Africa and most of Latin America (Mexico's northern border cities excepted), this option did not exist. Instead, deindustrialization and the decimation of male formal-sector jobs, often followed by male emigration, compelled women to improvise new livelihoods as piece-workers, liquor sellers, street vendors, lottery ticket sellers, hairdressers, sewing operators, cleaners, washers, ragpickers, nannies, and prostitutes. In a region where urban women's labor-force participation had always been lower than in other continents, the surge of Latin American women into tertiary informal activities during the 1980s was especially dramatic.

In her detailed study of "adjustment from below," social anthropologist Caroline Moser describes the impact of eight successive SAPs between 1982 and 1988 on a formerly upwardly mobile shantytown on the swampy edge of Guayaquil. Although open unemployment doubled in Ecuador, the major impact of the 1980s crisis was an explosion of underemployment estimated at fully half the workforce in both Guayaquil and Quito. In the *barrio* Indio Guayas, husbands who had previously enjoyed full-time work found themselves casualized and idle for up to a half a year; households, as a consequence, were forced to send more members out to work, both women and children. The female participation rate increased from 40 to 52 percent after the onset of the SAPs, but, with a decline in factory employment, women were forced to compete with each other for jobs as domestics or as street vendors. Despite this total mobilization of all household resources, living conditions, especially children's nutrition, declined dramatically. Moser found that almost 80 percent of the *barrio*'s children suffered some symptom of malnutrition. Healthcare, now largely privatized and more expensive, was no longer within reach of the formerly optimistic families of Indio Guayas.[32]

The Guayaquil experience was mirrored in Guadalajara during the neoliberal aftermath of the debt crisis of 1982. In a city that had traditionally been Mexico's capital of small-scale family-owned factories and workshops, the free fall in wages and the collapse of social expenditure in the early 1980s was followed, after the GATT agreement of 1986, by ruthless foreign competition. Guadalajara's

32 Caroline Moser, "Adjustment from Below: Low-Income Women, Time, and the Triple Role in Guayaquil, Ecuador," in Sarah Radcliffe and Sallie Westwood (eds), *"Viva": Women and Popular Protest in Latin America*, London 1993, pp. 178–85.

specialized niche – the small workshop production of mass consumer goods – couldn't survive the full onslaught of East Asian imports. The result – according to research by Augustín Escobar and Mercedes González – was simultaneously a huge increase in informal employment (by at least 80 percent between 1980 and 1987), emigration to California and Texas, and even more importantly, the restructuring of formal jobs "with precarious employment becoming the norm. Jobs are no longer secure, part-time employment becomes more common, outcontracting to smaller firms becomes general practice, and workers and employees are asked to perform more duties in order to remain in work." The household response, as in Guayaquil, was to send more females into domestic service, and also take their kids out of school to go to work. These short-term survival strategies, Escobar and González warned, would ultimately impair long-term economic mobility. "Worsening economic conditions limit the capacity of urban working-class households to implement long-term social mobility strategies, since it forces them to mobilize their inner resources and make extensive use of their labour force for basic survival."[33]

As in Africa and Asia, many Latin American urban families also "adjusted to adjustment" by sending dependent members back to the countryside, where subsistence was cheaper. "In Costa Rica," writes Cedric Pugh, "men and women split their households, with women and children often being constrained to migrate to poorer regions where housing outlays could be economized. Sometimes this added to separation and divorce with long-term consequences for living standards and the demand for housing among split households."[34]

The urban African experience has been even more harrowing since women and children have had to negotiate the AIDS holocaust (itself partly due to the poverty-enforced prostitution of poor women) and frequently, drought and civil war as well as structural adjustment. In Harare the 1991 SAP raised the cost of living 45 percent in a single year and 100,000 people ended up in hospital wards suffering from effects of malnutrition. As both Nazneen Kanji and Christian Rogerson have

