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THE INFORMAL ECONOMY: THEORETICAL AND CONCEPTUAL ISSUES¹

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Introduction

During the last decades, economic informality has remained an expressive standard in several countries and continents. Contrary to the expectations raised by modernization theories, on the formalization of the informal, there was no waning of informality. New impulse factors, engendered by the regime of flexible capital accumulation, have fuelled it in a number of ways, while the deregulation of labor relations, coupled with the economic recession, has favoured its resurgence. Informality is not bound to disappear, as long as the spread of the formal economy continues to confront persistent structural obstacles that at times maintain it practically as a sector located in the midst of the informal predominance. In broad areas of the globe, we come across a hybrid “institution” of the economy (Polanyi 1957), in which the enforcement of regulations and legal frameworks remains partial and restricted.

In studies on the subject, informality has been seen in several ways: as a phenomenon dependent on the capitalist economy, functional to the preservation of the reserve industrial army and attenuating the misery; As an atypical phenomenon in the face of capitalist economy, determined by contradictory factors and marked by notorious ambiguity; As a phenomenon opposed to the dominant economic logic, harbouring anti-capitalist and virtuous forms, as exemplified by the solidarity economy. While the first approach commonly adopts a perspective of deductive analysis, from the general to the particular and from top to bottom (*top-down*), the second and third approaches guide their analysis as a rule from bottom to top (*bottom-up*), giving prominence to the creativity and capacity of self-organization and adaptation of the popular economy.

Although the theories underlying these approaches diverge, there is no general mismatch between these analytical perspectives, provided that the universes of social practices and relationships under analysis are clearly announced. The habitual use of encompassing concepts, in the absence of a prior evaluation of its explanatory and heuristic power, leads to metonymies. This has occurred in the studies on informality because of the absence of categories that discriminate the various realities that intersect and intertwine under the mantle of the informal. The reiterated ambiguity of the informal thus rests, to a large extent, on inaccuracies found in the conceptual plane.

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To understand informality, it is necessary to critically review current approaches and adopt appropriate theoretical perspectives and concepts. One of these required measures is the clarification of terms and concepts as a rule used interchangeably, such as informality, informal sector and informal economy. Figure out what is singular in these terms, or common among them, leads to differentiated treatments. Renouncing the use of unique notions, we will arrive at a conceptual distinction between informal employment and informal economy and a better understanding of the scope of concepts such as informal work, popular economy and solidarity economy.

From the theoretical point of view, it will be necessary to supplant unilateral positions, such as the thesis of dependence and functionality of the informal in relation to the capitalist economy. Or the (*sounds better*) opposite thesis, that takes the informality as a reflection of the excessive and unreasonable interference of the State, which would hinder initiative and oblige micro entrepreneurs to bypass the law in order to conduct themselves freely in the market. In the same way, one must question the approaches of the informal through its opposition to the formal, whose starting point and background is the modern economy, in turn identified spontaneously with the capitalist market economy. From this point of view, the informal is seen as a defective form of economy, a reflection of the state of deficiencies and weaknesses of its economic agents or, according to a critical bias, as a result of the structural relations of subordination and exploitation to which such agents are subjected by capitalist logic.

The informal economy must be understood from its specific features. With this approach, two aspects will be highlighted: firstly, the fact that it must be understood from the organizational principles that are its own, despite being devoid of provisions formally endorsed and sanctioned by the legal frameworks in force. The informal economy incorporates a self-regulated social and economic dynamic, a *sui generis* rationality. This specific nature is not perceived as the centrality given to the logic of the market leads to approaches limited to the economic sphere. There are few studies on the cultural dimension of informal businesses, their peculiar social dynamics and the existence, to some extent, of a preference of the economic agents for informality.

Secondly, the theoretical primacy given to the market distances us from a plural conception of the economy, which is a prerequisite for evaluating the effective performance of informal units for subsistence, as well as local development processes, among other aspects. The informal economy must be understood as a form of socially *embedded* economy, in the sense given by Polanyi (1957, 2000). This makes it irreducible to strictly economic properties and functionalities. The central logic that governs its functioning corresponds to the social reproduction of domestic units, which is sought through relational assets from the family sphere and its surrounding circles. This particular socioeconomic logic is what Razeto (1990) calls *commensality*.

The understanding that the informal economy introduces a *modus operandi* in the economic terrain, according to specific forms of agency of social bonds, allows to extend a conceptual gradient that relates it to similar forms, but endowed with other peculiarities. One can then distinguish more clearly the informal economy from the popular economy, especially the fact that the differences between them are mainly of approach, of analytical perspectives. The same is true of initiatives of an egalitarian and participatory nature associated with the solidarity economy, whose studies are aligned with an agenda of issues with a view to examining - and at the same time emphasizing - those features.

