

The Dynamics of Labour Informality in Brazil, 2003–2019

Marcelo Manzano, José Dari Krein, Ludmila C. Abílio
University of Campinas, Brazil

ABSTRACT

This article examines the evolution of labour informality in Brazil between 2003 and 2019, a period marked by strong political, economic and social inflections. In the first section, we offer a brief reflection on the terms of the historical debate on informality and its relation to the transformations of the Brazilian economy. In section two we describe the remarkable process of labour formalisation that took place in the country between 2003 and 2014, pointing out its exceptionality and principal determinants. In section three, we note the reversal of this formalisation trend. With the recession of 2015–2016, informal and precarious work increased sharply, exacerbated by newly flexible labour laws and the emergence of new precarious labour relations. We conclude that the Brazilian experience in this new century shows that the formalisation of labour relations is strongly related to more general conditions of economic development and the solidity of public institutions. Furthermore, and in contrast to the views held in mainstream economics, initiatives to simplify and ease the regulatory framework appear to coexist with increasing levels of precariousness and informal work.

KEYWORDS

labour informality; Brazilian labour market; public policy; labour regulation; gig economy

Introduction

Theoretical work on informality began in the 1960s and 1970s with the studies by Hart (1973), the International Labour Organization's Kenya report (ILO, 1972) and the creation of the Regional Programme for Latin America and the Caribbean (PREALC). The term was used in Brazil to explain the “other side” of job and income creation, outside of wage employment, in a context in which the country was unable to create jobs for all those seeking work (Machado da Silva, 2003). Salaried employment has thus existed alongside a series of unorganised activities with low productivity and low income that fall outside the country's legal institutional framework. This phenomenon is related both to the productive economic structure and, fundamentally, the politico-institutional framework responsible for the regulation of wage labour in Brazil.

In this article we focus on the period between 2003 and 2019 to examine the evolution of labour informality in Brazil. This period was marked by momentous political, economic and social changes that resulted in equally significant changes in labour markets. In particular, the political inflection in 2016, with the impeachment of then president Dilma Rousseff (Workers' Party, PT), divides this period into two contrasting attempts to regulate labour markets. Our objective is to identify both the structural and institutional forces that explain the impact of these alternative forms of regulation and their significance for the lives of working people in Brazil. We argue that

the Brazilian experience in this new century shows that the formalisation of labour relations is strongly related to more general conditions of economic development and the solidity of public institutions – that is, the strengthening of state control and inspection apparatus for labour activities. Furthermore, and in contrast to the views held in mainstream economics,¹ initiatives to simplify and ease the regulatory framework appear to coexist with increasing levels of precariousness and informal work.

We begin our analysis by offering a reflection on the terms of the historical debate on informality as it developed in Brazil and its relation to the transformations of the country's economy. In the following section we assess the principal determinants of the remarkable process of labour formalisation that took place in the country between 2003 and 2014. The discussion reveals in particular the exceptionality of this experience in the context of Brazil's trajectory of informality and inequality. In the fourth section we note the reversal of this formalisation trend. With the recession of 2015/2016 and the political right turn that followed Dilma Rousseff's impeachment, informal and precarious work increased sharply – a change that was exacerbated by the nature of political change in the country and the newly flexible labour laws the government introduced. Our concluding sections offers an assessment of Brazil's experience with informality and possible future scenarios.

Informality and Brazil's Development Trajectory

Unlike several other Latin American countries, until 1980 Brazil managed to make industrialisation quite viable by developing a domestic industrial structure in line with the Second Industrial Revolution. Success with this approach allowed the country to become the eighth economy in the world in terms of annual gross domestic product (GDP). However, the transformation did not translate into improved living standards for most Brazilians. In particular, the state was unable or unwilling to prevent predatory competition among job providers or to develop a social protection system like those in most industrialised countries. Despite the existence of wide-ranging social legislation, the state's efforts were aimed at ensuring economic development, not at organising the labour market.

Industrialisation and urbanisation boosted capitalist development in Brazil, as did the resulting expansion and diversification of the service and public sectors. As a result, society and the labour market were both transformed significantly, going from an economically active population (EAP) that was predominantly rural to one that was primarily non-agricultural in just fifty years. In fact, between 1940 and 1989, the agricultural EAP dropped from 66.5 per cent to just 23.2 per cent of the overall EAP (Dedecca and Brandão, 1993). Migration from the country to the city was also quite intense; from the 1950s to the 1980s, 39 million migrants moved to urban areas seeking better living conditions (Cardoso de Mello and Novais, 1998). Nonetheless, Brazil's strong economic growth from the 1930s to the 1980s, remarkable as it might have been, resulted in improvements for only two-thirds of waged workers.

As Baltar notes,

Brazil's economic development redefined, but did not solve, the three key issues that characterise the country's labour market: the redundancy of a significant part of the active population; the low share

¹ See for example Bosch, Goni and Maloney (2007), Monteiro and Assunção (2006) and Pastore (1995).

of wages in production costs and as a share of total income; and the enormous asymmetry, dispersion and inequality in the distribution of both wages and other work income (Baltar, 2003: 199).

