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Does Informal Employment Exist in the United States and Other Developed Countries?

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Abstract

This editorial argues that informal employment does exist in developed countries and needs to be studied as such to complement the existing literature mostly published on informal work in developing countries.

Keywords

informal employment, developed countries

According to the International Labor Office (ILO, p. 23),¹ “Informal employment now refers to all employment arrangements that do not provide individuals with legal or social protection through their work, thereby leaving them more exposed to economic risk than the others, whether or not the economic units they work for or operate in are formal enterprises, informal enterprises or households.”

Readers of this special issue of *New Solutions* will easily notice a lack of articles addressing informal work in the United States and other developed countries. The issue’s call for papers did not generate responses from the more developed economies. This fact, however, does not mean that these economies lack an informal sector. To any careful observer of employment relations in the United States and Europe, there are millions of workers in the so-called developed world who have irregular, unstable, temporary, or precarious working conditions common to what is usually known as informal work. A careful observer would also notice that the numbers of workers who would fit such a definition have grown significantly in the last decades and even more so after the Great Recession of the late 2000s.

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In 2011, I wrote an editorial in *New Solutions* arguing that immigrant workers are the future of a progressive health and safety movement in the United States.² What I did not explicitly say is that the vast majority of those workers are informal workers who are exploited by informal (legal and illegal) employment provided by large, medium, and small employers. I was not aware then of good estimates of the size of the informal workforce in the United States or developed countries because such data were not readily available.

Fortunately, in 2013 the ILO released reasonably good data about the size of informal employment in Organization for Economic Cooperation and Development (OECD) countries, despite the variation among countries in definitions and criteria for classifying and counting informal workers. For example, informal wage employment is classified by researchers in some European countries as employees without a contract or uncertain about having a contract. Informal self-employment applies to nonprofessional, own-account workers, and self-employed employers with fewer than five workers (see ILO,¹ p. 25). Different terminologies, such as nonstandard employment, involuntary part-time or fixed-term employment, are used to characterize informal work. However, there is consensus that temporary and part-time employment are two of the main types of informal work.

According to the same ILO publication, the share of temporary employment for all workers in OECD countries was 11.3% in 2000 and 12% in 2011, ranging from a high of 29.3 % in Spain in 2008 to a low of 6.2% in the United Kingdom in 2011. In addition, the share of temporary work for females has been higher than for males in the majority of OECD countries. Data for the United States are not available for the same years (see ILO,¹ p. 29). Part-time employment as a share of total employment in 2011 ranged from 37.2% in the Netherlands to 3.9% in the Czech Republic. In the United States, this share was 12.6%. Thus, there is plenty of evidence beyond reasonable doubt that all developed countries have large numbers of informal workers in their workforces.

The videos *Permanently Temporary*³ and *A Day's Work*,⁴ documented that temporary work has a long history in the United States. The first large temporary work business, Manpower Inc., grew from a small company in the 1940s to one of many small and large temp work agencies in 2016 that place thousands of warehouse workers, day laborers, office, and manufacturing workers in large well-known employers such as Amazon, Walmart, FedEx, and UPS, among many others. In fact, the temporary staffing industry is one of the fastest growing in the country since 2008, providing temporary employment for about three million workers every day.⁴ The word temporary does not describe correctly many situations in which workers are permanently in a temporary relationship with employers, that is, they become permanent temp workers.

As a result of the expansion of the temp-worker industry, invisible temp workers, largely low-income immigrant workers, have a large presence in states such as California and metropolitan areas such as Chicago, but are actually spread throughout the country. Most informal workers do not have contracts, workers'

compensation insurance, health care benefits, or have a say on their wages, hours, and conditions of work. Their work is so precarious that they often do not know who their employer is, given the chain of contractors that may exist between the workers and the “real” employers. Sometimes they even pay a fee to “raiteros” (van owners) to be transported to the workplace. In short, the combination of precarious and informal work is the norm for a significant number of them.

While this special issue lacks articles about informal workers in the more developed economies, *New Solutions* has published over the last twenty-five years a variety of articles that discussed the working conditions and hazards faced by different groups of informal workers in the United States, in particular immigrant workers. Given the growth of this type of employment in a variety of industrial and service sectors, it is urgent that progressive US occupational safety and health researchers build collaborations with worker centers and unions to describe and analyze the daily working conditions of part-time and temp workers under the common theoretical framework of informal work. Such approach would allow us to develop a global understanding of the “low-road” of employment relations⁵ and its consequences for workers and communities, beyond the artificial and ideological categories of “developed” and “developing” countries.

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Author Biography

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