the terms of domestic work, the two advancing in tandem and fuelling each other. Both trends have advanced at local, national and international levels. The most dramatic milestones have been the International Labour Organization's 2011 adoption of Convention 189 on the rights of domestic workers (Mather 2013; Fish 2017) and the 2013 formation of the International Domestic Workers Federation,

which today has affiliates in over 50 countries (Mather 2014; International Domestic Workers Federation 2018). These accomplishments are rendered even more dramatic by the fact that the networking process that yielded them commenced in earnest in 2006 with the first international conference of domestic workers in the Netherlands. WIEGO (Women in Informal Employment: Globalizing and Organizing) has been intimately involved in these developments, at times seconding staff and providing advice, technical assistance, and funding (Bonner, Budin and Pape 2014; Fish 2017).

But more limited advances began long before. Peru passed domestic worker legislation in 2003, China issued its first occupational standards for the sector in 2000, and New York State extended collective bargaining rights to in-home workers employed by a third party (covering home care workers who are publicly funded) as early as 1976. The Latin American domestic workers' federation, CONLACTRAHO, had its first congress in 1988, and Mary Goldsmith (1992), Joaze Bernardino-Costa (2014) and Premilla Nadasen (2015) have documented domestic worker unions in Mexico, Brazil, and the United States, respectively, as early as the 1930s. At the same time, it is important to temper the optimism of the portrayal of recent gains by underlining that the vast majority of domestic workers, even in countries with laws on the books, labour with little or no actual organisation or protection.

Informal construction workers: developments on the ground

Construction workers started from a higher baseline of unionisation, but informal construction workers have not seen the same kinds of broad advances. To start with, there has been unambiguous growth of day labour and other informal construction employment in countries as different as China, Korea, Mexico and the USA. In construction, neoliberalisation has typically taken the form of the extension of subcontracting chains, avoidance of unions where they exist, and widespread flouting of labour and social insurance regulations, shifting more construction jobs into informal territory. Thanks to accompanying growth in inequality, high-end consumers have nurtured booms in construction and building rehabilitation, both residential and commercial.

Informal construction workers have mounted spirited, but mainly localised responses. Here is a quick sampling:

- At one end of the spectrum of effective responses are limited but symbolically important actions. Informal construction crews confront their supervisor or threaten sabotage to challenge wage theft (Swider 2015). A Guatemalan union, no longer able to engage in collective bargaining or even recruit members due to neoliberal policy turns and ongoing anti-labour repression, continues to advocate for workers and run workforce development programmes (Mora Salas, Sarmiento and Tilly 2015).
- In a middle range, organisations have scored more institutionalised gains. Organisations of informal women construction workers in India have won

tripartite welfare funds (Agarwala 2013). US day labourers also fall in the intermediate range, having won the legal right to solicit work in public, in some localities also gaining funding to run job centres and provide a variety of services (Sarmiento et al. 2016).

- A few organisations have overcome the odds to achieve even more substantial successes. Notably, the Korean Construction Workers Union has won strikes and secured collective bargaining rights for informal construction workers in a number of regions (Yi and Chun 2019).

But the overall track record is spotty at best. In Mexico and South Africa, colleagues and I have been unable to find present-day organisations of informal construction workers of any significance.

The global union federation embracing construction workers, the Building and Wood Workers International (BWI), has led campaigns supporting migrant worker rights, and pushing for labour standards in construction linked to mega-sporting events (the Olympics, the World Cup). BWI has notched up important successes, starting with the 2010 World Cup in South Africa and escalating to hammering out a comprehensive labour standards agreement with Qatar, which will host the 2022 World Cup. However, BWI has not yet been able to build a network, identity, voice and coordinated global programme for informal construction workers in the way that the International Domestic Workers Federation (IDWF) has done for domestic workers.

Theory and research relevant to these struggles

Four theoretical/empirical discussions are particularly relevant for formulating strategies to improve the situation of informal domestic workers and construction workers. I hasten to add that these discussions speak to informal workers more broadly.

First and foremost, many have pointed out the importance of winning recognition of these workers as *bona fide workers*, what Jennifer Chun (2009) calls a *classification struggle*. This has been particularly challenging for domestic workers, whose status as women (in large part), and often internal or cross-border migrants, doing reproductive labour in the home has widely barred them from worker status in law and in the public mind. Latin American activists' adoption of the term *trabajadora del hogar* (household worker), rather than *trabajadora doméstica* (which conveys echoes of servitude), and the US National Domestic Workers Alliance slogan "the work that makes all other work possible" are examples of contestation on this terrain. Demands for official identity cards also engage the issue (Agarwala 2013).

A second conceptual and strategic arena is the question of appropriate forms and levels of regulation. Regarding the *level* of regulation, schematically there is a perpetual debate between Hernando de Soto's view of the economy – regulation stifles entrepreneurship and should be minimised – and Daron Acemoglu's view – robust institutions ordering economic life are essential to growth, stability

and development, as well as equity. Regarding the *form* of regulation, one important choice is between bringing informal work into formal regulatory frameworks and upgrading labour standards while keeping it informal. As Rina Agarwala (2013), José Itzigsohn (2000), and others have forcefully pointed out, informal workers often prefer the flexibility of informal labour – while seeking to reduce the precarity associated with it. Day labourers, along with street vendors and waste pickers, introduce another dimension of regulation: control of public space. Through lobbying, negotiation, protest and simple *de facto* occupation, workers dependent on public space to ply their trades seek to rework urban governance to accommodate their activities (Sarmiento et al. 2016).

Third, researchers have examined informal workers' varied forms of organisation. WIEGO researchers have particularly contributed to this area, examining the range of forms that local and national organisations have taken but also extending the scope to global networks and global learning processes (Bonner 2010; Bonner and Spooner 2012; Bonner and Carré 2013). Domestic workers have adopted forms including community-based associations, cooperatives and trade unions, though over time there has been some movement in the direction of trade unions (Bonner 2010; Tilly, Rojas and Theodore 2018). Informal construction workers have more often opted for union forms, given the model of traditional construction trade unions, but have also built associations and worker centres (Agarwala 2013; Sarmiento et al. 2016). The watchwords for organisation building have been experimentation, pragmatism, and adaptation to local circumstances.