The failure to resolve these three issues – structural surplus, low share of wages in income, low and unequal income from work – is related to the country's politico-institutional framework and the legacy of four centuries of slavery, with no policies developed to incorporate former slaves into society.² In 1930, industrialisation began, and a set of labour rights were introduced in the country, which were eventually brought together in the 1943 Consolidation of Labour Laws. This legislation was quite extensive, yet it was mostly limited to workers in industry and commerce. An important differentiation thus emerged between those who had and did not have rights, as until 1988 social security (health care and pensions) was only granted to those whose work was formally registered. Wanderley Guilherme dos Santos (1979) calls this selectivity “regulated citizenship”, with rights only guaranteed to those workers formally included in capitalist development. These conditions ensured the extension of rights to some workers at the expense of a segmentation of labour markets that, while related to the inherent demands of the production process, was also reinforced through various extra-economic means (Machado da Silva, 1990: 6).

Despite the existence of legislation, state action did not prevent predatory forms of competition among workers, as it allowed and encouraged large migration flows from the countryside to the cities, and failed to create a protection system to organise the labour market or to implement wide-ranging alternatives for job creation in other areas. In the 1970s, in dialogue with theories of marginality and regional inequality, the sociologist Francisco de Oliveira (2003) argued that informality should be understood, at its core, as a combination of capitalist accumulation and a specific form of labour exploitation – that is, as peripheral capitalist development. Breaking with binary approaches that explore the transition from backwardness to modernisation, informal to formal work and non-productive to productive work, he noted that informality and modernisation overlap and examined in particular how the cost of social reproduction was transferred to the workers themselves. At the core of the modernisation argument had been the proposition that the non-modernisation of the countryside constituted backwardness in Brazil and was at the root of the “swelling” of the cities and ongoing archaic relations in the countryside, all translating into the unruly settlement of the cities. Instead, for De Oliveira, this so-called backwardness should be thought of in political terms: old relations of agricultural production have been maintained both as a form of domination and as a way to undermine the power of labour in both the countryside and the city.

Consequently, workers and their organisations had few opportunities between 1930 and 1980 to organise and fight for their rights or to demand social policies and protections, particularly as Brazil saw long periods of dictatorship and constant political crises during its periods of democracy during this time. In addition to union repression, labour institutions were largely ineffective at preventing rights violations. Cardoso and Lage (2005) note that breaking the law was in fact encouraged and compensated; few demands were ever filed against employers, and if one did make

² Brazil did not abolish slavery until 1888, making it the last country in the hemisphere to do so. Indeed, the persistence of racial discriminatory practices and inequalities in Brazil can be traced back both to the legacy of slavery and the particular ways in which the transition to wage labour was undertaken – basically by encouraging European white immigrants to take up work activities instead of absorbing the labour force of black women and men – factors that have continued to affect the high levels of precariousness and wage dispersion that characterises the Brazilian labour market even today. About this subject, see Fernandes (2008), Bucciferro (2017) and Cardoso (2019: 41–70).

it through, no fines were imposed. Instead, until the late 1980s, settlements would only require employers to pay a portion of what was owed, and they were even allowed to deduct this amount from their income taxes.

Between 1930 and 1980, then, despite the economic dynamism of the transformations in the productive base and despite the existence of a set of rights, the Brazilian labour market maintained its exclusionary nature. Jobs with low and unequal pay continued to prevail, as did rights violations – particularly the failure to legally register employment – along with high turnover and poor working conditions for most workers (Krein, 2007). Furthermore, at the height of this period, at most only two-thirds of the economically active population held officially registered jobs:

[There prevailed] a whole suite of informal forms of work in small urban backyard companies, in the countryside and in countless precarious forms of autonomous domestic work, where hiring and wage standards were not regulated by any labour or social legislation and had no possibility of collective representation (Costa, 2010: 1).

The vast majority of these activities were survival strategies for those unable to find paid employment.

History shows us, then, that since the “beginnings of the development of a free labour market in the country, a considerable part of the active population, especially people of colour, never managed to enter the labour market” (Costa, 2010: 1). As Machado da Silva (1990) puts it, urban work remains unorganised.

In short, the expectation that capitalist development would tend to make informality disappear, as the PREALC suggested, has not been borne out, especially with the changes that have taken place since the 1980s. With the recurring crises of the 1980s and 1990s (particularly between 1981–1983 and 1990–1992), job creation and the formalisation of the labour market stalled, creating a new problem: mass unemployment in a society with fragile mechanisms of protection for those who lost their jobs. Some local governments, given the lack of employment, stimulated the rise of informal activities, as seen with the regulation of street commerce, which has become increasingly common since then. According to Mário Theodoro (2002), informality became a political issue in the 1980s, as it came to be seen as not only an economic problem, but a social one as well. Accordingly, it was not seen as a temporary anomaly of the labour market but as a possible solution to the persistent problem of unemployment. Under these conditions, employment policy stopped being the main form of intervention to respond to informality. Instead, demands emerging from the informal sector were met through a mix of assistentialist, residual and fragmented social policies (Krein and Proni, 2010: 17).

