

The Informal Economy

Seasonal Work, Street
Selling and Sex Work

Dominique Boels



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Introduction

The informal economy has many faces, covering both visible and hidden types of activities. Visible informal activities range from immigrant beach or street selling in Italy (Bellinvia 2013; Nelken 2006) to garbage collecting in Brazil (Coletto 2010) to income-earning activities of street children in Africa (Hendriks et al. 2013). Home-based garment work (Carr and Chen 2002/1) and domestic work (Cox and Watt 2002) are but a few examples of more hidden types of informal work. The interchangeable use of different related terms—Kazemier (2004) and Williams (2014) identify over 40 different terms in English that are used in the literature, such as unofficial economy, unrecorded economy, hidden economy, unobserved economy or black economy—has further expanded the research scope on the informal economy (Feige 1990). But since when has research on the informal economy expanded?

The concept of the informal economy became a popular topic of study after the publication of Hart's study on urban labour markets in Ghana in 1973 (Coletto 2010; Portes and Sassen-Koob 1987). This study gave rise to the development of a number of studies and theories on the informal economy, mainly starting from the situation in Third World or developing countries, assuming that informal economy sectors would not occur

in developed ones (Sassen 1988). The basic assumption, initially, was that industrialisation automatically leads to formalisation of labour. Later on, however, academics started to pay attention to the role and content of the informal economy in industrialised countries or regions (Chen 2004; Coletto 2010; ILO 2002; Harding and Jenkins 1989), its interrelationships with immigration, the origins of ‘informalisation’ and the impact of the informal economy on the formal economy. According to Leonard (1998, 135), the world recession, the crisis of unemployment, shorter working hours and the rise in more precarious types of formal employment led to a flourishing interest in the informal economy from the 1970s onwards, as a panacea for the problems inherent in modern capitalist societies.

After more than four decades of research, the spectrum of the informal economy that is studied has only broadened in scope, perspective and outlook (Shapland and Ponsaers 2009). The nature of the phenomenon, however, remains very ambiguous. Economists, anthropologists, geographers, and sociologists have studied the topic from their own perspectives, focusing on different objects of study. Each of the disciplines involved have developed their own questions and have mounted research that has given rise to new ones. In addition, the informal economy has not only been studied by academia, but also by several governmental institutions and international organisations, often focused on policymaking. Throughout this book—which is situated at the intersection between criminology and sociology—some of the existing insights regarding the nature of the informal economy and its regulation have been explored and discussed. Based on a comparison of three original case studies, this book will not only confirm some previous findings and present new data, but, more importantly, it will also offer some arguments that could steer further research and inform policy decisions regarding the informal economy.

Comparative Analysis of Seasonal Work, Street Selling and Sex Work

Previous research on the informal economy has covered various topics and angles, but some important gaps still remain. This book addresses one of them by providing in-depth case-specific accounts of individuals’ motivations for engaging in informal economic activities and

workers' perceptions of the influence of specific policy stipulations on these motivations (Aden 2009; Haigner et al. 2013; Schneider 2011; Williams and Round 2010). The book offers a description and comparison of the main characteristics of informality in three labour markets (seasonal work, street selling, and sex work) and assesses the influence of the governmental policy applicable to labour in the three cases. A main distinctive and innovative element of the book is its focus on the perceptions of informal workers: through in-depth interviews with informal workers, it explores their life and work, including their experiences with regulators, their motivations for working informally¹ and their perceptions of state policy. Often, research on the informal economy has been more concerned with estimating its extent and significance than establishing the motives of the actors engaged in informal work and employment. Therefore, a focus on the participants in informal economic activities may tell us a great deal about the workings of the informal economy (Leonard 1998). Based on extensive empirical research, this study provides readers with a unique view of who the informal workers are and what choices they make regarding their work. By bringing together an original set of findings from three contexts (a collective case study), the book offers new insights into existing scholarship. Moreover, throughout the book, some arguments regarding the informal economy are developed and illustrated on the basis of the empirical material. In short, this book is aimed at offering new insights into the nature of the informal economy and its regulation via an in-depth study of three labour markets in a highly regulated Western European country, Belgium. Following Williams (2010), I recognise that a fuller understanding of the informal economy will only derive from a more socially, culturally and geographically embedded consideration of this sphere. One way of achieving this is by stepping away from generalised analyses and universal generalisations. In this book, this has been achieved by comparing three cases (labour markets) in detail, with sufficient attention being paid to their social and geographical domains.

¹And of course, also the factors inhibiting people from engaging in informal activities.

The Nature of the Informal Economy

The nature of the informal economy covers several related topics such as its conceptualisation, the characteristics of the workers, the characteristics of informal activities and motivations to conduct informal work (Williams and Windebank 1998). Regarding the conceptualisation of the informal economy, the above-mentioned multidisciplinary approach has resulted in a multitude of definitions and interpretations, all depending on the viewpoint of the researcher.² However, most definitions refer to rules and regulations as a focus to differentiate the formal from the informal economy, thus implying that the informal economy only exists because of the formal economy (the official, institutional framework of economic activity). As a result, the boundaries between formal and informal economy are not fixed in time or space (Aden 2009; Ponsaers et al. 2008), implying a varying nature and extent of the informal economy (Shapland and Ponsaers 2009).

Nevertheless, as there is no universally accepted definition of the informal economy for academic purposes, the empirical work on which this book draws was steered by a working definition. Several arguments, which are outlined in the following chapter, support the use of a broad working definition of the informal economy. Thus, the informal economy was conceptualised at the outset of the study as the opposite or the reverse of the formal economy (ILO 2002, 11; Ponsaers et al. 2008, 645), comprising all economic activities that are not officially regulated, enforced and registered by the state (Adriaenssens et al. 2009; Chen, Jhabvala and Lund 2001; Dell'Anno 2003; Dobovsek 2009; Henry and Sills 2006; Lippens and Ponsaers 2006; Slot 2010). According to Ponsaers (2013), this implies that informal activities are ultimately not taxed. This working definition is an activities-based one, which is in line with the widespread

² For instance, for Castells and Portes, the informal economy refers to ‘*all income-earning activities that are not regulated by the state in social environments where similar activities are regulated*’ (Castells and Portes 1989, 12). Feige also pointed out that the fuzziness of the concept ‘informal economy’ has led to a very diverse research agenda in this domain, addressing topics such as poverty, under-employment, income inequality, the debt crisis, and migration (Feige 1990). He defines the informal economy as ‘*those economic activities that circumvent the costs and are excluded from the benefits and rights incorporated in the laws and administrative rules covering property relationships, commercial licensing, labour contracts, torts, financial credit and social security systems*’ (Feige 1990, 992).

consensus to use an activity-based definition of the informal economy in OECD countries (Williams 2014; Williams and Lansky 2013; Williams and Padmore 2013). One of the main arguments of this book is to include criminal activities in the study of the informal economy. The reason for this is that the informal economy is often linked to the criminal economy, as will become clear throughout this book. Many academics have already acknowledged the linkage between the formal and the informal economies (Castells and Portes 1989), but in this book I take this further and argue that the formal, informal and *criminal economies* are intertwined. This will be developed and illustrated in the chapters covering the separate case studies. Given this, the book stresses the importance of not excluding criminal activities per definition. Doing so would result in a partial account and understanding of the nature of the informal economy.

Regulation of the Informal Economy

Previous research on the informal economy has framed its regulation into different, broader ‘policy approaches’ (Williams 2014; Williams and Lansky 2013; Williams and Windebank 1998). Given the various disadvantages and advantages of the informal economy for different stakeholders³ (Ketchen et al. 2014; Williams and Lansky 2013), authorities can struggle between several policy approaches regarding informality (Leonard 1998): doing nothing or ignoring the informal economy (Leonard 1998; Williams and Lansky 2013), deregulation of the formal economy (Leonard 1998; Williams 2014), eradicating the informal

³Examples of disadvantages are the threat of infiltration of criminal organisations into the formal market (Shapland and Ponsaers 2009), loss of income for the state due to tax evasion (European Commission 2007), which affects the government’s ability to provide public goods (Bayer 2006; Crombez 2011; Ihrig and Moe 2001), unfair competition for the formal market (Crombez 2011; Pacolet and De Wispelaere 2013b; Vande Walle and Ponsaers 2006), no quality guarantee of the products to the consumers (Vande Walle and Ponsaers 2006), and the lack of social protection for employees (European Commission 2007). On the contrary, employment in the informal economy can function for certain people as a means to gain a basic income—the so-called survival economy (Chen et al. 2001; Vande Walle 2008) (e.g., *sans-papiers*, people without a work record, youngsters with no social capital... [Shapland and Ponsaers 2009]).

economy (Williams 2014)⁴ or promoting formalisation (Leonard 1998; Williams and Lansky 2013). The deregulatory approach, which argues that informality is the result of overregulation of the market by the state and dependency on welfare, basically aims to eradicate it by reducing regulations imposed on employment (Williams and Windebank 1998). The conventional approach to eradicating the informal economy is to alter the cost/benefit ratio of participating in it, by focusing on the cost side and increasing perceived or actual likelihood of detection and penalties for those caught (Williams 2014). Finally, promoting formalisation is not aimed at fully eradicating the informal economy, but at bringing informal workers and their enterprises as much as possible into the formal economy. This approach is divided into a hard approach ('sticks'), which seeks to engender compliance by using deterrence measures such as improving detection and increasing penalties (Williams 2014; Williams et al. 2008), and a soft approach ('carrots'), which seeks to enable compliance by encouraging compliant behaviour, for instance by preventing people from engaging in undeclared work and changing attitudes (Williams 2014; Williams et al. 2008).

Clearly, such a 'policy approach' framework is highly valuable. One of its strengths is the distinction between regulation and enforcement, which I assume allows for a more nuanced empirical analysis of the influence of policy on the informal economy. Therefore, at the outset of the study, I chose to use this distinction in my own empirical work and used the term 'policy' to refer to the combination of regulation and its enforcement. The term 'regulation' is used to refer to the official body of laws and decrees at the federal, regional, provincial and/or local level. The term 'enforcement' is used to refer to actions taken by different official actors to verify compliance with the regulation. Obviously, these work-

⁴In previous work, Williams and Windebank (1998) refer to the regulatory approach as a means to eradicate the informal economy. This approach seeks to eliminate informality and to replace informal labour with full employment and a formal welfare safety net to cushion the persons still excluded from formal employment. The main means to achieve this in this approach is the installation of more stringent regulations and their enforcement (Williams and Windebank 1998). In later work, Williams and Lansky (2013) do not refer to this term again, but instead to 'promoting formalisation'. I infer from the two publications that the main difference between the promoting formalisation approach and the regulatory approach lies in their aim: whereas the former does not aim to fully eradicate informality, the latter does.

ing definitions imply a state-centred approach towards regulation (Black 2002). The main reason for a state-centred approach is related to my aim to identify how the *government* deals with the informal economy in different cases (Black 2002). More specifically, the book focuses on the influence of regulation—applicable in the labour market—and its enforcement on the choice of workers to work formally or informally. The comparison of the case studies clearly illustrates that regulation and enforcement can have varying influences and that a distinction between both is of crucial importance to fully understand the influence of the policy. This will become clear in the chapters covering the empirical results.

The policy approach framework suggests a general governmental approach to the informal economy. The comparison of the case studies, however, shows that not all labour markets receive equal governmental attention despite the general, federal, priority offered to the informal economy. This illustrates the importance of studying the informal economy and its regulation at the meso-level and not only at the macro-level. Another reason for doing so is offered by Andrews, Caldera Sánchez and Johansson (2011). They argue that existing empirical research on this matter tends to be conducted at the national level and that it can therefore be criticised for relying on unreliable proxy variables or model-based estimates that already take into account the impact of tax and regulatory settings. These criticisms are overcome in the current study, conducted at a case level. The comparison of the three cases also suggests that the influence of regulation and enforcement is not experienced in the same way by all workers, which provides support to studying the workers' perspectives, as this is the only way to identify how informal workers are influenced by regulation and enforcement in their work-related choices.

Although the policy approach framework is highly valuable, it does not make detailed statements about how regulation and enforcement are exercised. As such, it may not prove very helpful in understanding exactly how the informal economy is regulated. Therefore, this book uses responsive regulation theory, and more specifically the regulatory pyramids, to frame its findings. The highly influential regulation theory (Bisschop 2013; Nielsen and Parker 2009; van de Bunt et al. 2007; Van Erp 2008) makes statements about how regulation and enforcement can be exercised in practice. The basic idea of responsive regulation is

that governments should be responsive or attuned to the motivations and characteristics of those (citizens or corporations) they want to regulate (regulatees) when deciding which regulatory approach to choose (Ayres and Braithwaite 1992; Braithwaite 2002, 2006). In other words, the choice of a regulatory strategy should be responsive to what is most appropriate in a given situation. As a result, there is no standard regulatory action (Braithwaite 2002). These ideas are further reflected in two separate regulatory pyramids: a sanction pyramid pitched at individual firms/regulatees and a more fundamental enforcement pyramid which reflects strategies at the level of markets/the entire industry (pyramid of regulatory strategies). The *sanction pyramid* reflects the idea of escalating enforcement depending on the conduct of the regulatees. At the base of the pyramid, the lowest levels of punitive measures are found based on dialogue (e.g., persuasion, education). When moving up the pyramid, more and more punitive approaches are identified (e.g., civil penalty, criminal penalty). The idea of the pyramid is to always start at the bottom (even with serious offences) and to escalate to more punitive measures only when lower-ranked regulatory measures have failed (tit-for-tat strategy). Responsive regulation suggests that regulators do not respond to the seriousness of the (alleged) offence, but to the behaviour of the regulatee (Nielsen and Parker 2009). Only in exceptional cases can one distance oneself from this basic idea to start with dialogue-based enforcement measures (Braithwaite 2002, 2006).

The pyramid of regulatory strategies (Ayres and Braithwaite 1992, 38) reflects escalating strategies such as voluntary self-regulation, enforced self-regulation or command regulation (first with discretionary punishment and then with mandatory punishment). Strikingly, Ayres and Braithwaite (1992) do not offer a clear definition of voluntary self-regulation. From their discussion of enforced self-regulation, it can be inferred that voluntary self-regulation is not imposed by a government on the industry or a company. According to Baldwin, Scott and Hood (1998), there is not even a universally accepted definition of self-regulation. According to them, used in the context of regulation, self-regulation usually refers to a scheme whereby a representative organisation develops a system of rules which it subsequently enforces against its members or a larger community. In this sense, it

seems that self-regulation is pitched at the level of the industry, rather than at the level of an individual firm. Other researchers, however, such as Kovalenko (2013, 13), see self-regulation as ‘legitimate regulation of certain areas of activity by the *economic agents* (thus not necessarily representatives) without government interference’. According to Ayres and Braithwaite (1992), enforced self-regulation means that individual firms are required by the government to suggest ways through which they might comply with regulatory standards, which are subsequently ratified by the government. Subsequently, the firm is required by the state to check compliance with these standards. However, these privately written standards can be publically enforced as well. Again, command regulation is not defined by Ayres and Braithwaite (1992), but it can be inferred that it bears resemblance to a ‘command and control’ approach, in which the state has a prominent role, and uses legal rules and (criminal) sanctions (Baldwin et al. 1998; Black 2002). Importantly, Ayres and Braithwaite (1992) argue that the form of the pyramid is more important than its content: command regulation may very well be replaced by other strategies in varying situations.

The second pyramid reflects to a greater extent the process of rule-making. In essence, this pyramid is about the delegation of regulation (rule-making and its enforcement) to private parties, which is backed up by traditional government regulation in case delegation fails (Ayres and Braithwaite 1992). Applying these pyramids to the terminology used in this book, the first pyramid could be considered as an enforcement pyramid (inspection and sanction aspect), targeted at individual regulatees, whereas the second pyramid could be considered as a policy pyramid, targeted at a sector.

Why Study the Informal Economy?

Empirical research illustrates that informal economic activities continue to play a significant and persistent role in contemporary societies (Henry and Sills 2006). Both quantitative and qualitative researchers argue the presence of informal economic activities in the everyday life in most European countries (e.g., Schneider and Buehn 2012). Quantitative esti-

mates of the size of the Belgian informal economy in 2007 ranged from 3.8 % of the GDP (gross domestic product) (calculated via the national accounts [NBB 2010]) to 18.3 % of the GDP (calculated via DYMIMIC model [Schneider 2011]). Variations in quantitative estimates are accounted for not only by the varying use of definitions, but also (and foremost) by the varying use of measurement methods and characteristics of certain methods. According to Pacolet and De Wispelaere (2013a) and Pacolet et al. (2007), the reliability and validity of macro-measures of the informal economy are especially questionable.⁵ Using such a macro-method, Schneider (2013) estimated the size of the informal economy in Belgium in 2013 at 16.4 % of the GDP. In the same year, the special Eurobarometer 402⁶ on undeclared work in the European Union estimated that 4 % of the respondents in Belgium stated having procured undeclared paid work apart from a regular employment and that 40 % knew somebody who is involved in carrying out undeclared work⁷ (European Commission 2014). The authors do, however, mention that the measures of the supply side provide underestimations. Specifically for Belgium, Pacolet et al. (2012) found that in 2010, 14.1 % of the respondents had supplied undeclared work and that 38.8 % had bought goods or services which embodied undeclared work. Notwithstanding the limitations of these different measurement methods, resulting in an over- or underestimation of the informal economy, they give some indication of the considerable prevalence of informality in Western European countries.

⁵ For instance, Pacolet and De Wispelaere (2013b, 14) list a broad range of criticisms of the macro-model methods, which are often used by Friedrich Schneider: no view of specific sectors or socio-economic categories, no precise definition, very simplistic assumptions, no stable results, overestimation of the informal economy, the need for assumptions made about the initial level of the informal economy, difficulties in obtaining reliable data on cause variables other than tax variables and the reliability of the variables grouping into ‘causes’ and ‘indicators’ in explaining the variability of the informal economy.

⁶ This survey on undeclared work was administered to approximately 26,563 EU citizens (living in the 27 EU Member States and in Croatia) between April and May 2013 (European Commission 2014).

⁷ In 2007, these numbers were 6 % and 56 % respectively (European Commission 2007). Unfortunately, due to the low incidence of reported undeclared work, the Eurobarometer does not procure information per country regarding, for instance, the type of undeclared work or reasons for supplying it (European Commission 2014).

The Eurobarometer clearly reveals the presence of a demand and supply side to informality in the European Union (European Commission 2014). So far, however, little to no academic attention has been paid to case-specific accounts of the informal economy in these countries. In order to feed the theoretical debate and to possibly advance theoretical understandings, insights into the nature of the informal economy in such countries are of course necessary. Furthermore, from a more practical perspective, insights into motivations for informal work and into experienced influences of policy measures can inform governments in making effective policy choices regarding the informal economy (Feige 1990; Haigner et al. 2013; Schneider 2011; Williams and Renooy 2008). Additionally, with this book I hope to illustrate that, if interested in the influence of policy measures on the informal economy, one needs to look further than policy measures immediately aimed at tackling the informal economy (e.g., data-sharing, increasing enforcement personnel). It is the combination of targeted measures and broader policies (e.g., labour, migration, social security) that has an influence on workers' choices in a specific context. Personal and context-specific characteristics also inevitably play a role. In order to capture all these components, this book argues that a holistic case-specific approach, focused on identifying the voice of workers (and policymakers) is essential.

Outline of the Book

Throughout this book, a few main arguments have been developed on the basis of the case study material (Chaps. 3–5). Although some of these arguments have already been touched upon in the sections above, a summary is necessary as they function as the foundation of the book. *Conceptually*, this book illustrates the intertwinement between the formal, informal and criminal economies. For instance, it shows how the informal and criminal economies have overlapping characteristics regarding how people operate (e.g., the importance of social networks). Therefore, it highlights the importance of incorporating criminal activities in the scope of studies on the nature of the informal economy.

From a *theoretical* perspective, the book proposes that the existing theories on the informal economy (which are outlined in the following chapter) should not be regarded as mutually exclusive on the meso- and micro-levels. In one and the same labour market, the motivations of informal workers can offer support for more than one theory. Related to this, the victim approach (informal workers as victims who have no other choice than to work informally) and the agency approach (informal workers as actively choosing to work informally) can be found within one and the same labour market. Furthermore, the book maintains the importance of disentangling regulation from enforcement in order to present a structured and nuanced account of policy influence. Lastly, the book illustrates how some ideas represented in the regulatory pyramids developed by Ayres and Braithwaite may be useful in regulating the informal economy, but that practical issues sometimes hinder their application.

Methodologically (see Chap. 2), the book emphasises the usefulness of and need for qualitative research on the informal economy, identifying workers' experiences and perspectives. Lastly, from a *practical policy-oriented* perspective, the book hopes to demonstrate the importance of holistic case-specific analyses when studying the influence of policy measures on the informal economy, acknowledging the combined effects of policies, personal and context-specific characteristics.

Chapter 2 offers a literature review of the informal economy. An important challenge is the huge amount of literature that connects to this subject, due to the extensive number of interrelated terms and multidisciplinary (academic, governmental and institutional) interest in it. Therefore, the literature review is focused on the identification of main themes in the contemporary academic literature on the informal economy in developed countries (mainly Western Europe). I first explore how the informal economy is defined and conceptualised, after which I examine how it can be measured. Subsequently, I investigate how we can understand the existence of the informal economy in society. Moreover, four theoretical perspectives are discussed. The chapter subsequently explores how the literature on the informal economy connects with the literature on seasonal work, street selling and sex work/prostitution. In most European countries, the existence of informal economic activities in seasonal work in agriculture/horticulture is recognised. Information

on informality is however mainly found indirectly, in the literature on migrant workers in agriculture and horticulture. Likewise, the focus of publications on street selling in Europe is rarely the informal economy, although studies do recognise the informal character of the activities. Regarding sex work and prostitution, some research is focused on the relation between prostitution and criminality (such as human trafficking and sexual exploitation), but less on legal, informal activities. Other popular topics are alcohol and drug use by sex workers, occupational risks, the social ecology of vice districts and working conditions of sex workers. The last part of the chapter offers a brief overview of the methodology underpinning the fieldwork on which this book is based, focusing on the choice for a qualitative design and the overall methods of data collection and analysis. The main methods of data collection are semi-structured interviews with workers ($n = 77$), policymakers ($n = 41$) and intermediaries ($n = 19$), document analyses (such as case file analyses, annual reports, relevant legislation) and observations (50 hours).

The book launches into the case study material with the third chapter. This chapter reports on the case study of seasonal work in fruit-growing. It kicks off with a brief background sketch of the case (characteristics of seasonal work and seasonal workers, economic importance), in order to provide sufficient background information for the reader. Also, the main methodological aspects are provided. Afterwards, the main arguments, set out in the introduction, are illustrated on the basis of the empirical material. For this purpose, I start by explaining the policy applicable to seasonal work. Both components (regulation and enforcement) are framed within the regulatory pyramids as developed by Ayres and Braithwaite. This exercise immediately illustrates that the formal execution of seasonal work is subject to both general and case-specific regulations. The former covers domains as labour law, social security law, migration law, tax law and criminal law. The latter regulates three types of relations (employers-seasonal workers, employers-government and seasonal workers-government) and springs from different regulatory levels (national, regional and provincial). The enforcement side has been characterised by intense inspections, resulting in a relative 'clean-up' of the sector. Nevertheless, several informal economic activities are still present, such as undeclared labour, social benefit fraud, social contribution fraud

and activities of go-betweens. Interestingly, the results point to the coexistence of formal, informal and in some cases even criminal activities, which offer preliminary support for the intertwining of these three types of activities. Several reasons for hiring and working undeclared were identified during the study, such as the need to find enough seasonal workers in time (hiring) and topping up allowances (working). The identified reasons bear resemblance to the structuralist and neoliberal schools of thought on the informal economy, which leads us to propose that the existing theories on the subject should not be regarded as mutually exclusive on the meso- and micro-levels. The chapter continues by investigating the experienced influence of the policy on informality. Overall, I find that some regulatory stipulations (and their meticulous enforcement) had a decreasing influence on informality, whereas others had an increasing influence. Moreover, certain case-specific regulations enhanced the demand of some Belgian seasonal workers for undeclared labour. Other general and case-specific regulatory stipulations were perceived to have decreased the demand for undeclared labour by employers. Such results strengthen my proposition of using a holistic approach for analytical purposes that looks both at general and case-specific regulations. Not doing so would obscure the differential influence of regulatory measures.

Chapter 4 draws on the fieldwork on street selling in Brussels. In order to offer a structured and clear analysis, the outline of the previous chapter has been followed. Hence, a background sketch of this case precedes the discussion of the case-specific policy on street selling, which is again framed within responsive regulation. Street selling is not defined in Belgian law, but fits under the category of ambulatory trade, which is regulated at a national and a local level. The national regulation sets out general stipulations regarding conditions for street selling (for instance, requirement of authorisation) and is, just as in the case on seasonal work, hypothesised to ensure a fair economic trade and to protect labourers. The practical organisation of ambulatory trade is subject to local regulation, albeit taking the federal regulations into account. Many public and private enforcement actors are involved in the policing of street selling. However, public enforcement actors are found to refer to each other as the main body responsible for enforcement, resulting in a lack of clear ownership of the policing of street selling. Furthermore,

targeted inspections into informal street selling appeared to be rather limited. Unsurprisingly, informal street selling occurred widely in this case, taking on different forms such as illegal employment, undeclared labour of employees, unlicensed selling by the self-employed and the sale of counterfeit goods. Formal, informal and criminal activities were seen to intertwine more here than in the previous case. Also, this case study illustrates that informal activities can exist 'on their own', outside the formal economy, separate from their formal counterpart. Illegality not only arose from the execution of illegal activities (such as the sale of counterfeit goods) but also from the illegal residence status of many sellers. As a result, many sellers had no option but to work informally and illegally, which supports a structuralist, victim-oriented approach to this topic. In addition, some sellers supplemented their income from social benefits or from formal or informal work with informal sales. A minority chose the informal path in order to avoid the administrative burdens of formalisation, which illustrates that informality may be linked to more than one theory. Subsequently, the chapter focuses on the influence of the policy on informality. The case-specific regulation did not seem to have a particular influence on informality, which could be explained by the fact that it was hardly enforced. However, some aspects of the migration policy were perceived to have a positive influence on informality executed by migrants staying illegally. In contradiction to the first case, the enforcement side of the policy hardly deterred people from informal street selling. It did, however, influence sellers to adopt defence strategies in order to reduce the risk of confiscation of their goods. In brief, the disentanglement of regulation and enforcement allowed for a detailed analysis of how these components influence the work of informal sellers. It also allowed for the analysis of how the stipulations regarding the sanction pyramid do not fully apply to the empirical reality of informal street selling.

Chapter 5 guides us through the prostitution business. This case provides additional support for the conceptual argument presented in the previous chapters. Especially in this case, formal, informal and criminal aspects are hard to disentangle given the abolitionist discourse on prostitution. This entails that prostitution is not forbidden, but that several related activities such as managing a prostitution business are. As a result,

facilitators of prostitution (e.g., brothel operators) are criminalised, but prostitutes are not. Furthermore, the interviews indicate that prostitution is in just about all cases in part informal as prostitutes have the habit of only partially declaring their labour and income to the government. The intertwinement with the criminal economy is found in the facilitation of prostitution, both *bonafide* (managing a house of prostitution) and *malafide* (pimping, forced prostitution). Both foreign and Belgian persons were involved in these informal economic activities, mostly for financial reasons. The identified motivations for informality could be categorised into the legalist school of thought. The chapter subsequently proceeds to the discussion of the influence of the policy on informality, which supports my theoretical argument of disentangling regulation from enforcement. The results indicate a double, contradicting influence of the local case-specific regulation of the exploitation of prostitution: managing a prostitution business, which is a criminal offence, was tolerated and even regulated at the local level, resulting in a partial formalisation. At the same time, the application of this regulation—in combination with certain stipulations in social security law—offered some opportunities to facilitate partial declaration of employment and income, thus facilitating informality. Enforcement is mainly focused on the criminal excesses, and less on the correct declaration of work and income. What is more, police, social inspectorate services and the tax offices tolerate incorrect declaration, mostly for practical reasons. Therefore, the enforcement side hardly deters workers from inaccurate declaration of work and income.