A fourth rich area of analysis is understanding *how* informal workers mobilise and win in varied settings. Many researchers cite Polanyi's (1944) notion of *counter-movements* that temper capitalism's tendency to strip away institutional protections from markets (Tilly et al. 2014). Most informal workers, and certainly the two groups focused on here, tend to lack structural economic power and therefore often turn to the state for support. Chun (2009) spotlights *symbolic power*, the garnering of public support by demonstrating worthiness and commitment. The intersectional status of many informal workers can be an important asset, yielding multiple identities that can facilitate mobilisation or issue framing. Over the last century, US domestic workers have at various times foregrounded identities as women, African Americans, low-wage workers, and immigrants; Mexican domestic workers have tapped a similar intersectional mix of roles (Tilly, Rojas and Theodore 2018).

On the other hand, traditional power politics is also in play. Agarwala (2013) emphasises electoral vote-banking by informal worker organisations. Many, including Sarmiento et al. (2016), document the critical role of alliance-building, and show how self-organisation generates the legitimacy and credibility necessary to attract allies, as well as the capacity to effectively use them.

In many settings, alliances of informal worker organisations with traditional trade unions are particularly important (Milkman, Bloom and Narro 2010; Fine 2011; Tilly et al. 2013; Sarmiento et al. 2016; Tilly, Rojas and Theodore 2018). But such alliances often build in two tensions. A first friction point is between

sympathy without solidarity and *solidarity without sympathy*. Broad middle-class publics often sympathise with the plight of the worst-off workers, those struggling to maintain subsistence and to achieve basic rights, but feel no solidarity for those (such as many unionised workers) who have managed to rise above subsistence and seek to further improve their bargain with capital – *sympathy without solidarity*. On the other hand, trade union memberships may feel solidarity for their fellow unionists, but little concern or responsibility for those, even in the same sector, who fall outside the union’s safety net – a *solidarity without sympathy* that may exclude the majority of workers. A related tension pits *advocacy without accountability* against *accountability without advocacy*. NGOs, advocacy groups, and informal worker associations advocate broadly for the rights of marginalised groups of workers, but rarely are the leaders of these organisations *structurally* accountable in the sense of gaining office through election and/or sustaining a budget primarily through dues contributions – *advocacy without accountability*. On the other hand, trade unions, at least in principle, are structurally accountable (with elected leadership and dues-funded budgets), but that very accountability can mean that unions mirror members’ reluctance to advocate for broader groups of workers – *accountability without advocacy*. Eade and Leather (2005) as well as Jenkins (2002) explore this second tension in depth. A growing literature examines cases in which pro-worker actors have overcome these tensions (e.g., Anner and Evans 2005; Milkman 2010), but the challenges remain substantial.

In closing

This chapter has ranged from nitty-gritty summaries of gains secured by organisations of informal domestic workers and construction workers, to reflections on cosmic contradictions confronting informal worker movements. Domestic workers and construction day labourers encounter distinctive challenges and have deployed distinctive strategies. But a growing body of evidence suggests that despite sectoral differences, some broader patterns hold – an encouraging indicator for possibilities of cumulative learning and building of strategic organisational capacity.

Note

- 1 The six countries are China, India, Korea, Mexico, South Africa and the United States.

34 Waste & Citizenship Forum

Waste pickers and the state in Brazil

Sonia Dias

Introduction

State responsiveness to informal workers' demands is crucial to their livelihoods. Deliberate policies that favour livelihood protection on the part of government (at all levels) and openness to engage in multi-sectoral participatory platforms can shape inclusive solid waste systems, i.e., a system in which environmental, social and livelihoods concerns are addressed.

Treated as nuisances by authorities and with prejudice by segments of the urban population, waste pickers are most often ignored within public policy processes and thus frequently *suffer from low self-esteem* (Dias and Alves 2008). Nevertheless, they are organised in varied ways: into cooperatives, associations, companies, unions, micro-enterprises, regional networks and alliances.

This chapter is about the experience of a multi-stakeholder forum, in Brazil, in solid waste management (SWM) – the so-called Waste & Citizenship Forum (W&C Forum). This Forum has been a strategy to improve socio-environmental standards in the sector through the participation of a variety of political actors, including previously voiceless waste pickers' cooperatives, as well as government agencies in the implementation of integrated waste management systems at the national, sub-national and local levels.

As Nancy Fraser (2004) argues, contemporary citizenship claims are challenging formal notions of citizenship rights and of formal democracy and are calling for an integrative notion of social justice. In this regard, Fraser has argued for a three-dimensional theory of justice. This means, in her view, the incorporation of the political dimension of representation, as well as the economic dimension of distribution and the cultural dimension of recognition.¹ She argues for the need to think integratively as there is an interplay of political, economic and cultural injustices, which requires social arrangements that can simultaneously address claims for political representation, for redistribution and cultural identity. She postulates that

[these] three dimensions stand in relations of mutual entwinement and reciprocal influence. Just as the ability to make claims for distribution and recognition

depends on relations of representation, so the ability to exercise one's political voice depends on the relations of class and status.

(*ibid.*: 49)

Within the literature on governance and participation, Fung's contribution integrates concerns related to effectiveness and social justice, policy and politics (Fung 2015). As he notes, governance "is effective to the extent that governance arrangements are capable of solving the substantive problems that they are set to address: providing education, caring for the indigent, creating security, and providing public goods and services" (*ibid.*: 517). The question is whether through multi-sectoral participation or *individualised coproduction*, some innovations may help advance effectiveness, legitimacy and social justice, the three key values of democratic governance discussed by Fung.

The chapter will briefly trace the Forum's genesis, its achievements and challenges and critically address which lessons can be drawn to inform the debates about state transformations and governance, in the context of growing concerns about sustainability and claims for social justice.² I claim that the W&C Forum has helped to address key dimensions of social justice as discussed by Fraser and has contributed to more effectiveness in waste governance, one of the key elements in Fung's discussion of democratic governance.

