

Informal Work in Latin America: Competing Perspectives and Recent Debates

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Abstract

During the ‘lost decade’ of the 1980s, informal work and self-employment emerged as the most prevalent forms of work throughout Latin America. In response to the economic crisis, the majority of Latin American countries adopted a series of sweeping neoliberal reforms designed to open nations to trade and investment, promote export-led growth, and generate employment, ultimately reducing the incidence of informal work. Despite the widespread adherence to the neoliberal model and implementation of structural adjustment reforms during the past quarter century, informal work has not diminished and in much of Latin America the odds of finding ‘decent work’ are no better today than during the economic crisis of the 1980s. In light of this seeming paradox, this article offers an overview of the recent debates and controversies surrounding informal work in Latin America. Drawing on recent research, as well as reports and policy documents from key international organizations, I pose and attempt to answer four core questions: What counts as informal work? Who works informally in Latin America? Why do men and women throughout Latin America increasingly resort to informal work? What role does informal work play as a livelihood strategy in Latin America and how has this role changed in recent years?

Introduction

During the ‘lost decade’ of the 1980s, countries throughout Latin America experienced a profound economic crisis as incomes declined precipitously, inflation skyrocketed, and unemployment increased by nearly 50% (Franko 1999). Not surprisingly, informal work grew more than 30% during the decade, accounting for more than 40% of the economically active population by 1990 (International Labor Organization [ILO] 2005). In response to the economic crisis, the majority of Latin American countries adopted a series of sweeping neoliberal reforms, including trade liberalization, deregulation, and privatization of government-owned enterprises. Along with currency devaluation and reductions in government spending on social programs and public-sector employment, these structural adjustment programs were imposed at the behest of multilateral financial organizations such as the International Monetary Fund in exchange for access to short-term

loans and restructuring of countries' financial obligations. The basic premise of economic reforms was to open nations to trade and investment and promote export-led growth, which would generate foreign exchange to be used to service each country's debts (Thomas 1995). Furthermore, by eliminating 'structural' barriers to economic growth, neoliberal policies presumably would generate employment, particularly in export-oriented industries, thus reducing the incidence of informal work throughout the region (Jonakin 2006).

From a purely macro-economic perspective, neoliberal reforms have arguably achieved the basic objectives of structural adjustment, as most countries in Latin America have experienced substantial gains in economic growth, trade, and foreign direct investment during the past two decades (although invariably punctuated by periodic economic crises). Informal work, however, has not diminished and, as recently documented by the International Labor Organization (2007), a significant share of men and women from the *Río Bravo* to *Tierra del Fuego* remain relegated to precarious, poorly paid work lacking basic social protections and benefits, decent working conditions, a fair wage, and a modicum of job security. In fact, in much of Latin America, the odds of finding 'decent work' are no better today than during the economic crisis of the 1980s. Furthermore, in a region where the majority of the population was not yet born at the onset of the lost decade, informal work has become the norm, accounting for 80% of job creation during the past quarter century and nearly 50% of overall employment (ILO 2007; Tokman 2001). As a case in point, a recent World Bank study (Perry et al. 2007) reveals that the majority men and women working informally in countries as disparate as Argentina and the Dominican Republic have *never* held formal employment. Moreover, a significant share of the *total* working-age population of these countries has never worked formally.¹

In general, the mainstream economic theories which inform the neoliberal doctrine conceive of informality as a temporary stage in the inevitable process of modernization and inexorable evolution of the capitalist economic system (Williams and Round 2007). The case of Latin America, therefore, represents something of a paradox, especially considering the widespread adherence to the neoliberal model and implementation of structural adjustment reforms during the past quarter century. In light of this contradiction, this article offers an overview of the recent debates and controversies surrounding informal work in Latin America. Furthermore, the article serves to highlight the continued salience of work and informality, surprisingly overlooked in much of the recent research on neoliberalism and globalization, as areas of inquiry within social geography. Accordingly, drawing on recent literature in geography and other social sciences, as well as reports and policy documents from key international organizations and my own research in Mexico, I pose and attempt to answer four core questions: What counts as informal work? Who works informally in Latin

America? Why do men and women throughout Latin America increasingly resort to informal work? What role does informal work play as a livelihood strategy in Latin America and (particularly given the persistence and prevalence of informality) how has this role changed in recent years? I conclude the article with some thoughts about future directions and priorities for research on informal work in Latin America.

What Counts as Informal Work?

In his influential book, *The Other Path*, the Peruvian economist Hernando De Soto (1989) describes informality as the illegal pursuit of legal economic ends (Portes and Schauffler 1993). In principle, as de Soto suggests, the definition of informal work is deceptively straightforward: informality exists in opposition to formal work and the term refers to all forms of employment not considered formal. In practice, however, the boundaries of formal work are constantly being redefined and, as a consequence, what counts as informal work also changes accordingly (Sassen 1994). Early dualist definitions distinguished informal from formal work in binary terms on the basis of characteristics, such as the scale of firm operations, access to capital (both financial and human), and availability and use of technology (Moser 1978). Accordingly, the definition of informal work centered on the firm and the number of employees served (arbitrarily) to delimit informal work under the assumption that firm size was a valid proxy for formality. Typically, workers in firms with fewer than six employees (16, in the case of manufacturing activities) were classified *en masse* as informal regardless of the legal status of the firm/activity, relationship between employer and employee, or conditions within the workplace. In addition, self-employed individuals and (occasionally, depending on the definition) domestic workers also formed part of the informal sector (Thomas 1995).