The policies designed to face the economic crises, especially in the 1990s, were highly detrimental to labour. Along with its passive insertion into globalisation, the country introduced neo-liberal policies (privatisation, trade and financial opening, a redefinition of the role of the state, etc.) that, together, dismantled important links in the chain of production and rendered domestic development of new industrial sectors (electronics, IT, etc.) unfeasible. At the same time, the prevailing political orientation favoured relaxing labour regulations, as the hegemonic view had become that the labour market’s structural problems, including its high levels of informality, were related to excessively rigid labour legislation. Changes to the labour legislation were aimed at making labour relations more flexible as a way to improve the country’s economic conditions and stimulate job creation. The predominant discourse of employability and entrepreneurship held employees responsible for their own situations in the labour market, leaving their ability to find paid work amid the jungle of competition down to a matter of their own luck. This process

expanded the growth of informal self-employment while also permitting growing informality within capitalism's most dynamic core, as seen with the growth of disguised employment relationships. This did not change workers' subordination to their employers, but the legal nature of their employment contracts was either modified or did not exist at all. Cacciamali (2011: 17) sees these changes as constituting a process of informalisation, noting that "structural transformations in production, employment and social institutions [were] driven by neoliberal policies and technological changes, accelerated by the new international division of labour at the global level".

The dismantling of rights and social protections did not yield the promised results. On the contrary, the economic dynamics and neo-liberal reforms helped further disorganise the labour market. The result was a drop in salaried employment, an increase in self-employment and unregistered work, and increased heterogeneity and inequality in the labour market (Baltar, 2003; Krein, 2007). For example, 57 per cent of the jobs created between 1980 and 2000 were unregistered, and the sum of self-employed workers, people without any income and the openly unemployed rose from 34 per cent to 40 per cent of the EAP during the period (Pochmann, 2002). Today, historical informality due to insufficient jobs overlaps with a new informality within the economy's most dynamic core.

Labour Formalisation in Brazil Between 2003 and 2014³

In the period 2000–2014, Brazil faced serious constraints on the balance of payments, multiple inflationary crises and various social setbacks, including rising informality. After two decades of economic stagnation, the country experienced a period of relative economic and social prosperity, with significant impacts on the living standards of the vast majority of the population (Weisbrot, Johnston and Lefebvre, 2014; Manzano, Salas and Santos, 2016; Manzano, 2017).

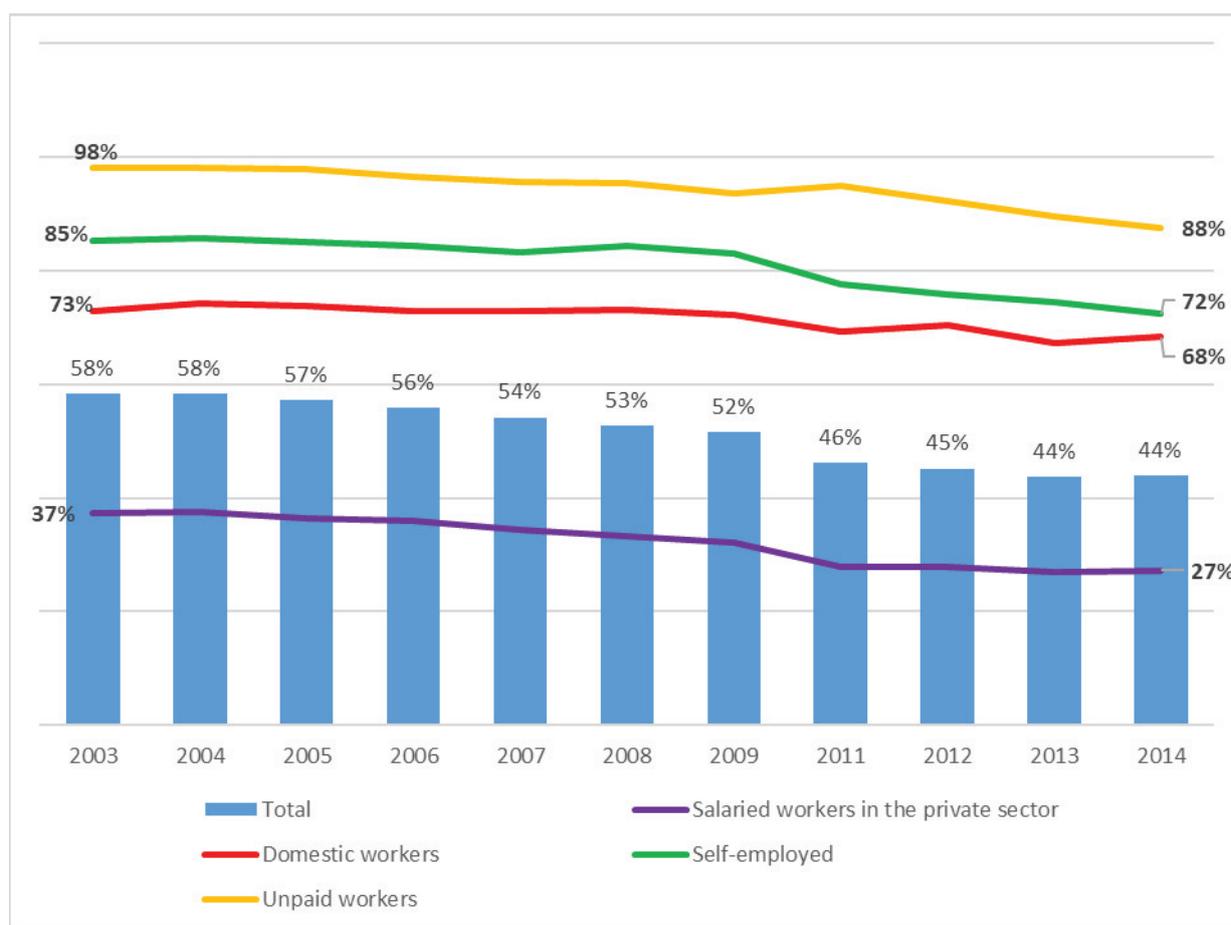
In 2003, following the unprecedented politico-institutional conjuncture that resulted from the victory of the Workers' Party and the resumption of economic growth driven by both the commodity boom and the cooperation between the Brazilian and Chinese economies, the labour market underwent significant changes. There was a drop in unemployment, a rise in the minimum wage and an increase in household income, especially for those at the bottom of the social pyramid, along with increasing formalisation of labour relations.

