THE INFORMAL ECONOMY, WORK AND SOCIAL WELFARE

By
Dave Broad

December 1997

Room 464 Education Building, University of Regina
Regina, SK, Canada S4S 0A2 (306) 585-4117
http://www.uregina.ca/spr
social.policy@uregina.ca
Table of Contents

Introduction ................................................................. 1
The Informal Economy and the Longue Duree .......................... 2
Casual Labour and the Longue Duree .................................. 9
Deja vu—The Contingent Economy ...................................... 15
W(h)ither Capitalism? ......................................................... 20
Notes .............................................................................. 25
Bibliography ................................................................... 26

List of Figures
Figure 1 ............................................................................ 5
Figure 2 ............................................................................ 7
Figure 3 ............................................................................ 16
Introduction

In recent years we have witnessed a growing interest in the phenomenon of the “informal economy,” also known as the “underground economy,” the “shadow economy,” the “black economy,” the “social economy” and, in Eastern Europe, the “second economy.” Some observers view today’s expanding informal economy as part of a more general deterioration of socio-economic conditions for the majority of the world’s people (Portes et al., 1989). Others see in informal economic activity signs of a revival of entrepreneurship, and escape from regulation and domination of the capitalist market economy by government (De Soto, 1989). Yet others see the informal economy as our salvation from the capitalist market (Rifkin, 1995).

The term “informal economy” covers a broad range of activities, from domestic labour to any number of unregulated paid-labour jobs (Ross and Usher, 1986). Informal economic relations are so varied that contributors to a special issue of Social Justice on the “Dynamics of the Informal Economy” (Vol. 15, No. 3/4) could agree on only two broad points of a definition:

1. That the informal economy is part of the dominant economy, which determines its main characteristics and from which it is not independent.
2. That the informal economy is largely defined by its opposition to state regulation (Robinson, 1988: 4-5).

Lloyd (1982:60) suggests that the terms informal economy and informal sector are descriptive, not analytic terms, and should be used in the former sense.

It is generally accepted that the informal economy dominates a significant portion of financial and labour transactions in the Third World. But recent studies show that the informal economy is booming in the First World as well (Portes et al., 1989; Sassen 1991; 1994). This trend informs some analysts’ conceptualization of a process of “peripheralization of the centre,” through which production and social relations in the First World are coming to look more like those we expect to find in the Third World (Sassen, 1982; Ross and Trachte, 1983). Particularly evident is a polarization of labour markets and general living conditions, leading to immiseration of increasing numbers of people. We see this through the growth of homelessness, food banks and soup kitchens.

Perhaps current interest in the informal economy can be attributed in part to the fact that it is now more visible than in the recent past. We note this in a number of senses. First, with urbanization the informal economy has become more visible as a phenomenon of large urban conglomerates. Second, with urbanization and the capitalization of primary production, agrarian and rural means of subsistence that families relied on in the past have disappeared, making the deleterious effects of low and decreasing family incomes more obvious. This, of course, is compounded by recent cuts to state welfare services. But curiosity about the informal economy also stems from the fact that observers see in it a revival of economic activities that were assumed to have disappeared with industrialization and the spread of full-time, proletarian wage-labour. Thus Sassen (1994:155) of-
fers the following general definition of informalization as a process: "Informalization—
casualization of, or making casual, once formalized relations, such as employment rela-
tions." Casual labour is characteristic of the informal economy (Bromley and Gerry,
1979; Lloyd, 1982). But, as Sassen’s definition suggests, there is also a clear link be-
tween informal or underground work and the casualization of labour in the formal eco-
omy. With part-time, temporary, contract and industrial homework being the fastest-
growing forms of labour in the formal economy, workers and their families are increas-
ingly forced to resort to mixing employment in the formal and informal economies, and
resorting to the informal economy for family subsistence needs (Pahl, 1984; Portes and
Schaufler, 1993).

As corporations “shed” workers and “outsource” to the Third World, people must resort
to the informal economy to survive. But capital also resorts to the informal economy to
cut costs of production (Lloyd, 1982; Portes and Sassen, 1987). This can take a number
of forms, including an increase in unregulated sweatshop production, and farming out
textiles and electronics work to women in the home—industrial homeworking (Nash and
Fernandez, 1983; Leach, 1993; Dangler, 1994). The Japanese economy depends upon a
“tier system” whereby specialty parts manufactured in back alley workshops find their
way into the newest Nissan or Toyota rolling off the line (Hill, 1989; Hart-Landsberg and
Burkett, 1996).

What is lacking in most accounts of the informal economy is any concerted attempt to
situate the current informalization trends historically. This leads to misunderstandings of
what gives rise to informal economic activities here and formal economic activities there;
of the basis for linkages between the two; and of possibilities for political intervention to
improve the welfare of those negatively affected by current informalization trends. Such
ahistorical accounts lead to conceptions of our present state of affairs as a post-modern, or
even post-capitalist end of history (Drucker, 1993). I will argue in this paper that the phe-
nomena being discussed may be experiencing a period of resurgence, but they are neither
new, nor post-capitalist (Wood and Foster, 1997).

The Informal Economy and the Longue Duree

There is ongoing debate in the social sciences concerning what distinguishes the post-
1500 modern capitalist era from the pre-capitalist era, or even if they can be distinguished
(Frank and Gills, 1993). Social scientists in the Durkheimian tradition refer to pre-
industrial and industrial society. The industrial society thesis poses the defining feature
of modern society as industrialization, presenting the Industrial Revolution as the
crowning point. This is a linear view of history, in which the Industrial Revolution is the
culmination of past tendencies (Walton, 1987). The period following the Industrial
Revolution is seen as an era of consolidation and maturing of modern industrial society.
This includes an uncritical acceptance of expansion of formal market activities, including
a market for wage-labour.
The main contending view, associated with Marx and Engels, is that social change has been a process of historical ruptures, resulting in qualitatively distinct forms of social relations and productive activities. Capitalism is thus distinguished from pre-capitalist society by having its own particular class structure and orientation to production. Production is geared to selling commodities on a market for the purpose of accumulating capital. Capitalist production is profit-seeking production, and the predominant form of social class relation associated with this market-oriented production is the bourgeois-proletarian relation. Both formalization and proletarianization are taken as integral to maturing capitalism.

There is an understandable logic to theories of a mechanically unfolding capitalism, especially as they seem to correspond to the history of the last two centuries. But with a more recent revival of informal activity and casualization of labour in countries at the centre of the world-economy, the dominant theories have been called into question. Ostensibly, we have entered a post-industrial or post-modern era, distinguished from the old era by the spread of “flexible” production processes and “flexible” labour forces reaching into the informal economy. Informalization also means returning the onus for reproduction of families and workers to the home—meaning to women. This is the disguised intent of discussions which lament the decline of “the family,” suggesting that many of our social problems would disappear if we would just return to so-called traditional values.