In recent years, both the policy-oriented literature and academic research have recognized the increasing heterogeneity of informal work. As a consequence, the definition of informality has shifted from the simplistic notion of firm size to consider the social relations within which work is done (Chen 2007; Williams and Round 2007). With respect to employment, the concept of regulation captures multiple facets of the social relations which mediate work, including the legal status of the activity (whether a firm is registered and taxed, for instance), the relationship between employer and employee (access to social protections and benefits such as health care and pensions), and conditions within the workplace (e.g. working conditions, hours, and wages). Conceptualizing informality in terms of regulation recognizes that informal work does not comprise a distinct sector of the economy, but rather informal work relations exist throughout the economy in a variety of guises (salaried employment, self-employment, and domestic work) and at a variety of organizational scales,

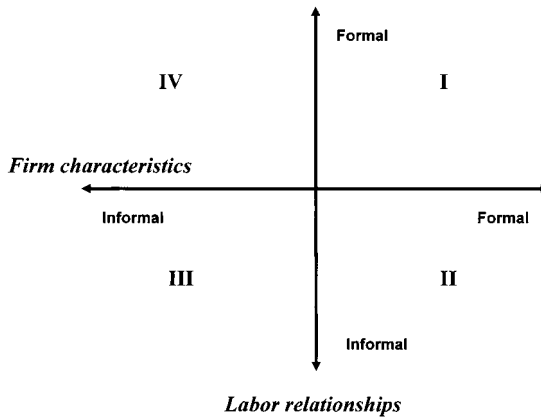


Fig. 1. Key dimensions of informality.

from the household to micro-enterprises, small businesses, large firms, and transnational corporations (Whitson 2007b).

The increasing complexity of the social relations which mediate work is captured in stylized fashion in Figure 1, which displays the two key dimensions regulating employment: characteristics of the firm and labor relations. In both instances, relationships occupy a continuum from highly informal firm characteristics (self-employment, unregistered, untaxed) and labor relationships (complete lack of benefits and other social protections) to fully regulated business operations and employment conditions. Quadrants I and III of Figure 1 correspond to the stereotypical binary notion of separate, opposing formal and informal sectors. However, Quadrant II suggests that firms may comply with some or all norms and regulations for formal operations, but may enter into unregulated relationships, either directly or indirectly, with (some or all) workers. On the other hand, enterprises that are generally unregulated may enter into some degree of relatively formal relationships with workers, in which some or many of the benefits and social protections afforded by law are provided, usually, though not always, outside formal legal channels (Quadrant IV). Though highly stylized, Figure 1 emphasizes that informal work does not exist in opposition to formal employment and, accordingly, social relations are far more complex than implied in simple binary conceptions of work.

In recent years, the ILO (Husmanns 2004) has introduced a conceptual framework (Figure 2), which acknowledges the complexity of the social relations which mediate employment and offers a more nuanced understanding of what constitutes informal work. Although the graphic representation of these work relations is somewhat convoluted in the original ILO model, a recent World Bank publication (Perry et al. 2007) draws on the framework to identify what it describes succinctly as the three margins of informal work: formal enterprises that contract a share

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

(a) As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

Note: Cells shaded in dark grey refer to jobs, which, by definition, do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Un-shaded cells represent the various types of informal jobs.

Informal employment: Cells 1 to 6 and 8 to 10.

Employment in the informal sector: Cells 3 to 8.

Informal employment outside the informal sector: Cells 1, 2, 9 and 10.

Fig. 2. International Labor Organization framework on informal work. Source: Hussmanns (2004).

of their workers 'off the books', frequently as a competitive strategy (first row of Figure 2); unregulated small businesses and micro-enterprises which choose not to formalize (row 2); and self-employed workers who are either excluded from formal employment or who opt out of formal work voluntarily (row 3). Hence, returning to the original question posed at the outset of this section, what counts as informal work? Given the shifting boundaries of informality and the use of regulation as a means of distinguishing among different forms of employment, informal work is now generally conceived as income-generating activities that are not regulated by the state or subject to established institutional norms (Portes and Haller 2004). Moreover, informality implies that firms are often unregistered and/or untaxed and that workers frequently lack a formal contract, standard labor protections and benefits (Whitson 2007b).

Who Works Informally in Latin America?

As the margins of informality have expanded in recent years, rates of informal work in Latin America have followed suit. Although it may be

Table 1. Informal work and female labor force participation rates in Latin America (%).

Country	1990–1991		2003–2004		Self-employment as share of informal work (2003–2004)	Change in female labor force participation 1990–2005
	Total	Women	Total	Women		
Latin America	42.8	47.4	47.4	51.0	51	7.4
Argentina	52.0	55.5	44.3	45.4	44	11.5
Brazil	40.6	47.6	44.6	49.8	47	12.1
Chile	37.9	45.9	35.8	45.0	60	9.4
Colombia	45.7	46.6	59.9	62.2	63	9.5
Costa Rica	41.2	47.5	41.8	47.1	44	8.7
Dominican Republic	36.3	35.4	49.5	49.1	66	-0.1
Ecuador	55.6	62.1	57.6	63.9	57	11.7
Honduras	57.6	72.0	59.4	66.6	69	6.8
Mexico	38.4	39.9	41.8	42.5	47	14.6
Peru	52.7	62.9	58.0	65.1	63	-7.2
Venezuela	38.6	39.3	52.2	54.6	60	14.2