The increase in formal work and the corresponding reduction in the rate of informality was probably one of the most surprising phenomena of the period, especially because it went in the opposite direction of mainstream economists' warnings that increases in the minimum wage would discourage employers from maintaining formal employment relationships.

As noted in Figure 1, the period from 2003 to 2014 was marked by a sharp and uninterrupted reduction in the number of people employed in informal conditions. Among active workers, the rate of informality fell by 14 percentage points over the twelve-year period, going from 58 per cent

³ The survey of household samples that served as a basis for the analysis of job informality in Brazil (PNAD Anual/IBGE) had its series interrupted in 2015 and was replaced by a new household survey (PNAD Contínua/IBGE), which started in 2012 and which has been in force ever since. In compliance with ILO recommendations, the new household survey improved its methodology by expanding the territorial scope (including all twenty-seven states of the Federation, the Federal District, all capitals and 3 500 municipalities in a rotating system), and altering periodicity of collection (with disclosure of monthly, quarterly and annual results). This brought the methodology closer to international standards and facilitated comparison with statistics from other countries.

in 2003 to 44 per cent in 2014.⁴ If we consider only salaried workers in the private sector, the drop in informality was slightly lower, yet still quite marked (10 percentage points), at a similar rate to that of both self-employed workers and employers (13 percentage points). As the numbers show, labour informality has remained high despite the pronounced reduction during the period. As Cardoso (2016) points out, this is a structural feature of the Brazilian labour market that resulted from the late, peripheral development and the specificities of the accelerated and chaotic process of urbanisation of the country. The outlier – reflecting structural inequalities in Brazil and the far-reaching legacy of the slave-owning period as we mentioned above – was the rate of informality among domestic workers, the largest category of workers in the country, 90 per cent of whom are women. In this sector, informality dropped by only 5 per cent over the same twelve-year period.



* Informal workers are salaried workers who do not have an employment contract or are non-salaried workers who do not contribute to the social security system, excluding workers in the public sector and in subsistence activities (construction for their own use and subsistence agriculture).

Sources: IBGE (2020), National Household Sample Survey (PNAD)

Figure 1. Informal workers* as a percentage of EAP (bars) and as a percentage of the total in each occupation (lines), Brazil 2003–2014

⁴ We consider all people covered by the social security system, whether through their employment or through voluntary contributions (in the case of unpaid workers and the self-employed), to be formal workers.

No single institutional, political or economic factor appears to be responsible for this drop in informality. Alternatively, and following Krein et al. (2018), we account for the increase in formalisation between 2003 and 2014 as due to a convergence of factors that complemented and reinforced one another in this unique period of Brazil's political and economic history. The following factors are particularly noteworthy and they all reflect the resumption of the role of the state as a promoter of economic and social development: 1) the cycle of economic growth and its positive effects, boosted through state policies to improve the employment rate and wages; 2) demographic dynamics; 3) the improvement of the regulatory apparatus and the consolidation of institutions and legal framework established in the 1988 Constitution; and 4) policies encouraging the formalisation and simplification of small businesses.⁵

First, to a large extent, economic growth was the fundamental precondition for this set of factors to be effective. In the early twenty-first century, Brazil, like several other Latin American countries, experienced a cycle of growth that made major social advances possible. Baltar, Souen and Campos (2017) call this process “growth with social inclusion” – something very rare in the history of Brazil.⁶ With the help of an external economic impulse, then, a set of public policies aimed at the poorest strata of society – minimum wage increases, credit expansion and democratisation, income transfers, social housing subsidies, etc. – provided a boost to the domestic market, increasing the demand for jobs in sectors that absorbed large numbers of workers. In turn, with the growth of aggregate consumption and investments by the state public sector, private investment grew, making economic growth last for a relatively long period compared to recent economic trends (Bielshchowsky, 2012; Sicsú, 2019). As a result, the annual growth rate of GDP per capita, which had remained low since the 1980s (0.8 per cent per year), increased to 2.5 per cent in the 2003–2006 period, then to 3.6 per cent in the 2007–2010 period (despite the negative impacts of the subprime crisis in the United States), to once again lose strength in the 2011–2014 period, yet still somewhat high at 1.5 per cent per year (Figure 2).