Chapter 6 integrates and compares the main empirical results in order to make statements about the regulation and the nature of the informal economy. It starts by summarising the application of responsive regulation theory on the empirical results and by discussing the usefulness of responsive regulation to regulate the informal economy. In brief, the application of the regulatory pyramids to the three cases demonstrates that the theory can be useful for regulating the informal economy notwithstanding the finding that practical issues hamper the implementation of certain principles. Subsequently, the main characteristics of the workers in the informal economy and of the work they conduct are discussed. The results confirm the segmented nature of the informal economy, in terms of the people who work in it (workforce ranging from more marginalised people to more

middle-class persons), the working conditions, the activities that are performed, and the income the informal economy generates. Subsequently, a visualisation of the relation between the formal, informal and criminal economies in each case is presented. These analyses form the basis for a reconceptualisation of the informal economy and the proposition of an adapted alternative taxonomy in which state regulation, compliance and enforcement play a crucial role. Some difficulties remain with the adapted taxonomy, which illustrates that it should be seen as a tentative one.

The last and concluding Chap. 7 summarises the main arguments of the book, offering attention to methodological reflections, which have not been explicitly handled in the empirical chapters. The strengths and limitations of the book are also discussed. The chapter then presents practical, policy-oriented recommendations. Finally, the book ends with some recommendations for future research.

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2

The Informal Economy in Western Europe

The aim of this chapter is to introduce the concept of the informal economy, and its manifestation in Western Europe. Therefore, I start by discussing the most influential definitions and taxonomies of the informal economy. This overview is far from exhaustive and does not cover definitions of related terms such as informal employment, informal work and so on. It is aimed more at illustrating the problematic nature of the conceptualisation and at stimulating the use of broad working definitions for empirical purposes than at offering an exhaustive overview. After clarifying the working definition, I problematise the measurement of the informal economy and offer some recent findings regarding its size and prevalence in Western Europe. Subsequently, I explore the underlying causes and determinants of the informal economy. Having done this, I proceed with a European literature review of the informal economy and seasonal work, street selling and prostitution (i.e., the three cases covered in the remainder of the book). The chapter ends with an overview of the methodology used in this book.

Substantial parts of this chapter are derived from Boels, D., A. Verhage, and P. Ponsaers. 2014. "The Informal Economy in Europe", In *The Routledge Handbook of European Criminology*, edited by S. Body-Gendrot, M. Hough, K. Kerezi, R. Levy, S. Snacken, 204–221, London and New York: Routledge.

What Is the Informal Economy?

Different Foci in Different Disciplines

As mentioned in the first chapter, research on the informal economy in Western Europe stems from different disciplines, each having their own focus (Williams 2010a). Economists have primarily been interested in (cross-national) estimates of the size of the informal economy and in the extent to which informal economies can be transformed into legitimate business and commerce. The debate within economics has also dealt with questions such as whether to include illegal or criminal activities in the informal economy as well as with the methodological question of how to measure productivity in the informal economy (Albrecht 2003; Ferman et al. 1987; Williams 2010a). The main way of dealing with the informal economy is to develop models for the measurement of policy impact or for assessing the size of the informal economy (Ihrig and Moe 2004). From a theoretical point of view, economists have pointed towards the usefulness of a rational choice approach in explaining decisions for and against participating in informal economic activities (Albrecht 2003). Sociologically, or from an anthropological or ethnographic point of view, relations within the informal economy are relevant and social ties or relationships are studied. Geographers have analysed the local and regional variations in the magnitude of the informal economy (Williams 2010a). Urban scholars have demonstrated the linkages between welfare retrenchment, migration and the lack of full citizenship rights for minority groups resulting in the pursuit of a variety of 'survival strategies' for the urban poor (Cox and Watt 2002; Kesteloot and Meert 1999). Feminist perspectives study informal economy from the assessment of women's work in it (housework, sweatshops, domestic labour and so on). Political scientists, on their part, look at the informal economy in terms of policy implications (for or against government intervention) (Ferman et al. 1987). Recently, management scholars have also shown interest in the informal economy. They mainly focus on entrepreneurship in the informal economy (Ketchen et al. 2014). An important added value of this discipline is its framing of (new and existing) research results in institutional theories (e.g., Webb et al. 2013). Within criminology,

international academic attention for the informal economy is also fairly recent and thus more scarce (Shapland 2003). Within this scarce pool of criminological research, a combination of reflective or contemplative (e.g., Lippens and Ponsaers 2006; Ponsaers 2013; Ponsaers et al. 2008; Shapland 2012; Shapland and Ponsaers 2009a; Vande Walle 2008) and empirical work is discerned (e.g., Antonopoulos et al. 2011; Bacon 2013a,b; Bisschop 2013a,b; Saitta et al. 2013; Shapland and Ponsaers 2009b; Vande Walle and Ponsaers 2006; and Verhoeven, van Gestel and Kleemans 2013). Typically, criminologists focus on the connections between the informal and criminal economy, often by means of case studies in certain markets or geographical locations (e.g., Boels et al. 2013; Saitta et al. 2013; Shapland et al. 2003; Shapland and Ponsaers 2009a). All in all however, although research on the informal economy in Europe is less advanced in terms of empirical studies than research in developing countries (Shapland 2003), an important amount of review and empirical studies exist, covering various sectors, topics and countries.

Conceptualisation: Defining the Informal Economy

The term ‘informal economy’ was introduced in the context of economic activity in developing societies, notably in Keith Hart’s 1971 and 1973 studies on an urban labour market in Africa (Leonard 1998; Portes and Haller 2005). Initially, in this Third World context, the informal economy referred to modes of earning a living that lay outside the formal wage economy. The focus thus lay on self-employment in small-scale, one-man, urban businesses (Henry 1982; Portes and Haller 2005). As noted in Chap. 1, since then the informal economy has been studied in different contexts (i.e., not only in developing countries) by different disciplines, which has resulted in a multitude of definitions, taxonomies and related terms (Kazemier 2003). As such, up until today, the literature is marked by a lack of consensus over what the informal economy *is* conceptually (Lippens and Ponsaers 2006; Slack and Jensen 2010) and a lack of a universally accepted definition of the informal economy. This has led Castells and Portes (1989) to understand the informal economy more as a process than as an object or condition. More specifically, they describe the informal economy as ‘a specific form of income-generating

production relationships, characterised by the fact that it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated' (Castells and Portes 1989, 12). They argue that 'focusing on the logic of the process enables to look behind the appearance of social conditions and to focus on the social dynamics underlying the production of such conditions'. In the same line, Sassen (1994, 2289) uses the term to refer to 'income-generating activities occurring outside the state's regulatory framework that have analogues within that framework'. By analogy with Castells and Portes (1989), she poses that the informal economy is not a fixed set of activities, but that its shape changes according to the opportunities created and constraints imposed by the formal economy. Therefore, a thorough analysis of the informal economy comprises a description of the basic dynamics that make informalisation possible, more than a precise definition of the particular activities it encompasses at any given moment (Sassen 1994, 2292–2293).

In addition to providing definitions of the informal economy, authors have also provided taxonomies in which they relate it to other concepts. A first important taxonomy of the informal economy is Jonathan Gershuny's model. Gershuny (1979, 5) sees the formal economy as 'consisting of flows of money and commodities between households and the formal productive system'. Households provide labour for the formal production system and, in return, receive money in the form of wages. This money is used by households to buy goods and services from the formal production service. However, Gershuny (1979) recognises that there are three types of economic activity that cannot be accounted for by governments in this way. This informal economic activity is threefold: the household, the communal and the underground/hidden/black economic activity. According to Gershuny (1979, 7), the last category of informal production activity consists of 'economic activities which are hidden from the state authorities because of their illegality, either through avoidance of tax or other regulation, or because they involve thefts'.

Henry (1982, 461) offers a general definition of the informal economy by identifying three basic characteristics. First, he writes, 'the informal economy includes the production, consumption and trading of goods and services, either for cash or kind or for social rewards. Second, these

activities take place in ways which are likely to be part-time rather than full-time. Third, the activities are unofficial, in the sense that they do not explicitly form part of the state accounting system, and are not registered by its economic measurement techniques'. Based on a literature review, he proposes a typology comprising four types of informal economy: irregular, hidden, unofficial and social economy.

A few years later, Feige (1990)—writing from the perspective of the new institutional economics—developed a taxonomy of the underground economy (which he uses as an umbrella term), in which he distinguishes between the illegal economy, the unreported economy, the unrecorded economy and the informal economy:

1. Illegal economy: the production and distribution of legally prohibited goods and services (e.g., drug trafficking, gambling);
2. Unreported economy: actions that circumvent or evade established fiscal rules as codified in the tax code (e.g., black labour);
3. Unrecorded economy: activities that circumvent reporting requirements of governmental statistical agencies (all activities that do not end up in the statistics);
4. Informal economy: economic actions that bypass the costs of, and are excluded from the protection of, laws and administrative rules with regard to property, commercial licensing, labour contract, financial credit/social security systems.

These are clearly ideal types and in practice much overlap exists between them (Portes and Haller 2005; Renooy 1990; Vande Walle and Ponsaers 2006). Other taxonomies of the informal economy are based on the distinction between the nature of a final product on the one hand and the way in which this product is produced or distributed on the other hand (e.g., Adriaenssens et al. 2009; Castells and Portes 1989; Portes and Haller 2005; Slot 2010). According to this classification, the formal economy is characterised by: (1) a legal final product and (2) a legal way of production or distribution. By contrast, the informal economy includes all activities characterised by: (1) a legal nature of the final product but (2) an illegal way of production or distribution of the final product. The criminal economy then comprises all activities characterised by:

(1) an illegal final product and (2) an illegal way of production or distribution. In this view, a distinction is made between informal and criminal or illegal activities. Several authors and institutions indeed exclude illegal or criminal activities from informal activities or argue that criminal activities should be distinguished from informal activities (e.g., Adriaenssens et al. 2009; Andrews et al. 2011; Castells and Portes 1989; Chen et al. 2001; Eurofound 2013; ILO 2002; Hussmanns 2005; Leonard 1998; OECD 2002; Portes and Haller 2005; Schneider 2005; Slot 2010; Williams and Round 2010). In this perspective, informal activities are considered to be licit whereas criminal activities are considered to be illicit (Portes and Haller 2005; Webb et al. 2013).

Other authors and researchers in the domains of public policy, anthropology, sociology and criminology on the other hand consider illegal activities part of the informal economy (e.g., Chen 2004¹; Chen 2007; Gershuny 1979; Hartnett and Dawdy 2013; Henry and Sills 2006; Ponsaers et al. 2008). In this respect, Ponsaers (2013, 26) refers to the concept of the ‘bazaar economy’ as proposed by Ruggiero and South (1994) to question the extent to which a distinction can be made between formality, informality and illegality. According to Ponsaers (2013) this concept refers to a variety of individuals interacting in market places, where goods and services are bought and sold without making a difference between their legal or illegal nature. Applied to contemporary cities, the concept refers to the coexistence of legality and illegality.

Some conclusions can be drawn from the existing definitions and taxonomies regarding the informal economy. First, most definitions refer to regulation and legal rules as a focus to differentiate the formal from the informal economy, thus implying that the informal economy only exists because of the formal economy (i.e., the official, institutional, regulated framework of economic activity). In other words: economic activities can only become informal within the context of formality as the informal economy results from the boundaries of state regulation and intervention (Castells and Portes 1989; Leonard 1998; Ponsaers et al. 2008). State

¹ Surprisingly, one author (Martha Chen) considers the criminal economy as part of the informal economy in one paper (Chen 2004) but not in another one (Chen et al. 2001). General statements are made in both papers: it is not the case that in one paper a working definition is only presented for empirical purposes.

regulation is considered to be a major criterion of formality (Harding and Jenkins 1989): the boundaries of state regulation determine what formal economic activity is and what is not (Leonard 1998). The significance of this is that the informal economy is characterised by the absence of state regulation, which in turn affects various elements of the work process (Castells and Portes 1989; Shapland and Ponsaers 2009b). Furthermore, the boundaries between formal and informal economy are not fixed in time or space (Aden 2009; Ponsaers et al. 2008), implying a varying nature and extent of the informal economy (Shapland and Ponsaers 2009b).

Second, informal economic activities are not reported to authorities and are thus not registered for tax purposes (Dobovsek 2009; Ponsaers 2013).

Third, given the absence of a universally accepted definition of the informal economy, a working definition of the informal economy is needed that could be used throughout the empirical research on which this book is based. Several arguments support the use of a broad (working) definition of the informal economy. As Portes and Sassen-Koob (1987, 31) state ‘much of this extensive debate² is really over semantics and can be resolved by including in the definition all relationships of production and exchange outside the modern and state-regulated economy’. As such, a broad definition diminishes the risks of missing important empirical data (Albrecht 2003; Pacolet and De Wispelaere 2009; Pacolet et al. 2012; Saitta 2013). Especially for research from a criminological perspective, it is important to include the study of legal, semi-legal and illegal activities, which is possible when using a broad definition of informality (Saitta 2013). Furthermore, the choice of a broad definition, which serves to establish a basic distinction between the formal and informal economies and which is then used as a framework for a more detailed analysis is not uncommon in research on the topic (e.g., Coletto 2010). Thus, the informal economy is defined at the outset of this book as the opposite or the reverse of the formal economy (ILO 2002, 11; Ponsaers et al. 2008, 645), thus comprising all economic activities that are not officially regulated, enforced³ or registered (Adriaenssens et al. 2009; Chen et al.

² About the different terms and definitions of informal economy used in literature.

³ I added ‘enforced’ because I argue that policy combines both a regulation and enforcement aspect. It is only the combination of both that leads to adequate registration of economic activities. For, if no enforcement existed, more concealed activities would exist.

2001; Dell'Anno 2003; Dobovsek 2009; Henry and Sills 2006; Lippens and Ponsaers 2006; Slot 2010). As such, informal economic activities occur outside the arena of the formally regulated economy (Chen et al. 2001; Losby et al. 2002; Meléndez et al. 2010; Saitta 2013; Webb et al. 2013) and are therefore ultimately not taxed (Ponsaers 2013).

Measuring the Size of the Informal Economy

Methods to Estimate the Size of the Informal Economy

Today, the informal sector is recognised to be a functioning part of all economies (Ihrig and Moe 2004). Assessment during the last decades shows consistently that the informal sector is an integral component of total national economies, rather than a marginal appendix to them (Castells and Portes 1989; Chen 2004). Measuring the exact size of the informal economy is, however, challenging.

First of all, as informal activities violate the law, participants seek to conceal them. This makes it impossible to arrive at exact and reliable estimates of the extent of these activities (Portes and Haller 2005).

Second, given the various definitions of the informal economy and related concepts, it is often not clear what is being measured (Leonard 1998). For statistical purposes, measurement in OECD countries is based on the conceptual framework of the System of National Accounts (SNA) 1993, which uses the term non-observed economy as an umbrella comprising the underground production, illegal production, informal sector production and production of households for own final use (OECD 2002). The SNA definition of the informal sector production (those productive activities conducted by unincorporated enterprises in the household sector that are unregistered and/or are less than a specified size in terms of employment, and that have some market production) illustrates a very different understanding of the informal economy by the OECD compared to the abovementioned definitions, which are mostly used in academic contexts, and my own working definition. Thus, if we want an estimate of the size of the informal economy—as defined in the working definition—we need to look at estimates of what the OECD refers to as the non-observed economy.

Third, in the absence of precise measures, a broad range of approximations are used, which often result in varying estimates. These methods to estimate the informal economy can *grosso modo* be categorised in two main approaches, namely, macro and micro measures (Kazemier 2003; Joassart 2010). Macro measures build global estimates of the informal economy, expressed in proportion of the gross national product (GNP). They are often based on inconsistencies between different data sets (Feige 1990; Joassart 2010; Pacolet et al. 2008): discrepancies between at least two different but comparable measures of some aspects of a national economy are attributed to informal activities (Portes and Haller 2005, 417). They are further divided into monetary and non-monetary estimates. Examples of monetary macro measures are the general currency ratio method (discrepancy between the amount of cash and what is needed in the formal economy), transactions method (comparison between the value of total transactions and observed income) and latent variable models (structural equation models including potential causes of informality) (Joassart 2010). Two such models, the MIMIC (Multiple Indicators Multiple Causes) and DYMIMIC (Dynamic Multiple Indicators Multiple Causes) approach are often used to produce macro-economic estimates of the informal economy (e.g., Schneider 2011; Schneider and Buehn 2012). Examples of non-monetary methods are labour force participation (discrepancy between number of jobs and people working) and electricity consumption (comparison between the level of electricity consumption and official GDP [gross domestic product] measures) (Joassart 2010). Micro measures are more bottom-up and obtain information from the participants of the informal economy, both directly and indirectly. Indirect methods use variables associated with informal economic activity (e.g., worker immigration status) to identify informal workers or firms in publicly available data sets. The main problem of such measures is that they make specific (and often biased) assumptions about who the participants in the informal economy are (Joassart 2010). Direct micro measures include surveys administered to workers, employers and so on (e.g., Pacolet et al. 2012), the use of administrative data (Adriaenssens et al. 2009), interviews with participants of the informal economy (e.g., Slack and Jensen 2010) and ethnographic methods (e.g., Coletto 2010; Joassart 2010).

Both the macro and micro, direct and indirect approaches to the study of the informal economy have shortcomings (Leonard 1998). Macro measures are criticised for several reasons, such as not offering a view of specific sectors or socioeconomic categories, not using a precise definition, very simplistic assumptions, lack of stable results, overestimation of the informal economy, assumptions about the initial level of the informal economy, difficulties in obtaining reliable data on cause variables other than tax variables and the reliability of the variables grouping into ‘causes’ and ‘indicators’ in explaining the variability of the informal economy (Pacolet and De Wispelaere 2013; Pacolet et al. 2008). Direct micro measures are criticised for relying on specific case studies, which makes it difficult to use their findings for comparative purposes (Leonard 1998). On the other hand, case studies highlight ‘locality differences in accounting for variations in opportunities and motivations to participate in informal economic activity’ (Leonard 1998, 20). They are furthermore assumed to produce underestimates of the informal economy, due to the risk of social desirability and underreporting of informality (Pacolet and De Wispelaere 2013). The indirect micro measures have produced inconsistent estimates of the size of the informal economy and fail to inform us about the participants involved in the informal economy and their motivations for the same (Leonard 1998). All in all, controversy about the different measurements still exists (Andrews et al. 2011; Pacolet et al. 2008; Schneider and Buehn 2009), which should prompt care when using estimates and stimulate researchers in using a multimethod approach (Ferman et al. 1987; Pacolet and De Wispelaere 2009).

Size and Prevalence of the Informal Economy

Empirical research illustrates that informal economic activities continue to play a significant and persistent role in contemporary societies (Henry and Sills 2006). Researchers, making use of macro and micro measurement methods, argue the presence of informal economic activities in the everyday life in most European countries (e.g., Schneider and Buehn 2009; Shapland and Ponsaers 2009b). Quantitative estimates—based on macro-economic measures—of the size of the Belgian informal economy in 2007

Table 2.1 Estimates of the informal economy in Western Europe in 2013 (in % of official GDP) (Schneider 2013)

Country	% of official GDP
Belgium	16.4
Germany	13.0
Ireland	12.2
France	9.9
United Kingdom	9.7
The Netherlands	9.1
Luxembourg	8.0
Austria	7.5
Switzerland	7.1

ranged from 3.8 % of the GDP (calculated via the national accounts⁴ [NBB 2010]) to 18.3 % of the GDP (calculated via DYMIMIC model [Schneider 2011]). As mentioned above, variations in quantitative estimates are not only accounted for by the varying use of definitions, but also (and foremost) by the varying use of measurement methods and characteristics of certain methods. Using such a macro-method, Schneider (2013) estimated the size of the informal economy in Belgium in 2013 at 16.4 % of the GDP (see Table 2.1). His estimates suggest that the informal economy in Western Europe is most significant in Belgium, followed by Germany (13 %), Ireland (12.2 %), France (9.9 %) and the UK (9.7 %).

Given the criticisms of macro measures, it is important to look at estimates obtained through other measures as well. In 2013, a survey on undeclared work was administered to approximately 26,563 EU citizens (living in the 27 EU member states and in Croatia) (European Commission 2014). The results of this special Eurobarometer 402 indicate that 15 % of the respondents in Belgium stated having bought goods and services which they had good reason to believe were undeclared. About 4 % of the Belgian respondents stated having procured undeclared paid work apart from regular employment and 40 % knew somebody who was involved in carrying out undeclared work⁵ (European Commission 2014). The estimates for the other Western European

⁴This estimate does not yet include the estimates for illegal activities. As from 2014, the Belgian statistics include estimates for drug trade, prostitution and smuggling (van Mechelen 2014).

⁵In 2007, these numbers were 6 % and 56 % respectively (European Commission 2007). Unfortunately, due to the low incidence of reported undeclared work, the Eurobarometer does not procure information per country regarding, for instance, type of undeclared work or reasons for supplying it (European Commission 2014).

Table 2.2 Demand for and supply of undeclared goods and services in 2013 (European Commission 2014)

Country	Demand (%)	Supply (%)
Belgium	15	4
Germany	7	2
Ireland	10	2
France	9	5
United Kingdom	8	3
The Netherlands	29	11
Luxembourg	14	5
Austria	14	5

countries are reported in Table 2.2. The authors mention that the measures of the supply side provide underestimations.

A 2010 pilot study on the supply and demand of informal work in Belgium—based on a survey—shows that 38.8 % of the respondents made use of undeclared goods and services in the year prior to the survey (Pacolet et al. 2012). The respondents who bought an undeclared good or service principally got it from friends, colleagues or acquaintances (49.5 %), followed by firms (22.6 %). The lower price of undeclared goods and services appears to be the main reason for buying them. Respondents also mentioned reasons for not buying undeclared goods and services: non-possibility of recourse in the event of failure or error and moral objections. Interestingly, benefit recipients and inactive people were underrepresented in the group of people asking for undeclared goods and services, which is explained by their lower spending capacity or available time for producing goods and services themselves. When looking at the supply side, approximately 14 % of the respondents acknowledged having supplied informal work, which is much more than the Belgian respondents stated in the Eurobarometer. The main cited reasons for carrying out undeclared work were the advantage it offered to both supplier and customer and financial necessity. Restraining factors include a sufficient high income (from labour or allowance), moral objections and lack of time. Interestingly, the survey indicates that only 4.3 % of the respondents combined an allowance with a supply of informal work. This last point suggests that the supply of informal work by people on benefit is lower compared to the overall sample.

Also in 2010, Haigner et al. (2013) administered a survey in Germany, which indicated that 13.6 % of the respondents had supplied informal labour in the year prior to the survey. The proportion of men supplying informal labour was significantly higher (18.8 %) than that of women (8.6 %). Furthermore, there was an above-average proportion of people supplying informal labour among the unemployed (29.3 %). The authors state that a comparison of suppliers and non-suppliers of informal labour indicates that unemployment and fear of unemployment drive informal labour supply. However, based on the analysis, it is not possible to make statements about causality.

Another manifestation of the informal economy is the phenomenon of envelope wages, which are undeclared wages on top of an official declared wage (Williams and Padmore 2013). Based on a 2007 survey involving 26,659 face-to-face interviews carried out in the then 27 European member states, Williams and Padmore (2013) found that one in 18 formal employees receives an envelope wage from their formal employer, amounting to 25 % of their gross pay on average. Such hybrid wage arrangements appeared to be ubiquitous, but more common in some countries, employee categories and types of firms than others. More specifically, in Western Europe⁶ only 2 % of formal employees stated receiving an envelope wage. Of these, 61 % receive their envelope wage for overtime or extra work. This is congruent with the 2010 Belgian survey on social and fiscal fraud, which indicates that 2 % of the respondents acknowledged receiving an envelope wage (Pacolet et al. 2012). The European study furthermore suggested that men are significantly more likely to receive envelope wages than women. Envelope wages seem to be most prevalent in the construction industry, followed by the repair services, agriculture and hotel, restaurant and transport industries.

The main features of undeclared work—defined as all remunerated activities that are in principle legal but hidden from the state in that they are not declared to the public authorities, though their declaration is required by the regulatory system of the specific state—and the driving factors of their development have been studied quite recently in a

⁶ Countries included in this category are Austria, Belgium, France, Germany, Ireland, Luxemburg, the Netherlands, and the UK.

comparative perspective (Pfau-Effinger et al. 2009). The methods used for empirical analysis were statistical analysis, interviews with users and providers of informal work and secondary analysis of surveys and empirical studies. Regarding the comparative perspective, research has been conducted in Denmark (Jensen and Rathlev 2009), Finland (Jolkkonen et al. 2009), UK (Meyer and Baxendale 2009), Germany (Pfau-Effinger and Sakac Magdalenic 2009, 2010), Poland (Surdej and Slezak 2009) and Spain (Flaquer and Escobedo 2009). The comparative analysis tells us that the extent of undeclared work is relatively low in Finland, of medium size in Denmark, Germany, and the UK, and high in Spain and Poland (Pfau-Effinger et al. 2009). Concerning cross-national differences in relation to undeclared work, two different types of undeclared work are distinguished, namely, the poverty-escape type and the moonlighting type. The first type, poverty-escape, is portrayed as 'a struggle for subsistence in a labour market with no job openings and meagre welfare benefits' (Pfau-Effinger et al. 2009, 195). This type appears to be predominant in Spain and Poland, whereas its extent is particularly low in Denmark and Finland. The extent of this type of undeclared work strongly relies on the availability of a workforce who is in a situation where they feel forced to accept work under particularly precarious and uncertain conditions. This can be the case in a situation of high unemployment rates, together with a relatively low level of decommodification of the unemployed or in a situation in which a broad part of formal employment does not offer an income above the poverty line. In addition, some elements of the arrangement of work and family in a society may contribute to the extent of undeclared work (e.g., insufficient support for the family household). Moonlighting, on the other hand, entails earning an extra income in addition to the ordinary wage income. This type is of medium extent in Germany and the UK and of small extent in Spain and Poland. The factors that can explain the extent of this type of undeclared work are different from those explaining the poverty-escape type. An important precondition is the existence of a relatively affluent middle class that can afford to hire professionals or craftsmen for work and that these tasks are the main field in which this type of undeclared work is performed. Another precondition is that, in part, people do not accept the obligation to pay tax. In sum, this comparative analysis suggests the relevance of

work and welfare arrangements in explaining cross-national differences in extent of undeclared work (Pfau-Effinger et al. 2009).

In the UK, Williams and Windebank (2000) have investigated the extent and nature of paid informal work⁷ in four deprived neighbourhoods (characterised by high unemployment and chronic social problems) in Sheffield and Southampton by means of a structured interview. Using a list of 44 common household tasks, 400 households were asked whether each activity had been undertaken and if so, whether they were paid in-kind, cash in hand or formally. Overall, the results indicate that the majority of the tasks (84.8 %) were undertaken using informal modes of provision: 76.1 % of the work was conducted on an unpaid basis by household members, 3.8 % was conducted on an unpaid basis by other households (community exchange) and 4.9 % of the tasks were conducted on a paid informal basis. They conclude that 'the majority of paid informal work, in sum, is undertaken for kin, neighbours and friends and involves social objectives rather than a strictly economic utilitarian rationality' (Williams and Windebank 2000, 289). In another setting, a wealthy area in north London, Cox and Watt (2002) conducted a case study on paid domestic workers. Their findings, based on in-depth interviews with eight domestic workers and 13 employers, show that among the employing households interviewed, most paid domestic work took place within the informal sector. Informal workers cited convenience and ease of access as motivating forces for their entry into informal paid domestic labour. Although many of the workers were legally able to work in Britain, they experienced difficulties in entering the formal labour force. For the informal workers, the benefits of informal work are that rates of pay are higher, state benefits are not affected and no work permit and formal application procedure is needed. For employers, informal arrangements are beneficial because of the lack of social protection.

Yet another type of informality, benefit fraud, has been studied recently in the Netherlands (Fenger and Voorberg 2013). However, as this study focused more on the policing of benefit fraud, it does not provide much information about the prevalence of this type of informality.

⁷Which, in the study, is defined as all legitimate activities where payments received by individuals are not declared to authorities.