The Waste & Citizenship Forum: genesis

Up until the early 1990s, waste pickers in Brazil were subjected to a situation of great vulnerability, including social and economic exclusion; invisibility in politics, and a negative representation in the social imaginary. However, as they started to get organised into cooperatives in cities such as São Paulo, Belo Horizonte and Porto Alegre, in the late 1980s and early 1990s, they started to become much more vocal and influential in local policies. In the 1990s, two important cities in the country integrated waste picker cooperatives as partners in source segregation schemes – Porto Alegre and Belo Horizonte. These two cities became models for inclusive solid waste systems.

Organised waste pickers in Brazil were able to achieve greater responsiveness from the national and local governments across Brazil and they joined forces with other organisations to create the Waste & Citizenship Forum, a multi-stakeholder platform (public, private and civil society representation). The creation of the National Waste & Citizenship Forum stemmed from a need to consolidate a participatory approach to urban waste management in Brazil. In 1998, a study carried out by UNICEF estimated that 45,000 children in Brazil worked in waste picking, 30 per cent of them without schooling. Some experiences in partnerships between local governments and civil society in recycling projects were analysed in this study. The findings pointed out that urban waste is a complex issue that cannot be tackled properly without cooperation between the state and civil society. It also showed that waste picking is a fundamental issue that needs to be addressed in all its aspects. This meant that improvements in the

area required strong coordination of the various interrelated sectors: governments – at the local, state and national level – waste picker cooperatives, NGOs and the private sector.

Thus, in late 1998, under the leadership of UNICEF, a National Forum called Waste & Citizenship was launched, comprised, initially, of 19 entities with the objectives of eradicating child labour at open dumps, eradication of open dumps/implementation of sanitary landfills, and promotion of partnerships between municipalities and waste pickers within recycling systems. The main strategies of the Forum were: support for the creation of waste picker cooperatives; capacity building in technical and social aspects of waste for all partners (cooperatives, government, businesses, NGOs); a national campaign to eradicate child labour; development of pilot projects in different parts of the country focused on integrating waste pickers into formal recycling schemes; and the creation of sub-national and municipal W&C forums throughout Brazil to work in coordination with the National Forum.

Towards transformative policies?

Following Fraser and Fung's theoretical frameworks, I examine the Waste & Citizenship Forum along four dimensions – Recognition, Representation, Redistribution and Governance – in order to assess in which ways the Forum helped advance social justice principles and effectiveness in problem solving in solid waste management. Policies promoted by the Forum addressing *recognition* focused on creating a proper term to designate the activity: this was achieved with the creation, in 2002, of the category “*catador de material reciclável*” (picker of recyclables) and its formal inclusion in the National Classification of Occupations. This enabled waste pickers to be visible in the official statistics system in Brazil. In addition, a legal framework recognising the right to work and access to recyclables was created, including among others: Law 11.107 (2005) that enabled municipalities to negotiate agreements with cooperatives for service delivery in municipal recycling programmes; Decree 5949 (2006) that mandated that all federal institutions must donate recyclables to cooperatives; and the landmark approval of the National Solid Waste Policy in which several mechanisms were created for the integration of cooperatives as a state policy. Thus, the dimension of *recognition* addressed the improvement of their social image, recognition of informal recyclers' environmental role, and the creation of their profession.

Under the dimension of *representation*, whose focus was on innovative forms of representation to increase the voice of the MBOs (membership-based organisations) and support its organising, the Forum contributed with incentives for the creation of cooperatives across the country and for the formation of the Movimento Nacional dos Catadores de Material Reciclável (MNCR) – the National Movement of Waste Pickers – in 2001. In 2003, the Inter-ministerial Committee of Social Inclusion of Waste Pickers was created, composed of representatives from federal ministries (Social Development; the Cities; Work and Employment; Education and Culture) and with representation of the MNCR.

Regarding *redistribution*, funds from government entities were made available for capacity building courses for MBOs, for construction and upgrading of recycling warehouses, equipment, and vehicles, such as: the 2003 funding line (US\$2.6 million) opened up by the Ministry of the Environment for waste pickers' cooperatives; the 2004 solidarity credit line for housing; and the 2007 credit line from the Brazilian Bank for Economic and Social Development for infrastructure investment in recycling warehouses, technical assistance and other improvement of waste pickers' spaces. These policies aimed to address the need to remedy the unfair distribution of investments in the sanitation sector, which had never been directed to this sector group.

Finally, on the *governance* dimension, one of the key goals of the Forum was eradication of child labour at dumps as a key indicator of effectiveness in problem solving. The creation of "*bolsa-escola*" cash-in benefit enabled many children to stop work at dumps and enrol in schools. Improvement in data was another key indicator of governance, thus the mapping of waste picking at dumps in the National Research on Basic Sanitation (PNBS) in 2000 was a landmark as the waste pickers previously were invisible in statistics and in main databases. Due to the strong performance of the Prosecutor's Office for the Environment (a partner in the W&C Forum) and the increase in investments in the solid waste sector, all of these thanks to the influence of the National Waste & Citizenship Forum, there was an improvement in the final disposal of waste with a rise in the share of sanitary landfills as the main method of final disposal as opposed to open dumps, from 10.7 per cent (1989) to 32.2 per cent by 2000.

Also, from 2000 onwards, stronger coordination among the different federal financing programmes started, as well as the reformulation of government policies as a way to incorporate the principles of the National Waste & Citizenship Forum. The Federal Government invested around US\$188 million from 2000–2002 on SWM projects for the eradication of open dumps (including funds to support waste pickers' livelihoods).

The process that led to the formation of the Waste & Citizenship Forum and the developments towards greater inclusivity of informal waste pickers that ensued were possible due to some key enabling conditions. First of all, the creation of the first cooperatives and their ability to influence policy-making in the cities of Porto Alegre, Belo Horizonte and São Paulo showed the possibilities of integration of informal recyclers into municipal recycling systems. These city examples inspired a respected UN agency – UNICEF – to lead the process of formation of the Forum aiming at disseminating such examples nationwide. UNICEF's backing lent visibility to the waste pickers' demands, as well as encouraging the formation of other cooperatives across the country which eventually led to the formation of a collective actor – the national movement of recyclers (MNCR).

