

Labour, Work, and Informality: Global South-centric perspective

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Identifying eurocentrism in economics

Euro-centrism

Metaphorical, instead of geographical, Europe.

Europe representing the imagined essence of capitalism

Endogenous capitalist development

Underlying processes of colonialism, and **embedded contradictions** that have marked the process of capitalist development have been written off – and displaced by one of organic unfolding.

Norms and aberrations

Processes and sites that do not mirror the Eurocentric-vision of capitalism are written off as aberrations that need to be corrected.



Eurocentrism in theorizing of labour and work

Development as capitalist transition

A less developed economy defined by a co-existence of a large **traditional** / informal / non-capitalist and a smaller **modern** / formal / capitalist segment (Lewis, 1954).

A developed economy as homogenously capitalist.

Process of development as a transformation of the economic structure along the lines of the 'advanced' capitalist economics.

Common history that produced the two states displaced to project a **linear teleological** understanding.

Welfare of labour linked to this transition

Through this transition, labour was expected to be absorbed in the 'modern' segment as wage worker.

This was expected to be associated with an increased welfare of labour.

Mainstream theories of labour market focus on labour market tightening to increase the bargaining power of workers.

Fordist period as the imagination

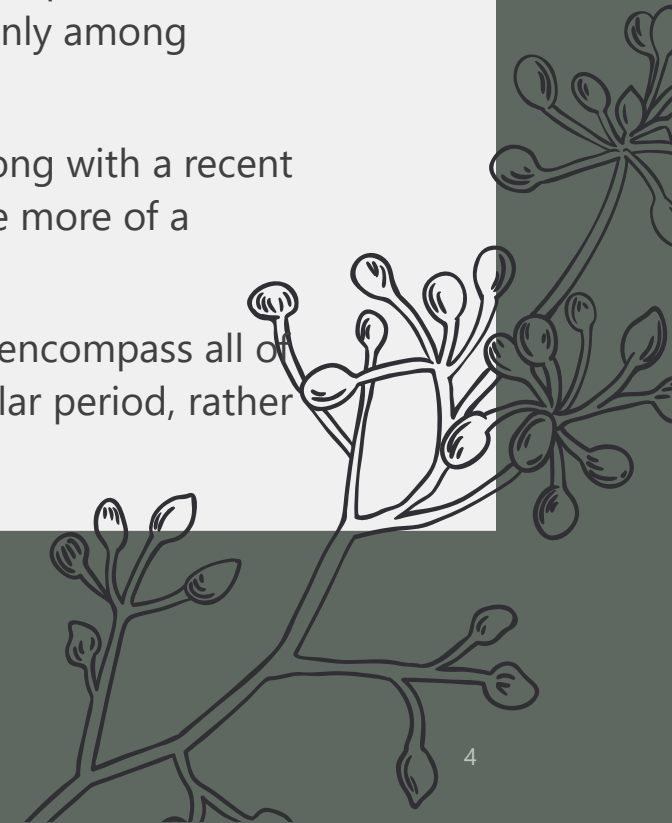
Post War period of global capitalism was marked by secure labour relations with labour being absorbed in the capitalist segment as wage workers.

Period marked by wages being linked to rising productivity, along with a high rate of labour unionization.



Cracks appear in this imagination

- By 1970s, this imagination was no longer steady or focussed in the global South or the global North.
- **Global South:** a significant proportion of the working population continued to derive livelihood from the traditional non-capitalist segments; moreover, the rise in wage work was also mainly among informal wage work.
- **Global North:** increased precarization of wage work, along with a recent rise in platform and gig work – Fordist work has become more of a chimera than a norm.
- Even prior to the 1970s – secure wage relations did not encompass all of the Global North and were a specificity of a very particular period, rather than being a norm.



Some illustrative trends in world of work

Table 2 Employment type within sector (percent)