Source: International Labor Organization (2000, 2005).

tempting to ascribe the growth of informal work to its shifting boundaries, whether we define informality according to previous (size of firm) or more recent definitions, data from a variety of sources (ILO 2007; a prominent Inter-American Development Bank report by Márquez et al. 2007; Organization for Economic Cooperation and Development 2007; and the World Bank study by Perry et al. 2007) generally concur that rates of informal work have increased during the past quarter century. As shown in Table 1, in recent years, nearly one-half of the labor force in Latin America has found employment in some form of informal work (self-employment, informal-salaried employment, or domestic labor). In addition to its overall prevalence, rates of informal work have generally increased in most Latin American countries. In fact, notwithstanding the dubious data reported by Argentina in Table 1 (see Whitson 2007a for details), no country in the region has been able to significantly reduce the incidence of informality (Freije 2001).

Although generally high, rates of informal work vary markedly on the basis of several factors, including age, gender, and level of education. With respect to age, Figure 3 below, based on recent research in southeastern Mexico (Biles 2008), displays fairly typical patterns of formal and informal work and self-employment. In this example, drawn from a representative sample of nearly 600 households in Mérida, the largest city in Mexico's Yucatán Peninsula, the majority of young people remain outside the labor force and informal-salaried work emerges as the most common entry

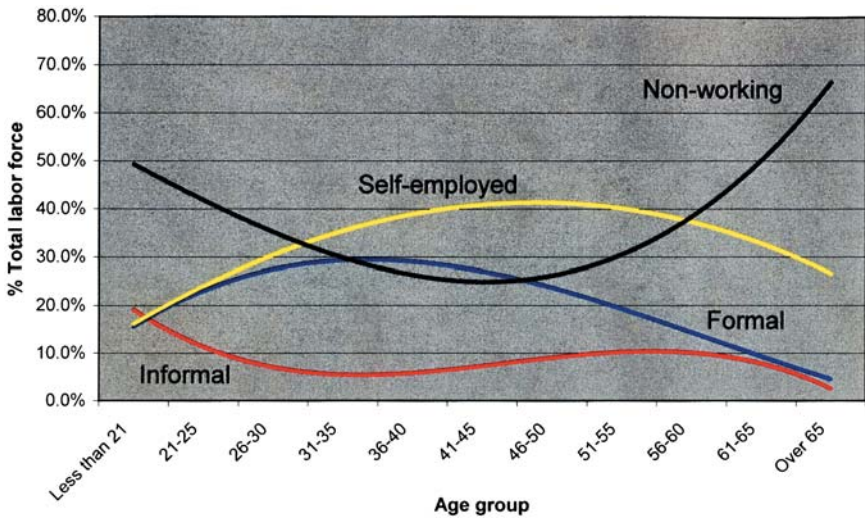


Fig. 3. Rates of informal, formal, and self-employment by age group – Mérida, Mexico (2006). Source: based on Biles (2008).

point to the workforce. Rates of formal work and self-employment, as well as labor force participation, rise rapidly, accompanied by a decline in informal-salaried work among younger adults. Formal employment rates peak, however, between 35 and 40 years of age and decrease steadily thereafter. Subsequently, self-employment stands out as the most prevalent form of work and rates of own-account work remain persistently high until workers reach 55–60 years of age and then decrease monotonically. However, even among men and women beyond ‘normal’ retirement age (over 65 years), more than 25% of the population resorts to self-employment.

The prevalence of self-employment stands out as an important feature of informal work in Latin America and the case of Mérida largely coincides with patterns throughout the region (Table 2). In general, according to recent data from the ILO (2007), more than 26% of workers work independently as own-account workers or identify themselves as micro-entrepreneurs. As a consequence, self-employment accounts for roughly 56% of informal work throughout Latin America. In the case study from Mérida, rates of self-employment (and, by extension, informal work) are considerably higher because much home-based work is not counted and, as a consequence, government statistics tend to underestimate informal employment, particularly among women (Chen 2001).

As the previous paragraph implies, gender is another important consideration in understanding patterns of informal work in Latin America (Thomas 1995). As Table 1 indicates, informal work is significantly more prevalent among women in most countries of Latin America. Consequently, coupled with dramatically greater labor force participation rates,² women

Table 2. Characteristics of employment in Mérida, Mexico (2006).

Status	Women			Men				
	Total	Employed	Wage (pesos/hr)	Hours (weekly)	Total	Employed	Wage (pesos/hr)	Hours (weekly)
Out of labor force	35.1%				5.1%			
	5.8%				4.4%			
	16.7%	28.2%	\$34.35	35.1	37.3%	41.3%	\$41.02	47.0
	7.7%	13.0%	\$9.77	29.8	8.9%	9.8%	\$19.00	44.1
Self-employment	32.3%	54.6%	\$13.95	27.5	31.0%	34.3%	\$28.37	42.6
	1.6%	2.8%	\$10.23	37.8	5.7%	6.3%	\$19.93	72.3
	0.8%	1.4%	\$37.85	32.7	7.6%	8.4%	\$28.49	62.8

Source: based on data from Biles (2008).

are not only increasingly likely to resort to informal work – more women than ever are more likely than ever to work informally. Nonetheless, women generally remain less likely to participate in the labor force, occupy formal employment, and earn comparable wages compared with male workers (Table 2), and many of the disparities found in formal work are amplified in informal employment (Chen 2001; Williams and Round 2007). For example, as a recent ILO study suggests (Chant and Pedwell 2008), the wage gap between men and women working informally in Mérida is significantly greater than differences found in formal employment (Table 2).

