

MARXISM AND INFORMAL LABOUR

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Researchers influenced by Marxism have sought to grapple with the rise of labour in the informal economy. The notion of ‘informal labour’ has been used to modify and challenge the already-contentious idea that capitalism produces its own ‘gravediggers’. In response to informal labour’s rise, contemporary theorists have revised the link between capitalist development, proletarianisation and political strategy.

This article critically explores keynote examples of how these radical thinkers have attempted to update and strengthen Marxist analysis. It tries to synthesise them into a framework for analysing changes to the composition of labour forces. Although some of the discussion is relevant to rich as well as poor countries, the article focuses on the Global South, where the majority of the world’s workers live. Its first section outlines Marx’s views on class formation from the first volume of *Capital*. These views are contrasted with radical theorists who have pointed to the expansion of informal labour since the 1960s, as well as contemporary Marxist responses to informal labour. Having taken stock of these developments, the second section of the article outlines a typological approach to labour in the informal economy, drawing upon the insights of Chen (2006), Chang (2009) and Banaji (2010). The third section outlines the different ‘forms of exploitation’ that constitute labour in this typology, exploring examples within each type and areas of complexity, overlap and potential modification. The final section summarises the article and reiterates the potential to critically apply Marx’s ideas about class formation to the expansion of informal labour in the Global South. The intention is to offer a basic analytical guide to the variety of work and employment types found in the contemporary urban informal economy.

This approach, it is argued, is consistent with *Capital*, in which Marx developed a method of contrasting broad historical tendencies while

taking stock of contradictory tendencies and counter-evidence. The purpose of this exercise is to develop an analytical framework that is both empirically-sensitive to changes in class structure and could potentially be used to modify underlying theoretical propositions of Marxism. This article locates this framework by interpreting each type of informal labour as a 'form of exploitation'.

Capital and its Critics

Marx assumed that industrialisation would draw workers into factory labour. However, in *Capital Vol I*, he also argued that capitalism generated surpluses of unwanted labour. The result was a dynamic market for labour power in which waged employment overlapped with 'a relatively redundant population of workers; that is to say a population larger than suffices for the average needs of the self-expansion of capital—in short, a surplus population' (Marx, 1939: 695). Marx implied that competition between workers for jobs undermined the collective power that he and Engels had attributed to waged workers. He emphasised three kinds of surplus population: first, a 'floating population' which subsisted around centres of industry, rising and falling with the economic health of industry and following it as it became established in new areas; second, a 'latent population' of agricultural labourers which was 'continually on the move, in course of transference to join... the manufacturing proletariat'; third, a 'stagnant population' with irregular employment, the conditions of which 'fall below the average conditions of the working class'. This third group offered capital 'an inexhaustible reservoir of available labour power' (Marx, 1939: 711).

These workers were 'superfluous' to industry, agriculture and, especially, to traditional handicraft production which had been undermined by competition with modern manufacturing: '[This group] forms a self-reproducing and self-perpetuating element of the working class, and it takes a proportionally greater part in the general increase of that class than do the other elements' (Marx, 1939: 711). In addition, Marx discussed a fourth group encompassing 'the lowest sediment of relative surplus population, which dwells in the world of pauperism' (Marx, 1939: 711-2). Finally, Marx pointed to the existence of a fifth group of nomadic workers which formed 'the light infantry of capital, which moves them rapidly from point to point, as its need for them varies'

(Marx, 1939: 734). Although he generalised about the impact of industrialisation on the formation of factory labour, Marx suggested that his typology was specific to Britain and open to modification. He did not regard the working class as a homogeneous category and his typology was neither absolute nor static: 'Like all other laws, it is modified in its actual working by numerous considerations, the analysis of which we are not here [in *Capital Vol I*] concerned' (Marx, 1939: 712).

Of course, this analytical openness does not free Marx's ideas from criticism. Critics have long-argued that the concepts of proletarianisation and surplus populations could not address the massive expansion of unemployment and precarious employment in the colonised and ex-colonised countries. These concepts were challenged by the growth of informal employment in Africa, Latin America and Asia in the 1960s and 70s. Radical theorists expressed this problem in different ways (Fanon, 1963; Nun, 2000). Whether the focus was Asia, Latin America or Africa, the study of 'informal labour' was used as an arsenal against Marxist claims of a link between capitalist development and proletarianisation (Broad, 2000; Cox, 1987; Harrod, 1987; Portes, Castells and Benton, 1989; Sanyal, 2007; Tabak, 2000).