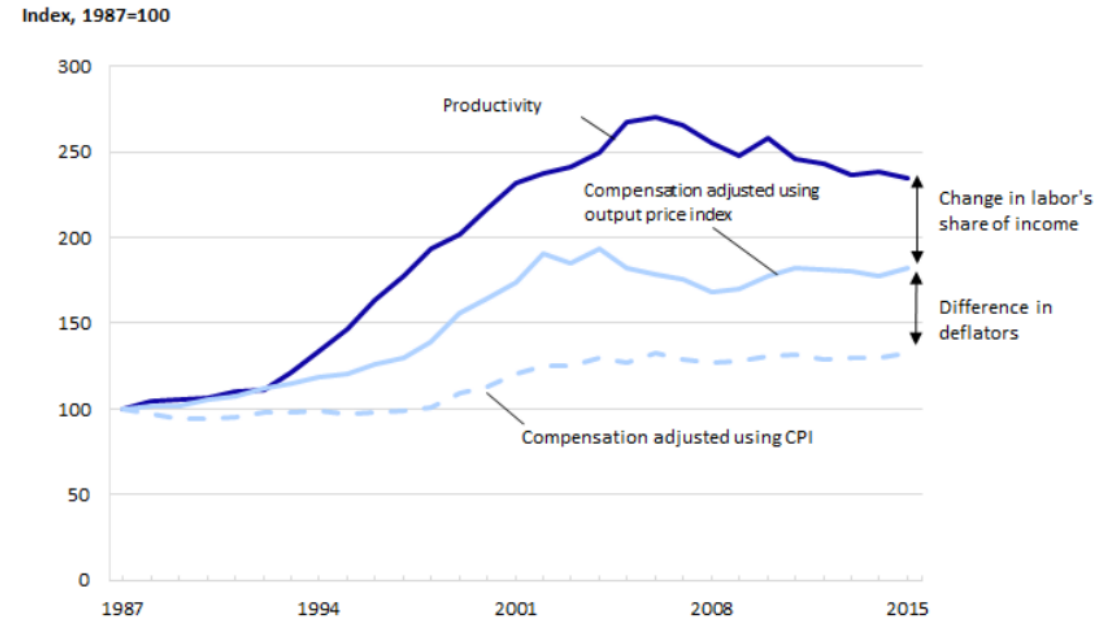
Type of worker	Unorganised sector		Organised sector		Total	
	2011–2012	2018–2019	2011–2012	2018–2019	2011–2012	2018–2019
Own-account	43	41	3	2	33	31
Unpaid worker	10	6	1	0	7	5
Employer	2	3	1	2	2	2
Regular wage	21	25	72	80	34	39
Casual wage (public)	1	0	3	3	1	1
Casual wage (private)	24	25	20	13	23	22

Source: NSS-EUS and PLFS. As per usual principal status of employment. Organised sector refers to enterprises employing 10 or more workers

India

Basole (2022)

Chart 4. Productivity-compensation gap in the power generation and supply industry, 1987–2015



United States of America

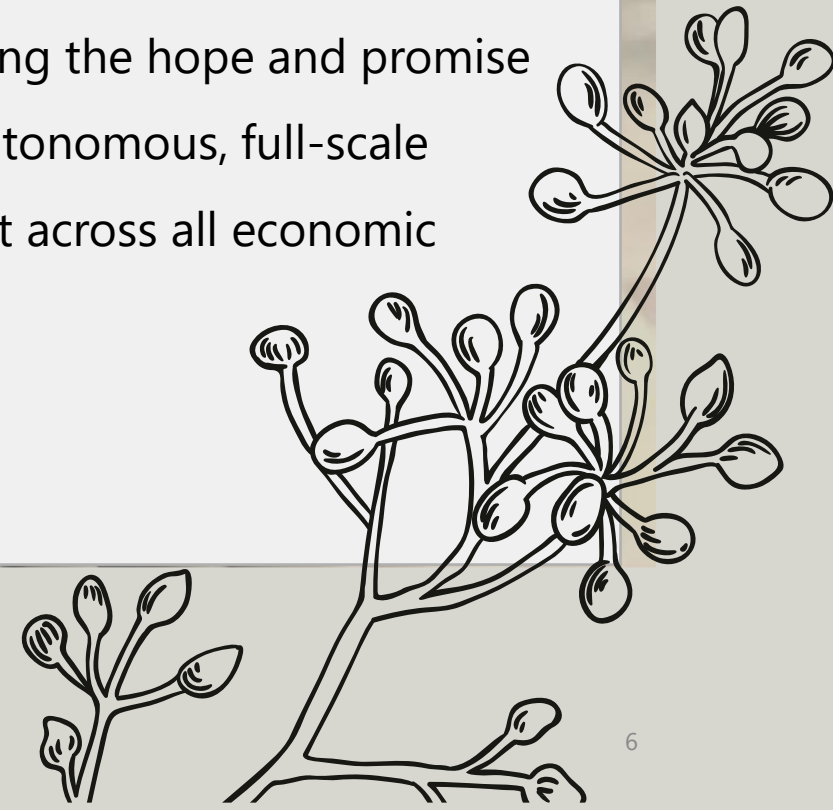
South-centric lens

Displacing the endogenous unfolding of capitalist development

Centrally embed the colonial encounter to:

- displace the teleological notion
- identify the contradictions that mark the process

Conventional economic theories since Adam Smith have invisibilized the constitutive role of these colonial encounters and embedded contradictions in the process of capitalist development, advancing the hope and promise of the possibility of autonomous, full-scale capitalist development across all economic spaces.





This relationship moulds the pattern of capitalist development in the 'modern' segment as it expands by extracting resources from the non-capitalist segments, and, in the process, reconfigures the latter and subverts their potential for indigenous development on their own terms.


The colonial encounter

While capital and wage labour becomes dominant in the colonizing economies, the colonial encounter is marked by a different contradiction.

The worker in the colonizing economies is 'exploited', while that in the colonized economy is 'expropriated'.

A new mode of production was imposed externally, and the colonial subject began to be both 'expropriated' and 'exploited'.

The process of racial differentiation aided – and was instituted – for a successful exploitation and expropriation to continue.