Understanding the Origins of the Informal Economy: Causes and Determinants

Over the years, different debates on the informal economy have crystallised into four dominant schools of thought or theoretical models regarding its nature and composition (Chen 2004; Chen 2012; Williams and Lansky 2013; Williams and Round 2010). Although several researchers attribute different names towards the schools (e.g., schools of thought [Chen 2004, 2012; Chen et al. 2001; Coletto 2010], perspectives [Williams and Gurtoo 2012; Williams and Lansky 2013], theories [Williams et al. 2012; Williams and Round 2010], theoretical models [Williams and Round 2010]), they do refer to the same content. These models typically make statements at the macro level, thus referring to macro-economic, social and political structures and evolutions that impact the informal economy. Although it is not the intention of this book to look at macro-economic structures shaping informal activities,⁸ it is important to introduce these models as they say something about the origin and development of the informal economy in Western societies.

Dualist or Modernisation Theory

This school, which is based on the writings of the British economist Lewis (Slot 2010), believes that informality is a residue of pre-modern economies and that it will disappear as economies modernised (Slack and Jensen 2010). Informal activities are seen as a traditional, pre-modern type of work which will fade away in the process of modernisation (Pfauffinger and Sakac Magdalenic 2010). This school considers the informal economy as comprising marginal activities that provide an income for the poor and a safety net in times of crisis (Chen 2004, 2012). It argues that informal workers are excluded from modern (formal) economic opportunities because of imbalances between the growth rate of the population and modern industrial employment (employment growth) and a mismatch between skills and the structure of modern eco-

⁸ A greater overview of these models can be found in Coletto (2010).

conomic opportunities (Chen 2012). In other words, informal activities are largely attributed to the lack of modern job opportunities to absorb surplus labour, to a slow rate of economic growth and/or a fast rate of population growth (Chen 2004). Regarding the relation between the formal and the informal economies, this school proposes that informal units and activities have very few linkages to the formal economy. Instead, the informal economy is considered to operate as a distinct, separate sector of the economy (Chen 2012). From the 1980s onwards, the prediction that the informal economy would disappear was gradually contested in the Western world, given the persistent presence and even growth of the informal economy (Chen 2012; Williams 2010a; Williams and Round 2010; Williams and Windebank 2006).

Structuralist or Globalisation Theory

The persistence and growth of informal production relations are—in this view—due to the nature of capitalist development (Chen 2004), more specifically to attempts by formal firms to reduce labour costs and increase (international) competitiveness, to the reaction of formal firms to state regulation of the economy (e.g., tax and social legislation), to the process of industrialisation (e.g., subcontracting chains) and flexibilisation (Castells and Portes 1989; Chen 2012; Leonard 1998; Sassen 1994). As such, structuralists consider informality to be a direct by-product of the development of a deregulated globalised economy (Williams et al. 2012). According to this school, the informal economy is comprised of subordinated workers, whose main function is to reduce labour costs. As a result, they increase the competitiveness of large capitalist firms (Chen 2004, 2012). Adherents of this school believe that informal and formal economies are intrinsically linked. Both informal enterprises and informal wage workers are perceived as subordinated to the interests of formal, capitalist development (Chen 2012). Williams and Lansky (2013, 364)—who refer to this school as the political economy perspective—add to this that informal employment in this perspective is also seen as a ‘direct by-product of the shift away from the full employment welfare state regime’. New strategies of capital accumulation and economic restructuring have led to the replacement of secure, full-

time employment with less regular, more atypical, non-standard forms of employment (Leonard 1998). People of little use to the capitalist society are no longer maintained as a labour reserve but are transferred to the informal economy. In this view, informal workers are seen as necessity-driven given their inability to find formal employment (Henry 1982; Williams et al. 2012). Informal work is depicted as unregulated, low paid and insecure with poor working conditions (Williams and Round 2010). This school or perspective is sometimes referred to as the 'exclusion' view (Williams and Lansky 2013, 365). The main difference between this school and the dualist one lies in their fundamentally different idea on the origin of or reason for the existence of informality. The dualist school mainly sees informality as a residue of pre-modern economies that will inevitably vanish as economies evolve. The structuralist school, however, sees informality as the result of capitalist developments, as a way to increase competitiveness and decrease labour costs. In both perspectives however, informal workers are excluded from the formal economy.

As the 1980s progressed, empirical studies in Western countries began to refute this exclusion or marginality thesis as several studies revealed that informal employment in advanced nations was often conducted by relatively affluent rather than deprived populations (Williams and Windebank 2000, 2006). Of course, this does not mean that no evidence at all was found to support the structuralist point of view. In Western Europe, some evidence for this theory was found by Leonard (1998) and more recently by Pfau-Effinger (2009) and Ghezzi (2010). For instance, Leonard (1998) offers a review of empirical research in Western Europe on multiple job holders and moonlighters, and three specific types of people working in the informal economy: the unemployed, immigrants and children. Her review indicates that the involvement of these groups in the informal economy is linked to, among other things, the restructuring of capital and its tendency to create new forms of employment (Leonard 1998). In Germany, past and current unemployment has been found to increase the probability of informal labour supply (Haigner et al. 2013).

Nevertheless, over the past decades, more context-bound understandings of the magnitude, growth and character of the informal economy have been developed, pointing to other influencing factors on the size and nature of the informal economy (Williams 2014).

Neoliberal or Legalist School of Thought

The legalist school considers the informal economy to be comprised of people who deliberately choose to work informally in order to avoid the costs, time and effort of formal registration (Chen 2004, 2012). Rather than a product of involuntary exclusion (cf. structuralist school), the growth of the informal economy is perceived as an outcome of rational economic actors deciding to voluntarily exit the formal economy (Williams and Martinez 2014; Williams and Round 2010). In the words of Webb et al. (2013, 603): ‘by imposing financial costs in terms of registration and licenses as well as time needed to access the right to operate legally, bureaucracy reduces the potential value that entrepreneurs can appropriate by operating in the formal economy’. Informal employment is perceived as offering more autonomy, flexibility and freedom (Cox and Watt 2002; Williams and Lansky 2013). As a result, legalists argue that governments should introduce simplified bureaucratic procedures to encourage informal enterprises to register (Chen 2012).

Apart from pointing to burdens resulting from regulatory bureaucracy, Portes and Haller (2005, 409) point to the existence of heavy state intervention as a potential driver for informality: ‘...the greater the scope and reach of attempted state regulations, the more varied the opportunities to bypass them’. An increase in the intensity of regulation (or a high intensity of regulation), often measured in the number of laws and regulations, reduces the freedom of choice for individuals engaged in the formal economy (Schneider 2005; Schneider and Enste 2000). In this view, the growth of the informal economy is seen to be a direct outcome of over-regulation in the formal market economy (Schneider and Enste 2000; Williams et al. 2012).

Furthermore, the burden of tax and social security contributions are found to be a major factor in explaining the existence and rise of the informal economy⁹ (Schneider 2005; Schneider and Enste 2000). These authors explain that the bigger the difference between the total cost of labour in

⁹ Defined by the authors as all market-based legal production of goods and services that are deliberately concealed from public authorities for the following reasons: (1) to avoid payment of income, value added or other taxes, (2) to avoid payment of social security contributions, (3) to avoid having to meet certain legal labour market standards, (4) to avoid complying with certain administrative obligations.

the official economy and after-tax earnings, the greater the incentive to avoid this difference and to work in the shadow economy. In this respect, Leonard's (1998) review of informality in Western Europe clearly illustrates how informal employment becomes increasingly attractive as labour becomes more expensive due to taxes and welfare contributions. More recently, a Belgian survey on the demand and supply of undeclared work found that the high tax and social security contributions functioned as the most important reason for one third of the respondents to carry out undeclared work (Pacolet et al. 2012). In Germany, a 2010 survey found that the degree of dissatisfaction with one's relative standing in society, the extent of perceived bureaucracy in government institutions and the perceived waste of tax money was associated with a higher risk of informal labour supply for men (Haigner et al. 2013). In the same vein, Schneider (2011) offers an overview of studies on what he calls 'main causes of the shadow economy'. These studies, in which the size of the informal economy is measured by the contested MIMIC or currency demand approach (see supra), suggest that an increase of tax and social security contribution burdens is by far the most important single contributor to the measured increase of the shadow economy. Other main explanatory factors are tax morale, quality of state institutions and intensity of state regulation.

This pure legalist point of view is nuanced by Portes and Haller (2005), who state that the actual implementation of opportunities for informality (provided by the expansion of regulation) depends on two other factors: (1) the state's regulatory capacity and (2) the social structure and cultural resources of the population subject to these regulations. All in all, Portes and Haller (2005) argue, the extent to which opportunities for informality can be implemented and the forms that they can take depend on the capacity of official agencies to enforce the rules and on the characteristics of the population subject to these rules. In this respect, they write:

To summarize, the basis paradox of state control is that increased official regulation of economic activity does not necessarily reduce the informal economy, but may expand it by creating opportunities for profitable violation of the rules. However, the extent to which these opportunities are implemented varies with the scope of attempted official control, the effectiveness of the state apparatus, and the countervailing power of society to resist or bypass official rules. (Portes and Haller 2005, 412)

The role of enforcement is also stressed by other researchers such as Schneider (2005) and Feld and Larsen (2012). The latter conducted a survey on the impact of deterrence and social norms on undeclared work. Deterrence was measured by two variables, perceived risk of detection and perceived level of sanctions. Regression analyses indicated a significant negative correlation between the perceived risk of detection and undeclared work. No significant correlation was found between perceived level of sanctions and undeclared work. Social norms were measured by presenting eight examples of cheating behaviour to the respondents, who had to assess the acceptability of the behaviour on a scale from 1 to 10. Results indicated a positive relationship between social norms and undeclared work: the less accepted different kinds of undeclared activities are, the less probable it is to carry out undeclared work. All in all, the study points out that social norms (acceptance of undeclared work) and deterrence measures in the form of the risk of being detected by authorities when conducting undeclared work appear to be equally important in explaining participation in undeclared work (Feld and Larsen 2012).

The Post-structuralist School of Thought

The three above-mentioned schools of thought imply that monetary or profit-motivated purposes are important drivers for informal work. However, this mainstream conceptualisation is challenged by a series of recent empirical (case) studies in developed nations (Marcelli et al. 2010). They suggest that informal workers are not always 'rational economic actors engaged in profit-motivated monetised transactions and swayed by the cost/benefit ratios confronting them' (Williams et al. 2012, 531).

This last school, the post-modern perspective or post-structuralist theory, argues the existence of own-account informal work for and by kin, neighbours, friends, and acquaintances for non-financial reasons (Williams and Lansky 2013; Williams et al. 2012; Williams 2010b). Informal work is taken up voluntarily, but for familial, redistributive and community solidarity reasons more than for financial ones. An empirical research work on the geographical variations in informal work in the UK reveals how such non-financial reasons (e.g., develop closer social bonds, redistributive reasons) can be important drivers in the supply and

demand for informal work in deprived areas (Williams 2010b). The last two schools can be referred to as the 'exit' view (Williams and Lansky 2013, 365) or informality driven by exit (Williams et al. 2012, 539) and highlight the agency of workers.

Links with the Formal and Criminal Economies

One recurrent theme in the literature is the relation between the formal and the informal economies. In contrast with early writings on the informal economy, research over the last decades has convincingly demonstrated the inherent link between formal and informal economic activities (which is reflected in the above-mentioned schools of thought). In other words, the informal economy does not exist as an independent sub-economy that is entirely separate and distinct from the regulated, formal economy (Harding and Jenkins 1989; Meléndez et al. 2010). Formal and informal markets are intertwined and becoming harder to distinguish and they 'change constantly following the interplay between the economy and government intervention' (Vande Walle 2008, 658). What is more, they may also, in terms of their structures, modes of operation and activities, blur into each other under particular circumstances (Ponsaers et al. 2008). Vande Walle's (2008) analysis, based on a literature review of primarily European work, results in four different manners in which formal and informal markets coexist. Formal and informal markets can be each other's opposite. However, in most cases, formal and informal markets have mutual significance and thus are characterised by a symbiotic relationship. In case of synergetic relationships, the sum of both markets yields more than the two markets taken separately. Lastly, parasitic relationships exist when one market starts to abuse the other.

Since the end of the 1990s, criminologists have started to focus on the relationship between the informal and the criminal economies as well (e.g., Shapland et al. 2003; Shapland and Ponsaers 2009a). Their research and analyses illustrate how criminal and informal economies are strongly interrelated spheres, which may offer opportunities for the former to infiltrate the formal economy (Ponsaers et al. 2008; Ruggiero 2003; Sutton 2003). The intertwinement between the criminal and formal economy is for instance illustrated by Ponsaers (2013), who gives the

example of criminal activities carried out by employees or members of bonafide formal firms (i.e., organisational crime).

The Informal Economy and Migration

Many studies focus on migrant labour and the informal economy and highlight the participation of undocumented (e.g., Adriaenssens et al. 2009; Leonard 1998; Van Meeteren et al. 2008) and documented migrants in the informal economy (e.g., Albrecht 2003; Baganha 1998; Droukas 1998; Kloosterman et al. 1998; Maroukis et al. 2011; Solé et al. 1998). Traditionally, these studies point to the vulnerable position of migrants, characterised by the absence of work contracts, social protection, and union representation, existence of low wages, and long working hours. Migrants are often found to be working in poorly paid low-skilled occupations at the bottom end of the labour market (Leonard 1998). More recently, however, more positive depictions have been found in the literature as well. In this respect, Saitta (2010) and Maroukis et al. (2011) explain how in some cases the informal economy can be a paradoxical means for social advancement. Another popular research topic is the influence of migration policy—among other policies—on migrant participation in the informal economy (e.g., Ferraris 2009).

The relation between migration and the informal economy is a complex one and several social, political, cultural, and economic factors should be taken together in order to explain the participation of migrants in the informal economy (Maroukis et al. 2011). As this is not the core of this book, I do not go deeper into this relationship here.

The Informal Economy and Seasonal Work in European Agriculture and Horticulture

In most European countries, the existence of informal activities in seasonal work in agriculture/horticulture is recognised. Information on informality is however mainly found indirectly, in literature on migrant workers in agriculture and horticulture. Such research is found to be executed mainly

by sociologists, agricultural economists and labour researchers. The literature covers several themes, which are summarised in the following sections.

Recruitment of Seasonal Workers

According to Loose and Lamberts (2010), foreign seasonal workers working in Belgium¹⁰ are recruited in two stages. The first phase entails the initial recruitment of one employee from a certain group. The second phase is grafted onto the first one: through the network of the first recruited seasonal worker, the employers gain access to a whole reservoir of potential seasonal workers. During the first phase of recruitment of migrants,¹¹ some employers are contacted by key figures¹² offering to procure seasonal workers, whether or not in exchange for money paid by the seasonal workers (thus operating as informal go-betweens) (Loose and Lamberts 2010). The same holds for Norwegian farm workers, who are often recruited by family or friends and hardly ever by professional recruiters or contractors (Rye and Andrzejewska 2010). Similarly, in the UK informal recruitment processes are common with regard to migrants. Research has furthermore suggested that some employers deliberately recruit illegal migrants in order to fill in their vacancies cheaply, without spending too much time and effort. Others on the other hand recruit illegally but out of ignorance (Dench, Hurstfield, Hill and Akroyd 2006). Furthermore, before the Gangmaster Licencing Act of 2004—which obliged gangmasters¹³ to be licensed—gangmasters often worked on an informal (unregistered) basis (Brass 2004; Rogaly 2008). This left the door open for the supply of an illegal migrant workforce (Anderson and Rogaly 2005) or for exploitation, by withholding significant parts of the workers' wages (Brass 2004; Rogaly 2008). However,

¹⁰ The authors argue that indigenous Belgians hardly apply as seasonal workers. The temporary and unskilled nature of the work, the low wage and the perceived image of the sector are believed to contribute to this.

¹¹ I use the term migrant because these people live in another country and come for a delineated period to Belgium.

¹² Key figures because they have a broad network and possess communication skills (e.g., English, email, etc.) that are crucial in terms of recruitment.

¹³ In the Act, a gangmaster is defined as 'a person who supplies a worker to do work ... for another person' (Anderson and Rogaly 2005, 22).

as a result of the Act, gangmasters' costs have risen while growers refuse to pay higher percentage fees for workers. As a result, gangmasters may search for other ways to gain profits, for example, by accommodation exploitation. In addition to the gangmaster phenomenon, employment agencies have been discovered to be charging workers for finding them employment or compatriots have been found to be taking money from 'new migrants' in return for introducing them to agencies (Anderson and Rogaly 2005). It should be noted that the concept of gangmasters is also applicable in southern European countries, albeit under different terms (*caporalli* in Italy and *furgoneros* in Spain, Labrianidis and Sykas 2009, 242).

Policy on Seasonal Work

In Norway, the regulation of migrant labour is underpinned by a political will to protect migrants from exploitation. According to Rye and Andrzejewska (2010), the transitional rules established in Norway in 2004¹⁴ (e.g., minimum standards for wage levels and labour conditions, registration and supervision of the incoming labour force) were seen as an important tool for preventing social dumping. When abolished in 2009, other national regulations to secure minimum levels of work conditions were agreed upon. However, despite the authorities' efforts, official regulations are often substituted by informal labour arrangements at the farm level. Two factors are believed to influence this, namely, the lack of proper control instruments (due to a lack of the state's financial and organisational capacity to control the implementation of labour regulation) and the characteristics of work in agriculture (e.g., short-term, seasonal character of the work which reduces the possibility for collective action-taking by workers). Thus, in Norway, there seems to be a gap between regulation and the enforcement of regulation.

Although Dermaut's (2010) study is aimed at charting Belgian regulations concerning seasonal work, the underlying perspective of the government is not identified. However, the work does enable us to conclude that the regulation encompasses stipulations both for employers (e.g., the need

¹⁴In relation to the entry of different countries into the EU.

to declare the seasonal workers on a daily basis, payment of social security contributions, etc.) and for seasonal workers (e.g., limitation to the number of days one can be employed as seasonal worker). In the margin of the research, it is argued—based on interviews with both employers' federation members and trade union members—that both Belgian agriculture and horticulture are vulnerable to fraud and moonlighting, but that various aspects of the regulation (e.g., low social security contributions, smooth system for the declaration of employment, frequent controls, free movement of EU inhabitants)—applicable to the sectors—contribute to the reduction in moonlighting. No mention is made of the underlying rationale for the regulation. In the Netherlands, De Bakker (2001) focuses purely on the employers' side, concluding that Dutch asparagus growers experience a lot of social dissatisfaction with the policy concerning seasonal work. This dissatisfaction correlates to a considerable extent with the large disproportion between the important labour investments on the one hand and the remaining profits and scant societal appreciation for farmers on the other. Not totally unexpected, he furthermore reveals that the legal rules are sometimes bypassed by nearly all interviewed farmers through the use of creative accountancy measures (e.g., partial declaration of wages, occasional non-declared employment, failure to return certain earnings, illegal employment of Polish workers). De Bakker describes these practices as partial non-acceptance of policy, which is partly made possible by an indifferent or even a cooperative attitude of seasonal workers. In sum, the researcher argues that the attitudes and practices of non-acceptance of policy by farmers take place in a political-societal context of structural confidence issues.

Methodology

Most research in this field uses a combination of qualitative and quantitative methods. Analysis of statistics is based on data filed in integrated administrative databases,¹⁵ data from agencies delivering work permits to foreigners, data from social funds for agriculture and horticulture, data from the umbrella organisation of inspectorates (Loose and Lamberts

¹⁵ For instance, the database of the Social Security agencies.

2010), and data from (self-administered) surveys (Kasimis 2008). Studies based only on a purely qualitative approach generally prefer a combination of different qualitative research methods. Interviews are frequently used as a qualitative method; more specifically, semi-structured interviews with employers (de Bakker 2001; Loose and Lamberts 2010; Rogaly 2008; Rye and Andrzejewska 2010), seasonal workers (Loose and Lamberts 2010; Rogaly 2008; Rye and Andrzejewska 2010), members of employers' organisations and trade unions (Dermaut 2010), members of employment agencies (de Bakker 2001; Dermaut 2010), enforcers (de Bakker 2001; Dermaut 2010), members of the municipal administration (Kasimis 2008; Rye and Andrzejewska 2010) or other experts (Kasimis 2008). The choice of interviewees must be understood in relation to the goal of the research and the specific research questions. Participating observation is often executed as additional source of empirical data (de Bakker 2001; Rye and Andrzejewska 2010). Literature review is quite standard in all research (e.g., Anderson and Rogaly 2005).

Research Themes

In the last ten years, we have seen different foci of research emerge in the existing literature. Loose and Lamberts (2010) mainly portray the current situation in terms of employment of foreigners in Belgian agriculture and horticulture. Based on qualitative and quantitative research methods, they thoroughly describe the labour market position of European and non-European foreigners in agriculture and horticulture (both fixed and seasonal employment); offences with regard to the employment of foreigners (e.g., illegal employment, undeclared employment, absence of required permits); the profiles of the foreign employees; the recruitment of foreigners; and the quality of the labour (content of the labour, working conditions, working relations). Although informality in the sector is not their main focus, they do mention the existence of employment of illegal foreigners. With regard to payment conditions, the practice of piece-work payment is reported in Norway (Rye and Andrzejewska 2010) and in the UK (Rogaly 2008). This payment practice, which has a long tradition in horticulture, may lead to informality (Rogaly 2008). After all, when

workers who are paid on a piece-work basis do not achieve the hourly minimum wage, they earn less than they are entitled to by law. As in some countries the inspection system is imperfect, this is not always detected. In addition, sometimes fewer working hours are recorded so that the hourly equivalent turns out to be the minimum wage or above (Rogaly 2012).

Practices of social dumping of migrant workers are described in Norway (Rye and Andrzejewska 2010). More specifically, as existing labour and wage regulations are not implemented uniformly in many small-scale family farms, informal activities such as underpayment¹⁶ take place, a result of informal wage arrangements and the absence of formal, written contracts. The existence of informal contracts is attributed to the informal character of the recruitment of migrant seasonal workers. Furthermore, the researchers argue that even if formal contracts do exist, they are often openly violated. Thus, official regulations are often replaced by informal labour arrangements, which can be beneficial for farmers and seasonal workers. Farmers search for cheap labour to fill in domestic labour shortages and to minimise production costs in order to survive in a trade facing increased pressure from globalised markets. Migrants seem to be satisfied with their working conditions, which are often better than in their home country. This in turn lowers the incentive for migrants to bargain for higher wages. In addition, given the structural disempowerment of migrant workers, they have weak negotiating positions vis-à-vis their employers.

Venturini (1999) argues that both in Italy and elsewhere, migrants working in the informal economy are usually doing so without a residence permit, a work permit, or both. Based on data provided by the Italian Central Statistical Office, this researcher concludes that, over the period 1980–1995, the overall number of both regular (declared) and non-regular (undeclared) employment in agriculture has declined. However, when discerning between foreigners and natives working informally in this sector, an important decline is determined in native informal labour, whereas the number of foreigners working informally has increased (Venturini 1999). Although an overall decline is noted in informal labour in Italian agriculture, an increase is detected in the number

¹⁶ That is, wages lower than required by law.

of foreigners working on an informal basis in this sector. Unfortunately, the author does not look into possible reasons behind this. According to Reyneri (1998), geographical differences exist in informal employment of migrant agricultural labourers. While in the south of the country barely one in ten migrant agricultural workers is estimated to hold a registered labour contract, most migrants working in the north are registered. Again, no further explanation is offered.

Research thus focuses on the vulnerability of migrant seasonal workers. Migrants are considered to be vulnerable due to various reasons such as language barriers, lack of social and cultural capital, knowledge of regulation, the sometimes complex and unclear existing regulation, poor working conditions (Rogaly 2008; Rye and Andrzejewska 2010). It is also clear that seasonal work suffers in most countries from a decline of national labour force, which is counterbalanced by a significant migrant workforce (Loose and Lamberts 2010; Rogaly 2008; Rye and Andrzejewska 2010). This in turn highlights the necessity for regulation of labour in this sector, in order to meet potential difficulties or problems related to this decline and its solution.

Explanations for Informal Seasonal Work

To a large extent, the same (general) explanations are found throughout Europe for the existence of undeclared seasonal labour.¹⁷ For several reasons, farmers in Norway and the UK are confronted with declining profit margins (e.g., due to changing relations between growers and retailers [Rogaly 2008], due to increased pressure from globalised markets [Rye and Andrzejewska 2010]). Thus, farmers are looking for ways to minimise their production costs, which can be found in cheap, informal labour. In addition, shortages in domestic labour can also play a role in the recruitment of (illegal) foreigners. The migrants, on their side, have few options other than to accept upfront the working conditions as the formal labour regulations

¹⁷ However, it is not because the reviewed literature focuses strongly on migrant informal labour that national informal labour does not take place. Still, based on this overview we can infer the existence of a displacement of labour force (instead of a displacement of production), which is linked to globalisation.

are not effectively implemented by the state at the farm level. According to Reyneri (2003), minimum union wages in agriculture are rather high in most south European countries. In order to adjust the labour costs to the productivity of the farm, one can make it irregular, thus saving on indirect costs (income tax and social contribution) and direct costs (wages). This makes these jobs less attractive for the national labour force, thus opening the way for migrant workers and particularly irregular migrants who can only find employment in the informal economy. In short, informal employment keeps wages and production costs down (Labrianidis and Sykas 2009). Kasimis (2008) states that the southern European agriculture has witnessed an expansion over the last 20 years, due to the integration of the southern European countries into the EU. In Greece, this expansion brought about—in combination with demographic¹⁸, structural¹⁹ and social factors²⁰—increased labour deficiencies and a high demand for flexible (seasonal) labour, independent of trade union practices and legislation. It thus comes as no surprise that unauthorised migrants account for a large proportion of those employed in Greek agriculture (Reyneri 2003). According to Kasimis (2008), the recent regularisation acts made it very difficult for migrants to obtain legal entry for seasonal work in agriculture, which increased the risks of illegal migration and employment.

Section Conclusions

The literature reviewed—in which a victim's perspective is often perceived—points out that large numbers of irregular migrants—not registered, thus invisible in official statistics—are estimated to work in the (seasonal) agricultural sector (Anderson and Rogaly 2005; Brass 2004; Dench et al. 2006). It is furthermore commonly acknowledged that seasonal Mediterranean agriculture is characterised by an important reliance on migrant workers (Kasimis and Papadopoulos 2005; Kasimis

¹⁸ E.g., rural exodus in the 1950s and 1960s.

¹⁹ E.g. pressure for technical modernisation.

²⁰ E.g., rejection of low status, unskilled jobs in rural areas by young generations (see also Labrianidis and Sykas 2009). The combination of these factors influenced the decline of the family-based (informal) labour in Greek agriculture (Kasimis and Papadopoulos 2005).

et al. 2010; Labrianidis and Sykas 2009; Reyneri 2003), of whom many are undeclared (Fonseca 2008; Hoggart and Mendoza 1999; Kasimis et al. 2010; Parliamentary Assembly of the Council of Europe 2003). The general difficulties in researching the informal economy are reflected in the dearth of research published in English on the same. However, other potential reasons should equally be considered such as the limited importance attached to the topic. Finally, research published in languages other than English may not be easily accessible for non-native speakers.

The Informal Economy and Street Selling in Europe

Notwithstanding the differing scale of street selling between countries and cities (Bhowmik 2005), this ancient activity is considered to be ubiquitous (Bromley 2000) and increasing throughout Europe. The latter fact is tied to changes in the global economy associated with post-modernity (Cross 2000). Accordingly, street vending, as an urban income-generating activity, has been studied in many settings. However, most empirical studies published in English focus on street trade in developing countries (e.g., Bhowmik 2005, 2010), Middle and Latin American countries (e.g., Coletto 2010; Cross 1998; Cutsinger 2000; Harrison and McVey 1997; Middleton 2003) and southern European countries (e.g., Antonopoulos et al. 2011; Bellinva 2013; Lazaridis and Koumandraki 2003; Nelken 2006). Nevertheless, in what follows, I summarise the main topics covered by literature (published in English) on street trade in Europe. As most research on this topic is executed in Southern Europe (in comparison with Northern and Western Europe), the overview mainly covers South-European publications.