There is no question that the informal economy dominates work in the Global South. Informal work accounts for around half of all work in Latin America (Portes and Hoffman, 2003) and over 90 percent in India (NCEUS, 2009). According to one study, nearly half of China's urban labour force was employed under informal arrangements by 2005 (Park and Cai, 2011). Informal work was previously associated with informal enterprises. This refers to small firms, generally employing fewer than 10 workers, in which taxes and state regulations are either absent, relaxed or systematically evaded. This includes laws supposed to protect workers, such as restrictions on working hours, workplace safety rules, minimum wages, medical insurance or pension entitlements. Informal enterprises may be with or without premises, and include some enterprises based in homes: either the employer's home or the workers' home. In the last two decades, however, informality has increasingly been understood as 'informal employment' in order to capture growing numbers of informal workers employed in formal-sector firms, as well as the mass of workers employed in informal enterprises (ILO, 2002).

Although informal labour predates the 1970s, it has expanded as a proportion of world employment during a period in which neoliberal

economic policies have become widespread. In this context, several scholars influenced by Marxism have attempted to conceptualise the meaning of informalisation within a class-based perspective. These responses are important given that the informal economy has been used to challenge Marxist claims. For example, Davis (2004) has emphasised the overlapping of urban slum communities with livelihoods to create an ‘informal working class’ or an ‘active unemployed’ (Davis, 2004). In India, it has been argued that the locus of exploitation has irreversibly shifted from the capital-wage labour nexus to a relationship between capital and the assets created by self-employed ‘petty producers’ (Sanyal and Bhattacharyya, 2009). A more general argument is that Marxists should start with unemployment, or ‘wageless life’, rather than from the perspective of wage-labour (Denning, 2010).

Bernstein’s stress on the heterogeneous conditions for the sale of labour power provides a counter-point to these views (Bernstein, 2007). He uses the phrase, ‘classes of labour’, to capture the diverse relations in which waged-labour is employed in the Global South. This encompasses various types of wage-labour, including wage-labour ‘disguised’ as self-employment:

Classes of labour have to pursue their reproduction through insecure and oppressive - and typically increasingly scarce - wage employment and/or a range of likewise precarious small-scale and insecure ‘informal sector’ (‘survival’) activity, including farming in some instances; in effect, various and complex *combinations* of employment and self-employment... In short, there is no ‘homogeneous proletarian condition’ within the ‘South’, other than that essential condition I started from: the need to secure reproduction needs (survival) through the (direct and indirect) sale of labour power (Bernstein, 2007: 5, emphasis original).

According to this view, the mass of the world’s workers rely, either directly through wages or indirectly through subcontracting arrangements, on the sale of labour power. This argument is a challenge to the idea that informalisation involves a dominant tendency towards self-employment. While this tendency has been claimed in the context of Latin America (Portes and Hoffman, 2003), other studies have produced contrasting results. For example, in India scholars have found that ‘self-employment’ often conceals a situation that closely resembles an employer-employee relationship, with workers ‘employed’ by

subcontractors and wages paid in piece-rates (Breman, 2004; Mazumdar, 2008)¹.

Part of this debate involves the relationship between informalisation and class formation. Instead of trying to demonstrate conclusive evidence for either perspective in this wide-ranging debate, this article argues that critical scholars can develop a better way to analyse the changing structure of class in different development contexts. For Bernstein, ‘the relative size and weight, and importantly the composition, of the informal economy varies significantly with historically specific patterns of capitalist development’ (Bernstein, 2007: 8-9). This raises the need for historical and geographical concreteness in order to grasp changes to the structure of labour forces during the period of informalisation. It is possible to outline an analytical framework that incorporates recent empirical and conceptual insights from studies of informal labour. Such a framework could be used to map the diversity of work types and employment arrangements in the informal economy and, in the longer term, could help address the ongoing debate about the trajectory of class formation in the Global South. The following section outlines what this framework could look like, before demonstrating how each part of the framework is derived from recent critical scholarship on the informal economy.