Another enabling factor is the fact that these processes took place during the period of Brazil's re-democratisation which promoted greater responsiveness by state actors to social justice. Forum advocates also managed to forge alliances with many change agents in key federal government agencies committed to

pursuing a transformative approach to solid waste management. There was also a change in the political culture with more openness from civil society and state actors to engage with each other. Another key factor refers to the right institutional design for the Forum as the formation of the National Forum entailed the creation of sub-national and municipal forums (multi-scalar) and ensured representation of waste pickers' organisations, private and public actors and NGOs. Finally, there were four clear goals for the Forums: that is, eradication of child labour, eradication of open dumps, introduction of sanitary landfills and integration of coops in recycling schemes. There were also clear strategies (a child labour eradication campaign, capacity building and pilot projects), and a clear ethical appeal, i.e., to eradicate child labour as an entry point to raise waste pickers' rights as service providers in recycling systems.

The Forum's goals and strategies point to concerted efforts to address the main dimensions of social justice and governance in solid waste management. The policies under its influence aimed at restructuring the distribution of investments in the solid waste sector towards fairer allocation of financial and technical resources that benefited informal workers. It also challenged the social image and visibility of informal recyclers, thus challenging their invisibility and non-recognition.

The existence of the Forum itself and the support given by the Forum in the creation of other participatory instances, such as the inter-ministerial committee for inclusion of recyclers, signal that participatory parity is crucial in addressing calls for social justice, i.e., the representation of workers in committees and forums that design policies targeted at their segment is crucial in tackling the multiple dimensions of injustice, which, as Fraser notes, needs to be done with a combination of redistribution, recognition and representation remedies. In addition to addressing social justice claims, the W&C Forum aimed at improving governance in solid waste management, which is crucial, given the current environmental crisis in the world.

The Waste & Citizenship Forum was an important platform in Brazil because it was an instance where an extremely marginalised group that suffers from extreme lack of recognition and low self-esteem became actively involved in participatory governance and, therefore, the case of the forum sheds light on key issues related to the forging of participatory governance and social justice struggles.

Concluding thoughts

The case of the Brazilian waste pickers shows how, through engaging in participatory spaces, organised workers have managed to advance the notion of "the public" and contribute to greater state responsiveness to their demands.

The main lesson we may draw is that by engaging in participatory platforms informal waste pickers might be able to re-signify how they are perceived (*recognition*) and create a channel for dialogue with government (at different levels) in which to *represent* their demands. Also, participation in such forums

may translate into effective changes in solid waste management (better *governance*) and poverty reduction (*redistribution*).

Although the case of the Waste & Citizenship Forum has contributed to greater empowerment of waste pickers in Brazil and to state responsiveness to their demands, more critical perspectives raise important questions regarding power relations, the internal dynamics, representation and other key issues within participatory forums. Kate Meagher, for instance, notes that “social marginalisation and livelihood pressures often leave the associations of the poor vulnerable to opportunism or political capture by public officials, NGOs, or even by their own leadership” (2011: 51). Her critical perspective serves as a beacon to avoid romanticised or idealised views about popular agency and its ability to provoke transformative change within the state.

In closing, there are some gaps in the literature of multi-stakeholder platforms worth mentioning. Peter Houtzager, Ruth Berins Collier, John Harriss and Adrian G. Lavallo, for instance, note that one of the challenges is to identify the competing notions of representation that different types of NGOs, popular organisations and networks deploy in their contests with state actors within platforms (Houtzager et al, 2002: 4). It is important to understand the dynamics of participation and representation and their impact on furthering citizenship rights. There is, also, a need to investigate the rules that structure participation (of different actors) in existing municipal Waste & Citizenship Forums across Brazil and also to assess these platforms’ contribution to increasing effectiveness in problem solving in solid waste management at the local level (Dias 2009).

The Waste & Citizenship platform brought about changes for more effective management of solid waste and the empowerment of the informal recycling sector. The Waste & Citizenship platform was an innovative institutional arrangement that contributed to putting the issue of the eradication of open dumps and claims for social inclusion of informal waste workers on the national agenda in Brazil. New challenges lie ahead to further the agenda of coupling waste and citizenship.

Notes

- 1 This means that Nancy Fraser’s framework encompasses a distributive dimension (geared to class inequalities), a recognition dimension (focus on status hierarchies) and a political dimension – representation – which “furnishes the stage on which struggles over distribution and recognition are played out” (2007: 313).
- 2 This section draws on Sonia Dias (2009).

Conclusion

Martha Chen, Françoise Carré and Sally Roever

The Introduction to this volume summarises the recent rethinking on the informal economy by the chapter authors. This Conclusion presents the recommendations of the authors for future research and policy on the informal economy. Their recommendations build and expand upon the recent rethinking to keep pace with current and predicted changes to economies, to cities, to societies and to the environment which will reshape and challenge the livelihoods of informal workers going forward. As noted in the Introduction, these changes include structural shifts and the financialisation of economies; the expanded use of digital technologies, robotics and artificial intelligence; increased rural-urban and cross-border migration; and increased urbanisation and the resulting intensified competition for urban space and economic opportunities.

Future research

Paradigm shift

Regarding the overall approach to future research on the informal economy, the authors make four overarching sets of recommendations, which together call for a paradigm shift which privileges grounded theory building that is transdisciplinary in approach, features the perspectives of informal workers and pays attention to structural drivers of – and segmentation within – the informal economy. The first set of recommendations relates to the source of knowledge and theory. The authors emphasise that research and theory-building should be situated in realities and perspectives from the Global South where informal employment is predominant and where most informal workers live and work: more specifically, that future research should interrogate the ground realities of different groups of informal workers; that future theories (as well as policy and legal frameworks) should reflect these ground realities rather than the realities of (largely formal) employment in the Global North; and that future theories (and related policy or legal frameworks) should be built inductively, ideally reflecting the lived experiences and perspectives of informal workers.