Informality and world of work

- Informality as an expression of the contradictory processes in the world of work.
- Interestingly, informality was viewed as an aberrant phenomenon (or 'non-standard'), which was expected to be resolved with growth.
- **Following arguments are drawn from:**
Kesar, S., S. Bhattacharya, L. Banerjee. *Contradictions and crisis in the world of work: Informality, Precarity, and the Pandemic.*
Forthcoming in Development and Change.

Contradictions that embed the current process

We identify the **three sets of contradictions** in the present-day world of work that unsettle the imaginary of a Euro-centric endogenous capitalist development

(a) that between capital and labor in the 'interior' space of capital

(b) that between the domain of capital and its 'outside'

(c) that emerging from dispersion of the circuit of capital to its 'outside'

They manifest in terms of the following analytically distinct processes in the informal economy:

a process of inclusion within the 'internal' sphere of capital, but under conditions of increasing precarity and distress via *informalization* of waged work;

a process of *exclusion*, leading to a reproduction of non-capitalist informal economic spaces (like PCP) 'outside' the sphere of capital

a process of *dispersion* of the circuit of capital to its 'outside' through distinct forms of market-based relations, such as subcontracting, gig work, platform economy, etc.

Contradictions between capital and labour in the interior sphere of capital



- Capital versus labour bargaining over surplus.
- Various mechanisms to increase the surplus retained by capitalist, including lowering the customary standard of living.
- Labour market made flexible through processes of informalization of labour, aided by global mobility of capital and global reserves of surplus labour, technological advancement, etc.

Capitalist economic formation

- Capitalism as an economic formation constitute of both:
- **Internal sphere of capital**, comprising capitalist appropriative class process capitalist process of self-expansion of value through commodity production based on exploitation of wage labour.
- **'Outside' or exterior of capital**, encompassing myriad non-capitalist economic (commodity or non-commodity production) processes - may be incorporated within the circuit of capital, or maybe afunctional to the process of capitalist accumulation. (Resnick and Wolff, 1987; 2006; Sanyal, 2007).
- In **capitalist social formation**:
 - conditions of existence for the capitalist class process dominantly prevail.
 - fundamentally structured by the contradictions between capital and labour within its 'interior' sphere, as well as the contradictions between capital and its 'outside'.
 - Capital seeks to reproduce its conditions of existence within this field of antagonisms by managing these contradictions through coercions and negotiations.

Contradictions between capital and its outside

- **Process of post-colonial capitalist development and reproduction of the 'outside':**
 - Process of capitalist growth and development as *inherently exclusionary in nature* - thrust of capitalist accumulation continually dispossesses petty producers and traders, without fully absorbing them within the capitalist segment as wage-workers.
 - This dispossessed population is rendered redundant - or *surplus* - for capitalist accumulation – excluded from the 'internal' sphere of capital.
 - Process of *primitive accumulation* as an *ever-incomplete* and *always-ongoing* process.
 - The surplus population – forced to reproduce its conditions of livelihood in the non-capitalist segments of the informal economy mostly through unwaged work of petty production and exchange – *continually reproducing an 'outside' of capital* within the heart of postcolonial capitalism.

[Sanyal (2007); Bhattacharya and Kesar, 2020; Chatterjee, 2011; Chakrabarti, 2016; Sanyal and Bhattacharya, 2009]

Contradictions between capital and its outside

- **Antagonistic relation between capital and its 'outside':**
 - The *non-capitalist sites*: independent economic logic of existence derived from the consumption needs of surplus population.
 - The *domain of capital*: marked by logic of self-expansion and accumulation – relentlessly threatens and encroaches upon the non-capitalist spaces.
 - The two, therefore, perpetually remains in an **antagonistic relation of contradiction**.
 - This calls into question the *historicist notion of these spaces*, instead they are reproduced as an outfall of a contradiction in the process of capitalist development.
 - If the vast surplus population, excluded from the space of capitalist wagedwork, is unable to reproduce its livelihood conditions in the non-capitalist economic sphere – may cause political instability and upheavals, jeopardising the process of stable capitalist accumulation.
 - The non-capitalist economic spaces thus provide a **political condition of existence** for the domain of capital by absorbing and sustaining the surplus populations (Chatterjee, 2011; Sanyal, 2007).

Contradictions between capital and its outside

- **Manifesting in the informal economy in Global South:**
 - Vast segments of the informal economy in the global South can be classified as such non-capitalist 'outside' – comprising family-based household enterprises engaged in **petty production, trade, and services** – marked by an absence of capital-wage labour relations.
 - The enterprises are often **not integrated into the circuit of capitalist production** - or subsumed under the accumulation logic of capitalist enterprises - via subcontracting linkages, gig work, platform economy.
 - The enterprises dynamics are **embedded in the economic logic of the household**.
 - These dynamics allow these enterprises to act as a **sink for the surplus population**,.
- These spaces exist even in the global North, though not necessarily as an outfall on process of exclusion.