Why Do Men and Women in Latin America Resort to Informal Work?

Having defined informal work and identified basic patterns of informality, this section provides an overview of three distinct theoretical perspectives that serve to explain why men and women throughout Latin America resort to informal work: dualist, neoliberal, and neo-Marxist approaches. These different theoretical perspectives not only reflect incremental gains in knowledge and a better understanding of the forces driving informality; they are also motivated by the changing nature and increasing complexity of work and informality within the context of broader social and economic processes. Consequently, rather than one theory supplanting the other, both Williams and Round (2007) and Chen et al. (2004) advocate for an integrated approach which incorporates elements of dualist, neoliberal, and neo-Marxist schools of thought.

The dualist perspective, associated with the seminal work of Hart (1973) in West Africa and the ILO, emerged as cities throughout the developing world were experiencing unprecedented rates of population growth and large-scale rural-to-urban migration. In the context of rapid demographic change and structural poverty, job creation in the formal economy is unable to keep pace with population growth and the informal economy serves as a safety net, absorbing those who lack opportunities in the formal sector (Pérez Sáinz 1998). As a result, the dualist conceptualization of informality views informal work solely as a subsistence activity, a sector of last resort with low barriers to entry in terms of skills, capital, and technology (Portes and Schauffler 1993).

The dualist approach essentially divides the economy into two separate spheres (formal and informal), which lack functional linkages. Accordingly, informal work merely exists to sustain those who are excluded from the capitalist system and contributes little or nothing to the 'modern' formal economy (Gilbert 1998). Because the two economic sectors lack functional integration (structural articulation), dualist theories view informality as 'counter-cyclical', in that informal work grows or declines in opposition to formal employment (Packard 2007). As a result, when the formal sector experiences an economic crisis and contracts, informal work expands (and

vice versa). However, as discussed in the introduction to this article, during the past two decades, most Latin American countries have experienced simultaneous 'pro-cyclical' expansion in both informal and formal employment, which contradicts dualist notions of informal work. Notwithstanding its limitations in explaining the persistence and increasing heterogeneity of informal work throughout Latin America, the dualist perspective remains surprisingly resilient in academic textbooks. For example, one leading regional geography textbook (Kent 2006) describes economic systems in Latin America in dichotomous terms as unrelated formal and informal 'circuits', stereotyping informal work as universally smaller, part-time, and labor intensive, requiring simple technology and little capital, and catering to those who lack opportunities in the formal capitalist economy.

The ascendance of the neoliberal economic model during the 1980s shifted the focus away from informality as a subsistence activity to own-account work as a form of dynamic entrepreneurship, in which the self-employed purportedly opt out of the formal economy by choice. From this neoliberal or legalist perspective (Chen et al. 2004), self-employment represents efficient market forces that emerge as a populist reaction to over-regulation and government oppression. Furthermore, in the context of declining population growth rates, informality is not associated with overwhelming demographic change or lack of entrepreneurial initiative (Maldonado 1995). Rather, self-employment, now redefined as micro-entrepreneurship, purportedly offers a host of potential benefits not found in formal employment, including flexible hours, job training and entry to the labor force, opportunity for economic independence and better wages, and avoidance of taxes and inefficient government regulation (Maloney 1999, 2004; Packard 2007).

Most closely associated with De Soto (1989), this literature provided a theoretical justification for dismantling regulatory barriers throughout Latin America during the past two decades. Not surprisingly, the neoliberal perspective has been particularly influential in policy circles, as multilateral institutions such as the World Bank and Inter-American Development Bank have implemented numerous initiatives to promote micro-entrepreneurship and micro-finance, streamline government regulations for the start-up of small and micro-enterprises, and formalize the informal sector. The neoliberal conceptualization of 'informality as self-employment' represents a deceptively compelling and enticing narrative of opportunity and empowerment. However, as Biles (2008) reveals, neoliberal explanations of informality, such as recent World Bank research discussed below, conveniently overlook the gendered nature of informal work in Latin America and assume that self-employment is a universal, voluntary choice analogous to entrepreneurship and economic independence in more developed countries.

Ultimately, as Moser (1978) revealed in a seminal paper before the widespread adoption of the neoliberal doctrine, legalist proposals for

'formalizing the informal' rest on two fallacious suppositions. First, the type of entrepreneurial activities (petty commodity production, in Marxist terms) idealized by de Soto and other advocates of 'self-employment as micro-entrepreneurship' are unlikely to solve problems of unemployment and poverty in the developing world. In addition, such proposals erroneously presume that informal activities are disarticulated from the formal sector. Instead, Moser (1978) and colleagues (Castells and Portes 1989; Thomas 1995) have suggested that informal work and self-employment are often subordinate to and dependent on formal economic activities, serving to reduce labor costs and increase the competitiveness of larger firms. As such, informal work serves not only as a subsistence activity to satisfy the needs of those excluded from the formal economy: informal and formal modes of production are inextricably linked within the same economic system (Chen et al. 2004).