Policy on Street Trade

Although the studies discussed below do not specify regulations concerning street trade, it is clear that in most countries licences are needed or rent needs to be paid in order to work on a formal basis (in public space) (Reyneri 2004; Witkowski 1993).

In Italy, enforcement of informal street trade is rather reactive. According to Reyneri (2004), the Italian police do not patrol regularly and intervene only in case of serious crimes (such as drug trafficking, robberies, molestation) or when shopkeepers protest. Street vendors who are caught breaking the law on street trade theoretically risk fines, confiscation of their merchandise or—in case of migrants without residency permits—expulsion. Thus, informal street trade continues only thanks to the limited activities of enforcers. Nelken (2006) nuances this statement in his study on immigrant beach sellers along the Adriatic Coast: he confirms that the reaction of enforcers to informal trade varies according to the gravity of the offences, but also according to the nature of the sellers (migrants or nationals). In addition, he states that enforcers focus mainly on repression and prevention as opposed to solidarity and integration. Furthermore, the task of deterring and punishing the beach sellers' offences fall on the municipal police (rather than the national police). Their most successful and feared method consists of the confiscation of the goods in question.

Methodology

The reviewed literature on street trade is characterised by a dominance of qualitative research methods. Interviews (semi-structured) with sellers are frequently reported (e.g., Antonopoulos et al. 2011; Lazaridis and Koumandraki 2003; Nelken 2006; Witkowski 1993). Respondents are identified through observation (e.g., Antonopoulos et al. 2011) or through snowball sampling and contacts with associations (e.g., Lazaridis and Koumandraki 2003). Interviews with tourists/clients (Nelken 2006; Witkowski 1993), regular shopkeepers (Nelken 2006) and key informants (such as police, judges) (Nelken 2006) also form a part of the research methodology, just as observation (Antonopoulos et al. 2011; Witkowski 1993) and analysis of photographic data do (Witkowski 1993). The exact number of interviews vary across studies. Nelken (2006) for instance, interviewed approximately 500 beach sellers, each in their native language. Antonopoulos et al. (2011) on the other hand interviewed 25–30 sellers (in English), covering approximately 60 % of the target population.

Research Themes

In his research, Nelken (2006) describes how immigrant beach selling is constructed as a problem of public order, by emphasising the perception of different interest groups (e.g., commercial interests of formal shops describing beach selling as a serious threat). Thus, the main focus is not so much on the activity of street trade per se, rather than on the social construction of (immigrant) beach selling as a problem. However, other research themes more closely connected to street trade emerge in the study by Antonopoulos et al. (2011), such as the identification of the chains of production, distribution and supply of goods; actors involved in the market under study (including their social, ethnic and economic background) and identification of ways of entry into the market. The display of merchandise, the different types of merchandise and consumers' perspectives on street selling are equally under scrutiny (Witkowski 1993).

Organisation

Street vendors in Italy offering jewellery, watches, lighters, sunglasses, handbags, and CD/DVDs are usually from Morocco, Senegal or China (Reyneri 2003). Although only a minority of vendors sell imitation goods, others also infringe the laws regulating street trade. However, as the Italian police do not execute regular patrols and are characterised by a tolerance towards it, activities have continued. The major wholesalers are usually Italian. However, the goods' distribution network is described as an archipelago, in which many wholesale dealers and mediators—in competition with each other—supply vendors (Reyneri 1998). Some of the wholesalers are legal, others specialise in illegal production and sales (Reyneri 2004). Nearly all goods sold by migrant sellers are manufactured in (underground) Italian firms, benefiting from irregular distribution networks (Reyneri 1998). Just as Antonopoulos et al. (2011) ascertained in Greece, Nelken (2006) proposes that immigrant beach sellers act as relatively independent entrepreneurs, obtain their goods from a variety of places (mainly from the same places as legal traders)

and strive for absence of conflicts between the different (groups of) sellers. No support is found for the direct involvement of organised crime groups. More specifically, vendors are found to buy their merchandise from a Greek businessman, active in legitimate CD/DVD selling, but additionally producing counterfeit CDs (Antonopoulos et al. 2011). The researchers argue that although the counterfeit CD/DVD market operates on an informal basis, it does take the legal market into account. Furthermore, the researchers conclude that the informal market contributes to the viability of the legitimate CD/DVD business, suffering losses from illegal downloading from the internet. Just as in Nelken (2006), no support is found for the manipulation of sellers by organised criminals.

Explanations for Informal Street Trade

According to Reyneri (2003), migrants' incorporation in street trade is greater in Italy than in other countries, where the native population's incorporation is greater. The same author states that since the beginning of immigration to Italy, street trade has been an important phenomenon. Even though a change in legislation in 1990 allowed many migrants to find work in other activities, migrant employment in street trade continued to support the informal economy (Reyneri 2003). However, from the mid-1990s on, a notable reduction in the number of street vendors in Italy has been noticed (Reyneri 1998, 2004). This reduction went hand in hand with more targeted activities in tourist areas, beaches in summer and big cities in the winter.

Antonopoulos et al. (2011) indicate in their study on counterfeit/pirated CD/DVD sellers in Patras (Greece) that the vendors (exclusively Nigerian) are involved in this type of informal economy because of restricted access to the legal economy. On the other hand, ethnicity appears to be a crucial variable for entry and successful entrepreneurship in informal street selling. Furthermore, good relations between both the sellers among themselves and the sellers and legal business owners and employees are an important part of the business.

The involvement of Nigerians in Greek street hawking is confirmed by Lazaridis and Koumandraki (2003). Likewise, these authors stress

that street hawking is a survival strategy brought on by the lack of formal opportunities for Nigerians in Greece. Again, the selling activities are often informal, given the difficulties in obtaining self-employment licenses, the lack of work permits and/or the lack of existing networks of support (e.g., to get access to capital, develop clientele etc.). The significance of the former is illustrated by the fact that some former street hawkers decided to set up formal businesses after a regularisation procedure. The researchers see four interacting factors as the basis of informal street trade by migrants in Greece: (1) the existence of a large informal economy, which favours informal activities; (2) restricted labour market opportunities; (3) nestling in networks and (4) tolerance from state agencies towards informality.

Shortly after the fall of the communist regime in Poland, the country was confronted in the beginning of the nineties with an explosive growth in the number of street vendors and open-air markets (Witkowski 1993). Research in 1990–1991 in Warsaw (Witkowski 1993) indicated that informal practices partly took the shape of not paying rent (for a place in the market) to the city, because of distrust in the officials collecting it. Furthermore, vendors selling cigarettes out of cars avoided taxes, thus allowing them to offer very competitive prices.

Section Conclusions

Although a primary focus on street trade in developing countries can be seen in the literature, our literature review indicates the existence of (informal) street vending in developed countries as well. Just as is the case for seasonal work in horticulture/agriculture, the focus of research on street trade in Europe is hardly the informal economy per se. The review points to significant participation of migrants in informal street trade, particularly in Southern Europe. Again, migrant involvement in this type of activity is attributed to restricted access to the formal economy. Notwithstanding, research in Greece emphasises that informal street trade might be a leg up to formal entrepreneurship. A combination therefore is identified of the victim perspective and the agency perspective of informal workers.

The Informal Economy and Prostitution in Europe

Sex work—including prostitution—is often part of the informal economy (Agustín 2008), for instance, when it is not regulated or officially reported (Peršak 2013). Still, the relationship between prostitution and the informal economy has not been studied widely (Peršak 2013), except with regard to the criminal excesses related to prostitution such as sexual exploitation (e.g., Huisman and Kleemans 2014; Van Gestel and Verhoeven 2012; van San and Bovenkerk 2013). Some studies mention in the margin of other research findings that income from prostitution is often not declared (e.g., Daalder 2007; Decorte et al. 2011; van San 2007), but more in-depth research on undeclared income and activities related to prostitution is exceptional. Two important exceptions exist, and they are discussed below.

Policy on Prostitution

Different approaches and policies towards sex work and prostitution exist worldwide (Crowhurst et al. 2012; Felson 2006; Gaffney et al. 2008; Kilvington et al. 2001). The prohibitionist and abolitionist approach consider prostitution (and its exploitation) as a form of violence or slavery that should be discouraged, abolished (abolitionist) or prohibited (prohibitionist) (Daalder 2007). Other assumptions underlie the regulationist and labour approach, which seeks to regulate prostitution and considers it as a type of work or labour (Daalder 2007). This is similar to what Spanger (2011) calls the sex worker position (defending sex workers' rights). The latter only took root in the late seventies, with the introduction of the term 'sex work' by Carol Leigh (Van Loon 2008). As from then on, sexual services were also regarded by some as work more than as deviant behaviour or a type of female suppression (Van Nunen et al. 2012).²¹

²¹ Weitzer (2012, 10) uses the term 'oppression paradigm' in this respect: 'the oppression paradigm holds that sex work is the quintessential expression of patriarchal gender relations and male domination'.

From these general approaches, several policy options are derived which can be placed into different categories. First of all, legalisation entails state licensing and regulation of prostitution (Brents and Hausbeck 2005). More specifically, laws are put in place that are specifically designed to mark out and manage it (Jeffrey and Sullivan 2009). Historically, these regulations have been—and are still often—justified by a desire to control disease, violence, assaults and social disorder (Brents and Hausbeck 2001). According to Gaffney et al. (2008), the regulation primarily entails civil regulation instead of through criminal justice. Secondly, criminalisation implies the prohibition of solicitation and punishment of all parties, including prostitutes, pimps and potential clients (Brents and Hausbeck 2005). According to Daalder (2007), such policies are usually adhered to in countries which have a prohibitionist approach towards prostitution. Whereas policies in accordance with the prohibitionist approach usually criminalise prostitutes, managers and clients,²² policies resulting from an abolitionist approach usually criminalise third parties but not prostitutes (Brents and Hausbeck 2005; Outshoorn 2004; Scoular 2010). Lastly, decriminalisation is the removal of the battery of criminal justice laws prohibiting sex work or sex work-related activities as well as any sex work-related civil regulation. This means that prostitution is not subject to *special* provisions, criminal or otherwise (Gaffney et al. 2008). However, under decriminalisation, prostitution is still subject to conventional laws against, for instance, nuisances (Weitzer 2012) and to the same regulatory requirements as other occupations and businesses (Jeffrey and Sullivan 2009). According to Brents and Hausbeck (2001, 310), there are often formal and informal, official and unofficial controls in the system of regulation because of the social norms regarding sexuality and the sale of sex. Consequently, the regulatory systems often reflect various levels of patriarchy, racism, and homophobia by means of non-systematic enforcement and selective criminalisation.

In 2014, the European Parliament stimulated its member states to criminalise clients of prostitution (European Parliament 2014). However,

²²However, according to Scoular (2010), clients are not necessarily criminalised under such policies.

not all Western European countries have followed the advice of this non-binding resolution (yet). These countries are still characterised by variation in their policies regarding prostitution. For instance, while Belgium has an abolitionist approach with criminalisation of third parties, the Netherlands has opted for legalisation of prostitution based on the idea that this would diminish the harmful side effects such as trafficking (Verhoeven et al. 2013). Similarly, prostitution in Germany is also legalised (Kavemann 2007; Peršak 2014). In France, on the other hand, a law punishing the soliciting, accepting or obtaining a service of a sexual nature from a person who engages in prostitution has recently been passed.²³

Methodology

Empirical research on prostitution in Western Europe often uses a qualitative research design, sometimes in combination with a quantitative survey (e.g. Van Nunen et al. 2012). Popular research methods include interviews (e.g., Sullivan 2010; van den Hazel et al. 2008; van San 2007; Van Wijk et al. 2010) and observations (e.g., Smith and Christou 2009; Petro 2010; Weitzer 2014) or a combination of both (e.g., Petro 2010). Given the hard-to-reach character of prostitutes (Benoit et al. 2005; Decorte et al. 2011; Harcourt and Donovan 2005; Kavemann 2007; Moffatt and Peters 2004), several studies ask gatekeepers to facilitate access (Agustín 2008; Benoit et al. 2005; Decorte et al. 2011; Kavemann 2007; Sanders 2004b; van San 2007). As this sampling strategy entails a selection bias (van San 2007), respondents are often searched for on researchers' own account—by going to brothels and bars (Van Nunen et al. 2012)—and through snowball sampling (Atkinson and Flint 2001; Kleemans et al. 2008). Other research methods include media analysis (e.g., Symons and Gillis 2014) and online discussion boards (e.g., Weitzer 2014).

²³ <http://www.theguardian.com/world/2016/apr/06/france-passes-law-illegal-to-pay-for-sex-criminalise-customers> (3 May 2016).

Research Themes

A review of the international (thus not limited to Western Europe) psychological and sociological research literature on prostitution between 1990 and 2000 identifies the following themes covered in this literature: HIV-related research (HIV prevalence studies, sex workers' condom use, prevention programme evaluation), sex workers' background and motivational issues (early victimisation, economic motives), work-related issues (working routines, risk and stresses, managing work and risk), research on clients (condom use, motives) and social and legal status (Vanwesenbeeck 2001). In Western Europe, an extensive body of literature exists on sex work and prostitution, covering a variety of topics which include alcohol and drug use by sex workers (e.g., Decorte et al. 2011), occupational risks for sex workers (e.g., Sanders 2004a), sexual exploitation and trafficking (e.g., Huisman and Kleemans 2014; Van Gestel and Verhoeven 2012; Verhoeven et al. 2011), the social ecology of vice districts (e.g., Di Ronco 2014; Weitzer 2012) and the social position (e.g., working conditions) of sex workers (e.g., Bleeker et al. 2014; Daalder 2007; van San 2007). Furthermore, several studies have given us greater insights into the possible policies towards prostitution and their influence on sex work and sex workers (e.g., Jeffrey and Sullivan 2009; Kavemann 2007; Sanders 2004b, 2008; Scoular 2010; van San 2009). Some studies also focus on the reasons for starting and continuing prostitution (Petro 2010), on the pimp-prostitute relation (Smith and Christou 2009), on community attitudes towards street prostitution (e.g., Kingston 2014), and on the exit of prostitution (e.g., Heuts and Homburg 2013).

Two studies focus on the relationship between prostitution and the informal economy. Drawing on extensive research in sex industries, Sanders (2008) explores the relationship between commercial sex markets and the informal economy. She argues that comprehension of the relationship between the formal economy and informal economy in relation to sex work is complicated by a myriad of laws that make some parts of the sex industry legal and others illegal. She has developed a framework of four possible market relationships where commercial sex exists. In essence, the spectrum identifies a continuum that reflects the extent to which sex

markets exist within, alongside or outside the formal economy. In *legal formal economies*, the first type of sex market, prostitution forms part of the formal economy and sexual services are treated like any other type of labour. Prostitutes are defined as workers, and pay taxes. Possibly they are registered and undergo regular health tests. Owners of brothels are considered as legitimate business owners (Sanders 2008). Examples of such markets are the brothels in the Netherlands (Outshoorn 2004; Verhoeven et al. 2013) and the Nevada brothels in the USA (Brents and Hausbeck 2005). According to Sanders (2008), most sex markets are part of *legal informal economies*, and fall into grey areas of the law as the actual buying or selling of sex (i.e., prostitution) is not illegal but relationships around prostitution are illegal (e.g., advertising, brothel keeping). As a result, the sex markets operate outside or on the edges of the mainstream formal economy. Characteristic of these economies is the lack of provisions by the state for prostitutes or businesses. Taxes can be paid for the activities, but not as sex workers. As I will illustrate in Chap. 6, Belgium falls into this category. Thirdly, in *illegal informal economies*, prostitution is illegal (not regulated) but tolerated in informal economies. Due to the lack of regulation, the possibility of exploitation and organised crime exists (Sanders 2008). Lastly, in *illegal criminal economies*,²⁴ prostitution is totally (e.g., China) or partially criminalised (e.g., Sweden, where the purchase of sexual acts is criminalised, Ekberg 2004; Gould 2001; Kilvington et al. 2001; Scoular 2004). In these economies, some or all parties are treated by criminal justice systems (Sanders 2008). In addition to establishing this continuum, Sanders stresses the need to look at the cultural context of sex markets in order to understand the complexity of informality within them. As an illustration, she discusses several ancillary activities that facilitate and support the sex markets.

Building on this work, Verhoeven et al. (2013) have studied the presence and extent of informal economic activities within legalised window prostitution in Amsterdam. Based on criminal file analysis and interviews with police personnel, they found that most sex workers fail to pay taxes

²⁴ As Ponsaers et al. (2008, 646) argue, criminologists tend—in contradiction to economists—to term both illegal and unregulated activities as informal economic activities. In this respect, markets where prostitution is illegal equally fall within an informal economy.

on their income from prostitution. They furthermore provide insights into the ancillary activities, which beautifully illustrate the intertwinement between formality, informality and criminality. For instance, the file analysis revealed that licenses for brothels are sometimes formally requested by (and granted to) a go-between, while the actual control is in the hands of a person who cannot acquire a license anymore due to previous offences. Another example is the protection of sex workers: sex workers are protected²⁵ by pimps and other figures to whom pimps outsource this function in exchange for (undeclared) money, which can vary between €50 a day and €150 a week. All in all, these informal activities and services constitute a lively business in a legal sector.

Explanations for Prostitution: Entering the Business

Empirical research tells us that people can be coerced into prostitution, but that prostitution can also be chosen for voluntarily. Here, I focus on 'voluntary prostitution'. As the literature does not focus on informal prostitution, I discuss the explanations for entering the business, rather than for working informally in the sex industry. Before I proceed to this, a caveat is in place: given the methods and non-representativeness of the samples in the studies, the results cannot be generalised. Therefore, the findings discussed here should be interpreted and used with care.

Vanwesenbeeck's (2001) review of the psychological and sociological literature on prostitution suggests that the literature focusing on prostitution in the Western world mostly explores child sexual abuse and, to a lesser extent, voluntary and involuntary running away and homelessness as factors explaining why people venture into prostitution. However, this evidence appears to be inconsistent and methodologically flawed. The main problem with the study of early victimisation, homelessness and drug use as explaining factors for sex work is that studies often investigate very specific groups of prostitutes, which are not representative of all sex workers (Vanwesenbeeck 2001). Economic motives, whether or not in a context of limited possibilities, are also found to be

²⁵Although the line between protecting, controlling and exploiting is thin.

a major factor influencing the choice of prostitution (Kingston 2014; Petro 2010; van San 2007; Vanwesenbeeck 2001; van Wijk et al. 2010). Economic necessity may be an important reason, but this is certainly not always the case as prostitution may be a means to lead the life of Riley (Decorte et al. 2011; Dekker et al. 2006). Often, migrant women defend working in prostitution in Western European countries as this offers them more money than a job (whether or not in prostitution) in their home country. In that case, the money is often sent home to provide for the family (van San 2007). Furthermore, while money is a recurrent motive for becoming employed in the sex industry, it is not always a woman's only reason for choosing sex work (Petro 2010). Fascination, excitement or curiosity about the sector have been identified as other factors influencing the choice to enter the female sex business (Dekker et al. 2006; Petro 2010), just as negative experiences with relationships and men (Decorte et al. 2011; van San 2007). The decision-making process thus includes a constellation of factors including, but not limited to, economic factors (Petro 2010). Having once entered the sex industry, the environment within which the sex worker works operates in a way that serves to manufacture a sex worker's continued participation.

Section Conclusions

An extensive body of literature exists on prostitution, covering a variety of topics and themes. Leaving aside criminal activities, informal economic practices related to prostitution are under-researched. The knowledge is basically restricted to the finding that many prostitutes do not declare their full income from prostitution and that many start with prostitution in order to earn fast money, which they cannot easily obtain in the formal economy. The literature is furthermore characterised by a clear divide between a victim and agency approach: while one strand argues that prostitution is inherently linked with violence and male dominance (victim perspective), another stresses the agency of sex workers. Fortunately, several researchers and authors acknowledge the need for a nuanced view and hence argue for a combined approach.

Methodological Approach in this Book

Collective Case Study

As mentioned in the first chapter, the main aims of the empirical research were to identify perceptions of different actors (with a main focus on workers) and their experiences with informality and the relevant policy measures. I furthermore wanted to obtain rich in-depth descriptions and understandings of the informal economy. Moreover, the heterogeneous nature of the informal economy calls for specific and detailed knowledge. Therefore, a collective case study design was chosen (see Fig. 2.1). Previous research on the informal economy has illustrated that the nature and the practice of informality vary from place to place (Marcelli et al. 2010), which implies that comparing different cases is important in contributing to a richer and fuller understanding of the nature of the informal economy. Given the comparative research design, selection took place on three levels (see Fig. 2.1): (1) selection of employment markets, (2) selection of the case within each employment market and (3) selection of respondents/case files or dossiers/observation units within each case.

Purposive or purposeful sampling steered the selection of the employment markets of seasonal work, street trade and sex work (Creswell 2007; Patton 2002; Silverman 2013). Moreover, the markets were selected on the basis of three criteria (Creswell 2007). Firstly, I gave preference to employment markets characterised by limited previous research on the topic (in Belgium²⁶). Secondly, Belgian media reporting (for seasonal work)²⁷ and the international research literature (e.g., Antonopoulos et al. (2011) and Nelken (2006) for street vending, e.g., Sanders (2008) for sex work) suggest the three markets can entail formal, informal and criminal activities, which allows the study of the relation between formal, informal and criminal activities (Yin 2009). Thirdly,

²⁶ Sex work and prostitution have been previously studied in Belgium, but these studies have focused on drug use amongst sex workers (e.g., Decorte et al. 2011) or effectiveness of prevention measures (e.g., van Nunen et al. 2012), not on informality.

²⁷ The electronic archive of the Belgian newspapers (*Mediargus*) was briefly searched using the search terms 'zwartwerk (black work)', 'fraud' and 'fruit sector'. This search produced a list of 28 articles published between 1995 and 2011. Of these 28 articles, 4 reported a decline of black labour and illegal employment. The other 24 reported on inspections in the sector, recorded infractions (illegal employment, undeclared labour, social fraud, fiscal fraud) and a rise in the same.

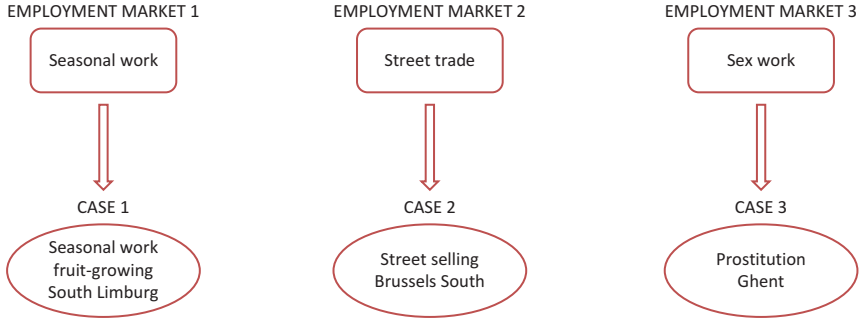


Fig. 2.1 The relation between the selected employment markets and the selected cases

the markets vary according to four variables, thus allowing variation between the markets. The four variables are: (1) the public or private character of the activities (this variable thus refers to the visibility of the activities), (2) the level of basic regulation (national, regional, local), (3) the urban or rural character of the activities and (4) whether they involved employment or self-employment. The selection of three employment markets implies that the point of departure of the study is employment markets, its workers and their informal activities instead of a specific group of people (e.g., irregular migrants). This choice is related to the general aims of the study. In each market a case was selected: seasonal work in fruit-growing in South Limburg, street selling in Brussels South and prostitution in Ghent (see Fig. 2.1). The first case study was conducted between April 2011 and April 2012, the second between May 2012 and April 2013 and the last between May 2013 and March 2014. Each case study was steered by five research questions:

- (1). What are the main Belgian policy stipulations concerning the case?
- (2). In what way is the case characterised by informal economic activities?
- (3). If informal economic activities are present, what motivates people to engage in them?
- (4). What is the influence, if any, of policies on the informal economy in relation to the case?
- (5). How do respondents perceive the main Belgian policy provisions?

These research questions illustrate that I follow Castells and Portes' (1989) and Sassen's (1994) point of view that in addition to offering an overview of what constitutes the informal economy in a given moment, a view on the process of how activities become informal is important.

Methods of Data Collection

I replicated the same research procedures as far as possible in the three cases (Yin 2009). Here, I summarise the main methods of data collection and analysis. The specific details in each case study are summarised in the relevant Chaps. 3–5. Given the research aims, semi-structured face to face interviews are the most important methods of data collection (Silverman 2013; Yin 2009). In each case study, I interviewed different types of respondents: workers, policymakers and intermediates. The category of workers is divided into three subcategories: employers (e.g., farmers, stallholders, prostitution bar managers), self-employed and employees. The category of policymakers is divided into two subcategories: regulators and enforcers. Regulators are persons working for regulatory agencies, which have the power to adopt regulation. Examples of regulators are members of employers' organisations, members of labour unions, city officials working for the mayor. Enforcers are persons working for enforcement agencies, which are authorised to control compliance with regulation. Examples of enforcers are police members and members of inspectorate services. The category of intermediates comprises a range of other respondents that do not fit the other two categories, but who do have specific knowledge about the topic given their work experience. Examples of intermediates are social workers and street workers. Given the expertise of policymakers and intermediates on the interview topics, they can be referred to as experts (Flick 2002). Table 2.3 gives an overview of the number of interviews carried out in each case study. Interviews lasted between 30 minutes and two and a half hours.

I drew up topic lists or question protocols (Beyens and Tournel 2010; Boeije 2005), based on the research questions and aims of the interviews. In general, the topic lists for the same categories of respondents contained the same topics. However, depending upon the spe-

Table 2.3 Total number of interviews carried out in the three case studies, divided per category of respondents

	Workers	Policymakers	Intermediates	Total
Case of seasonal work	38	12	8	58
Case of street selling	17	16	8	41
Case of prostitution	22	13	3	38
Total	77	41	19	137

cific function of the respondent and aim of the interview, topic lists could vary slightly. These topic lists facilitated comparison between interviews, and were used as a basis for the coding scheme (see *infra*) and as a mnemonic during the interviews to make sure that all topics were covered. Nonetheless, room was given to deviate from the presupposed sequence of the topics, depending on the course of the interview and the input of the respondent (Beyens and Tournel 2010; Silverman 2013). Nearly all interviews were recorded and transcribed verbatim²⁸ (Silverman 2013). During interviews, notes were taken enabling me to register additional questions (Cambré and Waeye 2010). Immediately after the interviews, personal impressions concerning the interview and additional information which was given after the recorder was switched off (or when respondents asked to turn off the recorder because they wanted to say something ‘off the record’) were written down (Beyens and Tournel 2010; Flick 2002). Pilot interviews with policymakers and intermediates were carried out in the three cases during the pilot phase of the research (Silverman 2013).

The second important method of data collection is document analysis. I have mainly analysed annual reports of different regulatory and enforcement organisations, relevant legislation, information brochures (available on the internet and procured by respondents/contacted organisations) and statistics of enforcement agencies. These documents were analysed in order to obtain information on the policy and the methods of working of organisations. Furthermore, I have also analysed case files (i.e., dossiers at the level of the inspectorate services and the Public Prosecutor).

²⁸ That is, without grammatical or other tidying up (Silverman 2001). In a small minority of cases, recording failed due to technical problems, because it was not allowed by respondents or because it was not feasible due to practical difficulties.

In essence, a case file or dossier at the level of the Public Prosecutor is a collection of documents such as *procès-verbal* of the police or inspectorate services, communications between actors (police, Public Prosecutor), summaries of research findings (e.g., study on telephony system), and the verdict/judgment of the judge. The case file analyses additionally served to learn more about the detection of infractions (how are they detected), the types of detected infractions (which can give some more insights into the relation between informal and criminal activities), the motivations for the infractions, the final decisions in dossiers and their motivations. The actual analysis of the documents—and especially the dossiers—was preceded by the construction of a list containing the topics that should be retrieved from the documents (Vervaecke et al. 2002), which enabled systematic and structural information extraction. This structured method of working furthermore facilitated comparison between the dossiers. All relevant information was copied in hand-written notes, which were subsequently written electronically.