As a notable example, the WIEGO (Women in Informal Employment: Globalizing and Organizing) Network is committed to co-producing knowledge with

local organisations of informal workers and to featuring the voice and knowledge of informal workers in its research reports (Ogando and Harvey 2019). In most of its field research projects, as Marty Chen details in Chapter 6, WIEGO partners with local organisations of informal workers in all stages of the research process:

- to jointly select priority topics;
- to formulate testable hypotheses and specify appropriate questions;
- to identify and train local researchers;
- to identify and contact the sample population;
- to interpret the research findings;
- to draw out the policy lessons and messages.

The second set of recommendations relates to the type of research. The authors emphasise the need for cross-disciplinary research – ideally forging a transdisciplinary approach – to fully understand the dynamics of informal employment, including what drives it, the working conditions of different groups of informal workers and the links between informal employment, the state and capital. As Jan Breman puts it: “Interdisciplinarity is the alpha and omega of informality: the interconnectedness across the fields parcelled out of economics, political science, sociology, anthropology, law, social policy and public administration needs to be mapped.” Also, many authors call for policy-relevant research, not just research aimed at theoretical debates or academic audiences.

The third set of recommendations relates to the unit of analysis for future research. The authors agree that aggregate measures of the size, composition and contribution of the informal economy are needed to attract the attention of researchers and policy-makers but that disaggregated data and research findings on different segments of the informal workforce are needed to understand informality and inform effective policy. Future policy-relevant research should, for instance, include interrogation of the working conditions of specific groups of informal workers and how different policies, laws and regulations impact them. Such an approach would help provide a corrective to existing literature that assumes away the different logics governing different groups of workers and the value chains in which they are embedded.

Fourth, the authors also call for research that bridges analysis at the macro, sectoral and micro levels to bring out the structural drivers of informality and the structural links between the informality of labour, capital and the state. This focus on structural drivers and links would help make visible the actors and logics that shape the possibilities for inclusive rights-based policy and legal frameworks and, thereby, for slowing or reversing the current trend towards extreme inequality. While the existing literature offers substantial insights into individual-level or supply-side constraints, it has far less to say about the structural dynamics within which informal enterprises and workers operate. This component of a future approach to research would help provide an important corrective to that imbalance and would help inform more nuanced and appropriate policy interventions.

Methods

In terms of research methods, the authors recommend combining different research tools – statistical analysis, desk research and field research – recognising the limitations of each: that statistics often fail to capture dynamics and linkages; that existing literature is often context-specific and outdated; and that field research often does not produce generalisable findings.

The authors recommend using mixed methods in field research, both qualitative and quantitative. They also call for economic histories that explore the impact on informal employment of structural shifts over time in the wider economy and labour market.

In addition to statistical analysis favoured by economists and other policy-makers and to truly understand informality in different contexts, the authors call for in-depth case studies as well as structural comparisons of such case studies. Jan Breman recommends a wide range of grounded case studies which trace the connection and interactions between informal workers and other actors or stakeholders and for “a cross-cutting analysis of existing case studies from a variety of analytical perspectives related to the world of informality”. Caroline Skinner and Vanessa Watson also prioritise detailed case study work, especially in what are often regarded as “peripheral” informal areas in “ordinary” cities and towns, to generate “[h]ighly contextualised knowledge of the interests, power relations and actual daily practices underpinning inclusionary planning processes”. The chapters on specific groups of informal workers in this volume demonstrate the analytical power of this in-depth approach.

Themes

The authors identify several broad themes as well as specific topics for future research.

One broad theme is prospective: the impact of current trends – migration, urbanisation, climate change, different patterns of economic growth, demographic change and the pressure to formalise – on informal employment in general and on specific groups of informal workers. A second is retrospective: the history of the informal economy in specific contexts and, more generally, the impact of structural shifts in the economy on the allocation of labour in different contexts. The third, for future statistical work and research, is to better understand and measure the productivity and economic contribution of the informal economy: informed by an analysis of how these are conceptualised and measured in mainstream economics, and official statistics, compared to the realities of informal employment and the perceptions of informal workers. Fourth, it is necessary to explore and analyse contexts where there have been positive and/or negative changes for the livelihoods of informal workers, including: who or what was driving the change, and why; and how was pressure applied. One concrete priority recommendation is to assess obstacles and setbacks to informal workers’ efforts to organise and to negotiate

with powerful agents (city agencies, contractors, developers) whose actions impact their livelihoods.

Another broad topic for future research is segmentation within the informal workforce, especially among the self-employed. The authors recommend several ways to consider segmentation within informal self-employment, including: old and new modes of production (e.g., artisanal and digital); different statuses of employment (employers, own-account operators, contributing family workers as well as disguised wage employees and dependent contractors); different products (traditional and modern, perishables and consumer durables) and markets (local, national and international); and contrasting strategies of the self-employed (e.g., multiplication versus accumulation).

Yet another is to map out and analyse the often-overlooked links between informal workers and the state (at all levels), on one hand, and corporate enterprises, the owners of capital and markets, on the other. Some authors recommend unpacking how these links are mediated, focusing on both the actors – the intermediaries (e.g., middlemen, the mafia) – and the vested interests and politics involved. As Barbara Harriss-White puts it, the boundary between informality and the state is not so much “blurry” as “political”, a function of the exercise of power by the state and/or the owners of capital.

Finally, several authors called for theorising the use of public space for informal livelihoods, notably public space and public land in cities and forest, pastures and waterways in rural areas. This is because informal workers need regulated access to public space and natural resources to pursue their livelihoods but are routinely dislocated from them. This is also because informal workers, especially in cities, are often seen or portrayed as “undesirable” users of public space: a key source of the structured inequalities they face. There is a need to “unpack” and theorise the social construction of public space and public land in relation to informal livelihoods and, also, informal settlements. In short, the disciplines and practice of urban studies, urban planning and architecture need new or reframed theoretical frameworks to be relevant to all those who live and work in cities.

Despite advances made in statistical measurement of informal employment at the national and international levels, as detailed by Françoise Carré, Rodrigo Negrete and Joann Vanek in their chapters and summarised in the Introduction, more and better statistics are needed. Many countries still do not have a labour force survey, and among those that do, the survey is not done routinely and often does not include questions that provide for the identification of informal employment, both inside and outside informal enterprises. A first priority, therefore, is to encourage countries to undertake labour force surveys on a timely basis with questions on informality harmonised to the International Labour Organization standards. An effort to address this gap among Arab countries is being planned by the ILO, the United Nations Economic and Social Commission for Western Asia (ESCWA) and WIEGO. To facilitate the sustained development of this work, a new regional working group on labour indicators has been organised and will be closely involved with the project.