Mapping Labour in the Informal Economy

It is possible to outline a virtual map of labour relations that takes heed of the diverse types of wage-labour that coexist with self-employment. This article adapts the typological approach of Chen (2006). Based on this approach, it is possible to distinguish informal employment from formal employment and divide it into two types (Figure 1). The first type is self-employment in informal enterprises (1A); the second type is waged employment in informal or unprotected jobs (1B). The inclusion of formal employment (Type 2) will be explained below. Type 1A

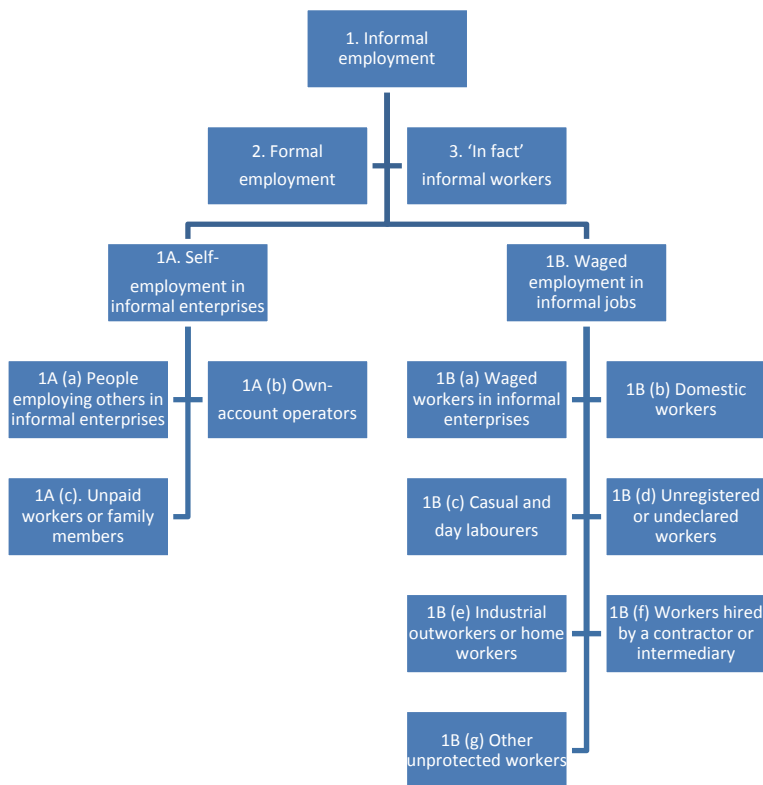
1 There are different interpretations of changes in the balance between waged and non-waged forms of employment. For India, for example, some scholars have insisted on a tendency towards self-employment in urban regions (Sanyal and Bhattacharya, 2009; Basu and Basole, 2011) despite the evidence of a tendency towards waged employment in informal enterprises (Barnes, 2011).

incorporates all people who work, own, supervise or manage within informal enterprises, including employers who provide work for others (1Aa), own-account operators, who may either be individual producers or people running small family enterprises (1Ab), and all unpaid workers who work within informal enterprises, including family members working for, or alongside, own-account operators (1Ac).

'Informal jobs' refers to a broader category of employment in which the characteristics of informality (see previous section) apply to employment in both large and small firms, including many firms counted as part of the 'formal sector'. The common characteristic for all workers in Type 1B is that they exchange their labour-time in return for some kind of wage payment. It is acknowledged that all typological approaches have weaknesses that relate to their static or 'snapshot' character and, consequently, their inability to fully capture the dynamism of day-to-day economic activity. Informal economic activity and employment is more like a continuum, in which workers move between different 'types' or occupy more than one type at any given moment (ILO, 2002). There are relatively few instances that represent formal or informal employment in a 'pure' form. Many kinds of employment exhibit features of both endpoints on the continuum. For this reason, 'formal employment' has been included within this typology to approximate its presence at one end of the continuum and to signify the complex real-world interaction between the characteristics of formal and informal employment (Type 2).

Furthermore, the typology can be modified in response to new empirical observations. This typology is modified from Chen's original in two senses. First, Chen did not include workers hired by a contractor, subcontractor or intermediary (1Bf) as a separate category. This type could potentially be disaggregated into workers hired through temporary agencies (both formal and informal), through individual contractors, patrons or family members, 'dispatch' workers and some types of seasonal labour. In many countries, including such diverse examples as India, Thailand and South Korea, agency and dispatch labour plays a major role in both the formal and informal sectors (Chang, 2009). Second, this article includes a further category of 'in fact informal workers' (Type 3). This is derived from Chang (2009) and is explained below.

Figure 1: Mapping Labour In The Informal Economy



Source: adapted from Chen (2006) and Chang (2009).