Contradictions related to *dispersion of the circuit of capital to the 'outside'*

- 'Capital-relations' disperse beyond the 'interior' of capital and subvert and reconfigure the non-capitalist production processes – without formally internalizing them along the lines of direct capital-wage labour relations.
- The informal non-capitalist enterprises, while retaining their form, do not remain strictly 'outside' the domain of capital.
- We draw from **social reproduction theory** to understand the dynamics
 - Theorisation of capital's relation with the non-market sphere of the household as a process of "**separation-cum-dependence-cum-disavowal**" (Fraser, 2017:24)
 - Household is linked to the sphere of capitalist production, but remains separated from it, with its distinct dynamics and mode of operation - provides a necessary **economic condition of existence** for capital.
 - The continuous drive for capitalist accumulation directs resources away from the sphere of social reproduction.
 - Capital 'free rides' on non-commodified resources, nonmarket functions, and unwaged work that exist outside capital's direct ambit, but continually erodes and depletes the sites that provide these conditions.
 - The extractive relationship destabilizes the very processes of social reproduction that capital relies on, thereby undermining its own of stable reproduction.

Contradictions related to *dispersion of the circuit of capital to the 'outside'*

- **Manifesting in the informal economy**
- Household enterprises in the informal economy linked to capitalist enterprises via **subcontracting relations**.
- Household enterprises – implicated within the commodity economy and market relations – production and labour processes carried out by them remain strictly '**separated**' from the 'interior' of capital.
 - The **overlap between the consumption space of the household and the production space of enterprise** – allows capital to access these household production sites, unwaged labour, and other non-commodified resources to lower costs and increase profitability (Bhattacharya and Kesar, 2020) .
- The increasing '**dependence**' of capitalist firms on subcontracting relations – brought a considerable section of household enterprises within the circuit of capital through circuitous chains across various nodes of value chains.
- Household enterprises: may remain relatively autonomous or may lose autonomy, transforming household workers into disguised wage worker – as in the case of 'putting-out' system.
 - The enterprises are kept outside the internal sphere of capitalist production and labour process - or '**disavowed**' by capital – their usefulness for capital is fulfilled if they remain in the form of household spaces with their specific dynamics.

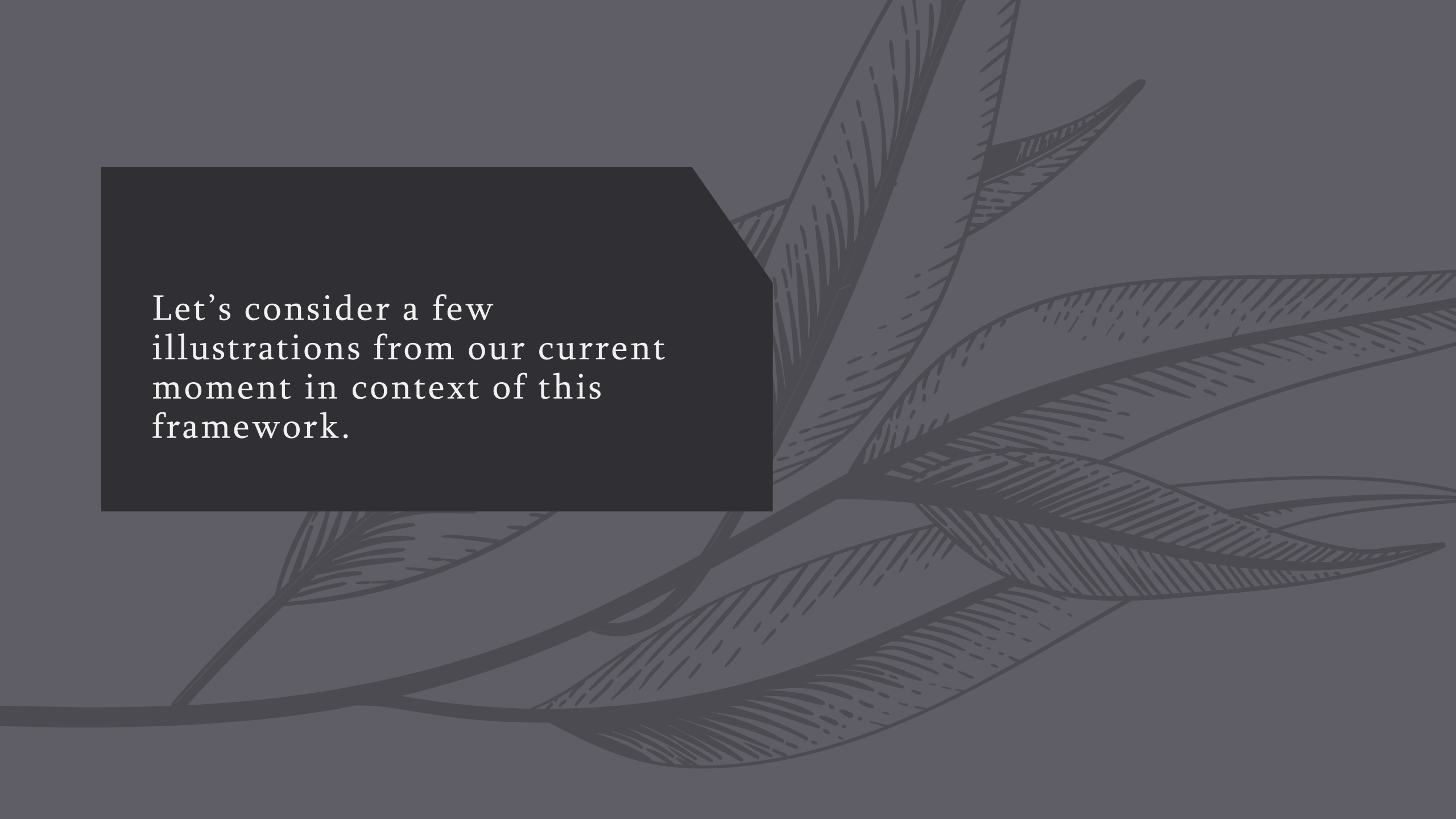
Contradictions related to *dispersion of the circuit of capital to the 'outside'*