Indeed, neo-Marxist sociologist Alejandro Portes and colleagues (Castells and Portes 1989; Portes 1997; Portes and Haller 2004; Portes and Roberts 2005; Portes and Schauffler 1993) have highlighted the increasing functional integration of a single global economic system in which subcontracting and outsourcing serve as the primary means of linking formal and informal activities. These processes of global integration exert downward pressure on wages and, coupled with neoliberal policies, result in the erosion of incomes, social services, and benefits, leaving many workers with no alternative but to create their own jobs (Klein and Tokman 2000). Neo-Marxist approaches have been particularly effective in conceptualizing the changing nature of work within the broader context of neoliberalism. Given the functional integration of formal and informal economic activities, neo-Marxist views of informality contrast sharply with dualist and neoliberal theories. For example, from the neo-Marxist perspective, informal work emerges as a by-product of capital accumulation and restructuring within the global economy and the linkages between formal and informal economic activities, rather than the inability of the formal economy to absorb workers, a stage in the transition from a traditional to a modern society, or some intrinsic preference for self-employment. As a consequence, the neo-Marxist literature conceptualizes informality as pro-cyclical; as part of the same economic system, informal and formal work expand and contract together.

Building on dualist and neoliberal approaches, Neo-Marxist scholars have also attempted to explain the increasing heterogeneity of informality (Castells and Portes 1989), grouping informal work into three discrete categories – subsistence, subordinate, and autonomous (Portes and Schauffler 1993). Subsistence employment corresponds to the traditional dualist view of informality as a marginal activity in which survival, rather than capital accumulation, is the main goal. Autonomous informal work, which offers the potential for better earnings than those found in formal employment, corresponds to activities that require greater levels of education,

entrepreneurship, and capital investment. Highlighting the integration of formal and informal economic activities, neo-Marxist scholars expanded the conceptualization of informality by identifying subordinate informal work, linked directly to production and consumption in the formal sector and, ultimately, the global economic system (Portes and Schauffler 1993).

Although the Castells and Portes typology serves to differentiate among the different forms of informal work, it focuses on ideal types and offers little insight into how to differentiate among the wide range of 'actually existing' informal work in real world. Furthermore, like the formal/informal dichotomy, the typology separates informal work into discrete, mutually exclusive categories. However, as shown in Table 3 below, it is possible to identify multiple dimensions of informal work relationships, including levels of education and earnings, place of employment, interaction with clients, motivation for employment, legal status of the activity, and characteristics of the workplace. Analogous to the distinction between formal and informal work discussed in a previous section, a continuum of complex social relations serves to distinguish the different forms of informal work. As a consequence, we can envision the ideal types of subsistence, subordinate and autonomous informal employment as the three extreme points of a ternary diagram (Graham and Midgley 2000, as shown in Figure 4). However, consistent with the findings of Williams and Round (2007), the vast majority of informal work in Latin America displays characteristics of all three forms of informality to varying degrees (as Table 4 suggests).

What Role Does Informal Work Play as a Livelihood Strategy?

Recent research on informal work throughout Latin America, from a variety of theoretical perspectives, has identified similar findings: the proliferation of informal work, with the emergence of self-employment as the dominant form of informality; increased heterogeneity of informality; and significant mobility between formal and informal work, with a large share of workers opting out of the formal sector of their own volition. However, the competing theoretical perspectives introduced in the previous section attribute patterns of informality to decidedly different causal forces. For example, the neoliberal perspective attributes high levels of informal work and self-employment to inefficient government regulation, the potential for greater earnings outside formal employment, and a desire for greater independence and flexibility (Packard 2007). Alternatively, neo-Marxist approaches conceive informality as part of a process of economic restructuring, arising from the shift away from import substitution industrialization (ISI) policies and the ascendance of the current neoliberal doctrine. During the past two decades, geographers and other social scientists have employed both neoliberal and neo-Marxist approaches (which ultimately subsume dualist theories of informality) to better comprehend the role of informal work as a livelihood strategy in Latin America. In

Table 3. Typology of informal work in Latin America.

Attribute	Subsistence	Subordinate	Autonomous
Education	Generally very low, rarely more than grade school (<i>primaria</i>)	Generally low, usually only <i>primaria</i> or middle school (<i>secundaria</i>)	Specialized training, usually university education or technical training
Earnings	Low, though frequently the majority of household income	Generally low to moderate, rarely more than 3 or 4 times the minimum wage	Usually moderate to high; in some instances, low and a relatively small share of household income
Interaction with clients	Direct, clients typically from similar (low) or higher income levels	Indirect, generally through intermediaries or boss	Direct, clients usually from similar (high) or lower income levels
Type of goods or services	Retail trade of cheap goods; unskilled labor	Manufactured goods; construction and semi-skilled labor	Professional/technical services; some skilled personal services or crafts
Investment	None other than merchandise and basic tools	None other than basic tools; <i>patrón</i> provides most equipment	More specialized equipment (computers, machinery, etc.)
Place of work	Street, client's premises, home	(Home) workshop; specialized facility or job site	(Home) office
Characteristics of workplace	Works alone or with unremunerated family members	Works with others who are usually remunerated non-family members	Works alone or with some support from family or others (generally remunerated)
Motivation for employment	Necessity, no other alternative	Necessity, though position may provide opportunity for greater income	Based on interests, skills, flexibility and/or economic opportunity
Legal status	Unregistered/untaxed; no benefits or social protections	May or may not be registered/taxed; usually no direct access to benefits	Usually registered and taxed; access to benefits directly or indirectly
Work schedule/flexibility	Worker determines schedule, generally inflexible	Boss or client determines schedule, generally inflexible	Worker determines schedule, generally flexible
Examples	Domestic workers (<i>muchacha</i> , <i>jardinero</i> , etc.), street vendors (<i>ambulantes</i>)	<i>Albañiles</i> (construction), <i>maquila</i> workers (<i>costureras</i>)	Real estate, graphic design, legal and consulting services