Portes and his colleagues offer a critique of prevalent theories of the informal economy, and suggest an alternate conceptualization based on a “structural articulation” of formal to informal economic activities. Earlier theories of Third World informalization related the process to urbanization, and the growth of what was referred to as a “marginal” population or, according to Marxians, an “excess” reserve army of labour. Non-Marxians put a positive spin on the process, seeing the so-called marginal population as a seedbed for dynamic self-employed entrepreneurs (e.g., Hart, 1973). More recently, De Soto (1989) has taken a similar view, but argues that informalization is not prompted so much by excess labour supply, as by excess state regulation of the economy. His theory, then, accords with the current neo-liberal wave in political economy. Most Marxians have been critical of the notion of marginalization, and the related view that the informal economy is somehow separate from the formal economy. Cockcroft (1983), for example, dismisses the concept marginal, preferring to define the people in question as “immiserated sub-proletarians.”

According to Castells and Portes (1989:27-9), informality under capitalism arises in reaction to trade union power, state regulation of the economy, international competition, attempts by industrializing Third World countries to gain a comparative advantage by skirting labour regulations, and economic crises. Portes (1983: 161) notes that, using a marxian conceptualization, we can distinguish three interrelated models of production within the informal economy:

1. direct subsistence, an activity that includes procurement and repair of consumption items, in addition to their production;
2. petty commodity production and exchange, based on the labour of self-employed individuals who produce for and/or commercialize goods and services in the market;
3. backward capitalist production, which includes two sub-forms: ‘small’ enterprises employing unprotected wage labour, and disguised wage workers hired by larger firms under sub-contracting arrangements (see also Gerry, 1987).

With the proviso that the capitalist production last mentioned is not always so backward, the three types of activities just listed can be seen to have an historical legacy, as well as fitting the current restructuring of global capital. With all three we can see how the formal market economy benefits from having a casual labour force of semi-proletarian workers. Portes and Borocz (1988:24) note that informality tends to put downward pressure on earnings in two ways:

1. through circumventing labour protection legislation, it decreases the average labour costs of the society in general; and
2. through direct competition, it decreases either the size of the higher-paid formal labour force or its remuneration.

Thus Castells and Portes (1989:26) conclude:

1. Research during the last ten years shows consistently that the informal sector is an integral component of total national economies, rather than a marginal appendix to them. . . .
2. Workers involved in the informal economy tend to have very specific characteristics that can be subsumed under the general heading of downgraded labour.

Figure 1 illustrates the structural articulation of formal and informal economic activities in Latin America. This includes marketing and production chains that link the formal and informal sectors. Examples might be the scouring of garbage dumps by informal collectors who supply scrap paper or metal to be recycled and reused by formal-sector manufacturers, or informal street vendors selling clothing, toys or small appliances made by large companies. What is clear in each case is the path through which superexploitation of labour at the lowest levels supports accumulation of capital at the top, in the formal sector. Portes and Schaufller (1993:49) tell us that “the existence of an informal market represents a vast subsidy for capitalist enterprises, insofar as it makes labor costs lower.” They note, as well, that informalization has the effect of making class positions more heterogeneous. Mitter (1986) has presented a similar discussion for the case of Britain, and we can see the process unfolding in other centre states of the world-economy.
FIGURE 1
Articulation of Formal and Informal Sectors in Latin America

A. Informal Marketing Chain

I. Light Industry
II. Middlemen/Wholesalers
III. Informal Retailers, Street Vendors

B. Input Supply Chain

IV. Formal Industry
III. Central Wholesalers
II. Paper, Plastics, Glass Local Buyers
I. Street Collectors, Garbage Dump Collectors

C. Vertical Production Chain

I. Architectural Firm
II. Principal Contractor
III. Informal Subcontractors: Masonry/Electrical/Carpentry/Plumbing
IV. Informal Construction Labourers

D. Multiple Production and Marketing Chain

I. Foreign Multinational Industry
II. Branch of Multinational Marketing Chain
III. Domestic Formal Industry
IV. Domestic Department Store, Informal Shop
V. Industrial Homemakers

I find the conceptualization of Portes and his colleagues useful as far as it goes. But I would add the perspective of the longue durée to argue that the informal economy has always been part of capitalist production. The analytical approach developed by Braudel (1977; 1979) seems particularly helpful for understanding the history of the informal economy. Braudel criticizes many social scientists, and even historians, for engaging in ahistorical analysis. For Braudel, social history must be studied as a dialectic of the long term and the short term—of the longue durée, with its “slow but perceptible rhythms”; and structural and conjunctural history,” with more rapid fluctuations and more frequent changes (Braudel, 1972:20-1). One cannot be “expert” on a particular era without knowing the roots of that era. How can we understand the role played by contemporary informalization and casual labour in the capital accumulation process without studying the antecedents? Beechey and Perkins (1987:21), for example, note that “a lot of work, especially casual and seasonal work, homework and work in service occupations, has always been done on a less than full-time basis.” And research by feminist historians shows that much of this work was done on an informal basis.

In his study of “material civilization and capitalism,” Braudel discerns that capitalist society is structured into three overlapping tiers, or floors: (1) at the bottom—everyday life, or material civilization; (2) above that—the market economy; and (3) at the top—capitalism. Rather than tiers, or floors of a building, I find it helpful to think of Braudel’s three spheres of economic life as portrayed in the Venn diagram in Figure 2. The three spheres intersect to varying degrees historically. They tend to move together as the capitalist world-economy develops, but none ever loses its identity because tensions arise from conflicting interests—interests in subsistence/reproduction, competition/exchange, and monopoly accumulation/superexploitation which emanate from everyday life, the market economy and capitalism, respectively. Everyday life may include production for consumption, production for the market, and production for capital. Some anthropologists have stressed a point too often overlooked, that not all market economies are capitalist (Hodges, 1988). As sites for exchanging goods and services, markets generally produce competition, but not necessarily unequal exchange, as they are not all oriented primarily to production for profit. Braudel (1981:24) says that in “the articulations of present-day societies” the market economy “still controls the great mass of transactions that show up in the statistics.” But Braudel (1981:23) stresses the importance of understanding the relation of the market to the other two “shadowy zones.” The zone which he calls “material life or material civilization” is found “lying underneath” what is normally seen as the market. Braudel (1981:24) describes this “infra-economy” as “the informal other half of economic activity, the world of self-sufficiency and barter of goods and services within a very small radius.”
Braudel’s (1981: 24) “second shadowy zone, hovering above the sunlit world of the market economy and constituting its upper limit, so to speak, represents the favoured domain of capitalism.” For Braudel, “capitalism” is a superlative (cf. Meldolesi, 1984). He notes the ambiguity of the term, and concludes that “capitalism is the perfect term for designating economic activities that are carried on at the summit, or that are striving for that summit. As a result, large-scale capitalism rests upon the underlying double layer composed of material life and the coherent market economy; it represents the high-profit zone. Thus, I have made a superlative of it. I may be criticized for this, but I am not the only one to have held that opinion [cf. Lenin, 1916]” (Braudel, 1977:112-3). This is a definition based on history, not abstract theory, and leads Braudel to other contentious conclusions: (1) successful capital has always benefited from “legal or actual monopoly and the possibility of price manipulation” (1982:374); and (2) the great merchants “normally benefited from the acquiescence of state and society, and were thus able regularly, quite naturally and without any qualms, to bend the rules of the market economy” (1982:401). These merchants “were friends of the prince and helpers and exploiters of the state” (1977:57). Braudel (1981:24) argues that “free competition, which is the distinctive characteristic of the market, is very far from ruling the present-day economy”. Today, as in the past, says Braudel, “the only real capitalism” is that of the multinational monopolies.