1. The persistence of informality

Informality is a massive reality on a world scale. Its history is generally shortened to the last five decades, when populations of several countries, in rapid demographic growth, migrated from the countryside to urban areas. By escaping to the cities, waves of workers with low levels of professional qualification were faced with their rejection by the formal labour market and the lack of means to guarantee their stable insertion in the economy. Said contingent was compelled to survive on its own and in temporary occupations, disregarding the law and without formal records. As a result, the landscape of cities has changed with the expansion of peripheral neighbourhoods and urban poverty acquiring great magnitude in large areas of the globe. Subsequent transformation waves, having as epicentres the crisis of Fordism and of the welfare state, followed by the process of productive restructuring, added new generations to the informal. In recent years, the phenomenon has been progressively reaching the Northern Hemisphere and the centres of the global economy. Successive and increasingly acute disputes over urban land, arable land and natural reserves have accentuated this calamitous picture. In this context, the exercise of force by the State or the pressure from the market little differ for the popular layers, since they function as alternating and complementary mechanisms of control, serving the "global political economy of inequality" (Peemans 2013: 280).

Topped by tax evasion strategies of big finance, which use tax havens and other stratagems, underground forms of economy, informal, have spread, from smuggling of products and weapons to trafficking in drugs and human beings. In addition to a historically dramatic picture, these "new infamous informalities" (Peemans 2013: 281) have led to highly harmful effects on the original forms of informal economy of the grassroots, family, neighbouring or community-based sectors. Nowadays, the integrity and autonomy of the popular economies are also threatened or perverted by agency programs in which entrepreneurial logic is viewed resolutely as the most appropriate to small businesses, given their presumed effectiveness in markets. Along with this promotion of outputs through micro entrepreneurship, new religious invectives present themselves as safeguards in urban peripheries of which they seek to take possession both in the symbolic and economic levels.

Thus, the popular economy expands and gains new instruments and policies, but weakens its mechanisms of local anchorage and balance. Repeating what happened in the 1970s, in what was formerly called the Third World, the growth of informality raises fears, giving rise to generally negative representations (Santos and Melo 2011: 41). By its amplitude, the phenomenon tends to be associated, in the common sense, with a kind of endemic poverty and an atavistic delinquency of the popular strata. In both cases, it represents an evil to be extirpated by measures of nature, very diverse premises and consequences, which are therefore central divisors of public debates, electoral campaigns and government programs.

2. Inadequacy of prevailing theories

Due to its persistence and expansion, informality has been interpreted as a marginal residue of capitalism, or as a functional element incorporated into the reserve industrial army. In this interpretative context, studies predominate that emphasize the reflexivity of informality vis-à-vis the modern economy, defining the former as a sign of lack and impotence of marginal sectors in the face of economic modernization. These sectors, for being devoid of their own performance, are relegated by the critical

theories of peripheral capitalism, particularly in its Marxist downgrade (Pamplona 2001; Pamplona and Romeiro 2002; Lopes 2008). On the opposite side, from modernizing theories and related policies, the informal sectors have been targets of assistance and qualification, with a view to their formal insertion in the market through wage or self-employment. In the second case, in order to assume the status of micro entrepreneurs, according to theoretical approaches and intervention programs that exalt the detachment and the inclination to mutual help, typical of small businesses. In another critical development approach, but this time positive and proactive in relation to the popular forms of economy, community bonds and solidarity are highlighted as trumps of informality. An appreciation of these characteristics is defended with a view to the rescue of indigenous life systems or to innovations directed at new forms of popular economy, able to strengthen economic agents and reflect positively on their social environments (Coraggio 1999; Nunes 2001).

Until the 1980s, much of literature assumed that the exit of underdevelopment and low standard of living should be pursued in the growth and modernization of the economy. However, there were serious problems in these predictions:

"The problem of these pioneering studies about the informal activities is that they followed the traditional model of full employment and strong State, from Fordist pad. So they were unsuitable for thinking, for example, in the emergence and strengthening of informal activities in underdeveloped countries, in which the Fordist regime never had been completed. They argued that, especially in underdeveloped countries, the informality was a structural phenomenon, becoming a hindrance to the development of labour markets and the economy, and keeping the workers in those countries as underemployed and in poverty "(Santos and Melo 2011:31).