Lastly, direct observations (Boeije 2005; Yin 2009) were only executed in the case of street selling. Observations in the case of seasonal work and prostitution seemed of limited use given the research aims and questions. Only in the case of street selling did observations seem useful, more specifically to get an idea of the organisation of informal sellers, the goods they sell, their workplaces, and so on, which are all relevant in answering the second research question. In total, observations were conducted during 20 days and evenings, which amounted to approximately 50 hours of observations. The day observations were conducted on different days and at different hours in order to gain a broad view on the setting (Coletto 2013). The results of the observations, which were initially covert as sellers did not know my intentions of being there until I talked to them, were recorded in field notes (Silverman 2013).

In order to enhance the quality of the data collection, I have made use of triangulation, audit trail and methodological awareness (i.e., explicitly mentioning the procedures used to come to conclusions) (Silverman 2013). These measures are attributed the quality of protecting the reliability and validity of the research (data) (Silverman 2013). Evidently, the methodological literature illustrates different accounts of reliability and validity in qualitative research (e.g., Holstein and Gubrium

2004; Maesschalck 2010; Maxwell 2002; Patton 2002; Peräkylä 2004; Silverman 2013). According to Silverman (2013) and Maxwell (2002), reliability of qualitative data should be considered for each method used and validity of data (or accounts of the world) should be relevant in view of the epistemology of the study. As I do not believe that it is possible to give a fully accurate account of an objective reality, reliability and validity are important to attain accounts that come as close as possible to social reality as constructed by the participants.

Methods of Data Analysis

As is typical for collective case studies, I conducted the within case analysis prior to conducting the between case or cross-case analysis (Leys et al. 2010). The analysis of the case studies was generally steered by the research questions (Yin 2009). During the entire process, memos containing reflections, interpretations and thoughts of the researcher were used (Decorte 2010). Once all data were collected and preliminarily analysed (e.g., transcribed, writing field notes and notes regarding case files), they were clearly sorted in order to have a good overview of the data (Creswell 2007; Decorte 2010; Patton 2002). The huge amount of interview data and data extracted from case files was reduced by distinguishing relevant from non-relevant data by the process of coding (Flick 2002) or what Baptiste (2001) refers to as tagging of data and grouping tagged data. In addition to reducing data or breaking down transcripts and notes, the process of coding served to understand the data (Flick 2002). The notes regarding the case file analyses were coded without help from specialised software, given their manageable size (Creswell 2007). The transcribed interviews were analysed with help of the qualitative analysis programme for computer-based analysis MAXQDA 2 (Creswell 2007). The process of coding started with the initial identification of codes (i.e., concepts,²⁹ themes,³⁰ and events³¹ that were given a name by the researcher³²), based

²⁹ E.g., regulation.

³⁰ E.g., working conditions.

³¹ E.g., start work.

³² I did not make use of in vivo codes, which reflect exact wordings of respondents (Creswell 2007).

on the topic lists used during the interviews, readings of the transcripts and the memos made during transcribing. More specifically, the point of departure for the initial coding system was the topic lists, which were complemented with codes based on readings of the transcriptions and memos. These readings served to identify categories that were not included in the topic lists (Patton 2002) and to refine the codes based on the topic lists. As such, this open coding (Decorte 2010, 457; Flick 2002, 177) that served to retain the relevant data from the interviews was based on a combination of a priori coding (or etic-coding) and inductive coding (or emic coding) (Decorte 2010). Subsequently, meaningful segments of the transcripts were labelled by assigning them (and the relevant questions that gave rise to the answers) to one or more codes (i.e., formal coding, Patton 2002). The coding process built the basis for the interpretative and reflective phase, which contained establishing relations between codes, comparing codes (emanating from different sources³³), attributing codes to the research questions, interpreting text fragments attributed to these codes, reflecting upon contrasting data and searching for rival interpretations of certain findings. In turn, this lay the foundation for the discussions and conclusions drawn in each case study (Creswell 2007; Patton 2002; Yin 2009).

In comparing the three cases and in integrating the answers on the research questions over the three cases (cross-case analysis, Creswell 2007), I made use of cross-case synthesis as proposed by Yin (2009). More specifically, I made use of an Excel file that displayed relevant data (and inferences and conclusions) from the three cases according to a uniform framework. This framework contained themes that appeared in all three cases (cross-case themes), which were selected on the basis of the final coding schemes. Subsequently, this framework was categorised by grouping related themes into separate word tables. This process allowed me to find similarities and differences or patterns across the three cases (Creswell 2007; Leys et al. 2010).

Lastly, four points of research ethics were given consideration throughout the study, namely (phased) informed consent (Boeije 2005; O’Gorman and Vander Laenen 2010), protecting anonymity and con-

³³E.g., interviews with informal workers, interviews with social workers, case files.

fidentiality of respondents (Miller and Glassner 2004), data protection and security (O’Gorman and Vander Laenen 2010), and ensuring the safety of the respondents and the researcher (O’Gorman and Vander Laenen 2010).

Conclusion

The informal economy has been the subject of many studies in Western Europe, some of which have focused on the size and prevalence of the phenomenon. Both macro and micro measurement methods illustrate that the informal economy has an important place in highly regulated Western European societies. These and other studies have also led to an evolution in the conceptualisation and theoretisation on the informal economy. Whereas informal work used to be depicted as an exploitative, sweatshop-like labour, over time, more nuanced and heterogeneous depictions have developed (Williams 2010a). As a result, the informal economy cannot be explained by one single theory. Instead, several authors (e.g., Pfau-Effinger 2009; Pfau-Effinger and Sakac Magdalenic 2010; Saitta 2013; Williams 2010a; Williams and Gurtoo 2012; Williams and Lansky 2013; Williams and Round 2010; Williams et al. 2012) have argued and illustrated that each of the theories discussed in this chapter is more relevant to some forms of informal employment and some contexts than others. The reason for this is that the informal economy is found to be highly segmented, for instance, by sector of the economy, place of work, status of employment, gender and social group (Chen 2012). Furthermore, studies have increasingly pointed to an absence of a sharp dichotomy between the formal and informal economies (Harding and Jenkins 1989; Leonard 1998; Williams and Marcelli 2010).

In spite of the growing body of literature on the informal economy in Western Europe, gaps still remain. One of them is an in-depth understanding of participants’ motivations for and experiences with informal work. This book aims to fill in this lacuna by investigating perceptions of several stakeholders regarding formal, informal and criminal activities in three employment markets by means of a collective case study. As criminological research has pointed to interfaces between the formal, informal and criminal economies, it seems necessary to include the three types

of economic activities in an empirical analysis, in order to have a better understanding of the informal economy.

Based on the aims of the study and the literature review reported in this chapter, I have opted for a micro direct approach to study the informal economy, making use of qualitative interviews, document analysis and observations. The results of the case studies are discussed in the three following chapters.

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3

Seasonal Work in Fruit-growing and the Informal Economy

Introduction

This chapter reports on the case study of seasonal work in fruit-growing in the southern part of the province of Limburg. The results of this case are based on a combination of semi-structured interviews, document analyses and case file analysis. In total, 58 semi-structured interviews were conducted with a total of 87 respondents between the spring of 2011 and the winter of 2011–2012. Twenty interviews were done with employers, eighteen with seasonal workers (six with Belgians and twelve with foreigners) and twenty with experts. Experts fell into three categories: regulation (six interviews), enforcement (six interviews) and support (eight interviews). I analysed 43 case files¹ (completed in the period 2010–2011) related to the

¹At the level of the labour inspectorate, the office of the Public Prosecutor and the office of the Labour Public Prosecutor.

This chapter is adapted from Boels, D. 2013. “The Belgian informal economy: a case study of seasonal work in fruit-growing in South Limburg”. In *Getting by or getting rich? The formal, informal and criminal economy in a globalised world*, edited by P. Saitta, J. Shapland and A. Verhage, 201–231, The Hague: Eleven Publishers.

fruit sector. The chapter starts with a sketch of the case, after which the policies on seasonal work are described. Subsequently, an overview of the types of informality is provided, along with the major reasons for working and hiring informally. After that, the perceived influence of the policy on informality is discussed. The chapter ends with a brief conclusion, summarising the first support for the main arguments of this book.

Situating the Case

Labour in horticulture is characterised by its temporary nature (Veiga 1999). Seasonal work in particular is a vital part of this sector. In Belgium, seasonal work is legally defined as ‘activities that should be executed in a relatively short time span due to the normal moment of planting, sowing, picking or selling in the horticulture and due to the sometimes quickly changing climatological circumstances’ (art. 3, 18 April 1995). Experts describe seasonal work as a means of flexible employment used in order to cope with peaks of work—and thus with peaks in demand for personnel—during a delineated period (Dirix 2011). Seasonal work in Limburg mainly consists of temporary work during peak moments in the fruit-growing business in the south of the province, where pears and apples and, to a lesser extent, strawberries are the most commonly grown fruit. Furthermore, the temporary work mainly takes place during the picking of the fruit, sorting of the fruit and thinning of the trees (Loose and Lamberts 2010). Statistics from the Social Security Service indicate that in 2010, 44,726 different officially recorded seasonal workers were active in the Belgian horticultural sector. Further differentiation highlights that the bulk of seasonal workers operated in Limburg (16,439) and more specifically in the cultivation of fruit (14,983). Most of the registered seasonal workers in Limburg horticulture were of Belgian nationality (4427), followed by those of Polish (1089), Bulgarian (351) and Indian nationality (313). These data indicate that although seasonal work is often related to migrant labour (e.g., Brass 2004; Fonseca 2008; Hoggart and Mendoza 1999), most official seasonal workers in Belgium are of Belgian nationality (but this category also includes Belgians with a migration history).

The seasonal workers that were interviewed in my study can be categorised into four groups: (1) Belgians of foreign origin (five interviews); (2) autochthonous Belgians (one interview); (3) foreigners officially and legally residing in Belgium (four interviews); and (4) foreigners leaving Belgium after seasonal work (eight interviews). The Belgians of foreign origin undertook seasonal work for financial reasons, mostly as a second-rate alternative to a fixed job which they found hard to find. For most of them, allowances (pension, unemployment benefit)—which functioned as an important part of their income—needed to be topped up with extra income in order to live decently. The interviewed autochthonous Belgian seasonal worker saw seasonal work as a convenient extra income during his vacation, in addition to his regular job. Economic and/or ethnic problems drove the interviewed foreigners residing in Belgium to migrate (not necessarily deliberately to Belgium). As was the case with Belgians of foreign origin, due to a lack of more permanent employment, they opted for seasonal work. While most workers used the money for their own expenses, some sent money to their families in their home countries (India, Morocco, Turkey). After finishing the seasonal work, most of them tried to find other employment, within or outside the fruit sector. The last category, temporary migrants, pointed to the rate of unemployment and the low wages² in their home country as the main reasons for their temporary migration to Belgium. The money they earned, which was generally perceived as good money, served multiple purposes such as for investment, renovating houses, dental operations, general expenses, paying fees for their studies, starting companies, paying for holidays, paying for food, buying a car, paying off loans. The majority indicated that this employment was not an absolute necessity, but offered them upward mobility. However, the extent of this upward mobility is debatable. Although the temporary migrants did not refer to their migration as a means of survival, from a Western perspective, migration for purposes such as buying a car, renovating a house or medical operations may be perceived by some as survival rather than as upward mobility, since such aspects are an accustomed aspect of our lives. After seasonal work, the majority went back home to study or to their previous job if they had one

²The wages for seasonal work at the time of the fieldwork were three to four times higher than the average monthly wages in Poland and Romania.

(formal or informal) or to look for a new job if they were unemployed.³ The interviews suggest that seasonal workers are recruited through several channels: official labour mediation, networking and unofficial labour mediation (see *infra*).

Policies in Relation to Fruit-Growing

Regulation and the Regulatory Pyramid

In order to work formally in Belgium, one needs to comply with several *non-case-specific national regulations* such as labour regulation (e.g., limits on the number of working hours), social security regulation (e.g., declaration of employment, payment of social security contributions), tax regulation (e.g., correct payment of income tax) and migration regulation (e.g., possession of residence and work permits). In Belgium, these regulations are referred to as ‘special criminal law’ (Ponsaers 2015). Furthermore, one is assumed not to breach the general criminal law either. In addition, in order to work formally, several *case-specific regulatory stipulations* have to be taken into consideration. These are summarised in Fig. 3.1.

The bottom of the pyramid—*self-regulation at the individual level without governmental interference*—refers to the agreements that are established at the level of an individual farm or farmer between (1) the farmer and seasonal workers and (2) the farmer and one or more fellow farmers. On the one hand, the farmer and the seasonal workers make arrangements regarding the starting hour of work, the timing and length of breaks and the work division. Such arrangements are clearly not the same in each farm. Furthermore, farmers often make arrangements with seasonal workers regarding the recruitment of new seasonal workers. For instance, farmers ask whether seasonal workers can help them find additional or other seasonal workers for the next year. On the other hand, some farmers make arrangements among themselves regarding the housing and employment of seasonal workers. Farmers sometimes let their

³A minority of the seasonal workers gave up their job in their home country to come to work in Belgium. When going back, they had enough time and money to look for a new job.

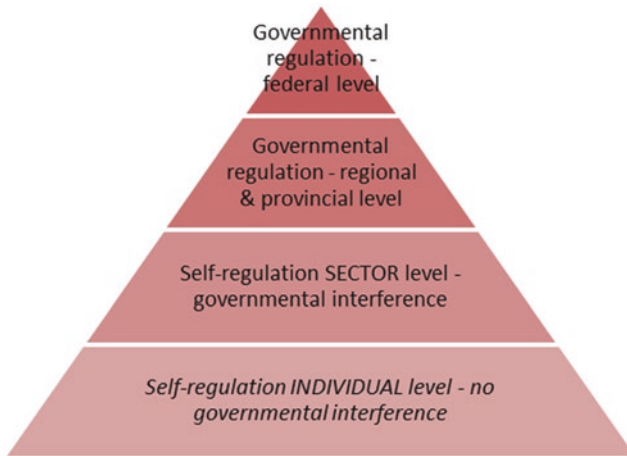


Fig. 3.1 The pyramid of regulatory strategies for seasonal work

accommodation facilities for seasonal workers to other farmers who have no such facilities.⁴ Additionally, in case little work is available on one farm, the farmer can ask a colleague to temporarily employ 'his/her' seasonal workers in order for them to have continuous work. These ideas do not entirely fit the definition of self-regulation proposed by Baldwin, Scott and Hood (1998, 27), nor those of Ayres and Braithwaite (1992), namely, that the pyramid of regulatory strategies reflects strategies aimed at a whole industry. That is why this level is put in italics in the visualisation. Self-regulation at the individual level refers more to agreements made by individuals and are thus not enforced by the larger community of farmers. Furthermore, these arrangements have no direct influence on the market of seasonal work/horticulture. Interestingly, no self-regulatory arrangements were found between seasonal workers.

The second level is referred to as *self-regulation at the sector level with governmental interference*. This level comprises the elaboration of collective labour agreements. These can be agreed upon between one or more

⁴For instance, a farmer growing pears usually has no or a limited number of seasonal workers on duty during the picking season for soft fruit. He is therefore able to house the seasonal workers of a fellow farmer growing soft fruit who has no accommodation facilities in exchange for a remuneration.

employees' organisations (labour unions) and one or more employers' associations or employers. In such agreements, individual and collective relations between employers and employees in corporations or in a sector are determined. The government is not involved in the establishment or elaboration of these agreements, but can ratify certain collective labour agreements. Importantly, not all agreements are ratified by the government and not all employers are subject to such agreements. This depends upon the type of collective labour agreement. If collective labour agreements are ratified, infractions can result in penal sanctions (social inspectors check compliance). In the case of seasonal work, collective labour agreements were established at the level of the horticultural sector. For instance, such agreements define the term 'seasonal work' or establish the wage and labour conditions.

At a third and fourth level, the government has also established case-specific rules for the sector that are not covered by self-regulation. These regulate three types of relations: (1) employers—seasonal workers, (2) employers—government, and (3) seasonal workers—government. First, with regard to social security regulations, the occasional work policy holds the possibility for employers in the horticultural sector to take on an unrestricted number of seasonal workers—at a lower social security contribution for both employer and worker⁵ (Dirix 2011; KB 28/11/1969)—who can each work a maximum of 65 days a year in this system (Vlaams subsidieagentschap 2010). Different categories of individuals can apply for employment in this 65-day system, each subject to different criteria. For instance, since the expansion of the European Union (EU) in 2004 and 2007, new EU member states' citizens can be employed. With the introduction of the bottleneck profession regulation in 2006, this has proceeded fairly smoothly.⁶ Furthermore, employment

⁵The lower social security contributions result from (1) calculation of employers' contributions on the basis of a *fixed* day salary, irrespective of what the seasonal worker actually earns a day and irrespective of his number of working hours (art. 31bis, KB 28/11/1969) and (2) a work bonus for seasonal workers (Dirix 2011).

⁶In 2004, 10 new countries entered the EU. The then existing EU member states had the opportunity to (fully or partially) limit free entrance for new member states' citizens to their labour market during a specific transition period. In Belgium, this implied the need for an employment card B and work permit until May 2009. In 2007, Romania and Bulgaria also entered the EU, and the same protective measures were taken with regard to these citizens. The Belgian Council of

needs can also be filled using other employment forms.⁷ One important condition, applicable to different forms of employment, is restrictions on accumulation between income from seasonal work and an allowance (e.g., unemployment allowance, pension). Secondly, no later than at the start of the employment, the *electronic immediate declaration of employment* to the Social Security Services—Dimona—should be undertaken by employers (Loose and Lamberts 2010). As seasonal workers are hired on the basis of day contracts, each day of employment should be declared. In case an employer has failed to declare employment (in time), the Social Penal Code provides both penal and administrative sanctions for employers. Thirdly, the *accommodation* of foreign seasonal workers is subject to several nationally and provincially set criteria. If housing is provided—providing housing is compulsory for workers who need an employment card B—the criteria are to be complied with. Fourthly, self-employed farmers whose farm is not a corporation can choose between two *tax regulation systems*: (1) the regular system (based on income and costs) and (2) a fixed system. The first option implies that all seasonal workers have to make a tax declaration and pay an advance tax payment of 11.11 % of their wages to the Belgian government (VDAB 2010). The second option entails the possibility of employers paying a 20.20 % advance tax on fixed seasonal salaries instead of withholding taxes from the seasonal workers' wages. In addition to not paying taxes, the advantage for seasonal workers

Ministers decided in December 2011 to prolong the protective measures vis-à-vis Romania and Bulgaria until 31 December 2013. The bottleneck profession regulation entails the possibility of hiring an employee of the new European member states for certain professions with an employment card B and a work permit, without having to prove that all possibilities of finding an employee on the home labour market have been undertaken (labour market inquiry). This implies that within 5 working days the necessary documents are delivered. By installing this regulation, the Flemish service for employment mediation and professional training aimed at filling the shortages recorded in certain parts of the Belgian labour market (Loose and Lamberts 2010). Labourers in agriculture and horticulture belong to the bottleneck professions.

⁷ Several interviewed Belgians were active in the PWA system. PWA, abbreviation for *Plaatselijke WerkgelegenheidsAgentschap*—translated as local employment agency—is a not-for-profit organisation that enables the long term unemployed to undertake activities that cannot be done during regular employment due to their nature or occasional character. As it is not an employment mode, people active in this system do not build up social rights. In relation to horticulture, people can work in this system a maximum 150 hours a month, of which a maximum of 45 are outside the agri- and horticultural sectors as long as the yearly limit of 630 hours is respected (Art. 79bis, §4 KB 25/11/1991). Individuals receive €4.10 per hour on top of their allowance. Their activities should be declared to the unemployment agency, not in the Dimona database.

in this system lies in the fact that their income is not known to the tax authorities, because their names do not have to be declared. One of the respondents stated: 'Actually, taxes he [i.e., employer] pays for the anonymity of his labourers' (Regulator—13 July 2011).

According to interviewed experts, lower social security contributions and the specific tax regulation for fruit picking were first introduced at the end of the '70s and the beginning of the '80s (simultaneously with other advantageous regulations in the EU) in order to stimulate formal employment by lowering formal labour costs. Existing informal labour, combined with the economic growth of the horticultural sector and the linked shortage of labour, influenced the government to introduce measures to stimulate formal employment. Other reasons for government intervention were also identified by interviewed regulators such as malpractices in the sector (e.g., economic exploitation, rack-renting), protection of formal full-time employment and protection of an economically important sector. The economic importance of the sector is illustrated by the employment statistics (see above) and other indicators such as trade statistics. For instance, the 2010 report on the external trade of Belgian vegetables and fruit indicates greater export than import volumes for apples, pears and strawberries (VBT 2011a). Although no statistics were put at my disposal, an interviewed expert estimated that 70–75 % of the fruit grown in south Limburg is exported. According to experts, Limburg is the most important region for the production of apples and pears, and the second most important for the production of strawberries. The Union of Belgian Cooperatives in Horticulture, comprising nine cooperatives, mentions a turnover in 2010 of €339,756,000 with regard to fruit (VBT 2011c). In detail, the turnover amounted to €111,587,880 for pears, €71,493,793 for apples and €123,152,191 for strawberries (VBT 2011b,c). Still in 2010, Belgium accounted for approximately 3 % of European apple production (thereby being in the eighth position in the ranking of the highest-producing European countries) and 13 % of European pear production (third after Italy and Spain) (VBT 2011c).

In essence, governmental regulation of this sector is important to ensure fair economic trade (tackling unfair competition) and to protect workers, which can in part be achieved by adopting regulations to tackle informality. The regulation, both general and case-specific, targets

mainly employers (e.g., declaration of employment seasonal workers to the national social security office, declaration of own income, housing conditions) and to a lesser extent seasonal workers (e.g., record number of worked days).

Enforcement: Inspections and Sanctions

A broad range of enforcement actors are active in the sector (Boels and Cools 2012) and are authorised to control compliance with the regulation (Baldwin and Black 2008; Gill 2002). While regulation focuses both on employers and on seasonal workers, enforcement primarily targets employers. For instance, enforcement of the housing regulation is entirely focused on compliance by employers.

Most inspections on compliance with the labour and social security regulations⁸ are jointly executed by different social inspectorate services. Three of the four main social inspectorates deal only with employers; only one focuses its inspections on seasonal workers, searching for accumulation between allowances and income from labour. One additional inspectorate service—which has a marginal role in the enforcement of seasonal work—controls for accumulation between a health insurance allowance and income through employment. According to police officers, the police usually have no direct role in enforcing seasonal work regulations. Their role is limited to offering support to the inspectorate services (in terms of protection and power to arrest persons) and to investigate criminal phenomena such as illegal employment and human trafficking. As a result, a clear ‘ownership’ of the case is present. With the term ‘ownership’ I do not refer to the meaning that is given to the term in the regulation literature (i.e., control by enforces on enforcers [Gill 2002, 537]) but to the fact that an enforcer is designated (formally or informally) as the main enforcer of the market and accordingly takes up its responsibility (i.e., actively enforces regulation). Of course, this ownership is in part influenced by the priority offered to seasonal work.

⁸ Different employment related matters are controlled for, e.g., dimona, labour cards, and work permits, social documents, correct payment of wages, working hours, payment of social security contributions.

Table 3.1 Summary of enforcement in the case of seasonal work

Actors	Main focus	Official priority?	Target?	Ownership case?
Police	Illegal employment, support inspectors	Depends upon zone	Employers	No
Social inspectorate services	Occasional work policy, illegal employment, social fraud	Yes	Employers & workers	Yes
Housing inspectorate service	Housing	No information	Employers	No
Tax office	Taxes	No information	Employers & workers	No

The priorities of enforcement actors are influenced by higher policy goals which are based on political and administrative decisions (Rickles and Ong 2010). Regarding social fraud, seasonal work is considered an activity sensitive to it and thus receives special attention from social inspectorate services. A visual overview of enforcement is provided in Table 3.1.

Strikingly, respondents state that inspections by labour inspectorate and tax services were hardly executed in the 1980s. Only since the expansion of the regulation to all sub-sectors of horticulture at the beginning of the 1990s have inspections become more frequent and severe. Recently however, the frequency of inspections by the labour inspectorate has been perceived by most employers and enforcers to have declined. The fruit-growing sector has become less of a priority with regard to social fraud inspections, which is attributed to a decline in detected infractions (SIOD 2011). In turn, this is attributed to both inspections and high fines. The potential sanctions following infractions can be visualised in the sanction pyramid in Fig. 3.2.

The sanction pyramid reflects the idea of escalating enforcement depending on the conduct of the regulatees (Ayres and Braithwaite 1992). Applying such escalating enforcement first requires the possibility of enforcers to choose between several reactions when confronted with infractions during or as a result of inspections. Social inspectors and to a lesser extent police have such discretionary power. The police are legally obliged to report each infraction they detect. However, this is not realistic in practice and hence

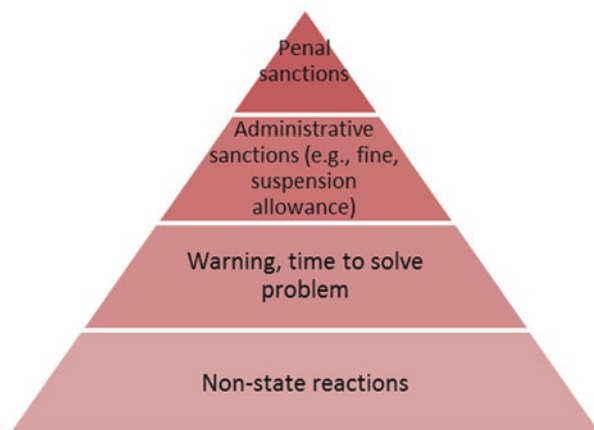


Fig. 3.2 The sanction pyramid for seasonal work

they allot themselves discretionary power (Gilleir 2013). By contrast, the discretionary power of the social inspectors, authorised to enforce social regulation, is exhaustively recorded in the social penal code. Article 21 of this code prescribes that social inspectors can (1) give information and advice concerning the most efficient way to comply with social law, (2) give warnings, (3) give those infringing a period to comply, (4) select from a broad range of powers such as entering workplaces or interrogating and (5) write a *procès-verbal*. This means that social inspectors are not obliged to report every detected infraction to the Labour Public Prosecutor. According to the proportionality principle, inspectors can decide on the means that are appropriate and necessary for compliance.

As shown in Fig. 3.2, at the bottom of the pyramid, several reactions exist for infringing self-regulatory stipulations at the individual level. Importantly, these reactions do not originate from state actors, but from individual farmers. The extent to which individual farmers use such non-state reactions for other infractions as well (such as seasonal workers lying about the number of days worked) is not clear. However, it is conceivable that farmers would not hire such seasonal workers in the future, which can be seen as a type of non-state reaction to infractions. The reactions of social inspectors detecting small infractions against social regulation are one step up in the pyramid. These reactions entail warnings and offer a

Table 3.2 Categorisation of sanctions for infractions on social legislation

Sanction level	Imprisonment	Penal fine	Administrative fine
Level 1			€10–€100
Level 2		€50–€500	€25–€250
Level 3		€100–€1000	€50–€500
Level 4	6 months–3 years	€600–€6000	€300–€3000

time limit to solve the problem(s). This is subsequently checked by the inspectorate at a later time point. Depending on the degree of severity of the infractions and the behaviour of the regulatees, the next step may entail administrative sanctions. These sanctions can differ in nature and may be imposed by several institutions.

People infracting social legislation risk several administrative and penal sanctions. The social penal code provides a categorisation of sanctions, depending on the severity of the infraction, which is operationalised into four levels (one = low; four = very severe). Administrative sanctions come as administrative fines, ranging from €10–€100 (level one) to €300–€3000 (level four) (see Table 3.2).

