



## Martha Chen and Françoise Carré (eds.): The Informal Economy Revisited: Examining the Past, Envisioning the Future, 2020

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The global capitalistic economic system is characterised by complex value chains, wherein large firms, on the pretext of cost-cutting, engage in spatially disaggregated production by outsourcing employment to labour surplus economies of the Global South, sans decent work, adequate income and social security. While the gig economy is encouraging a race to the bottom in working conditions (WDR 2), the Covid-19 pandemic has amplified the vulnerabilities of informal workers, further pushing them into poverty and precarity (ILO 1).

With this backdrop, a revisit to the constraints and policies for the burgeoning informal economies and its workers takes precedence. The book “The Informal Economy Revisited: Examining the Past, Envisioning the Future” edited by Martha Chen and Françoise Carré is a timely compilation of inter-disciplinary theoretical, empirical research and policy debates on the informality, through the lens of its workers.

The introductory chapters of the book, written by Jan Breman (chapter 1) and Barbara Harris-White (chapter 2), argue that naming informality as a “sector” rather than all-pervading type of employment that exist even within the so-called formal sector, is a misnomer. India’s informal economy is termed as “deliberate”, with the emergence of contractualisation, double informalisation combining casual labour and part-time self-employment and the informalised politics (of demonetisation and GST) that strive to eliminate the cash economy. These chapters set the tone and momentum for the rest of the book, starting with a discussion on the statistical anomalies that perturb accurate measurements of informality and novel methodology adopted by WIEGO (Françoise Carré, chapter 4 & Martha Chen, chapter 6) that suggest an inclusion of a category of “dependent contractor” in the informal worker hierarchy.

The major challenge, Joann Vanek (chapter 3) affirms, faced by statistical estimates on informality, is “not how to capture these workers as employed but rather

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how to identify and classify the category of work or occupation in which they are employed” (pp. 49). Rodrigo Negrete (chapter 5) presents Mexico’s method of measuring informal employment, at both individual and enterprise level including dependent (wage) workers and independent (self-employed) workers, as an innovative measure. An attempt at better definitions is made by looking at macroeconomics of taxation, through a calibrated assessment of the role of informal earnings in reducing poverty (Michael Rogan & Paul Cichello, chapter 11). On the one hand, a disaggregated framework through enterprise taxation is presented by Ravi Kanbur (chapter 7), categorising informal enterprises based on their response to tax. Even so, using an enterprise’s tax status is seen as an inappropriate, as informal businesses are instituted based on structure of the economy and poverty and not to evade tax as is argued in mainstream approaches (Imraan Valodia & David Francis, chapter 10). The need for a model of self-employment that sees the “demand for their labour as coming from the final demand for the services or goods that workers produce and not from profit-maximising employers” is emphasised upon by James Heinz (chapter 8, pp. 86), especially for the on-demand gig economy workers (Uma Rani, chapter 9).

## 1 Labour laws

The boundaries of labour rights are referenced by the contract of formal employment, excluding the majority of informal workers from basic rights and protections. Judy Fudge (chapter 12) proposes that “once the focus is on the worker, 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” (pp. 107). Adelle Blackett (chapter 13) amplifies this conundrum in the discussion on legal formalism of domestic workers indicating inclusion of human rights in [labour laws](#). Michael J. Piore argues that the informal economy provides a laboratory for investigating alternative work regulations (to those inherited from formal industrial history) for which an institutional framework is needed where questions can be debated and resolved even though informality is too heterogeneous for one “dedicated enforcement agency to make sense” (pp. 118).

## 2 Urban livelihoods

The most important contribution of the book is its concentration on urban economy, where work and living spaces both interlink and fragment in the very structure of the cities, presenting an opportunity to study urban informal livelihoods. With instances of Africa (Caroline Skinner & Vanessa Watson, chapter 15) and India (Gautam Bhan, chapter 18), it is argued that urban design should discard permanent solutions and take into account the constantly evolving flux of informality and award informal workers the right to use public spaces. There is a fundamental need to look at urban planning beyond just architecture and single-use zoning regulations (Rahul Mehrotra, chapter 16). “Housing should ensure viability in terms of proximity to

livelihoods, connections to transport and mobility, and give a sense of belonging to place and society” (pp. 137).