It is also important to acknowledge that there is nothing automatically ‘Marxist’ about such a typological approach. Chen’s views seem more consistent with an ‘institutional’ approach to development studies (Maiti and Sen, 2010), although there may occasionally be some overlap

between institutional and class-based approaches (e.g. Harriss-White, 2003). However, there are two senses in which this framework has particular relevance for Marxists. The first is that each 'type' in Figure 1 should not simply be considered a particular kind of employment, contractual relationship or as a technically-defined type of work. Although these descriptors may be relevant, each type represents a different means of connecting commodity production to the production and distribution of value. This means that, in each type, there are different ways of organising the production process in order to extract surplus value from the labour time of workers. Hinging this typology on Marxist theory means considering each 'type' as a 'form of exploitation'. This concept comes from Banaji's analysis of modes of production (Banaji, 2010). 'Forms of exploitation' is appropriated to analyse different kinds of waged labour, self-employment and unpaid labour in contemporary settings. In each 'form', dominant classes have specific ways of appropriating surplus value, of distributing value and various ways of organising the production process, while different groups of informal workers have diverse means of resistance and different economic survival strategies.

The second sense in which this approach has relevance for Marxists is that it captures the spread of informal labour in both the informal and formal 'sectors' of the economy. Marxists have traditionally included 'formal' workers as part of the working class. A core proposition of Marxist theory is that most people exchange their labour power for wages and, therefore, that differentiation among workers based on wages, working conditions, social and legal rights, *etc.*, must be incorporated into this framework. In attempting to capture diverse types of *informal* labour, the typology in Figure 1 necessarily excludes certain categories of wage labour. It does not include, for instance, permanently-employed workers in medium- or large-scale enterprises. This implies that the Marxian understanding of wage-labour is, by its nature, a challenge to the formal-informal duality and that any typological approach to informal labour is likely to uncover examples that transcend this division.

One way to address this issue within a Marxist framework is to adopt Chang's (2009) approach to informalisation among workers in Asia. In part, Chang attributes the growth of informal employment in formal-sector firms to neo-liberal policies, such as the creation of export-processing zones or the erosion of trade union rights and freedoms, which, he argues, adapt the economic policymaking framework to the

logic of informal labour. To this, he adds the concepts of ‘in fact informal workers’ (Type 3). This refers to permanently-employed workers who are counted as part of the formal sector and are formally covered by protective laws and entitlements. However, they have no access to these protections and entitlements *in practice*. An example of this may be migrant workers who are covered by the same laws and regulations as non-migrants but who lack knowledge about their rights or entitlements or lack the knowledge or expertise to take advantage of them (Chang, 2009).

As Chang suggests, informalisation is an inexorable force that has overwhelmed and transformed labour relations. In order to understand this more clearly, it is necessary to spell out the impact of informalisation on the various kinds of labour that have been affected. The typological approach adopted in this article attempts to describe the basic characteristics of informal labour so we are better-placed to outline responses and policies for each type. This means understanding the different ways in which surplus value is extracted and how the organisation of the labour process affects this transfer. This is important because it informs the design of policies that could address the income, income security, working conditions and lifestyle concerns of workers. For these reasons, it is necessary to outline some of the basic features of each type of informal labour.

Forms of Exploitation along the Informal-Formal Continuum

In this section, the adapted typology (Figure 1) is combined with Banaji’s ‘forms of exploitation’ approach in order to grasp the variety of ways in which surplus value is appropriated within different work types and employment arrangements. While the vast majority of types in this section pertain only to informal employment, some approach types of formal labour. Emphasis is placed upon waged employment in informal jobs (Type 1B). This does not mean that genuinely self-employed workers or unpaid workers (included in Type 1A) are unimportant. However, the emphasis of Marxists has traditionally been on the potential to generate radical industrial and political movements from the battles between waged workers and employers. Organisations representing self-employed workers have emerged in different contexts. This, the blurred

boundaries between some forms of waged and self-employed labour (see previous section) and the interaction between waged and non-waged forms of employment in working and living spaces may create some potential to form alliances between waged and self-employed workers.

1B (a): Waged Workers in Informal Enterprises

Depending on the country or region, either a majority or a large minority of waged workers living in the Global South are employed in informal enterprises. For example, economic census data in India demonstrates that these workers made-up the largest share of growth in employment in urban regions from the 1990s until the mid-2000s (Barnes, 2011). Neo-liberal accounts suggest that informal enterprises are primarily sites of ‘micro-entrepreneurial’ activity (Perry *et al.*, 2007). Some critical scholars have come to similar conclusions in the case of Latin America (Portes and Hoffman, 2003). In contrast, some studies in India have found a link between employment growth in informal enterprises and lower incomes (Breman, 2004; D’Monte, 2002). The potential to evade protective labour laws is much higher in these enterprises.