The conclusion that we can draw from the work of Braudel is that large-scale capital has prospered in opposition to and on the backs of the lower levels of the market and everyday life, both of which are home to informal economic activities. We can see, as well, that the current revival of informal economy and casual labour fits easily into capital’s
drive to renew accumulation by cutting and externalizing costs of production and reproduction of labour-power. This view complements Marx’s (1867) conclusion that capital requires a reserve army of labour. Marx and Engels’ understanding of how capitalism works and how important social change occurs is based on a thesis of social polarization. Capitalism shares this tendency towards polarization with other class-based social formations. But capitalism has its own particular characteristics. Under capitalism social polarization is based on capital’s need to exploit labour to make profits and thereby accumulate capital. This leads to social polarization within nation-states. It also leads to a global polarization between imperialist centre and dependent periphery states. But under 20th Century monopoly capitalism, profit rates have declined because of class struggles and concomitant technological changes, and societies at the centre of the world-economy experienced a relative depolarization (Drache, 1991; Ross and Trachte, 1990).

Relevant to contemporary informalization and casualization of labour, Marx argued that the reserve army of labour was necessary for capital to both maintain profits through low wages, and instill discipline into the active labour force through the threat of unemployment. Cloward and Piven (1993:26) offer an analysis of “the new class war” in the United States, in which they note “the connection between [the neo-liberal] reordering of the American class structure and the attack on welfare and, relatedly, other income programs.” To see this connection, “it is useful to remember an old Marxist idea, that the unemployed constitute a ‘reserve army of labor’ used by capitalists to weaken and divide the proletariat” (Cloward and Piven, 1993:26). In the early decades of the post-World War II era, labour’s bargaining power disrupted “the traditional relationship between unemployment and wage levels, between the supply of labor and the power of labor. In another idiom, the reserve army of labor was no longer performing its historic function” (Cloward and Piven, 1993:28).

So, with labour costs and militancy running too high, capital began to resuscitate the reserve army. In Braudelian terms, we can see that the lower levels of informal economy have been overtaken by formal commodification and the proletarianization of labour, thus eating into the high-profit zone and undoing capitalism itself. In light of this long term, the present phase of capitalism is characterized by capital’s attempts to recapture or recreate the informal economy, and thus high profits. Braudel (1981:25) himself notes that “in the wake of the economic depression following the 1973-4 crisis, we are beginning to see the development of a modern version of the non-market economy: hardly disguised forms of barter, the direct exchange of services, ‘moonlighting’ as it is called, plus all the various forms of homeworking and ‘odd-jobs.’”

Given my reading of Braudel and Marx, I offer an explanation for the current wave of informalization and casualization of labour that has four components:

1. Through class struggles coming out of the Industrial Revolution, proletarian labour had, by the 20th Century, gained rights and higher standards of living from increased wages and welfare state benefits.
2. Labour’s hard-won rights and benefits gave the proletariat strength as a class, thus impinging upon capital’s ability to dictate relations of production and maintain high profits.

3. To weaken labour and renew profitability, since the 1960s capital has undertaken a program of global restructuring which is oriented towards altering labour markets and the organization of work, and is producing a repolarization of centre societies.

4. One aspect of global restructuring, and an element in social repolarization, is the trend towards weakening full-time proletarian labour and cutting labour costs through casualization and informalization of production.

My explanation is not based on the standard view of capitalism and the proletarianization of labour. The standard view is that proletarianization of labour took off in the early modern era, and accelerated with the Industrial Revolution. Proletarianization of labour has, of course, been significant under capitalism. But I would argue that demographic proletarianization has not been as extensive as is often assumed. This fact is masked by the dominance of theories of proletarianization on Left and Right, and by the political logic of proletarianization which overtook labour markets as workers gained significant trade union rights and welfare state benefits. It is this process of political proletarianization that is most important to keep in mind if we are to better understand the workings of capitalism. Let us consider this view of capitalism’s history and how it helps us to understand contemporary informalization and casualization of labour.

**Casual Labour and the Longue Duree**

My conceptualization disagrees with common assumptions of most social scientists about the place of proletarian labour and proletarianization of labour in the history of capitalism. The common Marxian view is one based on Marx’s (1867) theoretical depiction of capitalism in *Capital*. There capitalism is presented in abstract form, with pure proletarian labour seen as the predominant form of labour under the capitalist mode of production. In this scenario, proletarianization of labour is conceived as an almost natural process—with proletarian labour coming to replace all other forms of labour. But Amin (1977), Thompson (1978) and others have criticized many Marxians for reading *Capital*, not “capitalism.” Their point is that the historical reality is much less straightforward than the theoretical assumptions allow—that capitalism has never existed in pure form. This alternate view leads to a conception of what Amin (1989) calls “actually existing capitalism,” and Wallerstein (1983) terms “historical capitalism.”

Adopting the conception of historical capitalism, I present an analysis based on a qualified acceptance of Marx and Engels’ theorizing on proletarianization, which is sometimes overdrawn for political reasons, but more nuanced in the overall corpus of their work (Lebowitz, 1992). Braverman (1974:24) captures this more nuanced sense when he states: “The term ‘working class,’ properly understood, never precisely delineated a specific body of people, but was rather an expression for an ongoing social process . . . the mark of which is the transformation of sectors of the population.” Re-examination of the his-
torical process of proletarianization along these lines can aid our understanding of contemporary informalization and casualization of labour.

There is a tendency in discussions of proletarianization to see the process as haphazard in late-feudal Northwest Europe, but then proceeding in an almost mechanical way beginning in the early modern era. It is this tendency that must be qualified in analysing actually existing capitalism. We should begin by noting that, even in the modern era, capitalist social class relations did not appear full-fledged on the scene. The mercantilist age in Europe, for example, was a long period of gestation which produced, only in the late 18th Century, any number of bourgeois and proletariat. But even with the Industrial Revolution, there remained national, regional and gender bounds on proletarian labour proper. Hence, if we define “proletarian labour” as that which is wholly dependent on the capital-wage-labour relation for remuneration/reproduction, we can agree with Wallerstein (1983:27): “If we now look at global empirical reality throughout the time-space of historical capitalism, we suddenly discover that the location of wage-workers in semi-proletarian households has been the statistical norm.” Furthermore, focus on the household economy would suggest that pure proletarian labour has never existed. For the production and reproduction of labour-power has always been based on a mix of wage-labour with non-valorized domestic, peasant and artisan labour.