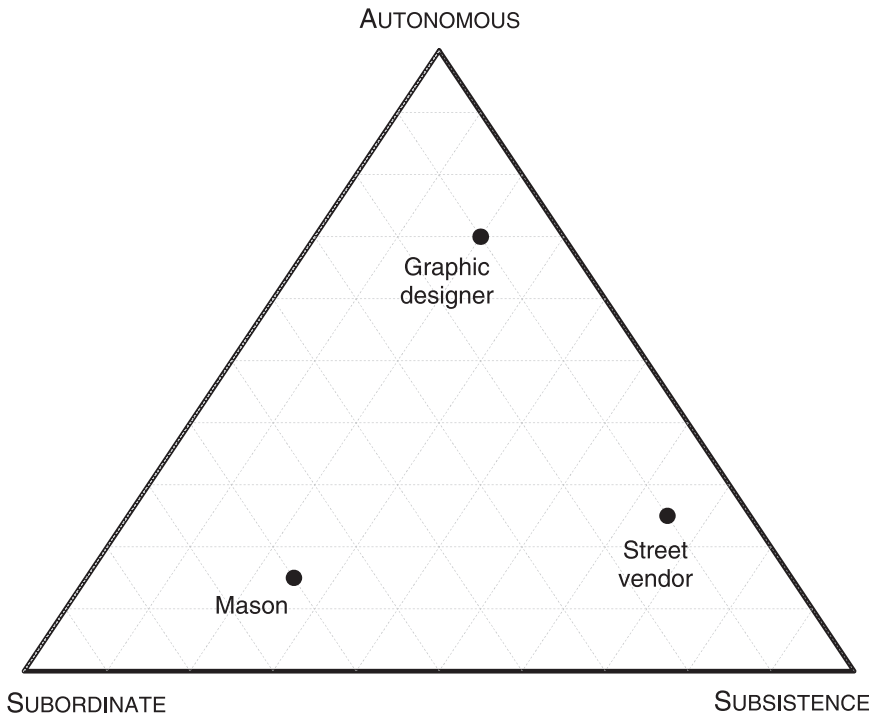


Fig. 4. Heterogeneity of subsistence, subordinate and autonomous informal work.

addition, in recent years, post-structural perspectives have emerged, which offer an alternative conceptualization of informality focusing on issues of power, culture, identity, and resistance.

INFORMAL WORK: GETTING BY OR GETTING AHEAD?

During the past decade, researchers affiliated primarily with the World Bank (Fajnzylber et al. 2006; Maloney 1999, 2004; Packard 2007; Perry et al. 2007) have emerged as the standard bearers of neoliberal explanations for the proliferation of informality throughout Latin America. Of particular importance is the research of Maloney (1999, 2004), based on detailed secondary data from 16 Mexican cities (covering only male workers from 15 to 65 years of age, however), which suggests that self-employment offers a host of purported advantages for both workers and employers, including flexible hours, job training and entry to the labor force, opportunity for economic independence and better wages, and avoidance of taxes and inefficient government regulation. As a consequence, significant mobility exists between formal employment and own-account work and workers from a wide variety of backgrounds purportedly opt out of the formal sector voluntarily for self-employment.

Table 4. Heterogeneity of informal work.

Worker	Sex	Education (years)	Income from work (pesos/month)	Hours (weekly)	HH income	Health benefits (job)	Health benefits (HH)	Place of work	Presence of boss	Hours	Legal status	Primary motivation
Graphic designer	Female	16	\$2000	8	High	No	Yes	Home office	No	Flexible	Partially registered	Voluntary, use education
Mason	Male	12	\$2600	40	Low	No	No	Job sites	Yes	Inflexible, set by boss	No contract	Involuntary, primary income
Street vendor	Female	9	\$2400	35	Very low	No	Yes	Street	No	Flexible	Unregistered	Economic necessity

HH = household

In recent years, colleagues at the World Bank have extended Maloney's research to other parts of Latin America (Fajnzylber et al. 2006; Packard 2007; Perry et al. 2007) and confirmed his 'seminal' finding: self-employment serves as the 'unregulated developing country analogue of the voluntary entrepreneurial small firm sector' in more developed countries (Maloney 2004, 1159). Given the purported similarity of self-employment with small business ownership, Maloney and colleagues affirm that policy frameworks from developed countries may serve to make recommendations with respect to micro-enterprises in less developed countries. In recent years, these results have made their way into World Bank policy documents, including 2005 and 2006 World Development Reports.

