Peasant Elimination and the Labor Market Absorption Problem

Why the SDG #8 will not be met, unless ...

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Sustainable Development Goal #8 and Labor Market Informality

#8: “To promote inclusive and sustainable economic growth, employment and decent work for all.”

• Decent Work agenda = Formalization of Labor Relations

• Decent Work deficit = Informality
Changed Perspectives on Labor Market Informality

- Informal sector = labor’s **waiting room** before the formal economy (post WWII developmental consensus)
- Informalization for **job creation** (de Soto, Basu et al.)
- **Formalization** of informality through state policies (Lula)
- Informalization for **competitiveness** (Troika for Greece)
Gap in Research on Labor Market Informality

“the research promoted on the informal sector of developing countries from the early 1970s onwards is hampered by the virtual lack of comparison with the profound restructuring from an agrarian-rural to an industrial-urban workforce that went on in the western part of the world at an earlier stage.” (Breman 2003: 27)
Theoretical Inspirations

- Historical-materialism of Gramsci and Poulantzas
- Michael Mann’s “Weberian” account
- Ernesto Laclau’s discourse analysis
Why did states formalize labor relations and provided some rights and security?

- inter-state warfare
- accommodating labor
- controlling labor
- large work places

Have these factors lost salience?
States under Neo-Liberal Hegemony

- War making again *professionalized* / civil war: fewer compromises with labor necessary
- Capital’s access to a *global labor pool*: labor competition
  - *Materially*: internet, airplanes etc.
  - *Legally*: investment treaties
  - *Discursively*: organizations of global economic governance (IMF)
- Macro-economic *demand beyond borders*: labor consumption power less necessary.
- *Fragmentation* of labor process.
Modernization’s Labor Absorption Challenge

Late industrializers less able to absorb “peasant elimination” (Kitching 2001) than early industrializers

- More population pressure because
  - on average better health,
  - fewer cross-border migration possibilities.
- Significantly higher productivity differential.
- Global Economic Governance favors capital & North.
- Weak state.
Population growth Germany and India, 1500-2000

Data source: Population by Country (Clio Infra) - OurWorldInData.org/world-population-growth/ • CC BY-SA
Faster Increase in Life Expectancy, Germany & India, 1875-2011

**Germany** 1820-1900 from 41 to 47 years
**India** 1950-1999 from 32 to 60 years

Source: Maddison 2001:3
Global Voluntary Migrants 1815 - 1914

Agricultural Land and Labor Productivity, World Regions, 1961-2009
Subsidies for Agriculture

US subsidies reduce West Africa's annual revenue from cotton exports by $250 mill. a year.

Cotton farmers in Burkina Faso: World prices are depressed.
Photo: ©Jorgen Schytte
Weak State = Weak Industrial Policies / Weak Law Enforcement

• Colonial shadow
  > *Skill deficit*
  > *Slave trade shadow – lack of trust*
  > *Artificial borders – lack of identity*

• Structural adjustment programs

• Inducements to capital flight
Absorption Problem’s Ramifications

• Capital: great pool of cheap labor
• Labor: desperate competition
• State:
  > Developmental ideology - neoliberal
  > Less organized labor representation
  > Perception of too big a problem

= Less formalization
Large Scale Remedial Action

- Global Economic Governance leaves Policy Space
- Lower population growth
- Less outside intervention
- New development model