33 Escobar and González, "Crisis, Restructuring and Urban Poverty in Mexico," pp. 63–73.
34 Pugh, "The Role of the World Bank in Housing," p. 55.

recounted in separate studies, ruthless competition has become the norm in the informal market economy – especially for market women and street vendors – as women struggle to provide food for their families: "Generally speaking, the incomes generated from these enterprises, the majority of which tend to be run by women, usually fall short of even minimum income standards and involve little capital investment, virtually no skills training, and only constrained opportunities for expansion into a viable business."[35] Meanwhile, as infant mortality doubled, AIDS spread and children's nutrition declined, desperate mothers in Harare sent young children back to the countryside or regrouped previously independent family members into extended households to save on rent and electricity.[36] Tens of thousands of older children were forced to drop out of school in order to work or scavenge, with little hope of ever returning to education. Often the myriad pressures were too overwhelming and family solidarity itself collapsed. According to one group of researchers, "what may once have been a unit that supported and sustained its members has now become a unit in which members compete for survival."[37]

Rather than see their families destroyed, however, slum-dwellers in the late 1970s and 1980s, generally with women in the forefront, resurrected and reshaped that classical protest of the urban poor, the food riot. The slums of Africa, Latin American, and South Asia did not go gently into the IMF's good night – instead they exploded. In their pathbreaking study of grassroots resistance to structural adjustment (*Free Markets and Food Riots*, 2004), John Walton and David Seddon catalogued 146 "IMF riots" in 39 debtor countries from 1976 to 1992.[38] Whatever elements of a "human face" – the so-called "social dimensions of adjustment" – could be attributed to SAPs in the early

35 Rogerson, "Globalization or Informalization?," p. 347.
36 Nazneen Kanji, "Gender, Poverty and Structural Adjustment in Harare, Zimbabwe," *Environment and Urbanization* 7:1 (April 1995), pp. 39, 48–50; Drakakis-Smith, *Third World Cities*, p. 148 (malnutrition). Also see Deborah Potts and Chris Mutambirwa, "Basics Are Now a Luxury," pp. 73–75.
37 B. Rwezaura et al., quoted in Miriam Grant, "Difficult Debut: Social and Economic Identities of Urban Youth in Bulawayo, Zimbabwe," *Canadian Journal of African Studies* 37:2/3 (2003), pp. 416–17.
38 John Walton and David Seddon, *Free Markets and Food Riots: The Politics of Structural Adjustment*, Oxford 1994, pp. 39–45.

Altogether, the global informal working class (overlapping with but non-identical to the slum population) is about one billion strong, making it the fastest-growing, and most unprecedented, social class on earth. Since anthropologist Keith Hart, working in Accra, first broached the concept of an "informal sector" in 1973, a huge literature has wrestled with the formidable theoretical and empirical problems involved in studying the survival strategies of the new urban poor. Although large informal sectors certainly existed in Victorian cities, as well as in comprador Shanghai and urban colonial India ("an overwhelming and enduring reality," writes Nandini Gooptu), the current macroeconomic role of informality is revolutionary.[15]

Among researchers, there is a base consensus that the 1980s crisis – during which informal-sector employment grew two to five times faster than formal-sector jobs – has inverted their relative structural positions, establishing informal survivalism as the new primary mode of livelihood in a majority of Third World cities. Even in rapidly industrializing urban China, "there has been a proliferation of rudimentary informal activities which provide means of survival to the urban poor."[16] Part of the informal proletariat, to be sure, is a stealth workforce for the formal economy, and numerous studies have exposed how the subcontracting networks of Wal-Mart and other mega-companies extend deep into the misery of the *colonias* and *chawls*. Likewise, there is probably more of a continuum than an abrupt divide between the increasingly casualized world of formal employment and the depths of the informal sector. Yet at the end of the day, the majority of the slum-dwelling laboring poor are truly and radically homeless in the contemporary international economy. Researchers accordingly have been forced to scrap the optimistic "Todaro model" embraced by modernization theorists and Alliance for Progress ideologues in the 1960s, according to which the informal sector is simply a school of urban skills from which most rural immigrants eventually graduate to formal-sector jobs.[17] Instead of