Importantly, the administrative fines in levels two to four can only be imposed after the Labour Public Prosecutor has decided not to prosecute. Therefore, it is not possible to have a penal and administrative fine at the same time. The amounts of the fines determined in article 101 need to be increased by the ‘opdecimes’,⁹ which in practice meant a multiplication by six at the time of the field work. Furthermore, some specific administrative sanctions can additionally be applied for certain infractions, such as a temporary prohibition to manage a business or the temporary closing of the business. Several of the types of detected informality in the case of seasonal work (see *infra*) are punished with sanctions at either level three (e.g., employment of a foreign worker without an employment card) or four (e.g., go-betweens, undeclared labour, the employment of a person living on benefits). Accordingly, people living on benefits who work without the necessary statements are also subject to sanctions three or four. In addition, they risk other administrative sanctions, such as the temporary suspension

⁹ According to Belgian law, all judicial and administrative fines for breaching social law are to be multiplied by a predetermined amount called ‘opdecimes’. <http://www.werk.belgie.be/defaultNews.aspx?id=36145> (24 July 2014).

of allowances or the reimbursement of non-authorised allowances. This system is based on separate laws on benefits. Furthermore, employees who make incorrect or incomplete declarations in order to avoid paying (enough) contributions can be punished with sanction level four. Finally, people residing illegally in the country face the risk of being repatriated, which is also an administrative measure based on the Foreigners' law.

In case the Labour Public Prosecutor decides to prosecute, penal sanctions come as penal fines (sanction level 2–4) and/or imprisonment (sanction level 4). According to a respondent, the Labour Public Prosecutor, who is equally responsible for infractions against combining a job and an unemployment allowance, prosecuted as little as possible. This was said to be due to informal arrangements with the inspectorate service checking accumulation between employment and unemployment allowances. As the offenders perceived the punishment of the inspectorate to be more severe, and as the inspectorate only sanctioned provided that the Labour Public Prosecutor did not prosecute, the latter tried to avoid prosecution. The respondent believed that the sanctions of the inspectorate were perceived as more severe because the monetary losses are higher and take effect immediately after detection. In line with responsive regulation theory, prosecution was only found in the most severe cases, as defined in official guidelines (e.g., illegal employment of minors, high number of non-declared workers). All in all, whereas employers risk high financial setbacks and sanctions, seasonal workers mainly risk losing their allowances and/or paying back wrongly remitted allowances.

Informality in Fruit Farming: Interconnection Between the Formal, Informal, and Criminal Economies

Types of Informal Economic Activities

Both the interviews and the document and file analyses revealed that seasonal work was mostly characterised by formal activities, although several types of informal economic activities were present. A slight majority of seasonal workers (both Belgians and foreigners) claimed not to be aware

of informality, due to limited contact with other seasonal workers or farms. In general, seasonal workers who claimed that informality did not exist referred to the extent of inspections, the high financial risks for both employers and seasonal workers and potential trouble with the police. For them, the enforcement facets of the policy had a deterring influence. Most experts argued that informality was still occurring, but less than in the '90s. Undeclared labour and illegal employment were particularly believed to have declined in frequency due to the policies. Approximately half the interviewed employers stated that, at the time of the fieldwork, fruit farming was formal to a high degree.

No or Late Declaration of Employment—Dimona: Undeclared Labour

Approximately one third of the interviewed seasonal workers thought that employment exceeded the 65 days, another third did not know whether or not it had occurred, and the other third thought it did not happen. Most employers admitted that undeclared labour still occurred in this sector, although not on their farms. Notwithstanding, a quarter of the employers admitted employing seasonal workers on an undeclared basis at the time of the interviews. A minority argued that it did not happen at all, some saying that it had diminished in comparison to the 1990s. The latter was confirmed by most experts.

Although some employers were believed by experts to have offered spontaneously undeclared labour in the past, most were believed to have been put under pressure by local seasonal workers who did not want their work to be declared. Nearly all employers admitted to having received demands from seasonal workers not to be declared. Only workers who temporarily migrated to Limburg for seasonal work preferred to work on a completely formal basis. Thus, this study suggests that informal activities are less used by seasonal or commuter migrants (Reyneri 1999: 85), which nuances the general opinion of migrants' participation in the agriculture-related sectors of the informal economy.

Why was there a demand from local seasonal workers to work informally? First, workers receiving allowances preferred to combine them with an income from seasonal work. Secondly, illegal people—who by definition cannot work formally—had no other means of income. For others, working over their allowed hours resulted in a larger income, which was much appreciated. This is illustrated by one group of Belgian seasonal workers, who acknowledged having worked for more than 65 days: ‘Yes, write a little, not write a little. Not writing is better’ (seasonal worker—4 October 2011). A third of the employers mentioned that working on an informal basis led to a higher income for the workers as they did not pay taxes or social security contributions on the informal income.

Two reasons can explain the succumbing of certain employers to this demand. Firstly, according to one Belgian seasonal worker and a third of the employers, employers were keen on keeping good workers longer than 65 days. Indeed, the training of new seasonal workers took too large an investment in time. Secondly, recruitment difficulties before the expansion of the EU, partly due to the characteristics of the work (hard labour, low wages) and partly due to tax policy, were widely acknowledged by experts as having influenced employers’ choice (albeit under pressure) for undeclared work:

So yeah, ... they were a bit obliged to work with those people because the fruit needed to be picked. And if you have no one else... (enforcer, 4 March 2011)

This was confirmed by nearly a third of the employers, as explained by the following quotes:

Because their income hangs there eh! ... because some law in Brussels says that man no, but that man yes, and that man mmm has to wait a bit longer and that man no... Boy, what are we doing? We are talking about the income of a family here, of a household, of a family... Yeah well, then such risks are taken, you don’t have much choice... Brussels can say what it wants, but I’m putting my income safe. My Poles haven’t arrived yet, yeah then you take whoever you can get at that moment. (employer, 12 September 2011)

Another employer put it like this:

I'm not gonna risk not subscribing one person just to put 5 euros in my pockets, in my wallet, am I? So that is not the point. The point is the restriction of 65 days... I do not commit fraud to embezzle money, I commit fraud simply to be able to get my harvest and that is frustrating. (employer, 27 May 2011)

However, since the expansion of the EU, just over half the employers experienced no recruitment difficulties and did not understand why others would still be tricked into this kind of informality. Increasing profit by avoiding taxes and social security contributions or by paying lower wages as a motive for using informal labour was functional for only three employers.

The enforcement facet was perceived by seasonal workers to have an influence on non-declared work, in the sense that they were frightened of getting caught. Some also highlighted the financial risks for employers. Experts additionally perceived the expansion of the EU and bottleneck regulation as having led to a decline in undeclared labour. Five employers stated that black money is hardly available anymore, as it has become less possible to sell fruit picked using informal labour, partly due to increasing professionalisation of market vendors and partly because of the changing market (e.g., supermarkets). The fact that 'black' wages are not tax deductible also functioned as a curb to informal labour on the employers' side.

Furthermore, the occurrence of undeclared labour was confirmed by the file analyses and the statistics of labour inspectorate controls. The file analyses illustrate that in the period 2010–2011, the absence of *dimona* occurred in 16 of the 19 files¹⁰. In all the analysed files, the employers were Belgian (though one was of Indian origin). They claimed that the declaration had slipped their minds, that they normally declared employment later on in the day (although declaration should be done before the start of work) or that they made a mistake (e.g., thought someone else

¹⁰ However, these numbers are underestimates as they only comprise statistics of one judicial district.

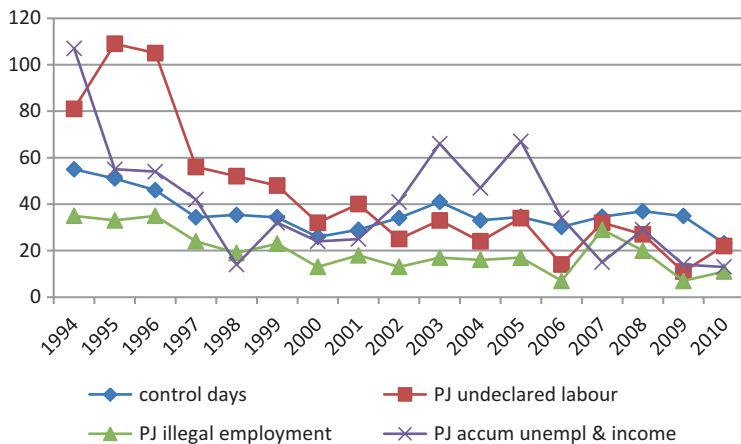


Fig. 3.3 The evolution of informality in fruit-growing. *Note:* The data come from the 'Arrondissementele Cel Limburg', which organises the *joint inspections*. This graph thus represents the evolution of different types of detected infractions during joint inspections in the case study. Data before 1994 were not available

would come to work). Others however confessed to having deliberately not having declared employment, thus taking the risk of getting caught. The statistics show that the absolute number of charges¹¹ for undeclared labour (see Fig. 3.3, line with squares) has significantly declined between 1996 and 2002. In 2006 a decrease is noticeable, which corresponds with the introduction of the bottleneck procedure for fruit-growing. Between 2007 and 2009 there was a new decrease, which has led enforcement agencies to exercise control outside the picking season (e.g., in relation to trimming or sorting). In 2010, more charges were pursued.

Illegal Employment

According to most regulators and enforcers, illegal employment (i.e., employment in the absence of residence and/or work permit)—especially of Sikhs—was more likely to occur before the introduction of

¹¹ We should keep in mind that these statistics depict detected infractions and that the real amount of undeclared labour will be higher.

the electronic passport for foreigners (in the second half of the 2000s) and before the *dimona* database. Two main approaches were identified: (1) copying legal passports and changing the photograph (which is also reported in other countries such as the UK; Dench et al. 2006) and (2) the phenomenon of ‘look-alikes’, illegal people using the passports of legal acquaintances (who were physically similar) in order to do seasonal work. A third of enforcers claimed that this illegal employment was not organised by networks, but mainly took place through individual initiatives. Only a fifth of employers believed this type of informality still occurred, partly deliberately—because employers cannot find other workers—and partly unconsciously. This is illustrated in the story of another employer, working with Belgians of Indian origin, who found it very hard to recognise his workers and distinguish them from one another. However, he did not want to check their passports every day in order not to decrease their motivation, although he recognised the risk he was taking by stating that he ‘hopes we’re doing it right’ (employer, 21 June 2011). Two enforcers claimed that the frequency of illegal employment had declined in the picking season—when most inspections were executed—but still occurred outside these peak moments. They had observed a shift from illegal employment in the picking season to illegal employment during the trimming or sorting period, a way of avoiding fines.

The need for personnel was highlighted by the majority of enforcers as a motivation to hire illegal people. The ambiguity of employers is illustrated in this quote:

The employer knows that, if someone comes with a copy of a passport, the risk is high ... Okay, he needs personnel. That’s a fact, and everyone that comes in is good to pick his crop. That’s a fact. Another thing is, he does know that someone with a copy, that the risk of being an illegal is high. And he’s not going to pay legally, what is it, seven euros? He gets four euros eh. (enforcer, 4 March 2011)

However, one Belgian seasonal worker claimed that employers could not take the risk of employing illegal people, whose only motivation for working illegally was survival (‘What would you do? That’s the point, they have to survive as a matter of saying’, seasonal worker, 12 September 2011). In addition, the legal alternative was perceived by the majority of employers

and experts as a restriction on illegal employment. The perceived decrease in illegal employment was attributed by a Belgian seasonal worker, who worked illegally in the past, to the inspections and to lack of work.¹² Not surprisingly, illegal seasonal workers were believed to earn less than the minimum wage.

The analysed files indicate that illegal employment had not disappeared from fruit-growing. Seasonal workers of Indian, Polish¹³ and Bulgarian nationality were caught working illegally. Importantly, the mere detection of illegal persons did not lead to prosecution by the public prosecutor. Unless false documents were detected, the public prosecutor would not prosecute.

According to the statistics from the joint enforcement inspections, illegal employment has declined between 1994 and 2000 (see Fig. 3.3, line with triangles). Strikingly, an increase was detected in 2007 and 2008 after which a new decline was noticed. Interestingly, most respondents highlighted the deterrent influence of frequent inspections (and high fines), but the frequency of the inspections had not increased to a large extent. This does not alter the possibility of awareness of inspections and potential fines.

In sum, all the methods indicated a decline in illegal employment, although the statistics showed that the decline is not as spectacular as respondents hinted and that illegal employment has not vanished.

Social Fraud

According to the Belgian seasonal workers receiving social allowances, they did not commit benefit fraud. The inspections and the financial losses (for both employers and seasonal workers) were felt to influence their choice to work in a purely formal way. However, one group of workers stated that ‘[i]t is possible, hey. Everything we can believe, is possible’ (seasonal worker, 30 June 2011), pointing to the possible existence of social fraud. Strikingly, their employer revealed that they actually did

¹² He claims that enough formal seasonal workers are available to fill in the need for employment. In other words, the jobs are taken by formal workers, so there would not be enough work left for illegal workers.

¹³ These files dated from before 2004.

commit social fraud. As two employers admitted to employing people receiving allowances and not declaring them, the statements of the workers should be put into perspective. This is confirmed by enforcers, who claim that social fraud is certainly present among seasonal workers receiving allowances. One employer was convinced that foreign seasonal workers do not declare their income to the Belgian state, thus committing fiscal fraud. Another employer, paying a piece rate, admitted paying a part of his workers' wages with 'black money'.

Changes in the detection of accumulating too high a total from unemployment allowances and income from seasonal work are clearly quite capricious (see Fig. 3.3, line with crosses). Interestingly, the graph runs parallel to that for changes in the number of inspections, suggesting a possible influence of the latter. Furthermore, the decline after 2006 might be attributable to the presence of formally employed East-European seasonal workers. The total number of charges for this type of social fraud is not lower than other types of infractions.

Go-betweens

The existence of go-betweens¹⁴ was not uniformly acknowledged in this case study. Belgian seasonal workers stated they were not aware of the phenomenon, whereas Romanian and Polish seasonal workers confirmed the existence of go-betweens in the Turkish, Indian, Romanian, Polish, Hungarian and Bulgarian environment. Surprisingly, they perceived this to be a normal aspect of the employment. They saw no harm in paying 100–300 euros in order to gain employment they could not find or organise on their own. However, they did stress that many seasonal workers were recruited by friends/family/acquaintances who did not ask for money for procuring a job for them. Four employers admitted having recruited seasonal workers in the past by making use of a go-between. Notwithstanding moral objections, they considered it to be

¹⁴I define a go-between as a person or agency who procures an employment for someone else, in exchange for money (a one-off payment). The activities of go-betweens are regulated by the law of 30 April 1999 (art. 12) and in the Social Penal Code (art. 175). Both the go-between and the employer can be punished.

an easy solution to a difficult (recruitment) problem. As most employers believed they themselves had a big enough network of foreign seasonal workers, they stated that the heyday of go-betweens had somewhat passed. However, this did not exclude there still being some go-betweens as the majority thought go-betweens were still active in this type of work, mainly 'offering' Polish, Romanian, Bulgarian and Hungarian seasonal workers. Most experts thought the phenomenon might occur, but were not certain about it.

Go-betweens should be differentiated from illegal labour contractors, who withhold a part of the seasonal workers' wages in addition to a one-off payment for obtaining the employment. Most experts were of the opinion that illegal labour contracting hardly occurred in the sector, while employers and seasonal workers stated they were not aware of current illegal labour contractors.

Only one file was opened as a result of a complaint about an employer to the police regarding the activities of a go-between.¹⁵ The employer claimed to be paying 50 euros per month per seasonal worker who was procured. Additionally, seasonal workers would have to pay 150 euros to the go-between. The public prosecutor dismissed the case because prosecution was not considered to be in the public interest¹⁶.

Human Smuggling

Two seasonal workers (of Indian origin) who were interviewed admitted having migrated to Belgium through the use of human smugglers. The smuggling was organised by travel bureaus, with extensive advertising for their business in the streets in India. From 2002 to 2010, a large-scale proactive police investigation in the Indian community identified both smuggling and trafficking of members of the Sikh community. Two enforcers, actively involved in the case, had opposite views with regard

¹⁵ However, the description of the offence in the case file was 'human trafficking'.

¹⁶ Deciding whether or not to prosecute is one of the major tasks of the Public Prosecutor. The Belgian law of criminal procedure contains two main reasons for not prosecuting: technical reasons (e.g., not enough evidence) or policy reasons (e.g., not opportune, for instance when there would be limited societal repercussions or when there are limited disadvantages).

to the organisational aspects of the smuggling. Not surprisingly, the relation with illegal employment and exploitation is obvious. One enforcer illustrates this as follows:

They [...] come and recruit illegals to say: I have a little house for you, I ask—let's say—100 euros for it, I also have a job for you. So you will earn more than 100 euros, but you know what? Yes, to drive you by car, I ask 50 euros and then a little bit more for the insurance—I wouldn't know which one—for the insurance I ask 50 euros. Okay, so the illegal person goes to work, he gives 100 euros for board and lodging and a whole bunch of other costs. And that exploiter puts a whole lot of money in his pocket, to do nothing as a matter of saying. And of course, then we are at the beginning of economic exploitation. (enforcer, 13 September 2011)

According to this enforcer, smuggling of Indian people still occurs. One Belgian seasonal worker (also of Indian origin) claimed smuggling of Indians to Belgium happened frequently in the past. According to the smuggled seasonal workers, smuggling from India was not necessary anymore because of (1) fewer problems in India and (2) more opportunities for legal migration. In addition, at the level of the public prosecutor, not a single file concerning human smuggling was found. However, two did concern human trafficking in the fruit sector. In the first, the employer was cleared of the charge of human trafficking, but convicted of forgery. Nevertheless, he was given a custodial sentence. The case was identified by a joint inspection by the labour inspectorate service. The second dossier was opened as a result of an anonymous complaint lodged with the labour inspectorate service. According to the letter of complaint, approximately 20 Polish seasonal workers were exploited economically by two Belgian employers. In addition, the accommodation of seasonal workers was described as seriously inadequate (e.g., raging smell of the neighbouring piggery, presence of vermin on mattresses). As most concerned seasonal workers had already returned to Poland, the investigating federal judicial police argued that an immediate start to the inquiry was not expedient. In other words, the dossier was dismissed.

Exploitation

Two Romanian seasonal workers claimed to be aware of farmers not respecting contracts. For instance, at the end of their working period, more money was withheld for housing than had been agreed upon. One group of Poles told the story of a farmer paying less per hour than had been initially agreed. According to one employer, not paying the minimum¹⁷ wage was not beneficial, because it leads to dissatisfaction and turnover of seasonal workers (through contacts between seasonal workers of the same nationality). Two others claimed that seasonal workers were well aware of the minimum wage and would not be exploited: ‘It might work once, but you cut in your own flesh. You make it hard on yourself’ (employer, 1 September 2011). Yet another thought that seasonal workers are content as long as they earn more than in their home country. Experts were divided on this matter: two thought that paying less than the minimum wage was not an exception, while one regulator argued that they had never heard of such infractions.

Related to this, one Belgian seasonal worker believed both foreigners and Belgians enrich themselves by asking large amounts of money for dubious accommodation. Most experts mentioned stories of rack-renting in the past, without claiming with certainty that it still occurred.

Reasons for Informality

The interviews suggest that seasonal workers temporarily migrating to Belgium for the 65 days are hardly involved in informal activities. They did not ask for undeclared work as this did not offer them additional benefits: they were happy with the official earnings and wished to avoid problems with enforcement agencies. Seasonal workers illegally in Belgium chose undeclared seasonal work because they were excluded from the formal economy, which could reflect a dualist or a structuralist perspective. Informal activities are perceived to be primarily due to Belgian seasonal

¹⁷At the time of the fieldwork, the minimum wage for seasonal work in the fruit sector was 7.84€ per hour.

workers or migrants staying on in Belgium for longer periods. As the longer-term migrants experience difficulties finding fixed employment, it is not surprising that they turn to the informal economy (Leonard 1998). Except for illegal people shunted from the formal economy, the choice to undertake seasonal work informally cannot fully be seen as a survival measure, since most interviewed autochthonous and foreign workers did have other sources of income (e.g., allowances, formal jobs, other informal jobs). A victim perspective thus hardly applies in this case. Indeed, Belgian seasonal workers and foreigners staying permanently in Belgium did not perceive seasonal work as a main mode of income generation, but as an additional employment to a formal job, social benefit allowance and/or in anticipation of a better¹⁸ job alternative (as seasonal work is temporary). As such, the last point confirms that the informal economy is less demanding than the formal one, for instance, in requiring evidence of knowledge (Shapland 2012). Furthermore, it also indicates that even in a country with a well-established social security system, some perceived the aid this system provides as insufficient. This indicates that the informal economy offers an additional income to certain people in need, which bears resemblance to the dualist and structuralist schools on the informal economy. Of course, this is jumping to conclusions for two reasons: (1) these seasonal workers were to a certain extent excluded from the formal labour market as they had difficulties finding formal employment, but did receive formal benefits, which implied their still being incorporated formally in society, and (2) I did not look at the macro structures and explanations at the macro level for informality.¹⁹ These seasonal workers and others also deliberately preferred to work informally because they felt taxes were too high (declared labour would result in low net income), which reflects more a neoliberal perspective. A minority of the seasonal workers explained that social contacts were important in executing their work, which could point to the importance of the post-structuralist school. For instance, some helped out neighbours or a farmer friend. However, as

¹⁸ Better refers to more permanent work with higher remuneration. In this respect, it is important to note that seasonal work was rarely done by autochthonous Belgians anymore, but mainly by migrants who had few alternatives.

¹⁹ As such, I cannot distinguish between the importance of the dualist and structuralist school of thought.

the financial aspect still played a role in the choice of informality (wish to retain enough net income), a purely post-structuralist perspective was not found. The money earned from seasonal work was seldom perceived as good money by these Belgian and foreign workers staying in Belgium. In this respect, it is important to note that—in contrast to the literature (Jütting and Laiglesia 2009 in Williams and Lansky 2013)—mean informal wages were sometimes, but not necessarily, lower than mean formal wages. The phenomenon of envelope wages (European Commission 2014; Williams and Padmore 2013) was mentioned by a minority of employers. By using the system of piece-work, which has previously been found in Norway (Rye and Andrzejewska 2010) and the UK (Rogaly 2008), minimum hourly wages (which were paid officially) were complemented by a non-declared wage based on the amount of fruit picked.

As already mentioned, farmers may hire workers informally because of recruitment difficulties. Some small-scale farmers did not have the possibility of hiring formal temporary migrants (e.g., because they have no housing possibilities or because they do not have enough work to attract temporary migrants²⁰) and thus fell back on local seasonal workers who preferred undeclared work. Also, some small-scale farmers tried to reduce labour costs by hiring informally in order to be able to compete with bigger farms, which is in line with the structuralist school (see also Pfau-Effinger 2009). This is in line with Rickles and Ong's (2010) statement that firms operating in labour-intensive, low-skilled industries that face strong competition from businesses in other political jurisdictions are more likely to face a greater incentive to rely on informal work. It is also in line with explanations for informal seasonal work in other European countries (see Chap. 2). However, some farmers reduced labour costs simply in order to increase profit. Another reason for farmers to hire undeclared seasonal workers was the desire to retain good seasonal workers and to avoid investments (time and money) for training of new seasonal workers. Also, the difficulties in planning the need for workers (ripeness of fruit depends upon the weather, which is difficult to forecast) had an influence on hiring undeclared workers (hiring whoever one

²⁰Temporary migrants typically wished to work 65 days without too much interruptions so that they could quickly return home.

can find to safeguard the harvest). As such, the existence of a pool of unemployed workers who receive insufficient welfare allowances serves to meet the fluctuating needs of the horticultural sector (Leonard 1998). The last two reasons for undeclared work are more difficult to assign to a theoretical model. Lastly, the use of go-betweens—in order to facilitate recruitment (for farmers) and employment (for seasonal workers)—partly supports the legalist school as the services of informal go-betweens entail less administrative burdens than working with formal employment mediators. In sum, this case study illustrates how the existing theories on the informal economy should not be regarded as mutually exclusive on the meso and micro levels.

Influence of the Policies: Less Is More?

Although the intention of the policies adopted was partly to cause a decrease in the different types of informality, apparently they have had both decreasing and increasing influences on the informal economy in this case study.

Most experts believed the (broad) policy to have had a diminishing influence on informal activities (which is also stated by Dermaut 2010). Some thought it was due to the influence of regulation, such as lower labour costs; the expansion of the EU and the possibility of easily hiring foreigners; the introduction of the electronic identity card for foreigners, which complicates forgery; *dimona* and the database of the Social Security Service, which facilitates inspections and the housing regulations. A minority of employers also explained the influence of tax regulation on undeclared labour. In order to be able to deduct labour costs within the regular system, these costs had to be declared and proven. In other words, employers received no benefit in paying 'black' wages, because these are not tax deductible. In addition, black money was only rarely available in the sector any more, partly due to the professionalisation of market vendors, partly because of the changing market. Furthermore, the financial sanctions (both administrative and penal) were also perceived as highly deterrent, both by experts and employers. Some quotes from employers illustrate this.

A seasonal worker saying: I want to come but you cannot declare me? Well, then I say: yeah, you don't have to come! I'm not gonna take the risk to do you a favour eh. If you have to pay 100 euros less taxes, I'm not gonna risk a fine of 5000 euros!' (employer, 4 October 2011)

We don't like to work in fear ... you can't imagine living with that pressure during the whole day. (employer, 24 October 2011)

The nagging for working in black, it's working on my nerves. I cannot pay it all from my pocket eh. I can't sell fruit in black anymore. Nothing, absolutely nothing. (employer, 6 October 2011)

In addition to the regulation, the deterrent influence of the inspections was equally thought to have had led to less undeclared work, less illegal employment and less economic exploitation. The majority of the seasonal workers residing in Belgium referred to the inspections and the high financial risks for both enforcers and themselves as an important influence on the (according to them) limited presence of informality. One enforcer argued that both the administrative and penal sanctions are very severe, which had had a restricting influence on the number of infractions. The enforcement side of the policy was felt to be too severe by most employers, especially since the inspections in the past were described as very meticulous. Although most felt that the inspections had become less frequent and less severe, one employer still thought:

There exists a reign of terror under the employers eh, fines of millions and companies going down due to the social inspections... The whole business is steered by a fear psychosis. I do not think this is normal. (employer, 4 October 2011)

However, another employer had a different opinion:

We cannot complain in the sector; we cannot complain about the inspections either. If you are in accordance with the policy, then those controls do not matter. (employer, 20 September 2011)

The Belgian seasonal worker thought that everything was better before the introduction of the policy. He had experienced the negative impact of

dimona, the regular tax system and the more frequent and stringent controls on the employment of Belgian seasonal workers ('Those who want to work, simply let them work', seasonal worker, 12 September 2011). In general though, the combination of the regulation and its enforcement was perceived as having had a positive influence in formalising work within the ambit of the case study. As an enforcer said: 'Yeah, the wild years are mostly gone, I think' (enforcer, 4 March 2011).

On the other hand, some regulation was perceived to have had a positive influence on informality. One expert thought that undeclared labour is partly influenced by the severity of the regulatory inspections: 'The more severe the regulation, the more severe the conditions which should be met, the more likely undeclared labour' (support, 8 March 2011). This is confirmed by the perceived influence of the regulatory restrictions. First, the restriction on the overall total allowances and income from seasonal work was believed to intensify the demand from certain seasonal workers for undeclared labour. Secondly, employers not working with foreigners (e.g., due to difficulties in offering accommodation) and experiencing difficulties in finding seasonal workers might choose to use employment exceeding the 65 days. As one employer said: 'You cannot just pick them up here' (employer, 27 May 2011). Two mechanisms to accomplish this have become apparent: (1) workers are simply not subscribed in dimona or (2) the initial declaration of workers is removed from dimona. This led one employer to state that, as long as there is a restriction of 65 days, informal labour will remain prevalent. Furthermore, the housing policy was equally perceived to be a threat to the formal sector, due to its severity and expense. One expert put it like this: 'It will be a positive influence, but it's not like there will be no more black work. In every sector there are people of bad will, the rotten apples' (support, 8 March 2011). The change in the regular tax system was also believed to have increased the demand by Belgian seasonal workers for undeclared labour. Due to the evolution of the sector, fewer farmers worked with the fixed tax system. As a result, their seasonal workers had to declare their income and pay taxes. This is believed to have led to a decline in the motivation of Belgians to work as seasonal workers (as their existing income was raised, more taxes had to be paid). The possibility of having the fixed system was regarded as

positive by most employers for a number of reasons. First, recruitment of seasonal workers was easier in this system. Secondly, although it implies higher costs for employers, they are enabled to deduct these costs from their taxes.