Lautier (2005) points out that the perspective of formalizing informal businesses had no convincing effects, as can be clearly seen in Latin America and Brazil (Cardoso 2016). The programs designed with this intent, in addition to being expensive, selective and restricted in their scope of action, attribute to self-employed workers and small businesses an entrepreneurial predisposition and a behaviour directed to accumulation that, being neither endogenous nor consistent with their experiences, is neither assimilated nor practiced. Even so, this approach bias did not change significantly: it kept insisting on promoting popular economic initiatives based on meanings and performance indicators from the formal economy and modernizing discourses, for which the informal would draw phenomena of a chaotic nature, deprived of historical bases:

"At the heart of the apparent success of the historic expansion of the logic of capital accumulation on a global scale, there is the constantly renewed ability of the players who control the accumulation process to deprive the popular actors of access to material resources on the grounds of their supposed inability to manage them rationally "(Peemans 2013:275).

Moreover, it is notoriously evident that the growth of the economy itself produces, at least in some sectors, the upsurge of informality. Comparative studies and on national realities, reported by Hillenkamp et al. (2013) indicate that there may be concomitant developments in economic growth and in informality. There can be also a fall in the volume of sales, in the supply of jobs and in the level of subsistence, as a result of the formalization of business and work. From the point of view of capital movements, these effects are generated through the outsourcing of activities and the informal subcontracting of companies and services, in addition to the structural mechanism for preserving a reserve of surplus workers, immanent in the law of supply and demand of the labour market. In the opposite direction to modern expectations of formalization and standardization of labour relations, both in labour and social security

aspects and in tax incidence, deregulation of the economy has in practice approached the formal work condition to the informality, in addition to making business and contracts less susceptible to public control surveillance.

3. Problems of comparison with the formal economy

The predominance of informal approaches that rely on their contrast to the formal economy causes a number of problems. In addition to the fact that this *by default* criterion is insufficient to cover minimally homogeneous realities, it implies having as a starting point and background the modern economy, identified only with the capitalist economy. This is followed by a primacy granted to the market and as a backdrop, to the economic sphere. Faced with the centrality of the economy and the performance demanded by the market, the informal economy and everything related to the economy of the popular sectors are seen as by-products of the economy, in a symptomatic position of their needs and weaknesses. The informal thus remains in the condition of strange elements or in the role of “toys” launched in the current of the modern economy, deprived of own orientations and capacity of action, except in front of the utilitarian expectations to which they should correspond. According to Lautier (2005: 177), this “miserly” view, which unilaterally accentuates the penury and informal inadequacies, prevailed until the 1980s.

The primacy granted to the market economy and capitalist firms leads to the acceptance of an implicit axiom according to which wage labour represents the preferential choice of all workers, a kind of collective destiny from which they could not and would not wish to escape, as Cardoso (2016: 327) critically indicates. This is why informality in general is explained by the lack of opportunities in the market, not by intrinsic characteristics that could coincide with the preferences of informal workers. Pamplona and Romeiro (2002: 18) counterbalance, noting that in the informal there are "big differences in income, occupational profile, working conditions. There are workers in the informal sector by choice and workers in the informal sector for lack of a better option."

The indiscrimination between the various hidden realities behind the informal label results first and foremost from the classification in a single rubric of everything that goes beyond the clear and sharper classification criteria of formalized economic relations and activities, according to the current statutes. In the face of the limpid framework of the formal economy, the informal economy makes the times of *rest*, of *others*, because it does not fit in with the existing institutional frameworks, thus forming a heteroclite and almost unintelligible set of situations.

On a more general level, these procedures leave the informal tied to formal configurations. This is clear today in respect to the phenomenon of the *new informality*, caused by the gradual lack of protection of labour in the context of flexible accumulation and deregulation policies. Such processes are indisputable, but they do not exempt an internal analysis, within the informal, of the diverse reactions and strategies that its workers and agents develop. Furthermore, the contrast between the formal and the informal faces imprecise and permeable boundaries: certain businesses outside the law are consented and tolerated; opportunistic manipulations of the law, to conceal illegal acts or exploit legal voids / loopholes, are commonplace in formalized companies. The dividing lines are not watertight or static.

The distance between the informality and the formal institutions have also conducted analyses to identify the informality with illegal and criminal practices of the *underground* economy. Without doubt, the informal economy makes "artful transgressions" to face domination strategies that attempt to imprison it. With that, produces oscillating, fleeting, confusing and ambiguous realities that escape the conventional methods of measurement and classification (Hillenkamp et al. 2013:11). Due to this background and its "indiscipline", the informal economy is often confused with clandestine economic practices, even in its worst criminal and criminal versions. The key factor, however, is another: the informal suffers guilt and the consequences of the fact that criminal activities, trivial on a large or small scale, logically run away and hide from the law. Under the circumstances, economic crime is of course informal, but it doesn't mean that the inverse is true.