Jonakin (2006) and Biles (2008), however, contest World Bank claims and cast considerable doubt on the purported resemblance between self-employment in Latin America and micro-entrepreneurship in more developed countries. Jonakin (2006) asserts that the transmogrification of informality from a negative sponge for excess or displaced labor to a universal virtue reflecting voluntarism, flexibility, and efficient labor markets has served to justify the inevitable increase in informal and precarious work under the neoliberal model. Biles (2008) reveals how World Bank research, reflecting the consolidation of neoliberalism as the mainstream discourse shaping development policy, conveniently ignores the gendered nature of informal work and, as a consequence, displays a profound bias by associating one idealized form of informality – male micro-entrepreneurship – with virtues such as free enterprise, efficient labor markets, economic independence, and prosperity. By defining informal work as a universal, masculinist virtue and overlooking the divergence between the express purposes of neoliberalism and its actual implications, Biles asserts that World Bank research ultimately serves to justify the neoliberal model, rather than improve livelihoods throughout Latin America.

NEOLIBERAL REFORMS AND URBAN ECONOMIC RESTRUCTURING IN LATIN AMERICA

Neo-Marxist perspectives on informality highlight how the shift from ISI policies and concomitant imposition of neoliberal reforms, starting in the 1980s, has impelled Latin America into closer engagement with the global economy and resulted in the reorganization and relocation of production and consumption activities (Portes and Roberts 2005). In the context of rapid population growth, high rates of rural-to-urban migration, and large-scale demographic shifts throughout post-World War II Latin America, import-substitution industrialization policies concentrated manufacturing in major urban areas and created a significant unionized, industrial working class alongside an emerging middle class of professional and government employees (Portes and Roberts 2005). Although informal work remained an important source of employment and income during the ISI period due to rapid demographic change, the growth of manufacturing and

public sector employment diminished the relative importance of informal and self-employment (Roberts 2005). A number of scholars have employed neo-Marxist approaches to demonstrate how these processes of economic restructuring, concentrated primarily in urban areas of Latin America (where more than 75% of the population resides), have brought about the reorganization of work and polarization in occupational structure and income (Aguilar 1997), reduction in public sector employment (Cross 1998), outsourcing, and subcontracting accompanied by loss of job security and social protections (Klein and Tokman 2000; Pérez Sáinz 1998), greater part-time work and underemployment, and higher rates of unemployment (Aguilar 1997; Roberts 2005).

Indeed, as research by Olmedo and Murray (2002) in Argentina demonstrates, neoliberal reforms promoting more flexible forms of employment have eroded the quality of work and made the distinction between formal and informal work increasingly irrelevant. In contrast with the neoliberal perspective, which identifies excessive government regulation as the primary driving force of informality, Olmedo and Murray (2002) find that the actions of the state in Argentina promoting probationary employment, short-term contracts, and limited benefits have been primarily responsible for the increasing informalization of work. In response to government policies which reduced formal job opportunities and promoted greater precariousness of employment, Argentine firms shifted large numbers of workers off the books and a growing segment of the workforce adapted by resorting to self-employment. As a consequence, the economic crisis of 2001–2002 only exacerbated a trend toward greater levels of informal work dating back more than a decade (Whitson 2007a).

INFORMALITY AND WOMEN'S WORK

Neo-Marxist research has also highlighted the implications of neoliberal economic reforms for women. On the one hand, scholars have revealed how the shift from the ISI model to export-oriented industrialization has impelled millions of women throughout Latin America into the workforce during the past quarter century (Benería 2001). Chant (2004) attributes increased labor participation rates among women in Latin America to a combination of supply and demand factors at a variety of scales (individual, household, labor market, state, and global), including declining household incomes, greater levels of education, postponement of marriage, lower fertility rates, changing gender roles, and the preference of export-oriented firms for female workers. The gender implications of neoliberalism are complex, as substantial increases in labor force participation have taken place in both precarious and relatively well-paying jobs simultaneously (Tardanico 1996). For example, in the case of Costa Rica, Mannon (2006) and Tardanico (1996) reveal that younger, better-educated women typically enter formal employment (as primary household earners) in export-oriented

production, while older and less-educated women are relegated to informal work as part of an income diversification strategy. Moreover, Benería (2001) confirms that labor market gains, such greater wage equality, tend to accrue to women who occupy more skilled and managerial positions, rather than laborers. In any event, whether work is formal or informal, increasing participation in the workforce has potentially positive ramifications for women, including increased autonomy, a greater role in household decision-making, and the overturning of previous gender norms (Chant 1994; Chant and Craske 2003).

The stereotype of informal work as women's work emerged during the early stages of the neoliberal experiment (Scott 1995), and as Table 1 corroborates, a significant share of women in Latin America remain concentrated in precarious, poorly paid work lacking basic social protections and benefits. Indeed, notwithstanding the reality of increased labor force participation and formal employment, gains in female employment have been greatest in the informal sector and low-status jobs (Márquez et al. 2007). Accordingly, numerous scholars (Benería 2001; Chant 1994, 2004; Martin 1996; McIlwaine et al. 2002) have shown that informal work and self-employment (especially home-based work) form part of a broader livelihood strategy in which households intensify their use of human capital (e.g. by expanding the number of family members in the labor market) in order to diversify sources of income. Furthermore, contrary to the purported intrinsic preference for informal work and self-employment, neo-Marxist research has shown that women in Latin America generally resort to informality primarily to supplement household incomes within the context of neoliberalized labor markets in which work is poorly remunerated and precarious, rather than scarce. Consequently, notwithstanding apparent gender differences, Chant and Craske (2003) highlight the increasing convergence of men's and women's work due to widespread informalization and casualization, rather than any real improvement in women's working conditions.