- **Manifesting in the informal economy**
- Similar dynamics in gig work and platform economy:
 - Individuals may own their means of labour and be connected to their work through relatively advanced technologies – appearing as self-employed, performing unwaged (though remunerative) work.
 - Gig worker – projected as a 'partner' in the platform economy - an entrepreneur running their own business enterprises as a petty producer – albeit through the digital assistance and mediation by an aggregator.
 - Control over production and labour process and decision-making power rests with the digital aggregator - transforming gig workers into disguised wage-workers for the capitalist digital aggregator.
- Capital's success in extracting increasingly higher amounts of surplus from these 'outside' spaces (subcontracted household enterprises, domains of gig work, etc.) entails a basic contradiction – this may work to undermine their conditions of existence and economic reproduction – potentially impeding the stable reproduction of this dynamic between capital and its 'outside'.

A dark grey background with a faint, stylized pattern of leaves and branches, resembling a laurel wreath, which is a common symbol for academia or formal institutions.

Ensembling contradictions

- The 'outside' of capital provides, in analytically distinct ways, critical **political, economic, and cultural conditions of existence** for the capitalist economy.
- Along with processes of informalisation within the domain of capital, the process of capitalist growth reproduces the 'outside' spaces that generates and reinforces conditions of informality within the economy.
- Contradictorily, the very success of capitalist accumulation also tends to undermine some of the conditions of existence of the capitalist growth process itself.
- The theoretical approach provides a scaffolding to frame the intensifying conditions of informality, and crises in the world of work - as expressions of 3 distinct contradictions.

A stylized, dark gray illustration of a plant with long, narrow leaves and a central stem, set against a dark gray background. The leaves are detailed with fine lines and shading, giving them a textured appearance. The plant is positioned diagonally across the frame, with the stem entering from the bottom left and the leaves extending towards the top right.

Let's consider a few
illustrations from our current
moment in context of this
framework.

A dark grey background with a faint, stylized pattern of leaves and branches, resembling a laurel wreath, in a lighter grey tone.

Illustration from the global South

- In **India**, most remunerative work is carried out in the domain of unwaged 'household' non-capitalist PCP and that of informal wage employment – constituting about 90 percent of the total workforce.
- These domains are marked by a high degree of flux – characterized by involuntary transitions.
- The involuntary transitions increased markedly during the pandemic – from 20-46 % to 25 – 65% - across different arrangements.



Illustration from the global South

Increased agrarian distress – forced peasant households in agricultural petty production to attempt to supplement their meagre incomes by seeking self-employment or informal/casual wage employment in non-agricultural sectors - given rise to phenomenon of circular migration or 'footloose' labour.

This has, simultaneously, created new conditions of antagonisms – escalation of the process of primitive accumulation has destabilized the agrarian masses, and heightened tensions between capital and its 'outside' as well as increased resistance from the 'excluded' masses [farmers protests in India].

Illustration from the global South

- **Intensification of contradiction within the 'internal' sphere** - precarization of the traditionally formal and stable employment relations
 - In a pre-pandemic year: 80 per cent of salaried workers in India continued in the same employment arrangement, while the proportion was about 38 and 28 percent of permanent and temporary salaried workers, respectively, during pandemic.
By the end of 2021, only 48 per cent of permanent salaried workers could retain or come back to the same kind of employment (SWI, 2021).
- **Intensification of contradiction between capital and its 'outside'** – increased importance of self-employment as a fall back, while also becoming more unsustainable:
 - About 1/3rd of wage workers transitioned to self employment during the pandemic as a coping strategy, accompanied by increased distress – the earnings of entire pool of self-employed fell by 18 percent (sharpest fall for any employment type) (SWI, 2021).

A dark grey background with a faint, stylized pattern of leaves and branches, resembling a laurel wreath, which is a common symbol for global or international themes.

Illustration from the global South

- The ability of the system to stably reproduce tends to be becoming frailer:
 - [Purposive surveys in India]
- Even PCP is unable to continue playing the role of this sink – experience of migrant workers particularly illustrative.
 - Migrant workers forced to undertake massive reverse migration often to rural areas to secure their basic subsistence, often from marginal agricultural land holdings or rural petty production.
 - Generated enormous pressure on rural PCP.