Instead of being associated with the informal, the illegal (transgressive, immoral, criminal, etc.) gradient of economic activities should be positioned transversally to the formal / informal axis: it can occur at the heart of the modern economy, taking advantages of the law; it may go so far as to constitute clandestine or formal enterprises for the systematic practice of crimes. Between informal street trade and organized crime, despite possible connections (such as the practice of fencing), differences should not be treated solely as a matter of intensity, but also of nature. The economics of crime and economic crimes are generally atypical phenomena, to be studied in their relations with both the informal economy and the formal economy.

On either side of the formal / informal dyad there are, therefore, several realities. Economic activities are formalized according to the available alternatives, and for diverse reasons. Among them, that of acting in the non-profit economy, which explains the history of the third sector (Fernandes 1994) and the more recent dissemination of social enterprises (Nyssens 2006). Contrasting this multifaceted formal reality with a single category - that of informal - is to forget that behind the non-formalization there are also innumerable circumstances. As it was the expectation of elimination of such circumstances, followed by the presumed complete formalization of the economy, which ended up being denied, not the persistence of the informal, the need of entering the world of informality remains current, but leaving the *lenses* of the formal economy to one side

This alternative way of thinking presupposes renewing the usual concepts, given the notorious difficulty of adequately conceptualizing informality, as seen in the three most consensual criteria (Lautier 2005): size (what limits?), non-observance of fiscal and social legislation (also conditioned to criteria of social legitimacy) and non-capitalist economic logic (since, as such, it does not form a unit and refers to different possibilities). The diversity of the informal practices and its ramifications within the economy challenge totalizing visions and disallow categorizations such as that of an informal sector, as opposed to the others. Equally, it is not a simple task to theorize from the relations of the informal to the capitalist economy: the informal can grow with (subcontracting, outsourcing) or backwards (refuge to the unemployed) in relation to the formal economy. Likewise, there are risks in theorizing from a salient feature of the informal. Solidarity (religious, ethnic, communitarian), for example, which for some would be a typical trait, as well as presenting itself with opposite signs (in illicit activities, for example), coexist side by side with situations of physical and symbolic violence.

For these reasons, it would be acceptable to postulate that the ambiguity of the informal is what prevents us from viewing it as a specific matrix for any kind of behaviour or situation. However, the problem may

not be empirical, but in the use of entrapment concepts that mask an amalgam of closely interwoven but distinct and sometimes conflicting realities. The totalizing frame of concepts should be somehow replaced by less comprehensive and more discriminating designations.

4. The need to abandon encompassing concepts

Removing from the informal the elements that are not intrinsic to it, such as the underground economy, is a way of reducing the conceptual ambiguity that prevails. However, the decisive way is to discard the unique concepts and to use different designations, related to fractions or to specific processes that are part of the universe of social facts adjectival of informal. Just replacing one encompassing concept with another, without debugging them, has not provided the necessary clarification effects. The very semantic evolution led by the ILO (International Labour Organization) over the informal is a good illustration.

In the scope of its World Employment Program, launched in 1969 with a view in particular to peripheral countries, the ILO introduced the concept of the *informal sector*. Having in the background countries with low levels of formalization and progressive demographic concentration in urban areas, in which countless occupations and businesses expanded informally, the ILO's concept encompassed all productive activities not constituted as capitalist forms of production. Its main focus was the informal economic units, with their own character, their typical traits and their peculiar way of functioning, extolling characteristics previously discussed by Keith Hart in his seminal work (1973), as the family basis of the enterprises and the predominance of self-employment. At the same time, the ILO did not exclude from the concept the informal employment relations, which are largely induced by the modern and formal pole of the economy. As a consequence, the concept embodied realities with distinct genesis and meanings, albeit situated within the same economic system and somehow overlapping each other, as the labour relations in informal enterprises, which, for the reasons already indicated, were also informal.

This dualism persevered with the adoption of the concept of the *informal economy* by the ILO, in 2002. Since its 15th Conference in 1993, the ILO has focused its concerns on the development of statistics on informality. The existence of informal economic units hasn't been forgotten, but the focus gradually shifted to the informal employment relationships that, although typical of those units, began to spread in the labour market and gave way to a new informality of great magnitude, closely linked to global capitalist strategies (Peres 2015). The new concept referred to all the socially accepted activities, capitalist or not, not regulated by legal forms. Thus informal workers were "workers who are not protected or recognized by law, who suffer from a high level of vulnerability and who lack security in work, in qualification, in terms of income and representation" (Santos and Melo 2011: 33 -34). Again, situations of employment and self-employment were confused. Several labour relations were judged to be similar, despite the characteristics and peculiar logic of the companies or enterprises in which they were developed. The informal economy remained conceptually broad and non-specific.