15 Gooptu, *The Politics of the Urban Poor in Early Twentieth-Century India*, p. 2.
16 Khan and Riskin, *Inequality and Poverty in China in the Age of Globalization*, p. 40.
17 See the classic formulation: M. Todaro, "A Model of Labor Migration and Urban Unemployment in Less Developed Countries," *American Economic Review* 59:1 (1969), pp. 138–45.

upward mo[illegible] seemingly only a down staircase by which redundant formal-sector workers and sacked public employees descend into the black economy.

Yet there has been much resistance to drawing the straightforward conclusion that the growth of informality is an explosion of "active" unemployment, what the ILO's Oberai characterizes as the "substitution of underemployment and disguised unemployment for increases in open unemployment."[18] Apostles of self-help and NGO-scale programs indeed blanch when veteran researchers such as Jan Breman (who has spent 40 years studying poverty in India and Indonesia) conclude that upward mobility in the informal economy is largely a "myth inspired by wishful thinking."[19] Instead, innumerable studies – often sponsored by the World Bank and other pillars of the so-called Washington Consensus – have sought consolation in the belief that the informal sector is potentially the urban Third World's *deus ex machina*.

Hernando de Soto, of course, is internationally famous for arguing that this enormous population of marginalized laborers and ex-peasants is a frenzied beehive of proto-capitalists yearning for formal property rights and unregulated competitive space: "Marx would probably be shocked to find how in developing countries much of the teeming mass does not consist of oppressed legal proletarians but of oppressed extralegal small *entrepreneurs*."[20] De Soto's bootstrap model of development, as we have seen, is especially popular because of the simplicity of his recipe: get the state (and formal-sector labor unions) ou[illegible] of the way, add micro-credit for micro-entrepreneurs and land titlin[illegible] for squatters, then let markets take their course to produce the transu[illegible] stantiation of poverty into capital. (De Soto-inspired optimism, [illegible] its most absurd version, has led some development-aid bureauc[illegible] to redefine slums as "Strategic Low-Income Urban Manage[illegible] Systems.")[21] This semi-utopian view of the informal sector, how[illegible] grows out of a nested set of epistemological fallacies.

18 Oberai, *Population Growth, Employment and Poverty in Third-World Mega-Ci*[illegible]
19 Jan Breman, *The Labouring Poor: Patterns of Exploitation, Subordin*[illegible] *Exclusion*, New Delhi, p. 174.
20 Quoted in Donald Krueckeberg, "The Lessons of John Locke or [illegible] de Soto: What if Your Dreams Come True?," *Housing Policy Debate* 15:1 (2[illegible]
21 Michael Mutter, UK Department for International Development [illegible] *Environment and Urbanization* 15:1 (April 2003), p. 12.

First, neoliberal populists have failed to heed anthropologist William House's 1978 warning in his case studies of Nairobi slums about the need to distinguish micro-accumulation from sub-subsistence: "The simple dichotomy of the urban economy in less developed countries into formal sector and informal sector is clearly inadequate. The informal sector can be further categorized into at least two subsectors: an intermediate sector, which appears as a reservoir of dynamic entrepreneurs, and the community of the poor, which contains a large body of residual and under-employed labor."[22]