Many of these workers have few rights and limited collective bargaining power. Problematically, trade unions in many countries have commonly ignored workers employed in these circumstances (Ahn, 2007). The sheer variety of work types and employment arrangements within informal enterprises makes it difficult to systematically outline the production and appropriation of surplus value for this category. The extraction of surplus value may depend on numerous factors linked to the type of occupation and labour process, such as the type of commodity, the average level of skill or the tools or equipment required to complete tasks. Some of the studies reiterated in this article suggest that it is normal for wages to be lower in informal than formal enterprises. This may depend on the specifics of the production process, although this is also linked to causal factors outside the character of enterprises, such as the education level of workers, gender, age (in the case of child labourers) and, possibly, place-of-origin and cultural or linguistic background. It may be possible to make clearer statements about class relations if we look at more specific examples of informal labour.

1B (b): Domestic Workers

Domestic workers form a category of employment that blur the distinction between waged and non-waged forms of labour. Domestic workers are paid wages but their workplace is within a household, includes tasks that may be traditionally performed by unpaid domestic labourers or family members and does not normally involve the direct production of commodities. This work may not be recorded in official surveys of informal economic activity. It is characterised by low pay and long working hours. The character of the labour process means that it may be difficult to define a 'working day'. Many workers will be required to perform tasks during irregular hours, such as the early morning or late at night. Furthermore, the value extracted from the labour of domestic workers may be related to the value required to replenish the labour power of the other workers living in a home (Dunn, 2011). It may also depend on the type of domestic work, such as whether the worker is 'live-out', in which case the worker may labour in several homes, or 'live-in' in which their labour may be subject to the orders of family members over many hours, with even fewer hours for rest or recuperation.

The gender dimension is central to domestic labour. Most workers are women and this raises specific problems, such as low pay, personal security and sexual harassment (NDWM, 2010). Gender and class distinctions combine in this case, as domestic workers tend to be women employed in the households of middle- or high-income families (NDWM, 2010; Romero, 2002; Sankaran, Sinha and Madhav, 2008). In addition, the phenomenon of temporary labour migration has incorporated waves of domestic workers migrating from South and Southeast Asia to North America, Europe or the Gulf States (Rosewarne, 2010). In her study of domestic workers in the US, Romero even suggests that relations 'between middle-class employers and household workers replicated class tensions and structured contradictions between capitalist and proletarian' (Romero, 2002: 98). The legal status of these workers as migrants creates an additional element of vulnerability, despite the potential income gains that contribute to workers migrating in the first place (Stasiulis and Bakan, 2005). Recently, attention has turned to country implementation of the ILO Convention on Domestic Workers, which includes limits to working hours, minimum wage entitlements and freedom of movement for workers. This raises some hope that trade

unionists might be able to incorporate the rights of domestic workers into their campaign priorities.

1B (c): Casual and Day Labourers

Casual and day labourers refer to workers who are forced to seek employment on a very regular basis, such as weekly or even daily. There may be considerable overlap with workers employed in informal enterprises, although this is a broader category because workers may find employment in larger or 'formal' enterprises, while many workers employed in informal enterprises may have regular or long-term employment. This type includes migrants from rural and other urban areas who have been compelled to travel in search of income as street vendors, beggars or casual cleaners. In earlier studies, this was described as a 'primitive labour market' (Harrod, 1987). In India, these workers can be observed assembling in the early-morning 'job squares' (*nakas*) across cities and towns (Bremar, 2004) and play a key role in industries that produce matches, woollen carpets and toys (NCEUS, 2009). This subset of 'day labourers' is special because the concern to find employment may take precedence over the conditions of employment. Larger labour market supply play a major role in forcing workers to accept the wages and conditions they are offered. Consequently, the 'organisation' of these workers is extremely difficult in the place of work. Even in the job squares themselves, the pressure of finding employment may mitigate against approaches by labour activists. However, it may be possible to make connections with these workers in other communal spaces and nearby homes (Hammer, 2010).

This type also includes groups of casual workers who have been able to find regular or longer-term employment, but who are categorised as 'casual' so that employers can avoid offering specific conditions or entitlements. While casual employment of this type is common in poor countries such as India, such as its motor vehicle, auto component and machinery manufacturing industries (Sen and Dasgupta, 2009), it also seems to be common in countries at a more advanced stage of industrial development. For example, in South Korea, it is common for employers of private tutors or truck drivers to designate regular employment as 'special employment' in order to avoid providing entitlements to workers (Chang, 2009). In these cases, the common issue seems to be confronting

the consequences of the legal framework – or, perhaps, loopholes in the legal framework – that allow employers to increase absolute surplus value by denying specific claims that would otherwise increase labour costs, such as medical insurance, pension benefits or redundancy entitlements. These workers may be employed alongside non-casual workers and may even be performing very similar work activities.