The economic logics of the productive units are in an analytical plane different from the labour relations. The former define the totalities in which the latter acquire meaning. From the point of view of observing legal precepts, both may resemble or distinguish from each other, intertwine and intersect, but without exclusive juxtapositions. Therefore, what we propose consists basically in separating these two orders of facts, bisecting them into two concepts - *informal employment* and *informal economy* - and leaving the terms *informal* and *informality* as generic and interchangeable references, as we have been doing so far.

In turn, the concept of *informal work* will be used with an intermediate scope, related to a prism of analysis applicable to several empirical objects.

5. Informal employment and informal economy

Informal employment encompasses the relationships contracted between people, or between people and companies, for the use of the workforce of third parties by the one who employs them, through tacit agreements devoid of legal status or in disagreement with the law. There must be an employee and an employer; the focus of attention lies on the relations between both and on the reasons and consequences of the current informality. These reasons and consequences - or the sense of the relations - vary according to the circumstances and the organizational totality in question. Informal employment relationships often occur in small informal enterprises, as well as in family-based productive units. However, they are also found in capital companies, through disguised wages, subcontracting, etc.

Informal employment rages outside the formal economy, but today one finds in the latter sophisticated strategies of precariousness and over-exploitation of labour. Such strategies are implemented through hidden wages in temporary or unregistered contracts, or by devices such as false self-employment. In this case, the contract is made with the company created by the employee exclusively for this purpose, without changing the conditions in which he provides services in the contracting company, except in disfavour of the worker. The modernizing aura given to these new labour relations obscures these subterfuges and mistakenly disassociates them from non-observance of labour and tax aspects. Clearer examples are home-based work and the usual labour-for-hire scheme. In extreme cases, the doors open to situations of captivity and degrading forms of work (Brito Filho 2013).

No one employs himself, in the sense that we are giving the term. Situations of employment, formal or otherwise, imply a relationship between two parties. The so-called self-employment, in which one produces goods or offers services in the absence of an employer, leads to another universe: that of small-scale individual businesses, which require an appropriate analysis plan. Unlike the usual, it makes no sense to add in the same statistics the occurrence of informal wage employment and informal self-employment, without further consideration. In both cases there is informal work, but its meaning differs according to whether there are employment relationships or not, and according to its specific structural circumstances. Family production, either in agricultural units or in urban businesses, shows that the absence of a framework of labour in the legislation does not necessarily involve logics of additional extraction of labour surplus, or objectives of degrading and defrauding the worker.

The *informal economy*, in turn, concerns informal productive units. The analyzes about them are concerned with capturing the peculiar logic of these enterprises, starting with the fact that certain people create their occupations and sources of income, without being employed, in a range of activities that extends from home-based general services to services rendered in artistic activities |

In Brazil, by the way, the national surveys on the informal economy presumed the existence of a singular rationality typical in small enterprises. Therefore, they also covered companies with registration and legal functioning, of size and similar characteristics (IBGE 2005; Gaiger 2015). In order to avoid confusion, however, it is preferable to maintain the requirement of legal informality when referring to the informal

economy. This time, the objective is to apply it to the character of informal economic organizations, mostly individual and small, in which non-formalization reflects a state of things, not merely of scarcity.

The informal economy covers a large proportion of individual or self-businesses, family enterprises, and even collective organizations identified with the solidarity economy. Their productive units are, in their way, embodied and instituted modes of economy, since they do not operate without rules: they self-regulate. The fact that they prefer the informal condition, or resign themselves to it by renouncing the adaptive processes imposed by the path of formalization, must be understood from the internal conditions of these organizations, from the *sui generis* rationality of the informal economy. *Mutatis mutandis*, the informal component of labour relations (sometime, of employment), which is legally unavoidable in informal business and from that angle do not need to be explained, must be included in the specific conditions of these micro-totalities, in which it is typical, but do not have always decisive weight or a single meaning. Moreover, according to Cardoso (2016: 336), informality is a characteristic of the social environment of these organizations, it is present in networks of sociability, access to urban services and assistance. The formal, in turn, remains as a globally distant reality and is often presented through institutions without relevance in the daily life of urban peripheries. These institutions are often reprovved and repelled, because of their discretionary conduct, like most of the time one can observe with regard to the security forces.