Seccombe (1992; 1993) presents a good summary of literature on proletarianization from late feudalism into the modern era. While largely accepting the view that proletarianization of labour “got underway on a mass scale in the sixteenth century” and was consolidated as the norm with the Industrial Revolution, Seccombe (1992:170) notes that “proletarianization advanced by fits and starts in a highly uneven fashion,” and that in the 1860s and 1870s “it was still common to find semi-proletarian arrangements: wages taken partly in kind, putting out, family hiring, subcontracting and various forms of subsidiary domestic production.” Viewing Western Europe over the period between 1500 and 1750, Seccombe (1992:171) says that proletarianization was:

a) Mostly comprised of semi-proletarian progressions. Households maintained some land, but required supplementary wage income to subsist.

b) Incremental economic displacement was the rule; expropriation at a stroke was exceptional.

c) With mixed livelihoods the norm, the bulk of wage-earning households were generalists, surviving through ‘an economy of make-shifts.’

d) Since most work was seasonal, the labouring pool relied on combining employments, which they alternated and meshed with one another through the year. Specialization came later, in the 1750-1900 period.

e) While the main movement was off the land and into the proletarian ranks, there was a good deal of ‘eddy flow’ back to the land and into independent trades, though this declined over time, becoming much more unidirectional in the latter half of the eighteenth century.
Seccombe (1992:166-7) argues that there are two facets to proletarianization: (1) negative proletarianization, based on the labourers’ “need to secure income, via the wage, in order to obtain the means of subsistence”; and (2) positive proletarianization, based on “the employers’ prerogative to hire.” It is obvious that proletarianization under early capitalism was primarily of the negative variety. “The rising need for wage income ran far in advance of available employment throughout the early modern era. Most proletarian households were underemployed, especially during slack winter months. In the transition to industrial capitalism, chronic labour surplus and depressed wages were essential preconditions to capital accumulation” (Seccombe, 1992:172). The common view is that, with industrialization, demand for wage-labour increased dramatically and proletarianization took off. But this common perception is not without its critics, and it can be argued that negative proletarianization has always outweighed positive proletarianization.

According to Wolf (1982:358), “the term working classes first emerged around 1815.” He goes on to note the use of women and children in textile mills in the “first phase of the industrial revolution,” and then adds: “In the English mill towns around 1850 [working-class nuclear families] coped with the problems of survival by sending women and children to work, or by aggregating (‘huddling’) into larger domestic groups. In the textile center of Oldham, one-third of the mothers of children eleven years and under went to work, as did a quarter of the children themselves. . . . At the same time, people in the mill towns strove to maintain ties with kinsmen in the countryside, often with an eye toward maximizing mutual advantages” (1982:359).

Thompson (1968:211) tells us: “Still, in 1830, the adult male cotton-spinner was no more typical of that elusive figure, the ‘average working man,’ than is the Coventry motor-worker of the 1960s.” He adds, of the factory hands of the Industrial Revolution: “Many of their ideas and forms of organization were anticipated by domestic workers, such as the woollen workers of Norwich and the West Country, or the small-ware weavers of Manchester.” And, as Seccombe’s account suggests, at the end of the 19th Century there is ample evidence of casual labour and informal economy in Britain (cf. Jones, 1984). It too often goes without saying that the majority of “women’s work”—including industrial homework and domestic labour in reproduction—was not proletarian. But this work fed the accumulation of capital nonetheless. In fact, it has been forcefully argued that women’s work was an important source for the primary accumulation of capital (Middleton, 1983). The point is, of course, that much of the literature on proletarianization neglects the female half of the working class (Seccombe, 1992).

In discussing women’s work in Britain in the latter 1800s, Gittins (1986:253) notes: “Some women worked in the formal economy until they married, then withdrew and worked full-time in the informal economy as wives and mothers, often entering the formal economy for a period, or part-time, when economic circumstances within the family-household necessitated it.” In discussing the woollen industry in Devonshire in the late 1800s, Gittins (1986:252) contends: “Cottage industry prevailed until the middle of the nineteenth century, when rapid mechanization resulted in a growing consolidation of capital and a proletarianization of the workforce. The process of proletarianization, how-
ever, was not gender-neutral. It was quite markedly a process of feminization of the workforce as well. As women’s labour was both cheap and plentiful and, in this area particularly, generally lacking in opportunities, it resulted in extremely high profit margins for the local capitalists.” But, as Gittins’ own discussion shows, this was often not a full-time female proletariat.

Feminist studies of British industrialization reveal the limits to proletarianization. Most explicit are recent studies which consciously aim to give us a view of the totality of women’s experience in formal and informal work, in the labour market and the home. These studies support two important conclusions: (1) women have consistently been active in (formal and informal) economic activities—without which working-class families could not have survived; and (2) many of these activities were not what we could classify as formal proletarian labour. Nevertheless, they are activities that contributed both directly to the accumulation of capital, and to the reproduction of proletarian labour per se. John (1986:3) explains why women’s work has often been missed by economic historians: “Many of the generalized categories used to define and describe employment—full-time/part-time, rural/urban, heavy/light, indoor/outdoor, adult/child—are inadequate, inappropriate and sometimes misleading when applied to women’s experiences. Women frequently slipped in and out of such polarities, much of their work being casual and seasonal (such as hay-making, hop picking, market gardening or a temporary resort to prostitution). For married women in particular it might not even be perceived as employment since it did not necessarily involve going out to work.”

The varied activities through which women have helped their families to scrounge for livings have continued right into the 20th Century. Roberts’ (1986) study of “women’s strategies” from 1890-1940 reveals that, throughout the period, many working-class women struggled to find the means to feed, clothe, and house their families. Their husbands’ wages alone were not sufficient to do this, and so they had to find ways to both supplement their incomes and to spend them as economically as possible. Roberts goes on to note that, for the working-class woman, the public and private spheres of life are interrelated. Working-class women have been engaged in both productive and reproductive tasks, so the lines drawn between the so-called public and private spheres of life blur. And the wages of both husbands and wives who work in the public sphere are intended for the family and the home.

It is commonly acknowledged that industrializing capital in Western Europe set up factories outside urban areas, and relied on cheap rural labour reserves to reproduce urban labour forces. But histories of the development of capitalism in Europe and throughout the world-system are also replete with accounts of how capital has variously been forced or chosen to make use of non-proletarian labour, both for production of commodities and for the production and reproduction of labour-power (cf. Cohen, 1987; Corrigan, 1977). So, in its spread throughout the globe, capital has had to accommodate itself to some extent to pre-existing social formations. This itself has made proletarianization a contradictory process. But it has also been a contradictory process because capital has not always been the foremost supporter of proletarianization. Seccombe (1992:173) notes: “Capital reaped
continuous profits from semi-proletarian arrangements, developing a vested interest in their maintenance, which was subsequently difficult to surmount in the eighteenth and nineteenth centuries.”

Wallerstein (1983) is obviously correct, in reading the historical record, to say that fully proletarian labour has not been the norm—especially in global terms. It is only in the developed capitalist countries in the period since the 19th Century, and especially in the two decades of economic boom following World War II, that we have witnessed anything like a full-time proletarian labour force. Proletarian labour has always been awash in a sea of non-proletarian labour. In other words, we should never accept the proletariat as an accomplished fact, but as the embodiment of an historical process.

Despite the extensive and intensive growth of the capitalist world-economy, Werlhof (1988:171) contends: “Eighty to ninety percent of the world population consists of women, peasants, craftsmen, petty traders, and such wage laborers whom one can call neither ‘free’ nor proletarian.” Her conclusion is that, not the 10 percent of “free wage labourers,” but the 90 percent of non-wage labourers have always been the “pillar” of accumulation throughout the world-system. It is this norm to which we are apparently returning. Tabak (1996:114) notes: “The rise in overall wage employment notwithstanding, a combination of falling/stagnating real wages and declining ‘regular’ wage employment has significantly reduced the full-time wage component of household income since the late 1960s.”