1B (d): Unregistered or Undeclared Workers

This type refers to workers employed in formal sector firms whose employment is concealed by employers. Consequently, they are not measured by the state as part of the formal labour force. It is likely that there is overlap with casual and day labourers. For instance, some casual workers and day labourers may not be included in employment musters used as samples to calculate labour force statistics or by state bodies to calculate payrolls taxes. The act of employing undeclared workers may technically be illegal but may be difficult to counteract. Institutional actors within the state may regard the costs of monitoring and enforcing compliance as greater than the potential taxation benefits. Workers may also perceive a benefit in avoiding taxation laws in this way. More generally, this may be regarded as a strategy to avoid granting entitlements to permanently-employed workers in formal-sector firms. It is a way of increasing absolute surplus value by eliminating entitlements and, possibly, by cheapening wages. An alternative strategy is to mischaracterise workers as ‘trainees’ or ‘apprentices’ to achieve similar outcomes. Depending on the scale of these activities by employers, this may be a major problem for labour force statisticians and those scholars and activists who utilise their research output. For labour activists, the issue is about organising these workers in order to achieve basic entitlements denied to them because of their employment status. Depending on the specific composition of labour forces, this may mean convincing workers with ‘formal’ status to support these efforts.

1B (e): Industrial Outworkers or Home-workers

This type captures much-studied forms of employment in the informal economy (ILO, 2002). This is an area in which there is overlap between the characteristics of self-employment and waged employment. As such,

there are undoubtedly cases in which waged workers labour alongside own-account operators (1Ab) and unpaid workers or family members (1Ac). In some cases, their status as waged workers may be clear because they are hired by an employer to work within their premises or household. In other cases, this status may be obscured because the worker is labouring within their own home and paid an income corresponding to the volume of commodities they produce. Even in this case, the worker may be considered a wage labourer if their income is effectively a form of piece-rate wages. This interpretation is consistent with Marx's distinction between the 'formal' and the 'real' subsumption of labour by capital. The 'formal subsumption of labour' means that capital confronts the small producer, dominating his or her labour process 'without subjecting it to technical transformation' (Banaji, 2010: 280). This is contrasted with the 'real' subsumption of labour, emphasised by Marx in *Capital Volume 1*, which involves capitalists directly controlling and supervising technical aspects of the labour process with the aim of generating relative surplus value.

While it is possible to draw passages from *Capital* which imply that the real subsumption will displace the formal subsumption by virtue of its superior labour productivity and, thus, its productive capacity, this does not seem to be a universal aspect of capitalist development. It is true that many production processes have drawn labour from regions dominated by the formal subsumption of labour to regions dominated by the real subsumption. For example, the global soccer ball production industry has undergone a historical transition from home-based production in Pakistan and western India to factory production in China and Thailand (Chan and Hong, 2011). On the other hand, garments manufacturing in northern India has undergone a dual process, with some stages of the manufacturing process shifting into small factories while other stages have remained in, and even shifted towards, home-based production in rural and urban areas (Mezzadri, 2008). Such arrangements have long been used by industrialists in the global garments industry to reduce labour costs and transfer supervisory costs into informal enterprises (Castells and Portes, 1989). In these cases, large firms can exercise economic power over these workers through manipulation of quantities and prices in chains of commodity production.

Home-workers confront a variety of special problems. For many, the issue is primarily one of securing regular work to generate, or supplement, household income. Organisations, such as the Self-

Employed Women's Association (SEWA) in India, have emerged that focus on this area (Ahn, 2007). One of the main reasons why SEWA emerged in Ahmedabad in the early 1970s was the refusal of the established trade unions to take the income security and organisation of these workers seriously. The relationship between the strategy of labour organisations and home-based workers remains important today. Other issues that require labour movement adaptation include winning higher wages by securing higher prices for end-products and empowering workers to improve their working environment. In addition, labour organisations attempting to relate to home-based workers need to develop policy responses around numerous issues beyond the production process, such as work-life balance. This, in turn, is influenced by the education-level of workers, their ability to access modern domestic appliances, household access to clean water, electricity and technology, and the availability of safe and reliable transport systems to connect workers with their place of employment (Sudarshan and Bhattacharya, 2009).

