1 Informality

The bane of the labouring poor under globalised capitalism

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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).