In historical terms, then, it seems appropriate to refer to a recasualization of work and revival of informal economic activities in the centre. For, while capital might make new uses of them, part-time work, contract work, self-employment and the informal economy to which they are articulated are not really new. These forms of work can be found throughout the history of capitalism and have constituted the majority of women’s paid work, even in the centre (cf. Mackenzie, 1986). Recasualization means that former proletarians are being pushed into the informal economy. Over a decade ago von Werlhof (1988:171) argued: “So far, in the debate on [the informal economy], the fact that there is nothing new about it is deliberately ignored. ‘New’ is only that now it is becoming the ‘alternative’ for the ex-proletarians, which is why it is of interest. That interest is, as always, one-sided; the problem has been approached from the wrong end.” In a sense, revival of the informal economy is simply one means for capital to recreate sources of cheap labour in an urban wage world.

My contention is that the standard account of proletarianization is based on a linear, not a dialectical view of history. The process of proletarianization has always been fraught with contradiction. As continuing evidence of this contradiction, while there may be a sort of deproletarianization in the centre, recent trends have served to expand “global proletarianization” (Barkin, 1985). Overall, according to Waterman (1988:293): “We thus get proletarianization without the creation of a classical proletariat, de-industrialization and de-proletarianization, peasantization and re-peasantization, etc. The processes of capitalist
internationalization create and recreate intra- and inter-state differentiation, insecurity, and competition.”

While the commodification (proletarianization) of labour-power may provide capital with a readily-accessible labour force, Hopkins and Wallerstein (1982:68) tell us that “the proportion of the costs of reproduction borne by the ‘employer’ or ‘market purchaser’ per unit of labor-power utilized is significantly greater in the case of life-time than of part-life-time proletarian households.” Consequently, from the point of accessibility of labour, proletarianization may be positive for capital. But for reasons of cost, complete proletarianization would be negative. According to Frobel (1982:534): “For capital, what is important is that the reproduction of labor-power is subsidized externally . . ., which consequently allows the super-exploitation of labor-power.” Arrighi et al. (1983:288) note: “Capitalist production . . . is seen as a process that tends to reduce the value of labor-power (its real cost of production) and simultaneously to undermine the bargaining power of its possessors, so that the advantages of the reduction of labor’s costs of reproduction tend to accrue entirely to capital.”

Given the above reading of history, Wallerstein (1983:36) concludes: “One of the major forces behind proletarianization has been the world’s work-forces themselves.” While fully proletarian labour may not be cost-effective for capital, it is so for labour—providing the level of remuneration gives a decent standard of living. These two things, proletarianization and high wage-rates (and the struggle for them) are intertwined. If the labouring household cannot draw on non-proletarian forms of income, and capital is not blessed with a reserve pool of labour (the unemployed and underemployed), then capital must bargain with labour over the price of labour-power. If the labouring household is reproduced by recourse to other than fully proletarian labour, if commodities are produced by other than fully proletarian labour, and/or capital can avail itself of a reserve army of labour, then capital can bargain from a position of strength. If, on the other hand, these conditions do not obtain because labour is relatively proletarianized and—an important proviso—the economy is booming, labour can bargain from a position of strength. Radical and non-radical economists alike recognize that labour is more costly in times of “labour shortage” (cf. Meldolesi, 1985:30,33).

In short, full proletarianization puts the onus on capital to reproduce its labour force. Thus, given optimum economic conditions, it benefits labour in its struggle for better living and working conditions to advance proletarianization—recognizing, of course, that labour’s strength is also dependent on cultural, ideological and political factors. And while historical struggles of the working class did promote demographic proletarianization, more important was that these struggles gave Western labour markets their proletarian political logic, as workers organized to gain rights and benefits (including recognition of the so-called family wage structure, which had mixed results for women). With increased bargaining power, workers exacted a social democratic compromise, sometimes called Fordism (Gramsci, 1936), which increased costs of production and placed limits on capital’s control over labour markets and labour processes.
As noted above, the extent of proletarianization and the gains of workers in the centre over the last century, and especially in the first couple of decades after World War II, have pushed capital towards new strategies for increasing exploitation and breaking the militancy of labour. These strategies have resulted in what the Canadian labour movement, for one, calls “the corporate agenda.” This agenda includes the economic restructuring process that has come to be called “globalization,” and neo-liberal social policies which entail a dismantling of the Keynesian welfare state (Teeple, 1995). In fact, Western business leaders and politicians explicitly refer to trade union rights, labour regulations, and welfare state benefits as “disincentives to work.” The corporate agenda is to remove these so-called disincentives, shifting from a proletarian logic back to a casual logic of labour markets. This is what the promotion of “flexible labour markets” is all about, and what is implied in the casualization of labour.

Deja vu—The Contingent Economy

We noted above that trends in formal economic activity are interrelated with trends in informal economic activity. The latest discussions of labour market transformation have focussed on the growth of what is called a “contingent economy,” with its “flexible” or “non-standard” labour forces. Following from my previous discussion, I would argue that such terms only serve to deflect attention away from the capitalist essence of the changes taking place, and the place of casual labour in the history of capitalism. Let us consider how the “new” casual labour force is articulated with capital accumulation processes.

Corporations are trying to cut costs and reassert control over labour forces by “downsizing, which is a euphemism for laying off workers. This is one part of the shift to “flexible production” (Harvey, 1989). The structure of the so-called flexible labour market is one which shifts more and more components of production from the individual firm to series of suppliers, as depicted in Figure 1 above. This is occurring in both goods and services production. In the drive to lower overhead costs, large companies, called “core” companies, are now contracting out much of the work that was previously done “in-house.” As a result of downsizing by core companies, there has been a rapid growth in numbers of those so-called “peripheral” workers, who are employed by contractors or hired on a temporary basis by core firms. Figure 3 depicts the resurgent casual labour market as a series of concentric circles (cf. Atkinson, 1984:6). At the center are the full-time paid employees—the core workers. Just outside the core are the casual workers of the contingent economy—the part-timers, self-employed and temporary workforce. These workers may be hired directly by the core company, or contracted by smaller companies. A sign of the rapid growth of this casual workforce is that the largest single employer in the United States today is a company called Manpower (sic) Incorporated, which contracts its employees out to companies in goods and services producing industries (Parker, 1994).

The third ring in Figure 3 reflects what is called “geographical outsourcing” to the Third World. Since around 1970 there has been an increase in the number of plants shutting down in the First World and setting up operations in the Third World to take advantage of
low-waged, non-union labour forces and lax labour and environmental regulations (Broad, 1995a). Frobel (1982:535-8) notes the confluence of three conditions which have allowed a deepening globalization of production and permitted capital to regain its bargaining strength vis-a-vis labour:

1. On the world scale an almost inexhaustible reservoir of potential labor-power. . . .
2. The technologies and the organization of the labor-process for the purposes of decomposing complex production processes into elementary parts. . . .
3. Techniques of transport, communication and data processing allow industrial production to be located and managed to an increasing extent irrespective of geographical distance (cf. Frobel et al., 1980: 34-7; Vuskovic, 1980).

FIGURE 3
The Casualization of Employment
This presents capital with a world-wide reserve army of labour and a world market for labour-power and production sites. The actual extent of plant shutdowns and relocations is probably less important than the potential for capital. The consequence is that workers throughout the world-system can increasingly be played off against each other by capital (Frobel, 1982:539).