Alejandro Portes and Kelly Hoffman, following House, recently evaluated the overall impact of SAPs and neoliberalization upon Latin American urban class structures since the 1970s. They carefully distinguished between an *informal petty bourgeoisie* ("the sum of owners of microenterprises, employing less than five workers, plus own-account professionals and technicians") and the *informal proletariat* ("the sum of own-account workers minus professionals and technicians, domestic servants, and paid and unpaid workers in microenterprises"). They found a strong correlation in virtually every country between expansion of the informal sector and the shrinkage of public-sector employment and the formal proletariat: de Soto's heroic "microentrepreneurs" are usually displaced public-sector professionals or laid-off skilled workers. Since the 1980s they have grown from about 5 percent to more than 10 percent of the economically active urban population: a trend reflecting "the *forced entrepreneurialism* [their emphasis] foisted on former salaried employees by the decline of formal sector employment."[23]

Second, the employees, paid and unpaid, of the informal sector have been almost as invisible in Third World labor-market studies as shantytown renters in most housing research.[24] Despite the stereotype of the heroic self-employed, however, most participants in the informal economy work directly or indirectly for someone else (via the

22 See William House, "Nairobi's Informal Sector: Dynamic Entrepreneurs or Surplus Labor?," *Economic Development and Cultural Change* 32 (January 1984), pp. 298–99; also "Priorities for Urban Labour Market Research in Anglophone Africa," *The Journal of Developing Areas* 27 (October 1992).

23 Alejandro Portes and Kelly Hoffman, "Latin American Class Structures: Their Composition and Change during the Neoliberal Era," *Latin American Research Review* 38:1 (2003), p. 55.

24 Oberai, *Population Growth, Employment and Poverty in Third-World Mega-Cities*, p. 109.

consignment of goods or the rental of a pushcart or rickshaw, for example).

Third, "informal employment" by its very definition, as Jan Breman reminds us, is the absence of formal contracts, rights, regulations, and bargaining power. Petty exploitation (endlessly franchised) is its essence, and there is growing inequality *within* the informal sector as well as between it and the formal sector.[25] De Soto's "Invisible Revolution" of informal capital is really about myriad invisible networks of exploitation. Thus Breman and Arvind Das describe the relentless micro-capitalism of Surat:

> In addition to the blatant exploitation of labour, what characterizes the informal sector is the crude technology, low capital investment, the excessively manual nature of production within it. At the same time, the sector is also marked by high rates of profit and enormous capital accumulation assisted by the fact that the informal sector is … not registered, let alone taxed. One of the most telling pictures of this sector is the sight of the "gentlemanly" owner of a garbage shop, sitting in his well-ironed clothes by his gleaming motorcycle, amidst the piles of waste that the rag-pickers have painfully sorted out for him to profit from. Rags to riches, indeed![26]

Fourth – and this is a corollary of the previous two points – informality ensures extreme abuse of women and children. Again, it is Breman, in his magisterial study of the working poor in India, who drags the skeleton out of the closet: "Out of public view, it is usually the weakest and smallest shoulders that have to bear the heaviest burdens of informalization. The image of shared poverty does not do justice to the inequality with which this form of existence, too, is permeated within the sphere of the household."[27]

Fifth, in contrast to the wishful thinking of bootstrap ideologues, the informal sector – as observed by Frederic Thomas in Kolkata – generates jobs not by elaborating new divisions of labor, but by fragmenting existing work, and thus subdividing incomes:

25 Breman, *The Labouring Poor*, pp. 4, 9, 154, 196.

26 Jan Breman and Arvind Das, *Down and Out: Labouring Under Global Capitalism*, New Delhi 2000, p. 56.

27 Breman, *The Labouring Poor*, p. 231.

… three or four persons dividing a task which could be as well done by one, market women sitting for hours in front of little piles of fruit or vegetables, barbers and shoeshiners squatting on the sidewalk all day to serve only a handful of customers, young boys dodging in and out of traffic selling tissues, wiping car windows, hawking magazines or cigarettes individually, construction workers waiting each morning, often in vain, in the hope of going out on a job.[28]