Producing “better” statistics involves refining the relevant standards and concepts to reflect changing work arrangements and ensuring that all categories of workers, especially those in the informal economy, are identified in official statistics. WIEGO will participate in a consultation process organised by the ILO concerning the statistical standards of informality. The advice gained from this process will be reviewed by the International Conference of Labour Statisticians (ICLS) in 2023. One concern of the ICLS consultation process is the improvement of statistics on informality to support international harmonisation and coverage across countries, including *developed* countries. Another concern is refining the concepts related to work in the informal economy to align with decisions taken at the two most recent meetings of the ICLS.

A key issue in aligning the concepts of informality to the new ICLS framework of work relationships involves developing criteria for identifying informality in agriculture, in particular, work in subsistence agriculture. Another key issue is related to changes in the world of work that led to the new classification of status in employment (ICSE-18) described in Chapter 4 by Françoise Carré. This involves the identification of dependent contractors – a category which reflects aspects of both wage and self-employment – and capturing the overlap between informal employment and non-standard forms of wage employment such as short-term work which entails no access to employment-related social protection benefits.

Better statistics also involve the challenge of collecting and tabulating data on the specific occupations of workers in the informal economy, for example, domestic work, home-based work, street vending, market trade and waste picking. These are important sources of employment in developing and emerging economies. However, as described in Chapter 3 by Joann Vanek, these occupations are more difficult to capture in official statistics than those with formal arrangements. Special methods for the collection, classifications and tabulations of data as well as publication in formats that can be used by policy-makers and advocate are required.

A complete picture of a country’s informal economy requires not only statistics on employment but also on the contribution of informal enterprises (i.e., the informal sector) and informal workers in formal enterprises and households to the gross domestic product (GDP). A few countries have prepared estimates of the contribution of the informal sector to GDP but only on an ad hoc basis and not as part of the routine statistical production. However, Chapter 5, prepared by Rodrigo Negrete, based on the statistical advances in Mexico, shows the feasibility and importance of the regular production of statistics not only on the contribution of informal enterprises but also on the economic activities of informal workers in formal enterprises or households. Finally, another priority is improved data on informal enterprises: their size, ownership, location and branch of industry and their share of total enterprises and of enterprises in specific branches of industry.

Future policies

As summarised in the Introduction, the authors make the case that many existing policies and laws are legacies from the colonial past and are premised on notions of labour markets and employment relations that obtain mainly in the Global North. They also argue that surprisingly little attention has been paid to whether and how existing policies and regulations impact the informal economy, especially in the Global South. Further, while the changing nature of work has captured the attention and imagination of policy-makers, researchers and the general public, there has been limited attention to date on how to regulate new (often informal) forms of work.

The most common policy response to both old and new forms of informal employment is a call to formalise them. But there is limited understanding by policy-makers themselves of what type of formalisation they are calling for: do they want to shift all informal workers to formal jobs, to regulate and tax informal enterprises, to extend social protection to all informal workers or something else? And there is even less understanding of what informal workers want and need in the name of formalisation. Also, in discussing the drivers of informality, more attention is paid to the low capacity of the state than to the deliberate policies of the state – or how the state bends its own formal rules.

What follows is a summary of the dominant narratives about regulation and formalisation of the informal economy and the counter-narratives and recommendations of the authors in this volume, including their deliberations at a 2017 WIEGO research conference held at Harvard University.

Regulation

In the economics discipline, and among economic policy-makers, there are three persistent and interrelated assumptions about the informal economy and regulation. New research, however, is beginning to challenge these assumptions and provide evidence that further rethinking is necessary.

The first is that excessive regulations – notably labour regulations – drive or cause informality, by creating perverse incentives for firms to operate informally outside the purview of regulations. Elsewhere, Ravi Kanbur has argued that

Even if the presence of regulation could explain the *level* of informality, for it to explain *increases* in informality the regulatory burden would have had to have *increased*. But, in fact, it is well appreciated that in the last two decades of liberalisation, the regulatory burden has, if anything, *decreased*. The regulation-based explanation of increasing informality is thus weak at best.

(Kanbur 2014: 7)

When it comes to wage employment during this era of de-regulation, many once-formal wage jobs have been informalised because many formal firms are hiring

workers informally and new forms of work facilitated by digital platforms remain outside the scope of regulation.

The second assumption, a correlate of the first, is that informal workers, businesses and activities operate outside the reach of the law and the state. And the third, a correlate of the second, is that informal workers and operators *choose* to operate outside the reach of the law and state regulation. In testing these assumptions, as noted in the Introduction, Urmila Chatterjee and Ravi Kanbur found that 97 per cent of manufacturing firms in India have always been smaller in size than the mandated threshold for registration and compliance under the 2011 Factories Act of India and question the policy focus on compliance by informal enterprises (Chatterjee and Kanbur 2015).

Through two decades of research in multiple countries across several continents, the WIEGO Network has found that informal workers, businesses and activities *are* regulated by the state – typically in ways that are punitive and not well understood. Informal workers and businesses tend to be excluded from labour, employment and business policies and legislation and are, thereby, denied the rights and entitlements afforded to formal employees and businesses. At the same time, a complex range of national, sector-specific and city-level regulations and practices impact informal workers, their businesses and activities. These tend not to fit the reality of informal employment and are frequently punitive in their effect; also, non-compliance with the regulations is often treated as a criminal offence. In India, for example, street vendors who do not have licences, which are difficult to obtain, are subject to summary warrants and fines under the criminal code, despite the fact that middle- and low-income populations rely on them daily to access food and other basic goods and services.