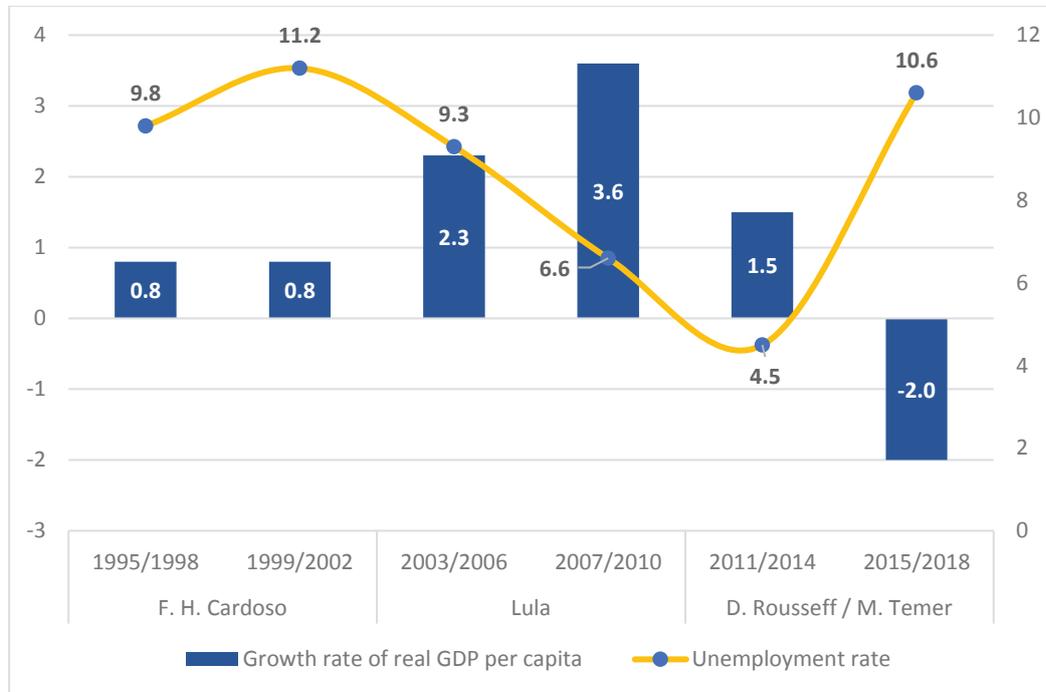
Associated with these more favourable economic dynamics, changes in labour markets were also crucial for the drop in informality. The unemployment rate, which was at a high level of 11.2 per cent in the four-year period prior to 2003, fell over the next three four-year periods, dropping down to 4.5 per cent by 2011–2014, the lowest in four decades (Figure 2). In absolute terms, almost twenty million additional jobs were created in that twelve-year period, representing a total growth of 25 per cent. When analysed by age group, the data show fewer jobs for the youngest and an increase in jobs for older workers, especially those between 30 and 60 years of age (Table 1).

Second, the demographic dynamics in the country, especially the fall in the birth rate and a delay in young people entering the labour market, helped to strengthen these positive results in the labour market. The availability of more opportunities in both public and private higher education and increases in the average family income were factors of particular relevance in this process

⁵ In addition to these main factors, several secondary processes also contributed to the reduction of informality over the period in question. The centralisation and concentration of businesses, for example, especially in the commerce and service sectors, led to smaller, informal enterprises being replaced with large formal companies with a greater concentration of formal workers. Other factors that contributed to formalisation include the requirement that a portion of government purchases be procured from micro and small companies, the expansion, facilitation and affordability of credit for small, formalised businesses and technical improvements in private-sector tax inspection and collection.

⁶ See Loureiro and Saad-Filho (2019), among others, for certain contradictory and less virtuous aspects of this period of economic growth in Brazil.

(Quadros, 2014; Santos and Gimenez, 2015). As a result, in the period under review, there was a rise in the participation rate of adult waged workers (25–59 years old), accompanied by a drop in the participation of the youngest and oldest workers. Among those aged 10 to 19, the labour force participation rate dropped by 7 per cent, while for people over 60, it decreased 1 per cent, despite the absolute growth in the number of employed people (Krein et al., 2018: 374).



Source: IBGE Millennium Development Goal indicators (2002/2018), in Gomes and Cruz (2020)

Figure 2. GDP growth per capita and unemployment in Brazil, 1995–2018 (average annual rates by administration, %)

Table 1. Job creation by age group in Brazil, 2002 and 2014 (thousands of workers)

Age Group	Years		Change	
	2002	2014	Quant.	%
Total Jobs	797.09	994.48	197.39	25%
15 to 17 years	33.57	24.34	-9.23	-27%
18 to 24 years	142.7	138.41	-4.29	-3%
25 to 29 years	102.48	118.95	16.47	16%
30 to 39 years	199.81	251.85	52.04	26%
40 to 49 years	160.47	216.15	55.68	35%
50 to 59 years	89.28	155.39	66.11	74%
60 + years	49.62	81.11	31.49	63%

Source: IBGE (2020), National Household Sample Survey

Third, the more intense and assertive action of the state – carried out by the Labour Justice, the Labour Prosecutions Office and the Inspection System of the Ministry of Labour and Employment – was crucial to combating illegality and ensuring the registration of employment contracts. In this sense, the expansion of the Labour Courts and the Labour Prosecutions Office, relocating services outside of the large cities, was important for addressing situations of illegality that persisted in the more distant regions, especially in rural activities related to the agribusiness and extractive sectors.

Fourth, also credited as an important element in promoting formalisation in this period is a set of legislative initiatives aimed at micro and small enterprises. In 2006, the government implemented a federal programme for simplifying administrative and tax procedures (Super Simples) for small and medium companies with lower annual revenues. Two years later, federal legislation established a new type of company, the Individual Micro Entrepreneur (IME), which granted self-employed workers the legal status of a company as long as their annual revenues did not exceed a set limit (approximately US \$16 000) and there was no more than one employee per IME receiving no more than the equivalent of a monthly minimum wage.