Interestingly, although motives for working informally usually have a financial/economic nature for both employers and seasonal workers, mediating influences differ for both categories. With regard to seasonal workers, the regulatory policy aspects were perceived to have had an increasing influence on their demand for informal labour. Generally, their knowledge of the policy was not very detailed. Interestingly, they did however know those aspects which were somehow related to informality (e.g., not declaring employment to the social security administration, preference for the fixed tax system). Recruitment difficulties—and thus the risk of crop loss—functioned as mediating factors for some employers. In general, however, haphazard factors (such as simply forgetting declaration) could not be totally ruled out as explanatory factors for informality. On the other hand, regulation and enforcement (especially the latter according to employers and seasonal workers) aspects were equally perceived to have a restricting influence on informal labour in the sector. Given the relatively constant frequency of inspections, employers and seasonal workers might be frightened off by stories concerning the thoroughness of the inspections and the severity of the enforcers. Certain explanations for informal labour in the international literature are not identified in the Belgian case, such as declining profit margins (Rye and Andrzejewska 2010) and high labour costs (Labrianidis and Sykas 2009; Reyneri 2003).

The interviews revealed that the sanctions most feared by seasonal workers²¹ were the administrative ones, mainly the loss of an allowance. No one stated they were alarmed by the possibility of being subject to penal sanctions. Possibly, seasonal workers did not assess the risks of penal sanctions as high. If this is true, the underlying idea of the regulatory sanction pyramid, namely that withholding a 'big stick' for the 'soft' approach to function well, was not found in this case. Employers, farmers, stated that they were deterred by high financial sanctions, irrespective

²¹The ones working informally and the ones working formally.

of their administrative or penal character. Also in this case, none of the farmers mentioned the possibility of imprisonment. However, some did refer to the enormous fines one farmer had to pay. According to enforcers, this was set as an example to the sector to indicate the need to comply. This example setting seemed to influence the farmers' perceptions. In brief, it is clear that penal sanctions—as the most severe sanctions—were not necessarily feared more than administrative sanctions, which are actually lower ranked.

In sum, this analysis illustrates the coexistence of formal, informal and in some instances even criminal activities, which offer support for the intertwinement between the three types of activities. It furthermore illustrates the importance of differentiating between regulation and enforcement in order to have a nuanced and thorough understanding of the influence of the policy on the informal economy. Even within one case, regulation and enforcement can have varying influences, which can only be detected by disentangling both components and exploring perceptions of different stakeholders. Furthermore, the findings illustrate that the perceived influence of the policy should be understood in function of personal and context-specific characteristics.

The Nature of Informal Economic Activity in Fruit-growing

The empirical results suggest that this particular case study is characterised by a process of formalisation. In this process, reciprocity between the policy and the informal economy is discerned. Not only has informality had an influence on the introduction and evolution of the policy, the latter is equally perceived to have (had) an influence on informality. Still, the empirical results clearly indicate an intertwining of formal, informal and criminal activities. Not only can formal, informal and criminal activities take place on the same farm, but seasonal workers can shift from formal to informal employment. Although a clear distinction should be made between different types of informality, the general picture indicates a decline over the last 10 to 20 years. Nevertheless, undeclared labour, illegal employment, benefit

fraud (as part of social fraud) and go-betweens still occurred. While most of the respondents suggested that informality was insignificant in comparison to the past, statistics concerning detected infractions give a more nuanced picture. Whereas (detected) undeclared labour, illegal employment and unemployment allowance fraud appear to have declined, this decline is not as spectacular as most respondents hinted. Furthermore, these activities have not completely vanished. Most respondents compared their perception of the current situation with their perceptions of former large-scale informality. However, in relation to this large-scale informality, a distinction should be made between the payment of taxes and the payment of social security contributions. While previous non-declaration of employment entailed social fraud (not paying social security contributions), it did not necessarily entail fiscal fraud due to the fixed tax system. Given the fact that seasonal workers did not pay taxes in this system, they might overestimate the prevalence of this type of informality. As the payment of taxes in the fixed system was not related to declaration of the employment of seasonal workers, employers might equally overestimate the former presence of informality. However, given the lack of statistics before 1994, the hypothesis of over-estimation of previous informality could not be tested. In addition, regulators and enforcers compared the current statistics for fruit-growing with statistics from other sectors such as the construction or the cleaning sector, where more infractions are detected.

Strikingly, some resignation was detected among experts and employers concerning the presence of informality. Nevertheless, the consequences for informal workers are far-reaching. For instance, their employment falls out of the scope of social security and thus hardly allows them to build up social rights. This implies that they are not insured for industrial accidents, nor is their employment considered in the calculation of their pension, holiday allowance, unemployment allowance, child benefit or medical costs (art. 5, Law of 27/06/1969). However, some minimal guarantees hold for foreigners who work illegally, such as a right to minimum wage, right to reimbursement in industrial accidents and the possible application of rules concerning labour law (such as compensation for absence because of illness). The major problem however is delivering a

proof of a contract (and its content) if it is not written. In addition, the hidden character of the employment increases the risk of exploitation. Notwithstanding workers' knowledge of stipulations such as conventional wages and channels to help (both through union actions and friends/acquaintances/ethnic networks), the risk of exploitation remained. First, hidden employment was the only way for illegal persons to gain income through work, which put them in a vulnerable position (Dench et al. 2006). Secondly, given the restricted collective action/organisational power of seasonal workers (especially temporary migrants), the risk of exploitation was not unrealistic. Thus, notwithstanding the extenuation of undeclared labour by some experts and employers, a careless attitude towards these activities should be avoided.

Conclusions

The empirical research identified several types of informality that have been reported in other countries as well (see Chap. 2). Partly due to the sensitivity of the topic, I could not know for certain that respondents, when they were claiming not to be aware of informal practices or claiming such practices were absent, answered truthfully. Several authors question or criticise face-to-face interviews as a method for obtaining information about informality (e.g., Dench et al. 2006), and although their reasons are fair, I do not entirely agree with them. First of all, some respondents acknowledged hiring informally at the moment of the interviews. This suggests that with a sufficient level of trust, some people will talk openly about non-compliant behaviour. Second, some measures can be taken to diminish the risk of socially desirable answers such as asking indirect questions regarding informality. Furthermore, by interviewing people with different interests in relation to the informal economy and by using data obtained from other methods, a fuller view of the informal economy can be obtained. The importance of face-to-face interviews lies in the detailed and nuanced data that they provide. They allow researchers to identify and understand perceptions, which is hardly possible when using other methods. This will become more evident in the following chapters. Furthermore, this case provides support for the argument that one theory is not sufficient to explain informality and that case-specific research is

necessary to obtain more detailed and in-depth understandings of reasons behind it. To obtain this, sufficient attention should be offered to context-specific and personal characteristics, which is best obtained through face-to-face interviews. Lastly, the discussion of the informal economic activities in this case illustrated the importance of social networks and trust, which are also important in the criminal economy.

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4

Street Selling and the Informal Economy

Introduction

This second empirical chapter reports on the case study of street selling¹ in Brussels. In line with de Bruin and Dupuis (2000), Smart (1986) and Witkowski (1993), the fieldwork has been conducted in two formal open-air markets (one private and one public)² and the surrounding sales venues. The results of this case study are based on 41 semi-structured interviews, document analyses and approximately 50 hours of observation. Between the spring of 2012 and the summer of 2013, 17 interviews were carried out with street sellers and 24 with experts (2 with regulators, 14 with enforcers and 8 with other experts). The outline of this chapter is similar to that of the previous chapter: it begins by sketching the

¹In this book, the terms street selling, street vending and street trade are used interchangeably.

²The private market is privately owned, organised and exploited by a public limited company (plc), whereas the public market is organised and exploited by the municipality. Public accessibility to the private market is restricted to market days, whereas the public market space is constantly accessible.

This chapter is adapted from Boels, D. 2014. "It's better than stealing: informal street trade in Brussels", *International Journal of Sociology and Social Policy* no. 34 (9/10): 670–693.

case, after which the main policy stipulations regarding street selling are described. Subsequently, it brings the reader to the types of and reasons for informality. After that, an overview is offered of the influence of policy on informality, and then the chapter ends with a brief conclusion.

Situating the Case

Although I refer to Brussels, the case study is not geographically located in the capital of Belgium but in two adjacent municipalities, infamous for their flourishing informal street trade. Furthermore, these municipalities are characterised by multiculturalism and socioeconomic deprivation. The neighbourhood hosting the private market is often portrayed as a dangerous area inspiring fear and feelings of insecurity (De Caluwé 2012). The near surroundings of the market, however, radiate a lively, animated and multicultural atmosphere (owing to the crowd of people dragging shopping trolleys or carrying bags, traffic jamming the streets and acquaintances greeting each other) rather than feelings of insecurity. The market is organised each Friday, Saturday, and Sunday, attracting up to 650 traders (mostly with North African and Pakistani roots) and 100,000 visitors and/or clients during weekends (De Caluwé 2012). On Fridays and on weekend mornings one can walk in the market and look at the merchandise without feeling crowded. From approximately 11:00 to 11:30 on Sundays, however, the market becomes very crowded (under good weather conditions): it is constantly jammed; shopping trolleys and people bump into each other; clients check out the merchandise, talk to family/friends about it; clients and sellers are actively involved in bargaining; and sellers loudly praise their goods. Nearly all imaginable goods (e.g., food, clothing, furniture) are provisioned at low prices, mainly attracting a range of poorer clients. At the main entrance to the market, people group together around the shops (e.g., the Polish butcher's) and pavement cafés. Talking, drinking, laughing, selling and buying are their main activities. The street opposite the main entrance is known for its flourishing car trade (import-export companies), mainly run by Africans. At the top of this street are some cafés and small shops that exhibit their merchandise on the pavement. Further down, cars pass slowly and groups of men talk, observe, laugh, shout, negotiate and sell on the pavements.

Fewer than two kilometres away, the public market is open each Sunday from 08:00 to 13:00. Walking out of the railway station, one comes across stands of textiles (mostly sold by Pakistanis), beauty products and biscuits. A little further down the street along the railway tracks, there are four rows of stands with diverse goods such as flowers, handbags, linen, underwear and shoes. The market extends to the north-east, where three more rows of stands exhibit different goods such as textiles, toys, shoes, olives, bread, pastries and exotic spices. The fruit and vegetable stalls are mainly concentrated on the other side of the railway tracks.

Policies in Relation to Street Selling

Regulation and the Regulatory Pyramid for Street Selling

The non-case-specific regulations mentioned in the previous chapter equally apply for street selling; thus here I focus solely on the case-specific regulations. Street selling is not defined in Belgian law but would fit under the category of ambulatory trade,³ which is defined by law as the sale, the offer of sale or the display (in order to sell) of products and services related to these products.⁴ As is the case with seasonal work, the interviews suggest that some self-regulation at the level of individual sellers exists (in italics, see Fig. 4.1). For *formal* street selling, self-regulation is limited to some clarification regarding selling prices from established sellers and even market regulators to new sellers on markets: newcomers are stimulated or alerted to attune their prices to the ones of competitors. According to a regulator, this is mainly done in order to avoid newcomers offering lower prices. In order to curb competition, market managers also limit the number of stalls or sellers with similar products.

In the case of *informal* street selling, there is more self-regulation between sellers (as opposed to managers). The results suggest that at least

³ Thus, street selling is subject to the policy regarding ambulatory trade.

⁴ Law of 4 July 2006 amending that of 25 June 1993 regarding the execution of ambulatory activities and the organisation of public markets (Belgian Bulletin of Acts [B.B.A.] 25 August 2006).



Fig. 4.1 The pyramid of regulatory strategies for street selling

some informal sellers arrange among themselves concerning the places of selling or prices. They also inform each other about police presence or inspections. Furthermore, sellers in cafés need to behave in such a way that café owners do not deny them access. This means an unspoken behaviour code was complied with in order to retain an informal selling ‘license’.⁵ In that way, informal street selling as an informal market is in part self-regulated by its main participants. In case sellers do not make specific arrangements, market principles drive them to organise themselves to maximise success, for instance, not being active in each other’s near surroundings or determining competitive prices. This type of self-regulation does not only influence individual informal sellers, but also affects the market of informal street selling. A reason for this self-regulation could be the absence of or non-compliance with state regulation in these matters. Firstly, informal sellers did not comply with the existing state regulation; otherwise they would not be defined or considered as informal. Informal sellers did not have a fixed spot in a market to sell their products and thus needed to create their own system in order for

⁵License is put between inverted commas here as it refers to a purely informal agreement in this context, not a written piece of paper.

the business to take place in an orderly fashion. Secondly, some matters are not regulated by the state, even if sellers comply with the existing regulation. An example is the determination of the products' prices: the state does not interfere with this, as this is usually determined by market principles such as demand and supply or competition. In short, informal sellers did not comply with state regulation and hence worked informally, but to a certain extent some established their own rules.

Self-regulation at sector level is one level up in the pyramidal structure. According to the economic inspectorate, regulation resulting from negotiation between employers' federation(s) and employees' federation(s) is limited in this market given the predominance of self-employed sellers. However, traders could indirectly influence governmental regulation thanks to the advisory function of the Board for the Independent and SMEs.⁶ As illustrated above, self-regulation of informal street sellers among themselves could also be seen as a type of self-regulation at sector level as this influences the informal market as a whole.

The third level entails governmental regulation at the local level. This mainly entails the practical organisation of the ambulatory trade, such as the allocation of market stalls, days and hours on which public space can be occupied. This is regulated by the local municipality or by the private organiser of the market (in the case of a private market), albeit taking the federal regulations into account. This decentralisation of regulation to the level of the city/community was stimulated in order to create a local trade which is tuned to local needs (FOD Economie 2006). To help local governments establish communal regulatory codes on ambulatory trade, the Flemish Association of Cities and Municipalities has developed model regulations that can easily be adapted by cities and municipalities. These local stipulations need to be in line with federal regulations, which are visualised in the upper part of Fig. 4.1. According to the federal regulation on ambulatory activities, formal selling can be executed in public markets, private markets and public spaces such as roads, places adjacent to public roads and commercial parking lots insofar as the organisation of

⁶ *Hoge Raad voor de Zelfstandigen en KMO's*. In fact, this Board is divided into several sectorial commissions such as activities in agriculture and horticulture, the hotel and catering industry, tourism, and recreation.

these activities has been approved by the host municipality. Furthermore, sellers need authorisation for ambulatory trade granted by services of the Crossroad Banks of Enterprises.⁷

It could be hypothesised that the national regulation, as was also suggested for seasonal work, serves to ensure a fair economic trade. Some support for this hypothesis is found in the fact that the national law on ambulatory trade was adapted in 2006, partly in order to facilitate inspections on markets, to combat fraud with invalid/forged licenses⁸ and to guarantee the economic interests of consumers, SMEs and the self-employed. Furthermore, the law aims to create a balance between the interests of different stakeholders (e.g., ambulant traders, fixed traders, community life, consumers and communal organisations) (FOD Economie 2006). As such, protecting economic interests and tackling informality could be seen as significant intentions of the law. The regulation mainly targets employers and/or self-employed sellers (e.g., authorisation to conduct ambulatory trade, practical issues regarding the organisation of stalls).

Enforcement of the Regulation: Inspections and Sanctions

Many public and private enforcement actors are involved in the policing of street trade, which implies the presence of plural policing (Jones and Newburn 2006a) (see Table 4.1). Enforcement of the specific ambulatory trade regulation is the responsibility of the police, the economic inspectorate and the organisers of the markets. In this respect, the private market organiser hires private security ('manned guarding', van Steden and Huberts 2006, 19, or 'manned or staffed services', Wakefield 2003, xxi, as a type of commercial security) and has installed CCTV ('technical

⁷This is a database hosting identification data of enterprises.

⁸In 2012, about one-fifth of the licenses in circulation were found to be invalid, as holders continued ambulatory activities without paying taxes and social security contributions. In order to tackle this, the law was adapted: as from 1 April 2013, paper licenses were exchanged for electronic licenses that are less easy to forge and more easy to control in real time.

Table 4.1 Summary of enforcement in the case of street selling

Actors	Main focus	Official priority?	Target?	Ownership case?
Police	Public order/safety	No	Employers, self-employed, customers	No
Economic inspectorate	Ambulatory trade, counterfeit	No	Employers, self-employed, employees	No
Organisers market	Ambulatory trade	Yes	Employers, self-employed	No
Social inspectorate	Ambulatory trade	No	Employers	No
Customs	Counterfeit	No	Employers, self-employed	No
Private security	Counterfeit, ambulatory trade, public order/safety	Not fully	Employers, self-employed, employees	No

equipment services', van Steden and Huberts 2006, 21, or 'security hardware industry', Wakefield 2003, xxi, as a type of commercial security) to keep informal sellers out of the market and to detect small crime (e.g., pickpocketing). Given the limited public police patrols in the private market for these goals,⁹ the private owners of the market have turned to private policing in order to protect their business. A proper arrangement of the market is furthermore endeavoured by employing parking controllers (cashing parking money), market controllers (verifying the correct emplacement of stallholders and cashing their placement fee) and waste controllers. This finding is in line with Wakefield (2003, 56) stating that 'the expansion of mass private property has already placed large areas that form sites of public life under the control of private security'.

Given the nature of the activities, additional public enforcers are active in controlling the Brussels street trade such as the social inspectorate (verifying employees' credentials). The sale of counterfeit goods (see *infra*)

⁹ These patrols are more focused on ensuring security (reassuring the public, Wakefield 2003, 53) than on law enforcement (enforcement of law related to street selling).

falls within the scope of the police and economic inspectorate. In terms of detection, however, neither of these actors gives high priority to street selling of counterfeit items. What is more, the police are rather tolerant of street selling, especially in the Brussels South area. Although most police forces have a special unit which works to detect counterfeiting, in general, local authorities are more concerned with social disorder and infractions directly threatening physical harm rather than counterfeiting. One enforcer said:

I mean, I'm gonna buy a Dolce and Gabbana T-shirt, you're not gonna feel attacked by that. You're not afraid. I'm not gonna beat you. You're not attacked. So, the feeling of insecurity, produced by counterfeiting, there's no feeling of insecurity, hey. But if I come to steal from you or beat you or steal your purse, that's a feeling of insecurity. So, you personally will be hurt. Then it becomes a priority. But the counterfeit Dolce and Gabbana or Louis Vuitton or whatever that I'm gonna buy, how does it hurt you? No hey... That doesn't have an impact on people. And politically, it hasn't got an impact. (enforcer, 4 December 2012)

Furthermore, enforcers claim informal street selling is seldom prosecuted in Brussels¹⁰ owing to the high workload of the public prosecutor, the small number of complaints by (informal) employees and the lack of physical harm. Only in serious cases (e.g., multi-recidivists, human trafficking, employment of four or more illegal workers) does prosecution take place. Whether or not sellers of counterfeit products are prosecuted is believed to depend on the workload of the prosecutor. In order to avoid people feeling they can act with impunity, other consequences are linked to infractions such as administrative fines, confiscation and voluntary renunciation of goods.

In terms of private industry, however, counterfeiting and piracy can have serious financial implications. With regard to counterfeiting, brand holders can join organisations that organise the detection

¹⁰ Statistics from the Public Prosecutor, indicating the number of files in relation to street selling, reveal an incomplete picture, which is why they are not included in this chapter. They do, however, allow us to conclude that dismissal is by far the most frequent decision taken by the Public Prosecutor in such cases.

of counterfeit products (e.g., by hiring private detectives who execute investigative functions for private companies [Jones and Newburn 2006b; van Steden and Huberts 2006]). In the case on street selling, their job mainly constitutes the gathering of information, which is subsequently handed over to the brand holder or to the police who can execute further investigations. In this respect, the relation between public policing agents and private detectives is characterised by a co-operative relationship (Jones and Newburn 2006b). This takes on the form of *operational* cooperation (i.e., actual contribution in research activities of one another) and *offering advice* (i.e., giving advice and background information on goods and services that can be useful for investigation) (Mulkers 2002). The tobacco industry also hires private detectives to gather information in order to hand it over to public authorities. Likewise, private detectives work for the music industry, focusing on the identification of the sources of piracy. Notably, although detection of piracy and counterfeiting is important for the private industry, the focus is not necessarily on street sellers. While some brand holders adopt a zero-tolerance policy, starting a civil court procedure for each counterfeit item seized, others only take action when a predetermined minimum amount is detected. Accordingly, informal sellers do not face frequent or high risks from this enforcement scope.

The presence of private policing actors, in addition to public actors, is explained in public policing literature by several changes in the structure of formal social control, offering a more extensive role for private security personnel in public social life (Mulkers 2002; Wakefield 2003). At least in Britain, this is related to an increasing demand for greater security in a climate of declining faith in the police's ability to prevent crime. In this respect, private policing can be implemented in the public sector in order to decrease perceived anti-social conduct in these spaces (Wakefield 2003). But in the case of informal street selling, private policing agents seem to be brought into action not only to this end. In addition to providing a sense of security, private agents are hired and private security is installed to protect private business and its interests: the correct and honest execution of the market in order not to scare off clients and stallholders, tackling of unfair competition for brands by searching for the origin of counterfeiting. It is unclear which intention has the most weight, but

the private policing agents are clearly focused on both ensuring the security of the public and on protecting the interests of the private businesses. To this latter goal, there is a form of cooperation between public and private agents, in the form of information exchange.

This case clearly received less attention from the government (*laissez-faire* approach; Williams and Lansky 2013, 366; Williams, Nadin and Rodgers 2012, 528) than seasonal work (see Chap. 3). The limited targeted actions towards informal street selling are remarkable for two reasons. First of all, the activities were highly visible and concentrated in areas known to public enforcers. As such, enforcers clearly knew where (informal) street selling took place and where they thus needed to be in order to execute inspections. In this respect, one could argue that informal traders received an 'informal licence to trade' (Gill 2002, 536) in the sense that they could often continue their activities without being bothered. Secondly, in comparison to seasonal work (see Chap. 3) and prostitution (see Chap. 5), it is the only case in which so many different enforcement actors are responsible for checking compliance with the regulation. It is also the only case in which private policing was present. I have observed regular police presence but the police actions were more focused on ensuring security (administrative task) than on law enforcement (judicial task). Inspectorate services did not offer their prior attention to street sales, which they justified by referring to other sectors that (according to them) required more monitoring as they were assumed to be more associated with (serious) informality (e.g., construction). The lack of priority given to street selling must therefore also be seen in the distribution of limited state capacity to enforce all regulation (Gill 2002).

Importantly, although the local police and the economic inspectorate service had a special unit focusing on counterfeiting, detection of street sale of counterfeit products appeared not to be a priority for these services. They did check street sales, but also focused on other ways to sell counterfeit products (e.g., night-shops) and geographical areas other than Brussels South. Although counterfeiting and piracy can result in important economic losses for the private industry, private actors did not necessarily focus on street sellers either (but rather on the origin of counterfeit products).

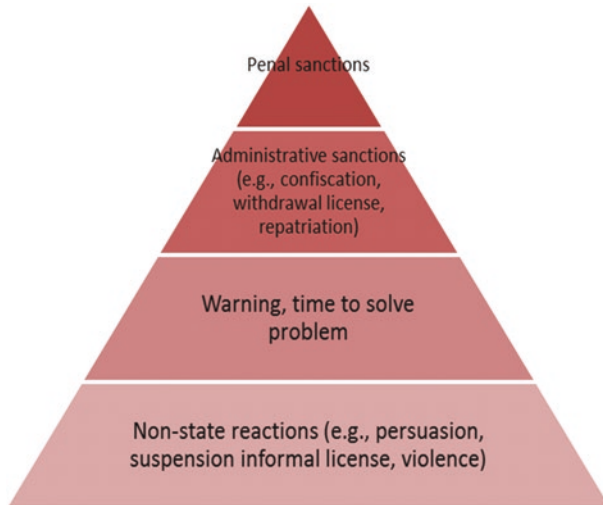


Fig. 4.2 The sanction pyramid for street selling

Nevertheless, inspections did take place. They were focused on employers, the self-employed and employees. As in the case of seasonal work, employers and self-employed were more at risk for sanctions as inspections often targeted them (in comparison to employees). The possible sanctions are depicted in Fig. 4.2.

The enforcement of the self-regulatory stipulations (both at individual and sector level) was in the hands of the market players: sellers usually use dialogue to persuade each other to comply. In some cases, for instance in the informal car business, violence was also used. As Gill (2002) argues, using violence can be bad for business, which is why trust and chasing people off might be the preferred option in illicit markets. However, it is not clear if violence only occurred when softer methods had failed (as suggested by the sanction pyramid) or if violence occurred relatively routinely in the informal car business. In the case of sales in cafés, sellers risked owners prohibiting them from entering their premises, which comes down to losing their informal ‘license’ to sell in these places. The other levels of the sanction pyramid were similar to the ones described in the case of seasonal work. However, additional administrative sanctions—originating from the ambulatory trade regulation—were possible,

such as withdrawing selling licenses and confiscating goods when selling without license. Moreover, independent sellers who did not join a social security fund were—if this was detected—declared in default and needed to pay overdue contributions. Prosecution, which could lead to criminal sanctions, was rather rare.

Partly as a result of the *laissez-faire* approach, informal activities were highly present in Brussels' street sales.

More Insights Into the Types and Nature of Informal Street Selling

Informal street selling not only took place within the area of the formal markets but also outside them. In regard to links with the formal markets, two types of informality are discernible: (1) informal selling in the formal markets and (2) informal selling outside the market domain, but during market hours. The 'independent' informal street trade takes place on the street, and also in cafés.

Informality Within Formal Markets

Four subtypes are discernible of which illegal (and thus non-declared) employment is the first. This can take two main forms: (1) employment of people permitted to reside legally in the country but not permitted to work or (2) employment of people not authorised to stay (and thus work) in Belgium. Different tasks, reflecting different degrees of responsibility, are performed, ranging from getting a coffee for an employer to helping with the supply of the stands and selling the merchandise. The smaller jobs done by migrants, who offer their services here and there during the setting-up of the market, are usually not performed on a regular basis and do not offer a fixed 'salary'. Sale of merchandise by illegal migrants takes place on a regular basis.

Second, undeclared labour by employees authorised to stay and work in the country is assumed to occur by some respondents. For example, a regulator states:

I think that is the order of the day. Especially here, the foreigners, they always have an uncle, a brother, a cousin who coincidentally came along to help. So these men, they are not declared. Because in some stalls there are five, six persons. If he has to declare and pay for all of them, that can't be profitable. (regulator, 15 June 2016)

Sometimes, these employees receive social benefits, thus committing social benefit fraud. However, it is not just employees who fail to declare their activities. According to an enforcer, stallholders are equally guilty of social fraud since they sometimes make use of forged authorisations.

Third, sellers without authorisation for ambulatory trade infiltrate the markets and blend in with the formal sellers. Two subtypes are present: (1) people walking around the market trying to sell goods (e.g., smartphones, watches, phone cards, bread, toys) and (2) people who adopt more or less fixed places between the established, formal stands. The former occurs in both markets, whereas the latter mostly occurs in the public market. Between the formal stands of the public market, informal sellers display counterfeit perfumes, clothing and sunglasses on the ground. Although their exact position might change from week to week, they always settle in the same row. Selling techniques vary from showing the merchandise (subtype 1) to loudly praising the reasonable price of the perfumes (subtype 2).

Lastly, counterfeit goods are sold in some formal stalls in the private market. Popular items are handbags (Gucci, Vuitton, and Prada), Burberry watches, clothing (hats, T-shirts) and beauty products.

Informality Outside the Private Market

In addition to bread and telephone cards, counterfeit goods (e.g., Vuitton handbags and wallets, Guess T-shirts, Dior perfumes) are sold outside the side entrance. It is notable that the sellers are not active on Sundays because of the presence of police regulating the traffic. This is deemed necessary given the huge number of visitors attracted by the market on Sundays. Although the police are there to regulate the traffic instead of controlling sellers, the latter do not perform their informal activities right

in front of the police. On Fridays and Saturdays, the sellers risk patrols, which is why they all keep an eye out for potential enforcers. Our interviews suggest that the seller who first sees an enforcer whistles, resulting in the rest quickly collecting their goods and running away to the subway station or the nearby square. The perfumes are assumed by enforcers to originate from China or Turkey. They sell for ten euros, yielding a profit of five to seven euros per bottle. In order not to compete too much with each other, sellers report making arrangements regarding the selling price. Sellers buy these perfumes from intermediates (arrangements are made by phone so that street vendors cannot identify the supply depot), who buy the goods in large quantities from importers in Antwerp or Ostend. In order to reduce risk, communications are done by mobile phone instead of in person. In this way, suppliers avoid being identified by street sellers, who thus cannot give information on their suppliers or their stocking place to enforcers.