In brief, the informal economy is not outside the reach of the state: rather, informal workers and operators are often inside the *punitive* arm of the state but outside the *protective* arm of the state. Elsewhere, Marlese von Broembsen and Marty Chen have reported that state harassment of informal workers and denial of their due process protections under rule of law are ubiquitous around the world. Also, states often fail to implement the relatively few progressive laws that are designed to protect or support informal workers (von Broembsen and Chen 2016). What informal workers need in order to increase their income and thereby contribute to economic growth and the reduction of poverty and inequality are *enabling and protective* laws and regulations and the benefits that come with registering their enterprises and paying taxes. The policy challenge is to identify which forms of regulations affect which segments of the informal economy in what ways; and to develop appropriate and fair regulations for different segments – in consultation with and informed by the perspectives of informal workers.

In terms of specific recommendations by the authors, the economists point out that many informal workers fall outside, rather than avoid, existing regulatory frameworks and tax thresholds. They also argue that policies should focus on raising the productivity of informal businesses and the incomes of informal workers. The labour lawyers and scholars argue that labour and employment

laws, premised on an explicit employer-employee relationship, need to be reframed to cover informal employment relationships. The urban planners and scholars argue that informal livelihoods and informal settlements, and the links between them, need to be integrated into urban plan and designs. The social policy scholars call for an integrated approach to social protection for informal workers that includes both social assistance and social security, that sees a role for both the state and employers in providing social protection, and that extends protection to informal workers as both workers and citizens. The sociologists and political scientists challenge assumptions about the relationship between the state, capital, labour and informality and argue that more policy attention should be paid to the informal practices of the state and capital. The home-based worker, street vendor and waste picker specialists argue that existing policy and legal frameworks should be reframed to match the realities and needs of these and other groups of informal workers, rather than requiring informal workers to comply with inappropriate laws designed for formal employment and commercial arrangements.

Formalisation

At the heart of the policy debates on the informal economy is the question of whether and how to formalise the informal economy. Different analysts and stakeholders hold divergent notions of what formalisation of the informal economy should entail. To some, it means shifting informal workers to formal wage jobs – but this requires creating more formal wage jobs. To others, it means registering and taxing informal enterprises. But, as noted by Ravi Kanbur as well as Imraan Valodia and David Francis, many informal operators already pay a variety of taxes and fees. Further, as noted by Sonia Dias, Lucía Fernandez, Sally Roever and Melanie Samson writing about street vendors and waste pickers, informal workers want the benefits that should come with being formalised in exchange for paying taxes.

WIEGO has sought to influence the formalisation debate to reflect the priority needs and demands of informal workers, based on its grounded knowledge of, and engagement with, different groups of informal workers. WIEGO has pointed out that formalisation policies have different meanings and implications across different groups of informal workers; and that the formalisation debate tends to focus narrowly on the self-employed in informal enterprises and, especially, on the more entrepreneurial self-employed, namely, employers who represent around 3 per cent of informal self-employed globally (ILO 2018a). At a minimum, the formalisation debate needs to distinguish between wage workers in informal jobs and self-employed workers in informal enterprises. Ideally, it should further distinguish between different segments of the informal self-employed and wage employed as each segment has its specific needs and constraints (Chen 2006, 2009).

WIEGO facilitated a delegation of informal worker leaders to the two-year standard-setting discussion on the “Transitioning from the Informal to the

Formal Economy” at the International Labour Conferences in 2014 and 2015. To prepare the delegation for these discussions, including the formulation of a common platform of demands, WIEGO convened three regional workshops with informal worker leaders from 55 organisations and 24 countries. The common core demands of the informal worker organisations include: the right to organisation, collective representative voice, legal identity and standing as well as labour rights, economic rights and social rights, including social protection. The WIEGO Network Platform also includes the demands of specific groups of workers (WIEGO Network Platform 2014).

ILO Recommendation 204 on the “Transitioning from the Informal to the Formal Economy”, adopted at the 2015 International Labour Conference, includes some of the key demands of the informal worker delegation, notably the recognition that: most informal workers are from poor households trying to earn a living against great odds who need protection and promotion in return for regulation and taxation; most informal economic units are single person or family operations run by own-account workers who do not hire others; regulated access to public space and natural resources are essential to the livelihoods of informal workers; and informal livelihoods should not be destroyed in the process of formalisation. But the Recommendation falls short in granting the membership-based organisations of informal workers a guaranteed and direct seat at the ILO tripartite standard-setting negotiation table, due in large part to resistance from some trade unions of formal workers.

Since Recommendation 204 was adopted in 2015, there has been increasing pressure on governments to formalise the informal economy. Several authors in this volume, notably Barbara Harriss-White, Amin Kamete, Kate Meagher, Melanie Samson and Kamala Sankaran, have written about adverse terms of formalisation, questioning whose agenda is being served. Amin Kamete makes the case that some approaches to formalisation are coercive and force the informal workers into “making crippling Faustian bargains that strip away the very soul of informality”. As a case in point, the recent demonetisation scheme and the new Goods and Services Tax (GST) in India – both promoted in the name of formalising the informal economy – have served to cripple, rather than formalise, informal enterprises and workers. Demonetisation disproportionately affected the (predominantly informal) firms that deal in cash. GST compliance has forced business transactions to be digitalised, and compelled formal firms to prefer formal suppliers and informal firms to deal with more complicated bureaucratic procedures and the loss of contracts from formal firms. In the process, the number of jobs in informal enterprises has declined (Kumar 2019). As a sector-specific example of formalisation, Melanie Samson presents a typology of approaches to integrating waste pickers in solid waste management and the associated “erasures” of the identity, knowledge and systems of waste pickers.

It is also important to note, as James Heintz highlights in Chapter 8, that the formalisation debate “tends to be flawed because it considers the path to formality to be an incremental one, based on individual enterprises or jobs” and the

transition from informality to formality to be a simple continuum. He notes that many research projects try to document how informal enterprises can move up – from very micro, to micro, to small, then medium-scale enterprises. James Heintz questions whether this can or should happen one firm at a time; argues that the ability of one firm to formalise may depend on what is happening to other enterprises in the economy, that is, to the economy's structure as a whole; and calls for more research in this area to truly understand the dynamics of informal employment and formalisation.