1B (f): Workers Hired by a Contractor or Intermediary

This type of informal labour covers an enormous variety of occupations. Many workers employed in informal enterprises, domestic workers, casual or day labourers and unregistered or undeclared workers may find employment through a contractor or 'middle-man'. For home-workers, contractors play an indispensable role in connecting industrialists, merchants and workers through supply chains. The role of intermediaries has been noted many times in global labour history. For example, Marx argued that workers recruited into gangs played an important role in the British working class of the mid-nineteenth century (see above). Contract labour has been systematically studied in the case of modern India (Bremner, 1994; Picherit, 2012). In particular, Bremner's studies of 'footloose' labour in Gujarat have emphasised the link between impoverishment within agricultural households, caste division and labour recruited by contractors (*mukadam*) in far-flung regions. Most of these workers rely on migratory seasonal employment. Depending upon their caste, some workers will migrate for agricultural labour while others will migrate in search of industrial work, usually (though not exclusively) in informal enterprises, or employment in 'services' such as construction or domestic labour. Challenging notions of 'free labour', many workers are

locked into a debt-dependent relationship with contractors. Wages are paid irregularly or in a lump-sum at the end of a 'season'. Advances are paid in order to allow workers to replenish their labour-power, while remaining payments are conditional upon workers remaining tied to the contractor.

However, labour hired through contractors is diverse and exists, in different forms, in various industries and countries. Across Asia as a whole, it has been estimated that the vast majority of construction workers are hired on this basis (Chang, 2009). Some sectors, such as the South Korean private tutoring industry (Chang, 2009) or the Indian auto industry (Sen and Dasgupta, 2009), are dominated by this type of labour. In some cases, workers are recruited in groups and employed directly by a dispatch agency or labour hire firm. In others, the 'contractor' status is applied to the worker themselves; the employer is, in practice, the provider of work and the worker's employment status is changed in order to lower labour costs, such as holiday, sickness and pension entitlements. This variation means that the issues confronting workers can be quite different. For workers employed on a regular basis but essentially mislabelled as 'contract' workers, the issue may be how to convert their employment into formal contracts with full access to legal entitlements. As in the case of unregistered and undeclared workers, this may involve convincing 'formal' workers to support these efforts in collective bargaining.

For workers genuinely tied to an intermediary, the policy depends on the specific relationship between the worker, intermediary and industrialist or large-scale employer. Contractors act as an intermediary between capital and wage-labour, providing the labour-power necessary for capitalists in informal enterprises, large-scale industry or labour-intensive services, while enabling these capitalists to 'outsource' remuneration and control of the labour force to reduce their management burden. In some cases, the distinction between the capitalist and the contractor is unclear. For example, the contractor may effectively act as the *employee* of a capitalist. In other cases, the capitalist may negotiate terms of employment with another capitalist firm, such as an agency or labour-hire company. While this is a form of 'contractualisation' that blurs the boundaries between labour forces in developed and developing countries, there are other cases that appear to be more specific to developing countries. For instance, the greater role of the informal economy in developing countries may mean there is a greater incidence of 'informal'

contractors. This may refer to contracting groups or individuals who are not officially recognised as a firm but who, nonetheless, act to provide capitalists with a labour force. Both formal and informal intermediaries may coexist.

The latter is common in the case of India's garments and construction sectors. In the Delhi region, many young single men are recruited by contractors (*thikedars*) to work in the auto industry (Sen and Dasgupta, 2009) and in garments production (Mezzadri, 2008). In many cases, the worker is a rural migrant recruited by a subcontractor at the village or town level and then transferred to a contractor in the city hired by an industrialist or a group of factory owners. In other cases, such as construction or agricultural labour, the contractor may play a more transparently exploitative role by withholding wages and issuing credit through advances. In these cases, there are specific issues that must be addressed such as the payment of lower wages through deductions for contractors' fees, the lack of collective bargaining rights and the lack of access to labour laws supposed to regulate and reduce the use of contracted labour. For labour activists, problems for workers go beyond the employment relationship since workers are often 'distress' migrants compelled to move due to the lack of employment opportunities in their place-of-origin (Singh, 2002). Thus, the problem of forming strategies to help workers in these circumstances is closely tied to the design of policies that could mitigate rural poverty and volatile incomes in households from traditional agricultural areas.