The informal economy is embedded in a mesh of relationships that, beyond economics, sanctions aspirations and influences behaviours. So, if earning is urgent and vital, it may not be the most important goal, especially for low-income, socially-disadvantaged segments with no compelling reasons to go to great lengths to sacrifice ties in the name of unlikely economic mobility. The informal economy thus demands a holistic approach, without the usual primacy of efficiency and income generation, at least if conceived in the same terms as the modern market economy. In this skating conventional micro entrepreneurship promotion programs are skewed, without achieving persistent scale results (Gaiger 2011). More generally, the entrepreneurial orientations of small businesses vary, not always incorporating a for-capitalist character or assuming individualistic and possessive features (Gaiger and Ferrarini 2010).

It is acknowledged that informal activities are unfavourably positioned in the market. They subordinate themselves to it and sometimes function as the basic link of productive chains in which the value of labour is drained by the processes of capitalist accumulation. Nevertheless, it is important to distinguish between workers who have been released unexpectedly in a war for survival and forced to go it alone, and the forms of economy anchored in the popular fabric, which serves as the mainstay of their resilience against adversity:

"An analysis of the evolution of the informal economy over a long period shows that dense and complex social ties in most developing countries have been able to preserve and reinvent themselves through associative and reciprocity mechanisms (...) Examining the capacity for resilience of the informal economy leads to a new vision of its actors, their logic and practices, their demands, their coordination mechanisms, and their all-important social ties which enable them to continuously rebuild and preserve the community-based structures of their everyday lives "(Hillenkamp et al. 2013:10).

These considerations justify that the concepts of employment and work are placed on different planes. In addition, it is not considered as an employment the act of the worker to use his own labour force to occupy and earn income, which also characterizes the liberal professions and, on another gradient, the numerous forms of family production, notably in agriculture. It is more prudent to take self-employment as

a separate category, without confusing it with employment. Finally, work is omnipresent in these situations, as an activity that does not take place in a vacuum, but within vertical or horizontal relations, free or compulsory, formal or informal. From this angle, work can be seen as an analytical category linking informal employment and informal economy, as well as formal employment and formal economy. In each of these quadrants, according to the general logic previously proposed, the work raises a subset of problems arising from the larger issue in focus, in the allocation of manpower or in the management of productive units.

6. The *sui generis* nature of the informal economy

One needs to change the optics. Leaving aside the lenses of modernization and formalization means addressing the informal economy on its own terms, taking into account its origins and antecedents, momentarily withdrawing focus from the destructive effects exerted by the capitalist economy in the last decades (in truth, centuries). It means admitting that, because of such impacts, what we have before our eyes are now transmogrified, decayed forms - so to speak, simulacra - of what would have once been the original forms of what today must meet the contemptuous designation of informal. It means enlarging our temporal horizons and our theoretical canons, ceasing to pour on the informal the concepts, categories and precepts forged in and for the formal, western and market economy.

Decolonizing thought broadens our ability to question and understand realities. There is no shortage of examples, such as the study of informal financial practices in popular sectors, where contributions to integration and community cohesion prevail over the movement of goods and pecuniary aspects. Initiatives with this strain demonstrate the vigour of the "ground floor" civilization that, according to the historian Fernand Braudel (1995), fulfils the role of stem cells of societies, sowing new practices and rooting ground of social experiences. It is in this direction, opportunely recalled by Peemans (2013: 278-279) as a way to understand the economies from their deepest support pillars, that we should move forward.

By adopting the temporal perspective of long duration (Braudel 1965, Gaiger and Corrêa 2010b), the first observation is elementary: the informal economy precedes the others. From the point of view of work and employment relations, until the advent of Fordism the benefits of the worker were agreed upon without legally prescribed contracts. Such informal practices did not have to be considered illegal or illegitimate (Santos and Melo 2011: 29). Going back in time, economic relations based on custom and tacit rules from which one could not escape were predominant throughout history, since the economic sphere was surrounded by social institutions, not being independent to the extent of following individualistic or anti-social directives. The market economy has progressively altered this framework for less than two centuries, formalizing and at the same time liberating economic practices from its social envelope. This process was thoroughly examined by historians, in particular Karl Polanyi (1977, 2000), as the cause of a profound disruption of the systems that preceded the market economy, of a brutal disarticulation of their respective ways of life, and of the submission and exploitation of entire populations.