Illustration from the global South

- Expansion of the 'internal' sphere although under precarious relations – Expansion of publicly-funded rural employment guarantee program (MGNREGA) at very low wages:
 - About 43 per cent increase in person-days of work under MGNREGA even in November 2020, and a huge unmet demand.
 - Purposive survey suggests that only 55 per cent of rural respondents who demanded work under MGNREGA were able to access it, and 98 per cent of those who were able to access work reported that the number of workdays were insufficient.
- State intervention in terms of credit providing to micro-enterprises and petty producers and traders - goes along with the normalisation and revalorization of the culture of entrepreneurship and risk-taking behaviour in the context of widespread exclusions from the 'interior' of capital.

A dark grey background with a faint, stylized pattern of leaves and branches, resembling a laurel wreath, in a lighter grey tone.

Illustration from the global South

- The **continual commodification and decommodification of labour** for a vast majority of working population are **outcomes** of the **contradictions between capital and labour** in the 'interior' space of capital and that **between capital and its 'outside'**, and much of the **state interventions signal an attempt** at an intricate balancing act to **manage these contradictions**.
- It is these contradictory processes that a south-centric lens that unsettles the story of an endogenous unfolding of capitalist development.

Illustration from the global North

- **Prior to the pandemic:**
- In the US, Self-employment constitute about 10 per cent of the total adult workforce + provide employment to an additional 20 per cent of the total workforce as wage workers.
- About 1/3rd of the US working population are associated in some form with household enterprises.
- Self employment comprise of unincorporated enterprises (86 per cent of whom do not hire wage workers) and incorporated enterprises (60 per cent of whom do not hire wage workers).
- Proportion of self-employment in upper strata of income retribution has declined since 1970s, along with a large amount of flux and shift towards incorporated enterprises – associated with squeeze in profitability of the enterprises.

(BLS, 2017)