Following the post-1960s deindustrialization of older high-wage areas, Mitter (1986) contends that center states of the world-economy have recently witnessed a “return of the runaway shop.” With high levels of unemployment and underemployment, unions weakened and wage scales lowered in some old industrial areas, transnational capital sees conditions more propitious for accumulation in the center. Global restructuring has had the combined effect of expanding capital’s global reserve army of labour, and seeding moves toward state authoritarianism and superexploitation of labour in the centre. Unions see capital’s promotion of part-time work, for example, as a form of union busting. Most casualized work is non-union, low-wage work. And, though forms of casual work may not be necessary or feasible in all areas of the economy, casualization is a central ingredient in the attack on labour’s strength. For the ultimate goal is to restructure the labour market as a whole, so that capital can bargain from a position of strength, and thereby increase profits (MacEwan, 1989). Thus, the onus for production and reproduction of labour-power is being returned to workers and their families (Corrigan, 1977). As already suggested, our gaze is recast on the household economy, where we see the articulation of various forms of proletarian and non-proletarian labour, and of the formal and expanding informal economies.

We have seen that global outsourcing reaches into the growing informal economy, providing both goods and services to the formal economy. This is occurring in both centre and periphery states of the world-economy. For example, there has been a long history of industrial homework in the textile industry. But in recent years homework has spread to electronics assembly and data processing. Researchers have noted a resurgence of homework throughout the West, in both new and old industries. And with the growth of “telework,” made possible by the new communications technology, a whole range of service work is now open to homeworking. This work can be part of the formal or informal economy but, either way, provides employers with an important source of casual “on-call” labour. Of course, given the lack of available child care and the continuing social expectation that family responsibilities belong to women, the majority of industrial homework is done by women.

Perhaps the most obvious growth of the casual labour force in centre states of the world-economy is found in part-time work. In many industrialized countries part-timers now make up 20 to 25 percent of the formal labour force. Recent data on the growth rates of full-time and part-time employment in member-countries of the Organization for Economic Co-operation and Development (OECD) show that growth rates for part-time employment have greatly outpaced those for full-time employment (de Neubourg, 1985; ILO, 1989; ILO, 1992). There are, of course, national variations, with countries of southern Europe, for example, experiencing relatively low rates of formal part-time work (less
than 10%). But in other cases, such as France, West Germany, Sweden and the United Kingdom, full-time growth rates have been negative. According to the International Labour Organization (ILO), roughly 60 million people now work part time in the industrialized countries. “One out of every seven workers in the industrialized nations holds a part-time job, most of them women and many without the benefits or protection given to full-time employees.”13 We see these trends clearly if we look at the paradigmatic cases of capitalist development—Britain and the United States.

British authors discuss various modes of casual employ being used by capital to lower production costs and reassert control over the labour market and the labour process (Mitter, 1986; Allen and Wolkowitz, 1987). Mitter (1986) discusses a concomitant casualization and rise of what she calls a “new proletariat,” in both new and old areas of the formal economy. This new proletariat is primarily female, and is largely casual. As in other Western countries, many women in the British service sector work part-time. More than one in five workers in Britain are part-timers, over ninety percent of whom are women. Part-time work has increased steadily in the post-World War II British service sector, along with women’s labour force participation. But with the 1970s and 1980s economic crisis there came “moves on the part of many employers to restructure their labour processes” (Beechey and Perkins, 1987:30). With these moves, part-time work became one of a number of modes of casual employ used by capital to achieve a more flexible labour force.

Along with part-time work, there has been a significant increase in short-term and temporary contract work throughout Britain. And there has been an increase in homeworking, or domestic putting-out work in the British economy, in labour-intensive clothing and toy manufacture, but also in more capital-intensive work. In areas like textiles, homework is like a glimpse back into the early Industrial Revolution. And in electronics, it is hardly the glamorous post-industrial “electronic cottage” that people like Toffler (1980) describe. The reality for many of today’s homeworkers better fits Marx’s (1867:595) analysis of “so-called” domestic workers in the 18th Century clothing industry, whom he described as “an external department of the manufacturers, warehouses and even of the workshops of smaller masters.” Marx noted the superexploitation and vulnerability of workers in these positions, and contemporary researchers note the same conditions for modern homeworkers, showing as well how homework is integral to capitalist production, and to the current phase of capitalist restructuring (Allen and Wolkowitz, 1987; Philipackeal and Wolkowitz, 1995).

Contrary to the notion that automation will improve workers’ lives, so far “the impact of NT [new technologies] has been more pronounced in the casualization of work than in bringing automation” (Mitter, 1986:22). Ironically though, “women are getting more jobs because, with the advent of NT, most jobs are becoming ill-paid, insecure or part time” (Mitter, 1986: 22). Looking at Britain, Mitter (1986: 139) says we see “the Third World in the midst of the First,” with expansion of flexible and casual work, and the emergence of an acutely polarized labour market.
In the U.S. labour market as well, there has been an increased use of part-time and other forms of casual labour in the formal economy in recent years. The proportion of part-timers in the U.S. labour force has been steadily rising over time, with over one in five U.S. workers now employed part time (McKie, 1992). “In addition to sectoral shifts in employment, work itself is being restructured. Part-time, homework, temporary, and other forms of ‘cost-free’ labor are replacing traditional employment in both service and production. Such forms account for the expansion of employment in the United States” (Kolko, 1988:312-3).

The ranks of the U.S. casual labour force, including leased and temporary workers, involuntary part-timers, employees of subcontractors, and home workers, grew from 8 million in 1980 to 18 million by 1985 (Harrison and Bluestone, 1988:45). Involuntary part-time employment in the United States grew by 121 percent between 1970 and 1990 (Yates, 1994:17). Between 1982 and 1990, temporary employment, including workers leased by employee-leasing companies, grew by 300 percent to total 1.3 million people in the United States (Parker, 1994). As in Britain, in the United States we find an increased use of “the old technique of homework and sweatshops, made possible by an increase in the number of illegal immigrants” (Kolko, 1988: 314). The evidence shows that the increase in informal and casual labour is tied to global restructuring and the hollowing of U.S. industry. Moreover, “the corporate benefits of substituting temporary, leased, and part-time workers for regular, full-time employees are not restricted to bad economic times” (Harrison and Bluestone, 1988:45).

Kolko (1988) relates the increase in part-time and temporary work to the expansion of the reserve army of labour. Indeed, these trends appear to be part of a program for “zapping labour,” as publicly enunciated by President Nixon’s assistant secretary of labour, Arnold Weber, in the early 1970s (Harrison and Bluestone, 1988:51). In this context it becomes obvious how casual labour is useful to capital for cost cutting, union avoidance, and union busting. It is all part of the corporate agenda and state neo-liberalism which, since the early 1970s, have brought about what Harrison and Bluestone (1988) call a “great U-turn” from the mid-20th Century Fordist social compromise between labour and capital.

Against employer opposition, trade unionists were recently successful in negotiating an ILO convention on international labour standards for homework. “Companies are energetically hostile to having any formal agreement at all, and to this one in particular” (Johnson, 1997:21). According to Alex Dagg, of the Union of Needletrades, Industrial and Textile Employees, employers “want continued unfettered, unregulated access to workers, and they’ll go to just about any length to keep it” (Johnson, 1997:21). As if to confirm this, employer spokesman Alan Wild makes the standard business claim that the ILO convention and other regulations will impede job creation, but then adds “that a convention will drive homework underground” (Johnson, 1997:21).