Faced with this picture, the reaction of those who lived primarily from their capacity to work was not unique. Beyond the options of treading the path of entrepreneurship and social mobility proposed by capitalist utilitarianism, or of negotiating the conditions of the sale of labour power through class struggles, the alternative of maintaining or creating their own sources of labour, preserving them even at

the price of poverty and contempt, was triggered from the beginning of the clash that was established against the submission of labour by capital. This third way has served to preserve non-capitalist systems of life in themselves, free from the syndrome of accumulation and competition. Such systems are based on a local root sociability, or on "places of life" (Peemans, 2013: 281) in which they operate through inter-knowledge and social reciprocity (Gaiger 2016: 174-186).

The present-day popular economies, because they are deprived of their socio-cultural structures of protection and left to the mercy of the market and the self-sufficiency of its laws, can no longer prevent their ruin and ensure their survival, without accepting levels of debasement and indignity until recently unthinkable. Their abduction by an autotelic and inexorable economic logic, long before their alleged intrinsic shortcomings, is what leaves them as a sad figure in more and more unexpected world plagues. For good or evil, in addition, informal activities are not always directly integrated with the productive organization of capitalist enterprises:

"It is not about always or necessarily a matter of being or remaining formal, but rather an exploitation of pre-existing informal processes anchored in family ties, friendship and neighborhood, besides moral obligations, dimensions of affection and forms of reciprocity that surround them" (Cunha 2006).

A case of actuality in Brazil is of the recyclable material pickers, which are tied from above by the new and prosperous recycling industry (Bosi 2008). Nevertheless, the recyclers have been able to organize and react. They constitute a social category relatively proactive and mobilized. As a result, they have barely established over-exploitation, especially when benefiting from consistent contributions from organizations and public authorities (Slivnik et al., 2012; Voigt 2016). Through the associative way, they have been creating new forms of popular economy, which do not go through formalization without serious hesitations, for pragmatic reasons (Souza 2005) and, above all, because of a decisive context in which aspirations of well-being, freedom and autonomy are at stake (Darós 2016; Veronese 2016).

7. From popular to solidarity economy

Being informal is a trademark of the economy of the popular sectors, but has become a problem for exogenous reasons that formalization does not solve by itself. For this reason, the informal economy should be apprehended from the popular economy, not the formal economy.

The term popular economy covers the same myriad of informal practices to which are dedicated individuals whose survival depends on their work. But although the terms *informal* and *popular* refer generally to the same reality, their respective connotations channel the analysis to specific aspects and support different interpretations. We have already seen the negative charge of informal qualification and the impropriety of considering it as a defining or exclusive trait. The analyzes of the popular economy, in turn, are not restricted to urban activities and give importance to the modalities of work organization and management of the popular productive units. They value the family base and the relations of reciprocity, which sometimes unfold in the already mentioned community association. The popular economy, in addition, is seen as an inseparable element of the class condition of the popular sectors. The fact that it works as an alternative, through the work of these sectors, has a political meaning, placing it at the confluence of facts and analysis that permeate social movements (Kraychete 2000). They would thus need to be recognized and driven by social emancipation projects (Ferrarini 2008).

The differences are mainly of approaches. Investigating economic activities of the popular sectors from the popular economy category does not remove from the scene the critical elements brought by the literature on the informal, but it calls more attention to issues related to its role of social resistance and its place in the development. As a preamble, there is a questioning of the attempts to explain the popular economy from the rationality of capital and to seek in this sphere the preponderant factors for the evaluation of initiatives from the world of work. In convergence with the arguments presented in this text, the analysis focuses on the legacy of the experiences of the popular economic agents, their practical sense and their expectations. In this light, some aspects of the popular economy should be highlighted:

On the one hand, the fact that self-businesses and small enterprises remain linked to their family base and to primary relationships, which function as the centre of gravity of livelihood and vital reproduction activities. It renders incongruous (and immoral) to separate and counteract economic action and the social, human aspects involved in this core of interpersonal relationships. In the semantics of Polanyi (1977) referred to a little earlier, the popular economy is embedded, we would say *docked* (Gaiger 2016) in social life, being strange and hostile to the structural cleavage between economy and society that characterizes modern times. According to Coraggio (1999), it is an *economy of labour*, oriented to the social reproduction of life, not capital. Therefore, it is inapt to the maximal exploitation of its productive factors, to admit the supremacy of the accumulation and to exhibit high competitive performance. In other words, it moves through a *material rationality* in which evaluative postulates are the point of reference (Weber 2004: 52). In this, after all, it appears with most of the known economies, except ours (Polanyi 2000).

On the other hand, the popular economy tends objectively and subjectively to operate according to a logic and based on a system of relations different from the mercantile economy, although in our days it does not allow it to escape but to assume in some measure directives with opposite signs. In contexts of primacy of interpersonal ties, relations of *commensality* prevail, as Razeto (1990: 65-66) explains: within a group with links beyond the economical, the flows of goods and services - in terms of producing, distributing, using and consuming - meet individual needs shared or sanctioned in common, in a context whose high degree of integration fuses individualities and dilutes particular interests.