POST-STRUCTURAL PERSPECTIVES ON INFORMALITY

Post-structural perspectives represent an implicit critique of neoliberal and neo-Marxist approaches and offer an alternative understanding of the role of informal work as a livelihood strategy. On the one hand, neoliberal perspectives view workers solely as a simple, genderless (interchangeable) factor of production who find (or fail to find) employment within freely functioning labor markets (based on supply and demand), and who are compensated fairly based solely on their human capital. Alternatively, neo-Marxist research views workers as unfortunate pawns within an exploitative global economic system which has made employment more precarious and poorly paid. Post-structural approaches, however, ascribe agency to individuals and reject the universalizing portrayal of informal

work as simply spaces of (neo-Marxist) exploitation or (neoliberal) liberation (Whitson 2007a). Furthermore, post-structural research incorporates the perspectives of marginalized and excluded groups, highlights the increasingly overlapping spaces of production (work) and reproduction (home), and reveals the non-economic roles of work (Lawson 2007; Mitchell et al. 2003). Ultimately, by focusing on issues of power, culture, and difference explicitly, such research forces us to reconsider what counts as work and the role that informality occupies in people's daily lives.

Risa Whitson's (2007a,b) recent research in Buenos Aires provides a provocative example of post-structural perspectives on informality. Using a relational approach in which informal workers are embedded within networks of actors operating at a variety of scales (households, firms, cooperatives, social movements, governments, and multilateral organizations), Whitson focuses on the social and political functions of work. Not surprisingly, many workers turned to informality as a form of subsistence following the economic crisis of 2001–2002. However, Whitson demonstrates that informality not only served as a simple livelihood strategy; many men and women employed informality as a form of resistance in response to the exploitation of workers within Argentina's neoliberalized economic system. Indeed, the nationwide proliferation of the *trueque* or barter system following the financial crisis provides one such example (see North 2005 for a detailed account). Furthermore, informality provided workers with alternative economic spaces and groups of informal workers (such as the trash pickers, or *cartoneros*) organized to create spaces of power, solidarity, and independence in the face of injustice.

Conclusions

During the past quarter century, informality has become something of a permanent feature of Latin American society (Chant and Craske 2003) and, as both the ILO's decent work agenda and recent World Bank encyclicals attest, a major policy issue. Ultimately, informality serves as a proverbial 'canary in a coal mine', providing tangible evidence of the repercussions of neoliberalism and globalization. Consequently, both policy recommendations and competing theoretical perspectives attempt to reconcile the proliferation of informal work within the context of the widespread adoption of the neoliberal doctrine. As the scholarly literature surveyed in this article suggests, geographers have played an especially important role in explaining the apparent contradictions and debunking common stereotypes of informality, identifying the gendered implications of neoliberalism, particularly with respect to informal work, and situating the place-specific livelihoods of men and women throughout Latin America within broader social and economic processes.

Notwithstanding the contributions of geographers and other scholars cited in this article, the continued salience of informal work as both a research

focus and real-world policy issue offers several potential opportunities for geographers. Although neo-Marxist scholars have highlighted the increasing functional integration of economies in the global North and global South, geographers have carried out surprisingly little cross-border or comparative research on informality. The very processes of neoliberalism (including activities such as subcontracting and outsourcing) have spawned informality in less developed countries, while simultaneously promoting greater precariousness and informal work in wealthy regions. As such, the changing nature of work and informality in a given location is often linked to corresponding changes in other places. In addition, both neo-Marxist and neoliberal perspectives emphasize the heterogeneity of informal work. Typically, neo-Marxist researchers conceptualize this greater heterogeneity within the context of neoliberalism and urban economic restructuring. However, to date, social scientists have failed to consider how the changing nature of informal work manifests itself spatially in the geography of Latin American cities (and elsewhere). Finally, notwithstanding the influences of globalization and neoliberalism, the majority of people throughout Latin America continue to find meaning in the old saying '*no vivo para trabajar; trabajo para vivir*' (I do not live [merely] to work; I work in order to live life). Accordingly, building on post-structural approaches such as Whitson's research in Argentina, Bebbington's (2004) notion of livelihood alternatives, and Herod's (1997) concept of labor geographies, scholars working in Latin America and elsewhere should heed the challenge posed recently by Coe et al. (2008) to explore and explain how men and women employ informal work in order to mediate the processes of globalization and neoliberalism and, ultimately, find meaning in their daily lives.

Short Biography

James J. Biles is an Assistant Professor of Geography at Indiana University, where he also holds a joint appointment in International Studies. His primary research interests focus on the intersection of globalization, livelihoods, and informality, particularly in southern Mexico. He has authored papers in these areas for the *Professional Geographer*, *Regional Studies*, the *Journal of Latin American Geography*, the *Review of Regional Studies*, *Growth and Change*, and the *Industrial Geographer*. He earned his undergraduate degree in Urban and Environmental Studies at Ohio University and his MA and PhD in Economic Geography at Michigan State University.

Notes

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¹ According to the World Bank report authored by Perry et al. (2007), more than the one-third all workers in Argentina and approximately one-half in the Dominican Republic have never held formal employment.

² For example, in the case of Mexico, labor force participation rates among women increased from 28% in 1980 to 42% by 2007 (Instituto Nacional de Estadística, Geografía e Informática 2007).

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