With these changes in the regulatory framework and a policy of tax exemption, including a reduction in required contributions to the social security system, clear progress was made in incorporating economic activities and informal workers into the sphere of the formal economy, especially reducing informality among self-employed workers.⁷ At the same time, however, since the creation of this new type of individual company, fraud in labour relations has been on the rise in Brazil, with many cases of salaried workers being forced to create their own IMEs as service providers for their former employers, constituting clear cases of employment relationships disguised as business relationships. Sebrae (2016) finds that approximately 45 per cent of the IMEs active at the time of its study came from formal salaried employment in the private sector, and 77 per cent of these did not own an informal enterprise before formalising.

All in all, the changes described above combined to generate the kind of structural change that is most beneficial for the consolidation of the power of workers' organisations. In any case, the labour formalisation seen in Brazil between 2003 and 2014, closely tied to the expansion of the economy and the growing labour demand, points to the causes of the enormous structural informality that characterises peripheral economies in general and Latin American economies in particular. Rather than being a consequence of supposed regulatory deficits, institutional immaturity or civilisational backwardness, informality in peripheral countries is, in fact, constitutive of the subordinate form of their economies, directly related to the persistence of the "structural surplus of the labour force", as Economic Commission for Latin America and the Caribbean (ECLAC) authors had already warned (Baltar and Manzano, 2020).

The exceptionality of the period analysed here lies precisely in the temporary – and to some extent unsustainable – suspension of the country's age-old mechanisms for disciplining the working class, which had been enabled by the abundant supply of labour but began to lose strength as the labour market approached full employment. In these very particular conditions, institutional and political factors gained traction and helped secure greater access to labour rights, even though in certain aspects of the capital–labour relationship, moves to enhance flexibilisation were also underway, such as with outsourcing and the introduction of atypical forms of remuneration.

⁷ Between 2009 and 2014, more than four million IMEs were created. For a more detailed analysis of the simplification policies for small businesses and their effects on formalisation, see Pochmann (2013), FORLAC (2014) and Krein et al. (2018).

Recessive Shock and the Return of Informality

Since 2015, we have seen an intensification of the economic crisis, changes in the role of the state since the impeachment of Dilma Rousseff and an expansion of new ways to manage and control labour, referred to here as *uberisation*. New dilemmas and possible approaches to informality in the Brazilian context have become more apparent. The challenges involve two intersecting issues. On the one hand, there has been a clear shift in the role of the state; even more notably since the implementation of the 2017 labour reform, the state itself acts to promote the informalisation of work. On the other hand, the uberisation of work – a new type of informalisation catalysed by the use of digital platforms to organise work – has become evident (Abílio, 2017, 2020). Ultimately, the notion that informality can be overcome by economic growth and formalising efforts seems to have given way to political trends that consider informality to be the rule rather than the exception, thus narrowing the possibilities of expanding and even maintaining regulated work.

Labour reform: The state as a promoter of informal labour

Consolidated in a context of economic crisis, Law 13467/2017 was heralded by the government of Michel Temer (2016–2018) as a “modernisation” of labour regulation, combating the supposed “rigidity” of labour laws (Governo Federal, 2017). It was also based on the orthodox economic assumption that the elimination of labour rights is necessary to create jobs, which has proved unfounded over the years, as we discuss below.

The 2017 labour reform modified more than one hundred articles in the Consolidation of Labour Laws and profoundly reduced labour rights protections. The reform did not introduce any type of protection for those with informal jobs. At the same time, it created instruments that privilege individual bargaining, limiting the power and legitimacy of collective bargaining and making it increasingly difficult for unions to sustain themselves and their actions. The reform instituted two new legal figures: the exclusively self-employed and intermittent workers. These legal instruments have advanced the precarisation of formal work, blurring the distinctions between formal and informal work as elements typically associated with informality become part of formal employment categories.

The category of exclusively self-employed has legalised the creation of legal devices that transform workers into service providers, stripping them of labour rights and protections to which they would otherwise be entitled. This new legal category means that factors such as regularity and exclusivity of work are no longer considered central elements of the employment relationship, thereby legalising the transformation of a subordinate worker into a service provider.

The category of intermittent worker, on the other hand, forces formal workers to live in conditions of ongoing insecurity and instability. It allows employers to hire workers formally while allowing them to be “on demand” – used only when necessary and at the employer’s discretion. There is no minimum pre-established workday or minimum frequency of work. The reform also legalises earnings below the minimum monthly wage, which had previously been illegal. It now allows payment to be based on the number of hours worked as a proportion of the monthly minimum wage, thus providing no guaranteed amounts or predetermined minimum monthly pay for workers who are formalised under this new category.

In addition to growing unemployment, the quality of the jobs created has declined. Informality increased between 2015 and 2017, growing from 46.3 per cent to 50.8 per cent of the total number of people employed. Men, and especially Afro-Brazilian people, are over-represented in this

contingent of workers lacking access to labour rights. Although the 2017 labour reform introduced new hiring modalities and reduced the legal requirements for formalising work – measures that were supposed to increase formalisation by lowering the bar – informality continued to grow. Between 2015 and 2017, 2.44 million new jobs were created, yet new contributions to social security increased by only 439 000, or 18 per cent of new jobs (Krein and De Oliveira, 2019: 14).

