

Theme  
of the year  
2024

## Informalidades | Informalities

Various demographic, social and economic factors, such as the restructuring of production, the application of technological progress to work and economic crises, are associated with the proliferation of informal activities. Three arguments, however, explain this expansion based on the relationship between these activities and the state.

*State failure:* It is argued that where the “informal economy”, which we can call with less ideological connotations the *popular economy*, abounds, it is because these are societies and spaces in which *the state and its institutions are weak*. As a result, it has not been able to control informality and impose respect for all laws that have been violated.

*State excess:* In the second case, the argument that explains the proliferation of these activities by the excess of the state is part of a liberal current sustained by business people and developed and systematised by international organisations and pro-business civil society, including Hernando de Soto.

*State tolerance:* A third argument is that the informal economy develops due to the state’s tolerance. This reasoning suggests that rather than a problem of lack of state capacity or too much state interference in the economy, there is veiled permission, pardon, or a loophole by which the state itself tolerates the presence and development of informal activities, i.e. the violation of many laws. Illegality puts people who participate in the informal economy in a position of weakness and vulnerability, which generates dependence and individualised behaviour, which maintains clientelist or patrimonial power relations. In places where there is a strong tradition and presence of unregistered, i.e. unpaid and self-employed, economic activities, and where it has grown significantly in recent decades, such as in the cities of Mexico, São Paulo and Calcutta, organisations with strong bargaining power have emerged that defend the interests of vendors in a confrontation with the government.

There is no chaos in the popular economy, nor is there an invisible hand guiding individual behaviour from which society benefits. In the popular economy, agreements, negotiations, and unwritten rules, i.e. informal forms of regulation which must be followed, are known to all.

Many actors in the popular economy are not only organised; they are also transnationalised and are part of globalisation from below, the other world economy.

Economic “informalisation” extends to other spheres of society: the restructuring of the forces of law and order, such as the community guards in Mexico and the self-defence groups in other countries such as Peru, which appeared as extended arms of the armed forces and police in the face of growing insecurity in the countryside and the inability of the state to deal with it. Armed gangs of workers from the slum areas also appeared. Part of the contingent of these private law enforcement groups consisted of former army members and retired or dismissed police officers who now find employment and income in guarding banks, houses, neighbourhoods, and commercial businesses. At the extreme end of these informal law enforcers are, on the one hand, the paramilitary gangs and the most dramatic manifestation of them: the so-called death squads that have operated or are operating in several Latin American countries. On the other hand, there are the narcos whose armed gangs virtually administer territories and sub-regions of Latin American countries such as Colombia, Peru, Bolivia and Mexico.

The public sector is also becoming computerised. Since the 1980s, the proliferation of private foundations with public objectives, the NGOs, can be observed in Latin America, Asia and Africa.

The informalisation of society also extends directly into the political arena. From the 1980s onwards, political parties lost the electorate’s confidence in several Latin American countries and beyond the subcontinent. Economic and social crises and the erosion of traditional political parties led the public to turn to people with business backgrounds or no previous political experience for supposedly efficient government.

Illegal and illegitimate activities have also infiltrated a part of the popular economy, generating jobs and income that impact the local and regional economies and the national and international economies. Some segments of the poorer sections of society derive their income from illegal activity: from small-scale and large-scale theft to drug, arms, and human trafficking.

We propose informalities as a topic for Mecila to focus on in 2024 to stimulate discussion along the briefly mentioned dimensions. We seek to stimulate theoretical debates, empirical research, and case studies that explore informality in relation to the conviviality-inequality nexus that guides our research programme.