Finally, the authors of this volume raise fundamental issues about the politics of formalisation. They question “who should comply with what?” in the name of formalisation. Must informal workers comply with existing formal policies and regulations that are not designed for them? Or do formal policies and regulations need to be amended to match the realities and needs of informal workers? Or do the state and capital need to comply with the formal policies and regulations which they often avoid or find exceptions to? In other words, the authors question whether the end goal is to formalise informal workers, their enterprises and livelihood activities by making them comply with existing policies and laws. Instead, they argue that the end goal should be to reform existing policies and laws to match the realities and needs of informal workers. In making the case that municipal and industry recycling systems should integrate into the recycling system of informal waste pickers, Melanie Samson cites a South African waste picker who told a group of national and local officials: “It is the city who is integrating itself on our existing structures, because we’ve been doing it for many years, so it is them who is integrating onto our existing system.”

But what about the difficult political challenge of who should – and can – regulate the state and capital, especially when they collude to bend formal rules? Consider the case of global value chains, a mode of global production which encourages governments to attract foreign investors by relaxing regulations and multinational companies to shift production to countries with the least-onerous regulations or weakest enforcement. To regulate homework in global value chains, Marlese von Broembsen recommends a “plural-overlapping conception of governance” which combines national regulations with “different forms of governance at different jurisdictional spheres”. Von Broembsen sees a role for organisations of homeworkers in the governance of global value chains but cautions that the burden of regulation and enforcement should not fall solely on homeworkers and their organisations; and calls for multi-stakeholder governance involving trade unions, citizen groups, corporations and the state as well as homeworker organisations. Similarly, Adele Blackett makes the case for transnational regulation of domestic work, an occupation associated with significant cross-border migration.

To sum up, the authors make the case that, in the discourse on regulation and formalisation, there is too much focus on the non-compliance or deviance of informal workers and too little focus on the non-compliance and deviance of state and capital and on the inappropriateness of existing policy and legal frameworks. They also point out that there is limited focus on institutions and power

and how, more specifically, the state and capital not only bend formal rules in their favour but also use formal rules to penalise informal workers.

Future vision

Vision

What is being suggested by the authors is a fundamentally different approach to the informal economy within their specific disciplines – and more generally. An approach that is centred on informal workers, especially the working poor: their needs, constraints and aspirations as well as their contributions to the economy, society and environment. In other words, an approach in which informal workers themselves – as well as their needs and demands – matter in research and policy. This approach needs to be led by realities and perspectives in the Global South, to be bottom-up and incremental, and to embrace the fluidity and flexibility of informality while addressing the associated vulnerabilities for informal workers.

In practical terms, this approach should seek to reduce the vulnerabilities and increase the earnings – and productivity – of informal workers. Doing so requires an approach that focuses on linkages between informal settlements and informal livelihoods, on the adherence of formal regulations to informal realities, and on the compliance of state and capital with formal regulations, rather than just the compliance of informal workers and enterprises with existing formal regulations. The approach would combine economic analysis with analysis of power dynamics in specific contexts – and, ideally, historically – and bridge calls for efficiency with calls for social justice.

As a group, the authors question whose visions and interests are being served in the name of regulating and formalising the informal economy: the visions – or dreams – of informal workers or the visions of the state (which is often ensnared by powerful interests), of capital, of economic and urban planners. In sum, the authors challenge attempts to integrate informal workers into existing legal and policy frameworks and existing models of labour markets – because the existing frameworks and models are not designed for them and, therefore, are either inappropriate for, biased against, or punitive towards them.

From vision to reality

Turning this fundamentally different vision into reality will require addressing the politics of competing interests and power imbalances. It will require addressing the fact that states are often “divided” between the expectation that they should serve as guarantor of rights and the rule of law and the temptation or incentives they face to violate the rights of the less powerful and their own laws. It will also require addressing the fact that the national or local state often colludes with capital or is subordinated to, or overpowered by, capital. It will also require addressing the fundamental imbalance of power between informal workers, especially the working poor, and the state and the owners of capital.

To address these realities, the authors call for a new cohort of economic and urban planners who, as Caroline Skinner and Vanessa Watson put it, “are willing (and brave enough) to try out new approaches” as a few activist academics, together with organisations of informal workers, have already done in the cases highlighted in this volume. More fundamentally, the authors recognise that those who work and live informally have the best, most nuanced understanding, of their own context and have begun to challenge the very notion of “who is a planner” and “whose interests are being served in plans”.

Future governance

What is needed going forward, as Melanie Samson puts it, is to challenge the existing policy-making processes, captured by the rich and powerful, and to privilege the knowledge and collective voice of informal workers in the policy process. This will require genuinely inclusive rule-setting and planning processes as well as negotiation and conflict resolution processes to reconcile the competing vision and interests of informal workers and other, more powerful, stakeholders.

The authors also argue that inclusive policy and negotiating processes should not only *include* organisations of informal workers but *be led* by them. This is both feasible as well as desirable, as illustrated by the promising examples of policy processes and outcomes led by organisations of informal workers that are featured in this volume: including municipal contracts for waste pickers in two cities in India and over 25 cities in Colombia; recognition of the natural markets of street vendors in a new law on street vending in India; new supportive legislation for homeworkers and domestic workers in Thailand; and new labour legislation in Ghana that covers all workers, formal and informal. These substantial gains offer models to counteract common views that informal workers are unorganisable, divided, and insignificant economic actors unworthy of constructive policy intervention.

One final important point. In the early twentieth century, when all workers were informal, they began to demand – and to design – the rights and benefits of what is now considered “standard” formal wage employment. In the early twenty-first century, informal workers are also making demands – but their demands are different because labour markets and economies today are different than those 100 years ago. Despite the formal labour standards negotiated in the early twentieth century, today over half of all workers globally are informally employed, nearly half are self-employed (mostly own-account or contributing family workers) and new forms of non-standard or informal work are emerging. Informal workers today are demanding recognition, protection and support as informal workers, both wage-employed and self-employed. In sum, informal employment, not formal employment, dominates global employment today and is likely to continue to do so. What is needed, and recommended by the authors, is to transform formal policies, regulations and institutions to reflect the reality and perspectives of informal workers, their knowledge and their understanding of the wider environment and their way of working within it.

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