Profiles of the growing casual labour market throughout Western countries reveal the links between part-time and other sorts of casual work and the larger pattern of structural change in the economy. This casualization of labour is intimately tied to the degradation
of work and the feminization of work, all of which figure prominently in current economic restructuring. Contrary to the best scenarios of theorists of a post-industrial utopia, Allen and Wolkowitz (1987:181) contend “that casualized employment does not constitute a solution to economic recession, but is in fact one of its symptoms.” Even the Economic Council of Canada, hardly an institution given to criticizing the prevailing capitalist economic system, finds more “bad” than “good” jobs being created, both in terms of skill content and wages (ECC, 1990). The prospects for many workers appear to be for casual, at best semi-skilled work, and declining standards of living (Menzies, 1996).

The ILO “estimates that 30% of the world’s labor force of about 2.5 billion people is either unemployed or underemployed,” and expects the situation to worsen. So with continuing high rates of unemployment and underemployment, working class households find themselves resorting to the historical practice of dipping into the informal economy (Pahl, 1984). The growth of work done “off the books” is apparently sufficient to make government finance ministers concerned that they may be losing tax revenue. But this does not stop governments from aiding and abetting capital’s agenda of reasserting its control over labour. The corporate assault has, in fact, been so successful that Sivandan (1990) contends capital has emancipated itself from labour. I would qualify this to say that, with recasualization and informalization of work, capital has gone a great distance in emancipating itself from proletarian labour.

W(h)ither Capitalism?

Our journey through space and time leaves us with two significant conclusions about the informal economy. The first is that, while some forms of informal activity and casual labour may appear new, their historical essence has not changed. Second, this essence is largely determined by the articulation of informal activities to the formal economy in supporting the capital accumulation process, both through productive activities and reproduction of labour-power. In this sense it may even be a misnomer to refer to “the informal economy.” These conclusions are important with respect to the debate over the role of the informal economy in promoting economic renewal, especially in the form of a call by some for expansion of the “social economy.” But to deal with this problem, we must consider whether the current informalization of production is simply part of economic responses to a cyclical downturn in capital accumulation, or part of a longer-term historical transformation.

We noted above that the informal economy and use of casual labour often increase in times of economic crisis. This has been noted of previous periods of economic crisis (Gerry, 1987; Jones, 1984), and is obvious in the post-1973 economic crisis as well. Families have been pushed to seek alternate means of securing their livelihoods, and capital has been seeking ways to cut production costs and increase productivity to renew accumulation. This has been a pattern of 50-60 year Kondratieff cycles, where the B-phase, or downturn, has constituted a period of cost-cutting and restructuring that has laid the basis for renewed accumulation in the next A-phase upswing. But there are reasons to
suggest that we are living in a period which entails more than cyclical downturn and economic adjustment (Hopkins and Wallerstein, 1996).

World-systems analysts have distinguished between cyclical rhythms and secular tendencies of the capitalist world-economy. Hopkins and Wallerstein (1982:104) note three secular tendencies in particular: (1) external and internal expansion of the system; (2) proletarianization of labour; and (3) mechanization of production. But Wallerstein (1983) has also suggested that these tendencies meet their asymptotes as the system reaches maturity. Not only are there total limits to which the tendencies can go but, as has been argued in this paper, capital needs virgin territory, so to speak, to allow space for cost reduction and restructuring. In fact, where that space has become limited, capital seeks to recreate it. This is what all the current discussion of economic "flexibility" is about, and is the essence of our account of the revival of informal activities and recasualization of labour.

Hopkins and Wallerstein (1996) and their colleagues have examined cyclical rhythms, hegemonic cycles, and secular tendencies of the capitalist world-system, and determined that there are sufficient signs in the post-World War II period to indicate that we are witnessing a systemic crisis of world capitalism. It would appear that important secular tendencies have now reached their asymptotes. In this sense, we might suggest that growth of informal economic activities is itself part of the systemic crisis, and a double-edged sword for capital. But this should not surprise us if we follow Marx and Engels’ account of capitalism as an inherently contradictory system.

Henry (1987) has provided an analysis of the informal economy that takes exactly this position. He notes how informal activities both support and undermine capital accumulation. We have already discussed how informal activities support capitalist production. But Henry also argues that there is a dialectic of mutual destruction of formal and informal economies through coalescence and opposition. Henry’s notion of destruction through coalescence fits our discussion of the tension between the three interrelated spheres of economic life depicted in Braudel’s schema. Henry (1987:150) remarks, for example, that while “the domestic economy facilitates capitalism,” it has also “been a prime candidate for undermining from the wider matrix of capitalism.”

As for opposition, Henry (1987:149) says one “illustration of the generation of contempt for capitalist institutions is the growth of self-help groups” in the informal economy. Informal economies develop social networks that contain “communal, social, and intimate strains” that are “founded in part on a network of altruistic and balanced reciprocity” (Henry, 1987:152). While informal activities further the exchange of goods and services, they also present a counterforce to the individualistic and commodity fetishized relations of capital accumulation. Given this contradictory character, Henry (1987:153) argues that informal economies “might best be described as semi-autonomous parts of the capitalist whole.”
Returning to our discussion of the maturation of capitalism's secular tendencies, we can see the possibilities for expanding informal activities in opposition to capitalism, providing we remain cognizant of their potential for supporting capitalism as well. Neo-liberal writers and politicians have certainly been active in promoting the latter, claiming "that the irregular economy of work off-the-books is actually indicative of the spirit of capitalism" (Henry, 1987:147). De Soto (1989) argues that the informal economy can play a positive role in promoting entrepreneurship, and this is true, but writers like de Soto tend to misconstrue the true nature of the capitalist world-economy. Economists and politicians influenced by neo-liberal ideology tell us that "small business is the engine of capitalist growth." In reality, this is not true (Baran and Sweezy, 1966; Harrison, 1994), and never has been (Braudel, 1977; 1979). Small businesses in both goods and services production are very dependent on large monopoly corporations and governments which purchase their products, and on the employees of these large organizations as consumers. This leaves small producers in the formal and informal economies in relatively powerless positions, especially in a world-economy dominated a few large transnational corporations and their de facto executive institutions—the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO). While authors like de Soto are not wholly unaware of this reality, they tend to be overly optimistic about promoting informal activities against "the new mercantilism."

In terms of the world of work, as well, current research suggests that, despite the rhetoric, there is little space within the so-called flexible production system for creating disalienating working arrangements (Rinehart, 1996). Literature in the sociology of work is rife with accounts of how "quality of working life" (QWL) and "teamwork" arrangements, using the latest in computers and robotics, can improve working conditions and productivity (Bell, 1973; Drucker, 1993). For those working outside the core corporations we are presented with a utopian image of a liberated life in the "electronic cottage" (Toffler, 1980). But evidence from the trenches reveals that basic exploitative capital-labour relationships remain unchanged. Those engaged in industrial homework appear to be the most exploited of all (Dangler, 1994; Leach, 1993). And superexploitation of formal and informal workers continues as the hallmark of Third World capitalism.