Within this conceptual framework of labour laws and urban livelihoods, three major forms of informal activity are discussed: the homeworkers, street vendors and waste pickers. In the case of homeworkers, Marlese von Broembsen advocates policies: (a) homeworkers should be extended the labour rights that “employees” enjoy, (b) proper trade agreements and contract between “hirers” and homeworkers should satisfy certain conditions for the contract to be valid, (c) international brands should provide employment benefits. Meenu Tiwari (chapter 19) extends instances of good practices (for option “c” above) such as IKEA’s Corporate Social Responsibility (CSR) for child labour free production and GAP’s training to workers, regular payments based on the total hours put (pp. 155) and logistical help.

Amin Y. Kamete (chapter 20) emphasises the need “to integrate street vendors into urban plans and landscapes” (pp. 166) to eliminate their auto-exclusion, marginalisation and suppression by the state development planning. Sally Reover (chapter 22) cautions that Brazil’s way of formalising vendors as “individual microenterprise operators” as making the same blunder of seeing wage workers as self-employed “entrepreneurs” and Veronica Crossa (chapter 21) emphasises that “vending should be seen as a highly dynamic practice that is in continuous negotiation in daily life, involving multiple urban actors” (pp. 169).

Rather than formalising waste picking through integration (as suggested for street vendors), Melanie Samson (chapter 25) advocates that municipal and industry systems need to be integrated with the waste pickers “recyclingscape”. Lucia Fernandes (chapter 23) argues they are “dispossessed, as waste management by powerful groups, institutions, and elites undermine their access to waste, to public space and their right to transit freely within the city” (pp. 182). Hence, Jerome Cave (chapter 24) urges that waste, being rival and non-excludable good, should be treated as a Common Property Resource (CPR) furthering “use rights” to waste pickers.

### 3 Public policy and social protection

The depiction of vulnerabilities and adverse incorporation (Laura Alfes, chapter 27) of informal workers in urban economy only strengthen the argument for social protection put forward in the succeeding chapters. Francie Lund (chapter 26) advocates solutions tailored to the specific needs and capacities of different groups of informal workers, especially women and migrants leading to Kate Meagher’s (chapter 31) emphasising the need for appropriate inclusion of these groups while devising policies. Silke Staab (chapter 28) instancing Latin America suggests an inclusion of women workers into existing contributory schemes that are independent from labour market trajectories, while Sarah Cook (chapter 29), instancing China, demands legal rights and security for migrants. Rina Agarwala (chapter 32), studying India, suggests redistribution of benefits through establishment of tripartite welfare boards involving the state, the employer and the worker and recognition through issue of identity cards. Sonia Das (chapter 24) envisages cooperation of state and the civil society—for example, in the case of Waste and Citizenship Forum, Brazil—to

enable access for waste pickers to public spaces. Chris Tilly (chapter 33) argues the same for domestic workers and construction workers. Kamala Sankaran (chapter 30) suggests state financing of social protection through “cess”, taxing the final product, making all sub-contracting chains in the production chain liable to pay.

## 4 Conclusion

The underlying motivation for the book is clear: that there is a dire need for mobilisation and organisation of informal workers to ensure collective bargaining and to demand rights, for which the role of the state, its policies and other stakeholders such as member-based organisations (MBOs), welfare boards and NGOs, are of utmost importance.

In conclusion, the book covers a wide ground and presents an exhaustive analysis, interspersed with rich empirical evidence of different countries. The focus on workers’ rights and the states’ prominent role is a constant theme throughout the book, firmly binding together the chapters. This conceptual underpinning serves as a boon by giving a bird’s eye view of informality while also intricately addressing, albeit not specifically, the socio-economic heterogeneity within the different kinds of activities that the workers are involved in. Though definitional constraints restrict the focus to self-employment, the book, by narrowing down its focus on individual unit of that of a “worker”, achieves a worker-centric analysis that works in tandem and goes beyond the “type” of work they are involved in. This seminal edited volume by Chen and Carré on informality is a must-read for researchers across disciplines, policy makers and development practitioners alike.

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## Declarations

**Conflict of interest** The author declares that there is no conflict of interest.

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