In regard to these latent logics that organize in a peculiar way each concrete form of economy and confer unity and stability to it, Polanyi introduced the concept of integration principles (1977: 35-43). Among them, the principle of *domesticity*, also referred to as *householding*, is characteristic of relatively closed groups and focuses on satisfying the needs of its members, producing and consuming goods and services according to established rules. Domesticity is an ancient trait, as the typical case of peasant societies reveals to us, but it is not something gradually disused by the rise of the modern individual. The domesticity has experienced a rise in the present day as a place of refuge in the face of labour and economic insecurity. Its vigour is also a sign of a revaluation of the ties of closeness and the autonomy of small collectives, a sort of anonymous reaction against the supremacy of great capital and the depersonalizing tendencies of the market society (Gaiger 2016: 98).

Another aspect to be highlighted is the systematic use of relational assets by the popular economy, through kinship networks, neighbourhood networks or more, when they trigger the community ties and the social relations circuits provided by social movements. To consider the popular economy as an expression and extension of domestic units refers to approaches of economic sociology that shift the

focus of the individual to social relations. In this view, even markets cannot be explained by the singular action of individuals who allocate scarce resources to alternative ends, maximizing utility; structural and cultural factors should also be analyzed. The figure of the entrepreneur is redefined as an articulator of networks, with the power to mobilize partners and connect productive and human resources (Granovetter 2009; Martinelli 2009). Entrepreneurial action would not be guided by utilitarian calculation in the strict sense, but by cultural standards which take into account the maintenance of bonds that guarantee the necessary balance to economic transactions.

In its face and its virtuous developments, the popular economy presents intersections with the organizations characteristic of the *solidarity economy* (Singer and Souza 2000) in which there are many informal groups (Gaiger 2009, 2015). The concept points to collective, associative and cooperative forms that entertain the popular economy (formal and informal). The analytical perspective focuses on the nature of the social relations of production of these organizations, not on their legal aspects. In this field of practice, informal and formal labour relations coexist, while the employment figure is weakened by the egalitarian and self-managing character of the solidarity economy, which inhibits the use of wage labour as a standard of labour regimentation. The cooperative work perseveres among associate members, workers, users or consumers (Pinto 2006; Anjos 2012), although the desire to form a company that is at the same time a people's society is often exposed to contradictions and distortions (Lima 2007a, 2007b).

The solidarity economy revitalizes material and relational assets of the popular economy, recovering cultures and economic vocations relegated to oblivion. The interdependencies between the members of the joint ventures provide, through their intersubjective implications, an individual and collective experience as protagonists and contribute to the politicization of collective struggles for income and well-being. It is a protagonism, as it was verified in comparative analyzes.

"It has been concluded from these studies that the art of undertaking under such conditions is barred by experience, by the tacit knowledge that over time accumulates and diffuses among the associated workers. This essentially relational nature transpires in the field of external strategies and linkages: EESs (solidarity economy enterprises) that combine market strategies for accessing public resources, reciprocal bonds, and household assets show the best results. However, the differential is not established by innovations designed to assure mere competitive advantages, but by changes in the patterns of economic interaction, which assume non-market and non-utilitarian dimensions "(Gaiger and Correa 2011).

Contrasting analysis between solidarity enterprises and conventional ventures indicate that the former do not distance themselves from the morphological pattern of the economic sectors and segments in which they are located. However, they signal distributive practices of considerable interest for the preservation of jobs and minimum income. The popular solidarity economy strengthens social capital and decisive values, including intangible resources such as a collective identity. In addition, one of its main faculties is to attenuate the isolation typical of small businesses, through horizontal networks and the organization of demands to the public arena (Gaiger 2011).

Looking at the facts by means of previous cuts and specific questions, we will probably see that the various informal situations, or related to them, do not always or exactly correspond to the continuous and aggregate effect of contradictory factors that would cause an insurmountable state of indeterminacy. Instead, it seems more appropriate to regard things as a state of *ambivalence* - of double or multiple valences - in which incident processes upon or arising from informality have meaning and lead to different and concomitant consequences. From this angle, the realities covered by the informal would

simultaneously fulfil various roles and serve divergent rationales, without implying a perpetual struggle against insurmountable contradictions. Discarding reasoning in terms of zero sum, ambivalence could be seen as a structural element, sustaining the historic resistance of the informal and allowing coexistence between its multiple faces.

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