With regard to proposals for promoting the so-called social economy as a way of advancing down the non-capitalist road, we must also sound a cautionary note. We know that the informal economies of everyday life have played an historical role in provisioning families. Contemporary authors have also noted the role that informal activities are playing today in serving social welfare needs throughout the world. An emerging suggestion is that, if only the informal, unpaid, and volunteer activities of community members could be harnessed and co-ordinated, we could create a social economy beyond the formal market to employ people and better satisfy human needs. Often this social economy is seen as acting alongside the capitalist market. But the historical legacy of capitalism should make us suspicious of the latter option, given that capitalism has been very successful at incorporating "non-capitalist" forms of production. Henry (1987:147) notes that neo-liberal politicians have used the growth of self-help and mutual-aid activities as an
excuse for off-loading and cutting back state welfare services. So, what are the possibilities of using the informal economy for building a social economy beyond capitalism?

A popular recent text that explores options of an expanded role for the social economy is Rifkin’s (1995) The End of Work. Rifkin’s main theme echoes what many commentators have been observing about the formal world of work for the last few years. With globalization and technological change leading to downsizing and the shedding of labour, we are witnessing the end of work as we know it. Not only are many people’s needs not being met through the formal economy, but with unemployment, underemployment and increased social polarization, more and more people seem to be marginalized from the formal economy. So, why not construct new economic arrangements that will match all of the underutilized or informally-utilized human resources to better fulfill our social needs? Rifkin (1995:239) suggests that people’s volunteer time and energies be “directed toward rebuilding thousands of local communities and creating a third force that flourishes independent of the marketplace and the public sector.”

Now, there is nothing wrong with the sentiment behind this proposal. Recall that Marx and Engels talked of how the new society is born in the womb of the old. But Marxian theorists have also emphasized that building a new society requires a fundamental or revolutionary rupture with the old social and property relations (cf. Davis and Stack, 1993). The downfall of proposals by Rifkin and others is that they do not see the social struggle entailed in confronting current power structures to replace the social relations of capitalism with egalitarian ones, but rather seem to assume that a social economy can be built alongside capitalism. Henry (1987:148) argues that this sort of “preference for a ‘complementary network’ strategy involving a deliberate policy of state encouragement and support for the informal sector seems politically naïve.”

The idea that we can build co-operative social relations alongside capitalism and eventually push capital aside seems equally utopian when we consider the historical record. There appears to be studied ignorance of the true nature of capitalism. As the capitalist market comes to dominate and penetrate more and more areas of life, Rifkin (1995:238), for example, refers to a “shrinking role of the market” in coming decades. This view is, of course, based on an artificial separation of formal and informal economies, not recognizing the ways in which capitalism reaches into the informal activities of everyday life. Thus we proffer Braudel’s schema, outlined above, which accounts for the ways in which the three spheres of capitalism, the market, and everyday life intersect. This we see as the starting point for understanding not only the articulation of structures and processes of the world-system, but also for conceiving the need to disarticulate everyday life from capitalism if we are to create a society in which we can break down the exploitive and oppressive social relations endemic to capitalism.

Against a debate which has focused on a perceived “farewell to the working class” (Gorz, 1980), I have developed the argument in this paper that we are not witnessing an end to the working class, or to work, but a transformation of work through processes of informalization and casualization of labour (Mitter, 1986). And we are not entering a post-
market or post-capitalist era, but a return to the norms of historical capitalism (Braudel, 1979; Mies et al., 1988). Unless we recognize that we are still dealing with capitalism, with all its warts and blemishes, we cannot develop strategies for moving to a more humane social order.

To affirm that alternative strategies are possible, we should emphasize the historicity of social relations and social systems. No state of social affairs should be taken for granted. While I have argued that our current era is not one of post-capitalism, the signs of capitalist contradiction are everywhere to be seen. In fact, the important point to be taken from our discussion of casual labour and informal economy is that capitalism can never obtain in reality as the theoretically closed system many authors assume. This means that there will always be space for building alternatives. And we are currently experiencing a time of social flux which could be most propitious to articulating such alternatives. Wallerstein (1996:243) argues that we are in a period of systemic chaos. He adds: “To be sure, after systemic chaos will come some new order, or orders. But here we must stop. It is not possible to discern what such a new order would be. It is only possible to assert what we would like it to be and struggle to make it so.”
NOTES

1 Ferman et al. (1987:157) list some thirty-odd terms used to denote informal economic activities. This variety leads writers like Henry (1987) to speak of informal economies, in the plural.

2 See also the special issue of The Annals of the American Academy of Political and Social Science on “The Informal Economy” (The Annals, Vol. 493, September 1987). Some authors distinguish the “informal economy” from the “criminal economy.” The former is seen as economic activity that is also carried out in the formal economy under state regulation. What is illegal about informal work is that it is kept hidden from such regulation. Thus the work per se is not illegal, but the act of evasion is. Criminal economic activities, on the other hand, include such things as larceny, robbery, burglary, auto theft, fencing of stolen goods, loan shark ing, prostitution and drug dealing, which are defined by the state as illegal acts in themselves (Henry, 1988:32).

3 This is one important gap in research on the informal economy identified by Ferman et al. (1987) that still requires more attention.


5 On the relationship between Marx and Engels’ historical materialism and Braudel’s historical method, see Aguirre Rojas (1992).

6 We see this happening in other Western countries as well, with the government assault on income support programs, including unemployment insurance benefits.

7 There has been a growth of similar feminist histories of other Western countries. Cohen (1988), for example, presents a most interesting study of Canadian women’s history.

8 So-called globalization is based on what some have called a “new international division of labour” (NIDL) (e.g., Frobel et al., 1980; Ross and Trachte, 1990). There is a good deal of debate about how “new” the whole process really is (see, e.g., Chase-Dunn, 1984; Petras, 1978, 1981; and recent issues of Monthly Review). I see recent trends more as a “deepening” of capitalist production than a qualitative shift (Broad, 1995b).

9 This leads some authors to note a “return of the runaway shop” (Howe, 1986; Nash, 1984).

10 See, for example, Allen and Wolkowitz (1987); Dangler (1994); Fernandez (1989); and Phizacklea and Wolkowitz (1995).

11 For further discussion of this, see Meiksins (1996), who notes that while not all homework is degraded labour, its main growth is in the least attractive occupations.

12 In their study of part-time work in Britain, Beechey and Perkins (1987) note that much of the growth of part-time work in the 1950s and early 1960s can be attributed to labour shortage in certain sectors. But since then, the increase in part-time work has become tied to economic restructuring (Duffy and Pupo, 1992).


14 See also the informative studies by Dangler (1994); Petras (1992); and Sassen (1991).


16 See Meiksins (1996); Menzies (1996); Parker and Slaughter (1994); Rosenfeld (1993); and Wells (1987).

17 See Brecher and Costello (1994); Mitter and Rowbotham (1994); Moreau (1991); and Smith et al. (1992).

18 We see this problem, as well, in recent proposals for promoting “corporate citizenship” (Ireland, 1997).

19 Observers like Rifkin (1995) seem to recognize this, but their notion of appealing to political elites to cultivate the voluntarism of the social economy reveals a misunderstanding of the class-related exploitation inherent to capitalism, and of the role of state power in ensuring that exploitative relationship (cf. Henry, 1987).


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