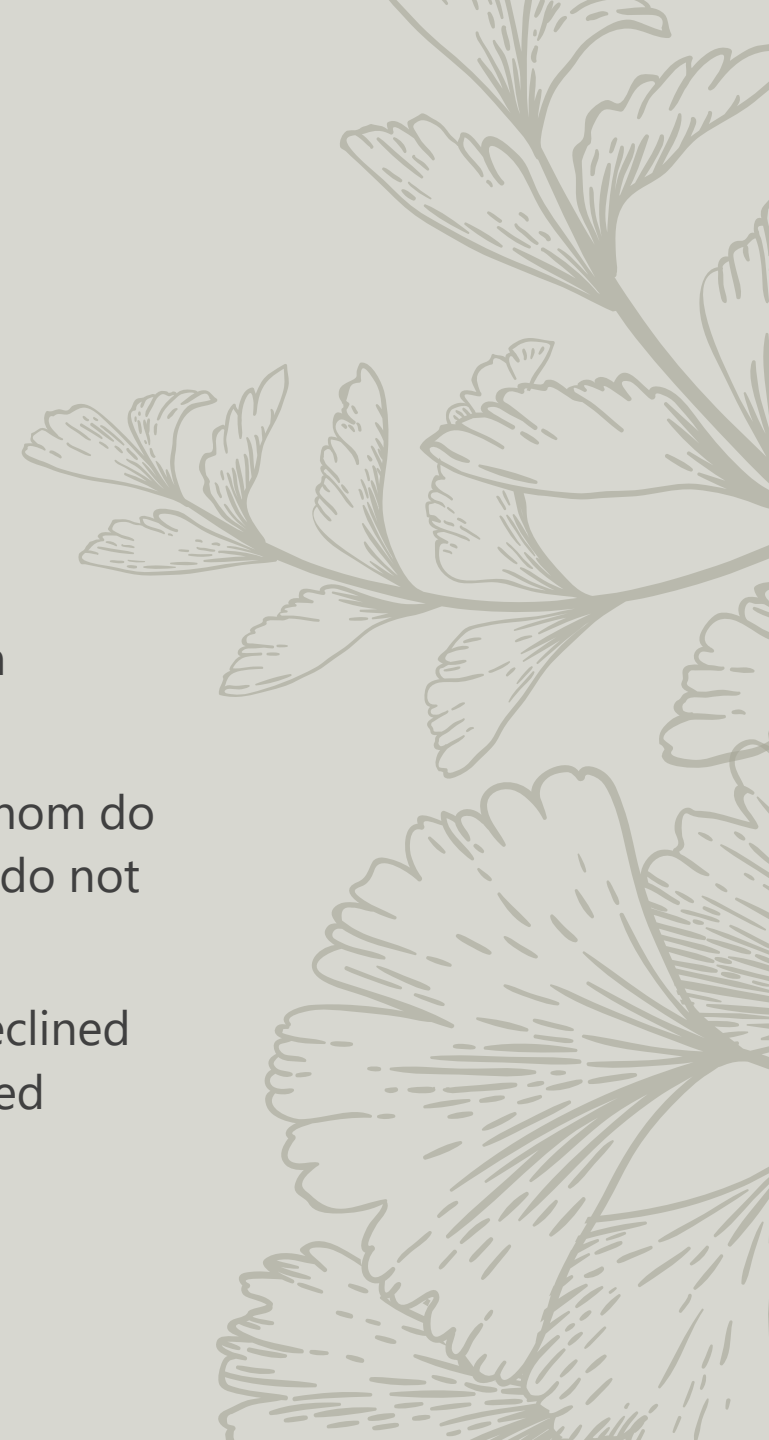


Illustration from the global North

- **During the pandemic** – reversal of past trends and upsurge in number of unincorporated enterprises, decline in wage work – pandemic seems to be restoring the salience of unincorporated family-based (often non-capitalist) household enterprises and unwaged work.
- Decline in wage work was also linked to high quit rates – Exit was much more prominent in sectors that have experience wage stagnation and worsening conditions over the decade, and was higher for those in lower end of income distribution.
- State management in terms of monetary support - unforeseen outcome for capital as even a modicum of financial support to wage workers made it possible for them to quit work, generating conditions of excess demand in the labour market and some increase in wage rates – the phenomenon, however, may not be sustained.

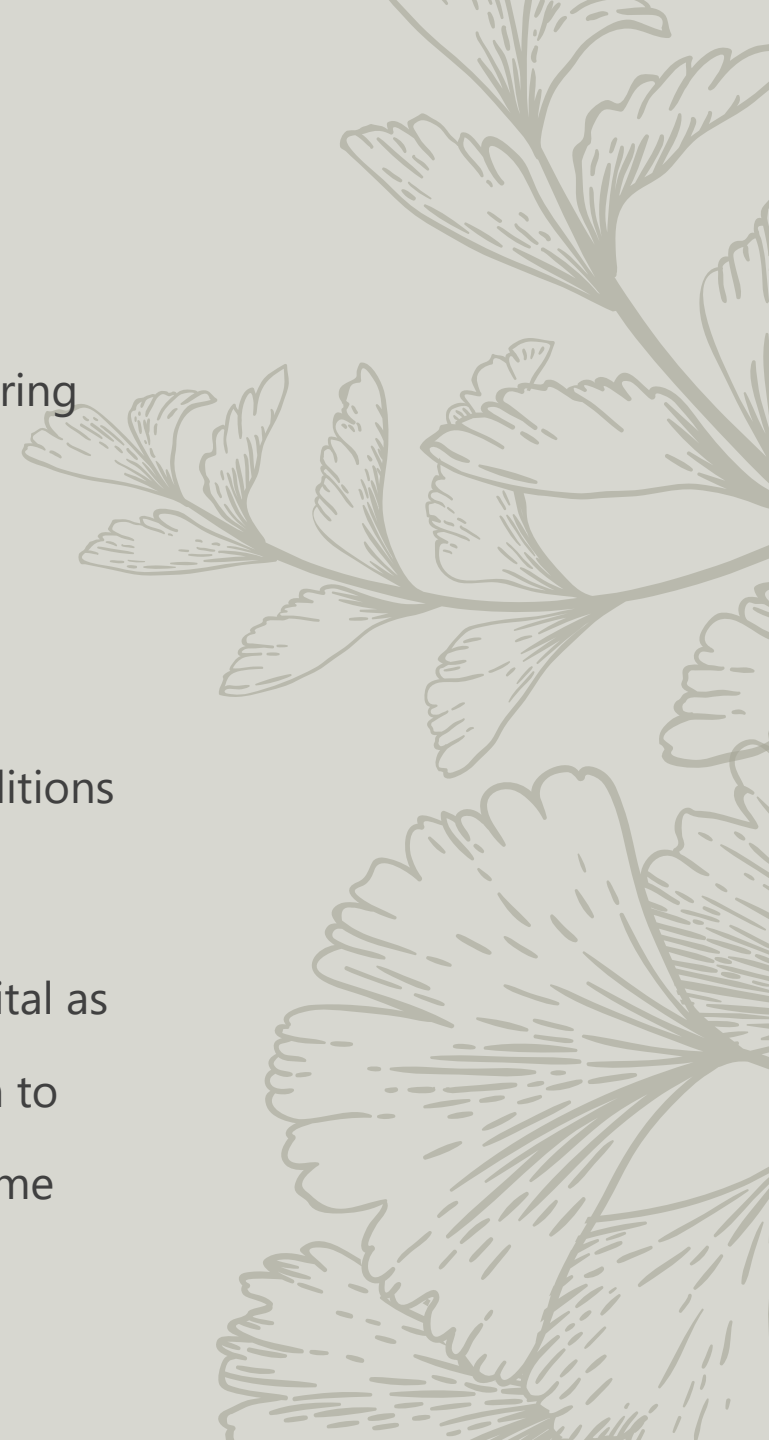
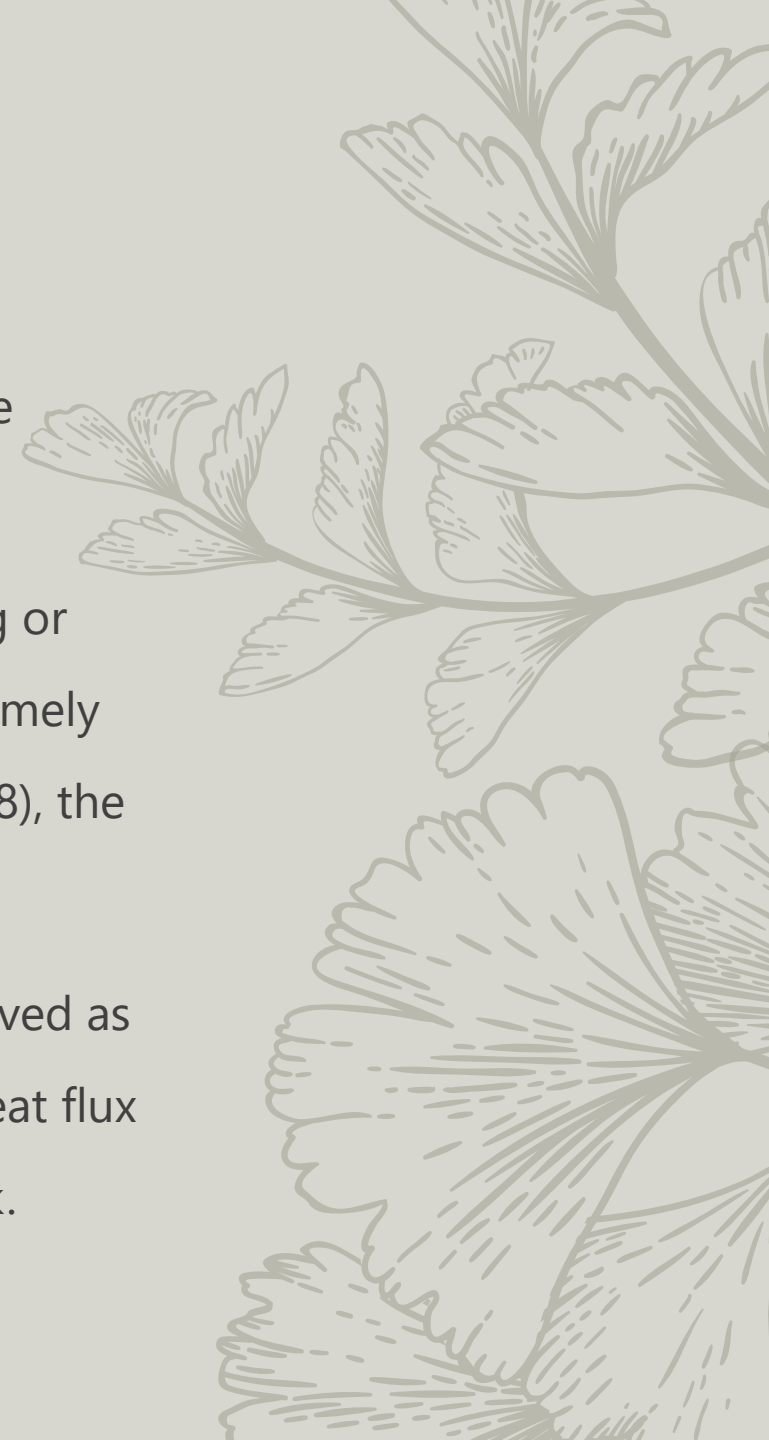