1B (g): Other Unprotected Workers

This is a residual category of temporary and part-time workers who, for various reasons, are not protected by labour legislation and other protective laws. There are some workers who do not fall easily into any of the other category of informal wage-labour but who should be regarded as part of this broader group. This includes workers who may be continuously employed but are excluded from particular entitlements such as social security or medical insurance. This final category of informal wage-labour may intersect with Chang's (2009) concept of 'in fact' informal workers (Type 3). For Chang, this type of labour overlaps with instances of workers hired through contractors, agencies or labour-hire firms. Part of his argument is that the growth of 'in fact' informal

labour represents both the geographical spread and the normalisation of informal labour as regulatory regimes are modified to suit the logic of international competition and mobile capital. In other words – and as suggested by the various types of informal labour in Figure 1 – informal labour is now the natural starting point for studies of work, employment and labour regimes in the Global South. This suggests that the notion of ‘formal’ employment is better understood as a series of conditions and entitlements denied to the majority of workers.

Conclusion

This article has developed a framework for understanding the diversity of labour employed within the informal economy. This typological approach provides a means of modifying core propositions of Marxist theory – specifically, Marx’s ideas about class formation – to apply them to changing contemporary class structures. Marx identified *general* tendencies of proletarianisation and the creation of surplus populations as capitalism developed. In the late twentieth century, these concepts were severely criticised by a range of scholars who identified, in different ways, the expansion of informal economic activities in the Global South. More recently, scholars influenced by Marxism have attempted to recast radical theories of class formation by associating informal labour with types of unemployment, self-employment or the act of wage-seeking itself. Others have emphasised a tendency within the informal economy towards diverse forms of wage-labour. This article has combined some of these theoretical developments with a typological framework.

Specifically, it has synthesised Bernstein’s ‘classes of labour’ approach and Banaji’s concept of ‘forms of exploitation’ with the ontological reality that informal labour has become the dominant feature of work and employment in the Global South. This approach helps to highlight the enormous diversity of labour employed within the informal economy, particularly emphasising the diversity of wage-labour forms and, in some cases, their interaction with self-employment and unpaid labour. The aim has primarily been to develop an analytical framework that is flexible enough to capture this diversity, while paying due attention to the different or competing ways in which surplus value is appropriated, and the corresponding survival strategies of workers. This framework has

been developed from earlier empirical and conceptual insights and is open to further modification in its own right.

This framework has two main uses. First, it has implications for the industrial and political strategy of contemporary labour movements. Because Marxists have been historically concerned with building effective and successful labour movements, this framework suggests that the careful distinction between different forms of exploitation is important in the formulation of strategies that can build mass support for these movements. The distinction is not primarily about encouraging separate organisations among different groups of informal workers, although that may be necessary in particular cases. Rather, it is an argument about the *politics* of labour movements: labour organisations and trade unions that do not respond to the specific needs of workers engaged in different forms of exploitation cannot expect to rejuvenate labour movements or claim to champion the interests of most workers. This means designing campaigns and policies that can realistically address some of the main problems that informal workers face each day.

However, this framework is also conceived as an extension of the view that informal economic activity is a dynamic continuum of work types and employment arrangements rather than a distinct 'sector'. 'Formal employment' has been included in the typology as a representation of an end-point of informal economic activity along this continuum, with the possibility of workers moving between different forms, occupying more than one (if they have more than one job) or different forms coexisting within individual household and communities. The relationship between workers located in different forms of exploitation is complex. It would be a mistake to reduce the characteristics of work and employment in any one form to those of another. This is essentially the mistake made by critical scholars who try to characterise informal work as self-employment, as a type of unemployment or as a 'wageless' proletariat. Diversity, rather than a tendency towards a homogenous condition, is the key.

Second, this framework provides a way of systematically testing hypotheses about class formation that is consistent with Marx's methodological approach in *Capital*. Although Marx outlined proletarianisation and the regeneration of surplus population as general and contradictory features of capitalism, his account is clear on its empirical specificity to Britain in the mid-nineteenth century and its

openness to empirical modification. One can draw some parallels between Marx's account and contemporary types of informal labour; for example, the 'floating population' of workers in *Capital* and today's casual and day labourers, or Marx's account of nomadic workers and today's workers hired by contractors. In other cases, one can find some differences between Marx's categories and the forms in this typology.

For instance, some workers hired by contractors are tied to contractors through debt bondage in a way that has similarities with the gang labourers in industrialising Britain, while others work in remarkably different circumstances, employed in a production process which is essentially the same as their directly- and permanently-employed co-workers but denied access to the same level of pay, conditions and rights. The point is that this typology reflects the openness of *Capital* to empirical modification while outlining the different forms of exploitation in a way that fits with the dominant role of informal labour in the modern world. Just as Marx was open to counter-evidence, so this typology is open enough to cope with new findings by incorporating the idea of diverse forms of exploitation, by acknowledging their dynamic interaction and by enabling researchers to specify the character of exploitation, resistance and survival in each case.

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