1. The term informal sector was coined by the anthropologist Keith Hart when he found in the early 1970s during his research in Ghana a large number of the urban poor walking the streets of Accra engaged in a large variety of makeshift activities which were not registered in official statistics and occupational censuses. Why the informal sector? Because they still had not been able to become part of the regulated workforce in the formal sector of the urban economy, in industry, state agencies or other business with standard conditions of employment such as fixed hours of work, a time-rated wage and social security benefits to protect them against adversity such as illness, old age or premature dismissal. In short, what they did not have was a regular job with a steady income to improve their way of life.
2. The assumption that a better future awaited them was based on the development paradigm which suggested that the process of urbanization and industrialization as it had taken place in the developed economies of the global North would also be the trajectory followed by the developing countries which were clubbed together as the third world. That this development had yet not materialized was considered to be due to a time span between the settling down of migrants who were pushed out of the agrarian-rural economy but who had come to the towns and cities already before the growth of the economy could absorb them in proper and full-time jobs. What they did was hanging around in the streets wage hunting and gathering, slowly getting more skilled, becoming familiar with the urban labour market, engaging in collective action as members of trade unions which bargained on their behalf for more decent and dignified terms of employment. The informal sector was a waiting room for newcomers to city life which had to be passed through in order to qualify for a formal labour contract.
3. This hopeful expectation, the formalization of waged labour, failed to materialize for the large majority of the now rapidly growing urban population. Rather, the change has been in the opposite direction: informalization of employment as a consequence of the closure of factories and other businesses which dismissed their regular and protected and therefore better-off employed workforce. Already before the end of the twentieth century the informal economy in Africa and the third world at large was not any longer seen as a problem but as a solution. Flexibilization and casualization of the workforce were considered by policy makers the best recipe for stimulating economic growth. It meant no upward mobility to proper jobs or minimum wages and certainly no social security and protection against adversity. Informality had come to stay.

4. A marked gap came about in employment conditions and labour relations between the West and the Rest until informality and informalization also started to hit the advanced economies in the final decades of the twentieth century. What was called an economic recession turned out to be a fundamental restructuring of the capital-labour balance under the regime of neoliberalism phasing out the role of the state as an honest broker catering to the interest of both stakeholders. The model of tripartism is a past formula both at the national and international level. As I argued together with a colleague of mine in a paper published in 2014, the Rest is not becoming more and more like the West, the trend is actually the other way around and we have witnessed in the past decades economic informalization also reaching Western shores.[i]
5. Halting employability has been accompanied by the loss of steady jobs, wage payment based on quantity and quality rather than time worked, and promotion of self- reliance and self- employment. Collective action is on the backburner and in the world all-over trade unionism is weakened rather than growing stronger.The economy of informality that has gained the upper hand has also led to the dismantling of the welfare state. Vulnerability has replaced resilience and extremes of wealth and poverty have returned. It essentially means that the development paradigm is over and out.
6. The collapse of the third and second world is followed by the fading away of the first world. What is known in the global South as informality and informalization tends to be labelled in the global North as precarity and precarization. It actually shows that the northern and southern hemispheres have passed through different economic routes. While the large majority of the workforce in the Third World has always been living precariously, for the labour cohorts which have grown up in the welfare state, precarity means a fall back from a state of progress fought for and attained by earlier generations of the working classes. However, it would be incorrect and misleading to classify the outcome of this shift in the West in homogeneous terms as the precariat. Informality/precarity refers in my assessment to a labour regime and not to the rise of a new social class in the advanced economies.
7. My preference for the concept of informality instead of precarity is not only based on historical grounds, its origin in the global South before it became an issue in the global North as well. While informality has been mainly discussed in terms of employment practices, it is of no lesser relevance for monitoring the role of finance in the economy. Informal capital transactions are a significant feature of what is going on at the national as well as the global level. Labelled as black money we are thoroughly

familiar with monetary deals which remain beyond the control of government, which do not turn up in state registers, that is in formal book keeping, and thus evade public taxation for the common good.

8. I have to add here that taxation of added value does take place but then in the form of bribes, hush money, commission fees, etc. paid not only to bureaucrats but also to politicians. The upshot of these hidden transactions indicates that 'corruption' is widespread and goes on at all levels of governance. In other words, the conversion of what is formal into informal is not only a feature of economic activity but also of state and political business. My conclusion is that informality expresses better what is going on under the kind of predatory capitalism that has become dominant throughout the world than the concept of precarity.
9. This brings me to a final argument in defining the problem in terms of informality which is the urgent need of a globalizing approach to the social question. Capital has again escaped from social control but re-embedding it won't be possible any longer within the boundaries of nation state. To restore the distorted balance with labour collective action expressing solidarity will have to be taken at the transnational level. There is no alternative to the universalization of social policies which insist on the formal regulation of labour rights. To achieve that crucial objective a joint front of the working masses beyond national lines of demarcation needs to be established. In the world order of today the main divide is not any longer between countries but between the social classes at the upper and lower end of the scale. The call of the day is for solidarity worldwide and a common concern as well as engagement with the ultimate imperative on how to do away with the informalization of the global workforce, how to attain in a bond of togetherness decent and dignified standards of work is of overriding importance.

J.B./Leiden, December 2015

[i] Breman, Jan & Marcel van der Linden – 'Informalizing the Economy; The Return of the Social Question at the Global Level', *Development and Change*, vol.45/5, 2014:920-40.