A drop in informality, then, was another unfulfilled promise of the liberalising reforms. Supporters have argued that the previous legislation was too rigid and complex, which encouraged informality, yet informality continued to grow after the reform. There were three main reasons for this: 1) the low level of economic activity boosted both informality and self-employment; 2) the lack of employment led many to choose precarious jobs, such as digital platform work or, more generally, sales work, to guarantee some income; and 3) the reform weakened the institutions responsible for enforcing rights, which reinforced the ability of economic agents to engage in illegal actions because they were more likely to get away with it, as evidenced by the increase in unregistered workers in the formal economy.

Informality in the current unequal world of work in Brazil

Soon after being elected in 2019, Brazil's current president, Jair Bolsonaro, declared that the goal in the regulation of the labour market should be set very close to informality (G1, 2018). From this perspective, informality becomes the rule rather than the exception. Instead of seeking to overcome the lack of regulation and social protection, the government is incorporating the main elements of informality into the core of the regulation and definition of what formal work is and should be. Bolsonaro's proposal can be interpreted at three different levels. At the macroeconomic level, informality is simply conceived of as an unavoidable by-product of economic crisis and unemployment. At the level of public institutions, the normalisation of informality becomes the preferred alternative to what is seen as excessive interference on the part of labour-regulating bodies and unions. Finally, at the microeconomic level, informality is a strategy aimed at enhancing the ability of capital to control the way in which labour is deployed, in particular the hiring and firing of employees, working hours and wages (Krein and Teixeira, 2020: 11).

What we see, though, is the growth of informality as a way to expand precarious and low-income work lacking social protections. As Marilane Teixeira (forthcoming) demonstrates, from 2017 onwards, all workers have experienced growing informality. This growth in informality derives largely from the increase in precarious jobs, mainly in the area of commerce and services, and especially personal services. Race and gender continue to be critical variables affecting the position of workers in labour markets. In 2019, of the more than 45.5 million Brazilians who work informally, 33.8 per cent were men of African descent, 24.8 per cent were women of African descent, 22.3 per cent were white men and 17.9 per cent were white women. In the same year, the average earnings of a woman of African descent engaged in informal work corresponded to 27.9 per cent of the average earnings of a white man in formal work. What we see, therefore, is an expansion of informality that produces and reproduces the intersecting structural inequalities in Brazilian society across gender, race and class.

Uberisation: A new way to control and manage work

Uberisation is a new form of organising, controlling and managing work that transfers the risks and costs to the worker while removing all social protections and rights (Abílio, 2017, 2020). This type of informalisation has the novel quality of algorithmic management, which allows a single company to manage and control the work of many hundreds of thousands of informal workers.

Despite the name, uberisation did not begin with and is not limited to Uber, the global company. The many millions of Uber drivers around the world lent visibility to the central elements of uberisation, which have resulted from decades of neo-liberal policies and the flexibilisation of work, along with certain technological innovations (Abílio, 2017; Van Doorn, 2017). The term describes a process of informalisation of work that is closely tied to, but also facilitates, the monopolisation of economic sectors. Uberisation is related to new ways of absorbing labour from unemployment and job insecurity in different sectors, but it should also be understood as a new global form of organising and controlling work. It has transformed the working conditions of different occupations and may yet affect many others. Drivers have become emblematic of this process, but we can already identify uberisation in a wide range of professions involving different levels of qualification and performance. Automotive drivers, bicycle and motorcycle couriers, truck drivers, manicurists, translators, teachers, lawyers, doctors, personal trainers, microtaskers, housekeepers, physiotherapists and construction workers, among many others, have already seen their work become significantly uberised (Bergvall-Kareborn and Howcroft, 2014; Casilli 2018). At the beginning of 2019, based on data from the National Household Sample Survey analysed by the Instituto Locomotiva, 3.8 million Brazilians declared app-based work as their main source of income, and approximately 17 million people in Brazil regularly earn some income through app-based work (Estadão, 2019).

The reconfiguration of the notions of worker, company and the role of consumers is a central element of uberisation.⁸ The workers themselves do not benefit from any work-related protections or guarantees due to their informal status. Meanwhile, their survival strategies become entirely subordinate to the rules of the companies they work for, which have the power to define not only the value of the work but how the work itself is distributed (Rosenblat and Stark, 2016; Abílio, 2020).

In Toyotist forms of control, goals and bonuses are central to flexible work management. With uberisation, the forms of control are both functional and fluid. They involve transferring the risks, costs and part of the management to the workers themselves. Moving away from the definition of entrepreneurship, we might say that this is actually a form of subordinate self-management (Abílio, 2019). Empirical research has found that uberised workers in Brazil set themselves daily goals related to the earnings they need for their own social reproduction (Castro, 2019; Moda, 2019). These goals, however, are entirely subordinate to the companies' work distribution rules. In practice, they require long working hours, like those of bicycle couriers, who sometimes cover more than fifty kilometres a day, seven days a week, for around ten hours a day, to earn an average of approximately the monthly minimum wage (Aliança Bike, 2019).