Illustration from the global North

- The large scale informalization of labour processes and a dispersion of the circuit of capital; a rapid expansion of the gig/platform economy.
- By 2017, an estimated 36 percent of the US workforce was engaged in gig or platform work – vast segments of platform workers operated under extremely iniquitous work arrangements even before the pandemic (Dube et al, 2018), the situation worsened in the Covid-moment.
- While many left the platform economy, digital platform economy also served as a fall-back option for many workers during the pandemic - indicates a great flux in the segment and an increased strain in this site of disguised wage work.



Centering contradictions as an essential part of capitalist development

- **GS:** precarity viewed as rooted in the persistence of non-capitalist, informal economic spaces – a lack of capitalist transition.
- **GN:** posited as the archetype, which the economies in the Global South are expected to realize through the process of capitalist development and transition.
- Similar process of informalization and precaritization of employment relations within the formal capitalist spaces in both the Global North and the Global South in recent decades, even though these economies are at different “stages” of their expected linear path of development.
- Further, non-capitalist and informal spaces of precarity in the Global South that were expected to wither away are being continuously reproduced as an outfall of the process of capitalist expansion.

Centering contradictions as an essential part of capitalist development

- We identify three overdetermined **contradictions** accumulating and coalescing in the present conjuncture in the world of work, and some of the processes through which these contradictions manifest in distinct ways in global North and South.
- The very success of the processes of capitalist growth continue to undermine the conditions that enable these processes to continue.
- These contradictory processes that are centrally embedded in the process of capitalist development – reveal themselves in the experience of the post-colonial economies – and unsettle the imaginary of an endogenous capitalist development that underpin the Eurocentric understandings of development and the world of work.

The background of the slide features a stylized, hand-drawn illustration of several long, narrow leaves. These leaves are rendered in a light gray tone against a darker gray background. They are arranged in a layered, overlapping fashion, with some leaves pointing towards the top right and others towards the bottom right. The leaves have fine, parallel lines drawn across them to represent veins or texture.

Questions