The surpluses of labor transformed into informal "entrepreneurs" are often astonishing. A 1992 survey of Dar-es-Salaam estimated that the majority of the city's more than 200,000 petty traders were not the famed *Mama Lishe* (female food vendors) of ethnographic lore but simply unemployed youth. The researchers noted: "In general, informal petty business is the employment of last resort for the most economically vulnerable city residents."[29] Moreover, informal and small-scale formal enterprises ceaselessly war with one another for economic space: street vendors versus small shopkeepers, jitneys versus public transport, and so on.[30] As Bryan Roberts says about Latin America at the beginning of the twenty-first century, "the 'informal sector' grows, but incomes drop within it."[31]

Competition in urban informal sectors has become so intense that it recalls Darwin's famous analogy about ecological struggle in tropical nature: "Ten thousand sharp wedges [i.e., urban survival strategies] packed close together and driven inwards by incessant blows, sometimes one wedge being struck, and then another with greater force." Space for new entrants is provided only by a dimunition of per capita earning capacities and/or by the intensification of labor despite declining marginal returns. This effort to "provide everyone with some niche, however small, in the overall system" proceeds by the same kind of overcrowding and "gothic elaboration" of niches that Clifford Geertz, borrowing a term from art history, famously characterized as "involution" in the agricultural economy of colonial Java. *Urban*

28 Thomas, *Calcutta Poor*, p. 114.

29 William Kombe, "Institutionalising the Concept of Environmental Planning and Management," in Westendorff and Eade, *Development and Cities*, p. 69.

30 Sethuraman, "Urban Poverty and the Informal Sector," p. 8.

31 Bryan Roberts, "From Marginality to Social Exclusion: From Laissez Faire to Pervasive Engagement," *Latin American Research Review* 39:1 (February 2004), p. 196.

involution, thus, seems an apt description of the evolution of informal employment structures in most Third World cities.[32]

Tendencies toward urban involution, to be sure, existed during the nineteenth century. The European urban-industrial revolutions were incapable of absorbing the entire supply of displaced rural labor, especially after continental agriculture was exposed to the devastating competition of the North American prairies and Argentine pampas from the 1870s. But mass emigration to the settler societies of the Americas and Australasia, as well as Siberia, provided a dynamic safety valve that prevented the rise of mega-Dublins and super-Napleses, as well as the spread of the kind of underclass anarchism that had taken root in the most immiserated parts of Southern Europe. Today, by contrast, surplus labor faces unprecedented barriers to emigration to rich countries.

Sixth, because they contend with such desperate conditions, it is perhaps not surprising that the poor turn with fanatic hope to a "third economy" of urban subsistence, including gambling, pyramid schemes, lotteries, and other quasi-magical forms of wealth appropriation. For example, in their study of the household economy of the Klong Thoey slum in the port of Bangkok, Hans-Dieter Evers and Rüdiger Korff discovered that fully 20 percent of neighborhood income was redistributed through gambling and share games.[33] Throughout the urban Third World, moreover, religious devotion revolves around attempts to influence fortune or importune good luck.

Seventh, under such conditions, it is not surprising that initiatives such as micro-credit and cooperative lending, while helpful to those informal enterprises managing to tread water, have had little macro impact on the reduction of poverty, even in Dhaka, the home of the world-famous Grameen Bank.[34] Indeed, stubborn belief in "leveraging the micro-enterprise," writes Jaime Joseph, a veteran community

32 Clifford Geertz, *Agricultural Involution: The Processes of Ecological Change in Indonesia*, Berkeley 1963, pp. 80–82. T. McGhee uses the "urban involution" metaphor in "Beachheads and Enclaves: The Urban Debate and the Urbanization Process in Southeast Asia since 1945," in Y. M. Yeung and C. P. Lo (eds), *Changing South-East Asian Cities: Readings on Urbanization*, London 1976.

33 Evers and Korff, *Southeast Asian Urbanism*, p. 143.

34 Serajul Hoque, "Micro-credit and the Reduction of Poverty in Bangladesh," *Journal of Contemporary Asia* 34:1 (2004), pp. 21, 27.