The role of consumer action is important for understanding how this type of informalisation relies on new forms of regulation that bypass the state. Consumers, in particular, operate as a collective manager of work and services, informally assessing and providing references for those considered to be productive, reliable, high-quality workers or services. Certifications are not mediated or controlled by the state – they, too, are informal. Informalisation in the case of uberisation thus takes on new meanings related to the loss of officially and legally instituted forms

⁸ In the United Kingdom, on 19 February 2021, the Supreme Court ruled that Uber drivers, although they cannot be classified as employees, are workers for the purposes of English labour law and are therefore entitled to the minimum wage and holiday pay (Butler, 2021). Also in Spain, based on a Supreme Court decision, in March 2021, after an agreement between government, workers and companies, a law was introduced that recognises home deliverers through digital platforms as salaried workers; therefore, they have all the rights of workers and will have the same social protection network (Aranguiz, 2021).

of work.

As a concept, uberisation can also obscure the fact that the informalisation of work is connected less to a gig economy and more to the reconfiguration of work relationships and working conditions in already existing occupations, as well to as the creation of jobs, such as bicycle delivery, that are born already uberised with long workdays and declining pay. Uberisation refers, then, to a rationalised and organised appropriation of what are typically peripheral ways of life, with workers who constantly move between formal and informal work (Abílio, 2020). Informality has historically been categorised as a “mirror of the wage relationship” (Machado da Silva, 2003), such that the formal–informal duality is established as the basis for analysis. However, this duality is far from the reality experienced by most Brazilian workers. Studies of the life trajectories of peripheral workers show that far from building stable professional identities, these workers move in precarious, frequent and intense ways between formal occupations and informality, in what is well expressed by the Portuguese term *viração* (loosely, getting by) (Telles, 2006). *Viração* refers not only to working in temporary and sporadic jobs but to a peripheral way of life, typical in the Global South. This occurs amid the ongoing absence of social guarantees and protections, with high turnover in formal jobs, many jobs not even recognised as work and few state-provided opportunities for income generation, possibly also including activities in the space between informality and illegality (Cabanes et al., 2009). Being a metallurgist in the 1980s, being unemployed, working in civil construction, being an elevator operator, opening a hot dog stall, receiving training from the city government to form a co-op, becoming an accountant for a cooking co-op on the outskirts of the city might all be part of the typical trajectory of a low-skilled Brazilian worker (Abílio, 2009). Working as a cell phone store attendant, a merchandise stocker, a telephone technician, and at several other jobs might form part of the work experience of a man who is now a freelance motorcycle courier, who was previously a formalised motorcycle courier and then chose to work directly with his clients. Now, in addition to working as a motorcycle courier, he buys and resells various goods at the same time that he carries out his deliveries, self-defining himself as both a courier and smuggler. These are some examples of the trajectories of peripheral workers.

These ways of life move back and forth between the formal and the informal. Data on the labour market do not yet represent this unstable, continuous movement that makes up a large part of the world of work in Brazil. The challenge becomes only greater as these elements begin to structure the labour market more broadly.

Final Considerations

The Brazilian experience in this new century shows that the formalisation of labour relations is strongly related to more general conditions of economic development and the solidity of public institutions – in Brazil’s case, the strengthening of state control and an inspection apparatus for labour activities. It is clear that, contrary to what mainstream economists advocate, initiatives to simplify and ease regulations can accompany increasing levels of precariousness and informal work. Informality – which on the periphery of global capitalism is a structural feature, associated with the economy’s inability to absorb the whole of the labour force – constitutes a trend that is spreading and is increasingly enmeshed with formal work. Reforms liberalising the regulatory framework of work, along with the technological changes associated with digitalisation, blur the differences between formal and informal employment, conceal intrinsically asymmetric labour relations under the guise of commercial relations between peers, promote a fusion of time for work and time for life, and dismantle the site where work activities are carried out. All this results in increasing

exploitation and precarious work in which costs and risks are transferred from capital to labour.

Informality thus takes on new meanings and dimensions, affecting the labour market as a whole. The technical means for managing and organising work associated with the new labour regulations make it possible to eliminate a series of historically instituted legal mediations of labour while ensuring ongoing control over it. Recent labour reforms have introduced new legal figures of formal work that in reality institutionalise informal work, legalising and legitimising its existence while maintaining and even stimulating practices that degrade working conditions and undermine human dignity. Due to this new regulatory framework in Brazil, formality itself provides increasingly fewer protections and guarantees for the lives of workers and their families.

As discussed above, trends such as the uberisation of work transfer economic risk – traditionally associated with capital and the moral justification of profits – onto the shoulders of workers, in a process whose legality is in dispute and that in practice corresponds to degrading the standards of social protection down to levels previously associated with informality. The story does not end here, and there are ever-growing grey areas that incorporate informal practices within the scope of a new formality. This is precisely the challenge: to provide new concepts and definitions, new ways of measuring and coping and, ultimately, new institutions capable of regulating labour activities.

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BIOGRAPHICAL NOTES

MARCELO MANZANO, postdoctoral fellow at the Institute of Economics at the State University of Campinas and researcher at CESIT. [Email: manzano1968@gmail.com]

JOSÉ DARI KREIN, professor at the Institute of Economics at the State University of Campinas, CESIT researcher and member of the REMIR coordination. [Email: darik@unicamp.br]

LUDMILA C. ABÍLIO, postdoctoral fellow at the Institute of Economics at the State University of Campinas and researcher at CESIT. [Email: l.c.abilio@gmail.com]