Outside the main entrance of the market, between shops/cafés and parking spaces, people wander around on weekends to sell different goods (e.g., sunglasses, smartphones, discs). On Fridays, Saturdays and Sundays, cigarette sellers offer their products in a rather subtle manner (by gently saying 'cigarettes, cigarettes?'). On Sundays, the number of sellers can be as high as 25, but this number is significantly lower on Fridays. This difference is related to the number of clients, which is higher on the weekend. Two main groups of sellers are discernible, each working on their own territory: Polish and Romanian sellers work at the top of the market (in front of the East European shops), whereas North African sellers conduct their business further down. This is in line with Shapland's (2003) statement that opportunities have been taken by particular groups, to which entry is difficult. Interestingly, East European sellers are not present on Fridays. North African sellers work on the three market days, irrespective of the weather.

Common to both groups of sellers is their adaptation to inspections by enforcers; in order to minimise the financial setback of confiscation, they do not carry cigarettes on their person (see also Coletto 2010). Accordingly, enforcers cannot prove they are selling cigarettes and thus cannot confiscate them. Instead, the cigarettes are hidden in the near surroundings: in shopping bags between or in parked vans, in neighbouring

houses or in shops. The formal businesses employed as storage places in this trade are largely assumed to be aware of the practice. Although no direct proof is available, some experts believe the legal business receives a (financial) reward for its involvement. Some sellers work with messengers who guard the stock and bring the cigarettes when the sellers need to be supplied. Not all sellers employ messengers and the ones who do mainly make use of their services on busy Sundays. In addition to these messengers, 'observers' are believed by one enforcer to be on the lookout for enforcers, although this was denied by one seller. Although cigarettes are offered per carton, they can also be bought singly or per pack. Larger quantities are not sold at the market itself, but orders can be placed there, just as they can be placed over the phone. The price per carton ranges between €20 and €25, depending on the brand. Sellers do not always have all the usual brands in stock; their trade depends on what their suppliers can sell them. At the market, illicit whites (e.g., Viceroy), counterfeit (e.g., Marlboro) and contraband¹¹ (e.g., L&M) cigarettes are sold.

'Independent' Informal Selling

In the street opposite the private market, a specific type of informal street business exists, linked to car import-export companies. One of the main activities is the purchase of cars intended for resale and export to Africa. Usually, the cars, sometimes wrecks according to Western standards, are filled with different goods such as old TVs, mattresses or car parts, which are sold in Africa. On arrival, these cars are either still used as a means of transportation or cannibalised and their parts used to repair other cars. A seller explained that people on the street execute different activities such as making contact with car traders, negotiating prices, searching for specific car parts, selling stolen car items, servicing cars, cannibalising cars and cleaning cars. The people involved originate mainly from Niger, Guinea, Nigeria and Senegal. One seller explained that sellers of the same nationality group together. According to him, difficulties can arise within

¹¹ Illicit whites are produced legally for tax-free sale in a market where they are not sold legally. Contraband cigarettes are smuggled but are original brands.

groups (e.g., delivering wrong goods, not paying on time), which are sorted out internally, sometimes with the use of violence.

Less visible is the sale of goods in cafés in the area of Brussels South. Although this type of selling exceeds the geographical boundaries of the case, the city centre is avoided because of additional difficulties linked to the presence of tourists (e.g., more café owners refusing entrance to sellers, more controls). Goods such as clothes, watches, gadgets and discs are widely sold in cafés, implying serious competition between sellers. One clothes seller, however, did not perceive other sellers as competition, given the quick rotation of clients in cafés. Most sellers have regular cafés and regular clients. The preference for cafés owned and visited by immigrant people is explained as follows:

Ah, it is really another world. So, it is a Moroccan café, I mean the owner is of Moroccan origin. A lot of Moroccans drink tea. Someone comes, even someone from black Africa or the Eastern Bloc, and he comes to sell something. They are not astonished, they are not shocked. Why? For two reasons: they know that this man has no, erm, that it is his income. But also, in his home country it is a [customary] method of trade. (social worker, 9 July 2012).

According to a social worker, clothes sellers can pay their suppliers (e.g., Pakistani wholesalers) later in case they do not possess the necessary capital to buy their merchandise (insofar as the seller-supplier relationship is characterised by a certain level of trust). Another option is to buy the clothes in a market, where it is not necessary to buy in large quantities.

Discs (mostly of films, but sometimes also music) are sold by sellers of different nationalities (e.g., Nigerian, Kenyan, Moroccan, Guinean, and Congolese). One enforcer assumed the market for this type of trade was significantly decreasing given the expanding opportunities for individuals to watch films (e.g., digital TV) or listen to music (e.g., legal and illegal downloads). Nevertheless, for the poor population it might remain an attractive market if they cannot afford digital TV or the internet. Albeit quite uniform, the method of working shows some small differences. Some sellers display discs on tables, walk around the café, return to tables to probe interest in purchase. After that, all discs are collected. Others

however show their discs per table and stay at the table while clients study the deal. Sellers work nearly every day. According to some respondents, pirated discs are also sold in video shops. These shops are believed to fabricate their own copies in order to survive given the high competition of the internet. One former disc seller even believes video shops send sellers out on the streets as well.

The sale of discs in cafés (referred to as ‘peddling’ by Antonopoulos et al. 2011) is characterised by several degrees of professionalisation. Large-scale dealers (originating from Sierra Leone, Guinea and Kenya), using sophisticated machinery, employ many sellers who are subject to different payment modalities: (1) income depends upon the number of discs sold; (2) no wage is paid, but free board and lodging are offered; and (3) fixed day/month salary (approximately €150/month). Additionally, a seller explained that small-scale dealers work with less sophisticated machinery, which is also used by those who have enough capital to buy a duplicating machine in order to copy discs. On the other hand, some suppliers frequent the cafés and streets to sell:

Yeah, you have to. You give to people, you wait for your money, but sometimes you have to wait a long time for your money. And then people disappear because they are arrested... It has its risks. It's really survival, it's not erm... Yeah, it is big business and you can earn a living out of it but it's always a cat-and-mouse game with the police, eh. (social worker, 25 September 2012)

Choosing Informal Street Trade: Profile, Organisation and Motives of Sellers

The Sellers

The interviewed street sellers were of different nationalities: Moroccan, Polish, Mauritanian, Nigerian, Tunisian, Senegalese, and Belgian. The majority of them were illegal, although in the course of the research one seller was notified that he could stay permanently in Belgium. Of the six sellers who resided legally in the country, two still had a regularisation

application¹² running. Only one respondent was a formal, registered seller; the other 17 were informal sellers.

This sample cannot be taken as representative of the whole sector. Notwithstanding this, all respondents indicated that informal street selling is mostly executed by migrants (non-autochthonous people). Despite the high number of ‘illegal’ people participating in this type of activity, informal street trade is not exclusively the domain of people residing illegally in the country. For instance, legal residents in search of extra income (partly owing to the economic crisis) are equally involved in this business. Nearly all informal sellers are male, although some exceptions exist such as female East European cigarette sellers.

Starting the Business

The results offer support for Shapland’s (2012, 428) statement that ‘just as the formal economy has many barriers to entry for new entrants (need for experience, formal training certificates etc.), so does the informal economy (skills, experience, contacts)’. Social capital is of crucial importance in starting as an informal seller. In line with Bourdieu (1986) and Leerkes et al. (2006), social capital is described as the ability to mobilise resources (money, employment, housing, information, documents) from ethnic and familial networks. Especially for illegal people, friends, family or acquaintances play a crucial role in making contact with potential employers (both in markets and outside, e.g., in construction sector) or other sellers, which is confirmed by empirical research on survival strategies of illegal people in Belgium (Devillé 2006; van Meeteren et al. 2009). If they are successful, they can continue. One intermediate put it as follows:

It’s all about the money, they are just surviving. But it’s a real network, because newcomers see that, they just accompany a friend who is doing that with another friend. He sees that: ah, what is it? That’s the way it goes. But they’re not gonna do that with just anybody. (social worker, 25 September 2012)

¹² Regularisation is one method of receiving a residence permit.

Occasionally, sellers start on their own by asking established sellers what they need to do or whom they need to contact. After initial contacts in the car business, a newcomer needs to be tested for trustworthiness by completing a sort of internship. With regard to disc sellers, experienced sellers or dealers would test people (who they perceive are in need of money) by giving them some discs to sell. Regarding selling in cafés, the interviews suggest that if problems arise, the newcomer is not welcome anymore. This finding indicates that sellers partly rely on the goodwill of café-holders.

In addition to social capital, money, as a result of economic capital (Bourdieu 1986), is a prerequisite. For instance, cigarette sellers need to buy their merchandise in advance, which can require a start-up capital of €6000 or €7000. There are two reasons for this amount of capital: (1) a seller wants to buy several brands to reach more clients and (2) sellers cannot buy small quantities of cigarettes. First, suppliers would not sell limited quantities, and second, since not all brands are available at all times, some sellers build up a reserve of certain brands. In order to copy discs, one needs a minimum of about €100 to €200 for the purchase of a computer, duplicating machine, blank discs, cover sleeves and a little bag to store the discs. Of course, more expensive machinery exists for copying discs, but less advanced machinery also does the trick. If sellers do not have this kind of start-up capital, they can sell discs for dealers and receive a commission or—as is the case for clothes, for example—they can pay for their goods after they have sold them. Thus, economic capital is less important than social capital.

Specialisation, Organisation of Work and Income

With the exception of the sale of cigarettes, no consensus exists on specialisation. Some sellers and intermediaries argued that sellers stick to one type of good, while others sell different types of goods in order to increase their income (e.g., belts and perfumes). Some sellers said they could sell different types of goods, but chose not to since they had a fixed clientele and some expertise in their business. Selling different goods would thus require an extra investment in those two areas.

The number of days and hours sellers work varies, partly depending on the type of goods sold and the location. Cigarette sellers work from approximately eight or nine in the morning to three or four in the afternoon. The North African sellers work there three days a week and search for other (informal) jobs during the week (mainly in construction or in markets), whereas the East European sellers do not work on Fridays (some don't work on Saturdays either). Despite the application of the same sale prices, one seller claimed no price arrangements are discussed between sellers, but that experience has resulted in similar prices. In line with Bromley (2000), the interrelations between the sellers are characterised by both competition and support, although the latter is usually reserved for members of the same (religious) background. Each seller has regular clients and additionally approaches potential clients on the pavement. Since no formal arrangements exist between the sellers with regard to clients (except the above-mentioned territoriality), fights occasionally break out over clients:

Me, I never fight. Never. But I see how people do it. For one client, for four euros, they fight. Because they need the money. They need it. (street seller, 24 August 2012)

Like cigarette sellers, other sellers who work in the surroundings of the markets adopt the latter's opening hours. Sellers in cafés on the other hand usually start after office hours, when clients start going to cafés. Their daily activities are diverse (e.g., going to school, buying merchandise, resting, searching for a job).

The income from street selling depends on the type of goods and external factors such as the number of clients and the weather. Illegal people selling in markets earn between €25 and €40 a day (implying over 12 hours of labour). As one intermediate said:

They won't exactly make a fortune. And it is extremely precarious, of course. But for people it is really a way to make ends meet, hoping to find housing and some food. (social worker, 21 September 2012)

The wage for odd jobs in markets is usually not agreed upon before the start since sellers do not want to be perceived by employers as 'difficult'

or 'making a lot of demands' (street seller, 17 December 2012). Sellers receive what stallholders wish to give that day, which varies between two and ten euros (sometimes people are paid in kind). Complaints from workers are rare, because they need all the money they can get. The profit of cigarette sellers varies between one and four euros per carton sold, according to the brand and the number of cigarettes purchased (lower in the case of a large purchase). Income is higher on the weekend but differs between sellers: from €20 to €80 on Fridays and from €60 to €400 on Sundays. Messengers are given some money at the end of the day, depending on the earnings of the seller they are working for. Sellers of phone cards claim benefits vary between half a euro and one euro per card sold, depending on the type of card. Again, during weekends and public holidays, more cards are sold because of the larger market.

The majority of the sellers claimed their income from street selling is enough to survive, that is, to pay for rent, food, clothing and a cup of coffee once in a while. Of course, some sellers do not execute their activities solely within the geographical boundaries of the case study. Young males often share a studio in order to reduce the rent, whereas others live in squats. If their income is not sufficient, other solutions are sought, such as borrowing money from friends, voluntary work, stealing (only one seller admitted his friends tend to steal), reliance on social aid and/or other informal jobs (e.g., moving, construction, odd jobs). These jobs, which are often desired, are not easy to obtain for two reasons: (1) demand outstrips supply and (2) employers often recruit people they know they can trust, given the fact that, in construction for instance, the workers have to handle expensive materials. All in all, sellers' total income is either totally informal or a combination of formal and informal sources.

Why Informal Street Selling?

Survival was uniformly acknowledged to be the main reason for starting informal street trade. In many cases, informal sellers are not permitted to reside and/or work legally in the country. Accordingly, because of the lack of viable (income) alternatives, informal street trade is opted for with the intention to meet basic needs:

But yeah, it's just a survival strategy. Also, rent is always high here. So, in order to apply for papers, you need an address. In order to have an address, you need to pay. In order to pay, you need a job, well yeah a job or you work on the side or you know, then they know someone from their country who's selling discs and who's going to cafés to sell discs at three euro, five euro. (social worker, 25 September 2012)

Many people who work undeclared are people who are not officially resident, illegal people, so they cannot do otherwise than work undeclared. (enforcer, 29 June 2012)

Informal street selling is often done by migrants staying illegally who have no other formal means of income. As they are not allowed to stay and work in the country, they are not eligible for a formal job or benefits/allowances. Thus, facing barriers to formalisation and a lack of alternative opportunities (which reflect a dualist and structuralist explanation of the informal economy), informal channels—such as informal street selling, other informal jobs or borrowing from friends and acquaintances—are their only option. As Saitta (2013, 2) points out, this case illustrates that the informal economy indicates the incapacity, or the lack of will, of the state to include certain classes of citizens in its sphere of influence and protection. Importantly, whereas the lack of official papers can be understood as a reason to start informal selling, a social worker argues that even when people have residence and work permits some continue their activities partly because they cannot meet formal work criteria (e.g., language skills, qualifications). In other words, the informal economy seems less demanding than the formal economy (Shapland 2012). For instance, practical experience is usually not enough to get a formal job; certificates are equally required:

And it is very... I think that informal economy is so popular because it's so hard to go formal. Who wants someone who doesn't speak Dutch or French well, or who's 40 or 50 years old? (social worker, 24 August 2012)

Additionally, informal street selling can supplement insufficient income (be it from social benefit or from formal or informal labour):

Many people do that to have an additional income. Their goal is not to earn billions and billions and billions ... it's more to improve their daily

life, you see. So, they tell themselves: 'Oh well, it doesn't hurt anyone, I don't steal, anyway, I'm not gonna take your purse, I'm not gonna steal food, I'm just doing a little business that's harming no one. And I don't harm the brands why? Because they have enough money'. Yes okay, but still, you don't have to overdo it. The law is there for everybody. (enforcer, 4 December 2012)

Interestingly, the decision to sell on the streets, in comparison with other informal business, can be a result of the reflection of standard economic activities in the home country of sellers. Remarkably, some sellers preferred to work as an 'independent' seller than as an employee in a market since the latter makes them feel exploited:

They don't have papers, you see? So, if they don't work, what will they do to pay rent and all? Otherwise they will sleep outside. For instance, if you work with people on the market, you'll earn €25 and have to be at the market at four in the morning until five in the evening. So €25, I don't think this is right. You see? Because people here take advantage of people without papers. (street seller, 1 December 2012)

One seller quit his market activity and started as an independent seller for this reason. On the other hand, some sellers did not quit their informal job since they need the money (notwithstanding that they are aware they are underpaid):

I can put up with being exploited because I want to eat, I don't want to sleep in the streets. (street seller, 17 December 2012)

In line with previous research on migrant entrepreneurial activities in Greece (Lazaridis and Koumandraki 2003), the preference for self-employment can equally be prompted by psychological advantages such as experienced freedom and the wish not to get employers into trouble. In addition, the lack of representation of (informal) street sellers and their limited organisational power may also explain their lack of rebellion. Sellers found the work hard and preferred to do other work (e.g., work for which they are actually qualified). Notably, most street sellers did not call their activities a job, but referred to it as 'temporary aid' (street seller, 17 December 2012)

or 'a defence' (street seller, 21 September 2012) (the latter referring to the police being able to confiscate goods). They did not refer to it as a regular job, given the fact that it entails a long-term legal contract (they were well aware of the fact that their activities are not legal).

Furthermore, most street traders interviewed acknowledged the non-legal aspect of their income-earning activities, but perceived it as a better alternative than stealing or selling drugs, albeit for different reasons. For instance, one seller preferred not to sell cigarettes for religious reasons:

Cigarettes? I don't do cigarettes. No, it's 'haram', it's not good. It's selling poison to others. (street seller, 21 September 2012)

Another seller did not wish to steal or sell drugs because of the risk of a higher prison sentence:

You're going to steal or something and one day or another they're going to catch you. If you sell drugs too, one day or another they're going to catch you. You'll go to prison, I don't like that. We're already in a prison. (street seller, 24 August 2012)

Another seller stressed he wanted to do something to earn money:

I'm obliged to do anything to make a living. I have my mother, she needs money in Morocco. Here, I have a house, I need to pay for it. I don't have social welfare, I don't have an unemployment allowance, so what would I do? Better to steal or what? I prefer to work like that, I sell cigarettes. I'd sell anything, but I don't steal. I don't have a habit of stealing. Now I feel I'm working, you see. I work, I don't do something bad. (street seller, 1 December 2012)

Another seller put it like this:

I'm not a criminal, I'm not a seller of drugs, I'm not a thief, nothing like that. I'm a man who wants to live like everybody else. (street seller, 23 October 2012)

The idea of informal street trade (even when counterfeit goods are sold) as a better alternative than stealing (or other crimes) (Sassen 1994) was

shared by some intermediates and enforcers, who pointed to the lack of physical harm or lack of feelings of insecurity this offers:

Ow they don't have another choice eh. What do they have to do otherwise? It's still better than stealing eh. Come on, in the end, they do something, they sell something eh. They do not steal. (social worker, 25 September 2012)

Strikingly, one enforcer even labelled the illegal employment in markets as a form of solidarity, characteristic of Islam.

Hiring informal street sellers to help at market stalls was mainly explained by the wish or even need to reduce labour costs in view of the competition, thus reflecting a structuralist perspective. Only a minority of employers was believed by experts to hire informally in order to avoid administrative burdens.

As in previous research, barriers to formalisation (Alderslade et al. 2006) and lack of alternative opportunities (Lazaridis and Koumandraki 2003) are important in understanding why people turn to the informal economy, in this case informal street selling, reflecting a structuralist explanation of informal entrepreneurship (Williams et al. 2012). Furthermore, in a way, street selling is a 'logical' option since it requires relatively few competences (e.g., language or professional skills), is relatively accessible (given its high visibility and its execution by peers) and is for many migrant sellers a habitual method of income generation (similar to behaviour in their home country) (Saitta 2013). Furthermore, this activity leans very closely to the legal trade, both for sellers and for customers. This however does not detract from the precarious position of street sellers given their working conditions (long hours, all weathers, unpredictable clients, the susceptibility to controls) and the illegal status of many sellers. Their livelihood is characterised by a high degree of uncertainty. These findings indicate that informal economic activity is not solely driven by the desire of employees to circumvent regulations and financial (social and tax) contributions. Moreover, they reflect the strength of people (e.g., flexibility, agency), who survive in precarious circumstances, partly thanks to the entrepreneurial skills reflected in their street-selling activities. For people residing legally in the country, this

survival function is less dominant (they have more easily access to welfare), although it still fulfils the function of income generation. Experts did believe that 'legal' sellers on market stalls worked informally in order to avoid their income from an allowance to be adapted and in order to avoid having to pay taxes. Thus, their activities can also be explained by the structuralist and neoliberal theoretisations on informal entrepreneurship (Williams et al. 2012). Here too, accessibility and few requirements in terms of conditions to start up a street business played an important role in the selection of this type of informal work.

Influence of the Policy

In contrast with the first case, the case-specific regulation did not appear to have a great influence on informality. In part, this can be explained by the fact that it was not often enforced (targeted inspections were not very frequent), which is another point of difference from the first case study. It is therefore not surprising that the enforcement side of the case-specific regulation hardly deterred people from informal selling. This did not rule out inspections being feared by sellers, as they could lead to confiscation of goods, which most sellers interviewed have already been subject to (one seller losing up to €4000 in two years). However, due to a lack of viable alternatives for income generation, the enforcement side hardly deterred (illegal) sellers from informal selling and the activities could be seen as a perceived risk. Furthermore, some sellers adapted their behaviour in reaction to inspections (e.g., carrying fewer cigarettes; lying about nationality) (Gill 2002), which could be perceived as an unwanted result of enforcement. As the actions of private detectives, hired by legal producers, hardly influenced the sellers themselves, they had little deterrent influence either. Also, in the case of inspections by public enforcers, informal sellers could invent stories regarding their presence in a market stall or could simply run away. The latter was also the case for seasonal workers, so that cannot count as a full explanation for the confined deterrent influence of inspections.

What other differences were there then between seasonal workers and street sellers? The seasonal workers in my study had to a greater extent other possibilities to gain income (in Belgium and abroad), so they were

less dependent on seasonal work for their basic income. Also, social and ethnic bonds were important to explain why people turned to street selling. I have identified different groups of sellers (e.g., North African sellers, black African sellers) who lived and worked in their niche/community. In these specific communities, street selling was an essential part of everyday life. This again was less the case in seasonal work. Not only were there more different groups of seasonal workers (cf., four sub-groups), but seasonal work did not make such an essential part of their lives partly because of its temporary nature. Seasonal labour is by definition temporary, which implies that seasonal workers usually have other means of income during periods they do not work as seasonal workers. This was not the case for street selling. Street selling was less temporary: many sellers had no other income alternatives and thus they needed to continue their activities in order to earn a living.

In addition to confiscation, some sellers also feared repatriation even though in practice, forced repatriation was perceived by sellers, enforcers and intermediates to be rare.¹³ The flaws in the enforcement of the migration policy in this case are mainly visible in the deficient tracing and repatriation of migrants of third countries¹⁴ in illegal stay. Theoretically, when arrested, migrants in illegal stay receive an order to leave the country (the date by which they should leave is mentioned on the order). In most cases, these migrants are encouraged to leave the country independently.¹⁵ Migrants can organise their return with their own financial resources

¹³ Statistics regarding repatriations in the Brussels region were sought, but the Immigration Office was not able to provide them on that level. Statistics are only available on the federal level. Since migrants in illegal stay have no *official* place of residence (because they are in illegal stay), it is not possible for the Immigration Office to associate an illegal migrant with a certain municipality/city/region. Therefore, I cannot confirm this perception with statistics.

¹⁴ Third countries are all countries but the EU-27 countries (CGKR 2013). I focus on these countries since most migrants in the case originate from these countries (except the East European cigarette sellers).

¹⁵ In theory, the mayor or his proxy needs to verify—after the term to leave the country has elapsed—if the migrant has left the country by controlling his address. Furthermore, the mayor or his proxy is required to urge the police to continue executing such residence controls (Circular of 10 June 2011 concerning the authorities of the mayor in relation to the expulsion of a citizen of a third country). In a minority of cases, illegal migrants are immediately sent to closed centres awaiting their involuntary expulsion (CGKR 2013). According to the immigration officer, this is the case when an illegal migrant—who can be identified—has committed offences against public order.

or can make use of programmes offered by the International Organisation for Migration (Roosemont 2009). In my study, a clear tolerance towards the presence of certain illegal migrants was detected. According to the local police, they do not actively look for or arrest migrants of North African or Pakistani origin in illegal stay. They do not wish to devote precious time to this activity, knowing effective results—return or forced repatriation—will fail to happen.

What happens when they detect and arrest such a migrant? An interviewed police officer explained that in most cases, the Immigration Office delivers an order to leave the country immediately. They do not deliver an order to leave the country with administrative detention in a centre (where illegal migrants reside awaiting involuntary expulsion). Two respondents differ on the perceived reasons for this. One police officer claimed that (1) North African countries do not easily retrieve their own citizens (which was denied by the immigration officer)¹⁶ and (2) the Immigration Office wishes to avoid too many people of the same ethnic background in closed, secured centres in order to avoid riots. The interviewed immigration officer however referred to the foreigners' law, which states that administrative detention in a closed centre can only be executed in view of forced repatriation. In case the Immigration Office knows that repatriation is not possible (because the migrant cannot be adequately identified), migrants cannot be detained in a closed centre. Indeed, identification and identification documents are necessary to return to the home country. According to the immigration officer, illegal migrants are aware of this and adopt several strategies to hinder their identification (e.g., deliberately not carrying identification documents). This was confirmed by one interviewed seller, explaining his deliberate use of a false name when arrested.

¹⁶ According to the CGKR (2013), the EU has agreements regarding taking over of citizens with 13 countries: Russia, Georgia, Moldavia, Ukraine, Pakistan, Sri Lanka, Macedonia, Albania, Montenegro, Serbia, Bosnia-Herzegovina, Hong Kong and Macao. However, the interviewed immigration officer argues information on such agreements is not communicated externally for two reasons: (1) to avoid jeopardising negotiations with countries and (2) agreements and cooperation with home countries often changes, e.g., as a result of a change in regime. He thus doubts the reliability of the information of the CGKR (2013) on this point. During the interview with the immigration officer, we implicitly heard that cooperation with Pakistan is difficult, whereas many repatriated migrants return to Morocco (implying cooperation with Morocco).

What is the result of all this? An ordinary order to leave the country is handed over to these migrants without detention in a closed centre. Thus, these migrants are supposed to leave the country within a certain time frame independently, which is why they are released from the police station. Since most of these migrants do not return to their home country, they stay in Brussels and continue their survival activities. This scenario is well known within the police force (and within the Immigration Office), and influences the officers' actions.

In sum, in this case the Belgian government preserves the informal economy on two levels: first and foremost by the implementation of a policy of tolerance on a local level and second by failing to adhere to an effective enforcement of the migration policy. The presence of illegal migrants is thus a societal reality, of which the government is well aware. Since migrants who are theoretically not authorised to stay and/or work in the country continue to find their way to Brussels without being encouraged to return to their home countries, they have to find ways to support themselves. In an urban area with many inhabitants of similar origin, they gravitate towards a type of informal income-generating activity that thrives in such a setting. In this respect, the specific regulation of street trade seems to have less influence on informality—executed by illegal migrants—than the migration policy, which does not allow people without a residence permit to work formally and does not always enable forced repatriation.

The continuation of informal activities does not imply a total lack of enforcement influence, however. Two sellers stopped and/or did not restart their activities and some sellers adapted their selling strategies in order to reduce the risk of getting caught (e.g., only doing business indoors with trustworthy clients). Overall however, the enforcement side of the policy hardly deters people from informal selling given their need for income and the lack of viable alternatives.

Low Prioritising of Informal Street Selling

Notwithstanding that tackling the informal economy was a priority for the government at the time of the fieldwork, this case study shows that

it did not seep through in this case. Why does informal street selling continue in Brussels, notwithstanding the possibility of controlling the situation and the economic/financial reasons (e.g., loss of taxes in case of cigarette sale) for intervention? I have already mentioned potential reasons throughout the chapter, but some have been unmentioned thus far.

First of all, informal street selling and counterfeiting are not official priorities for the *local* public enforcers (local police in the area [ZVP 2009–2012]¹⁷, the economic and social inspectorate). No real link between street selling and serious or organised crime is perceived. At best, the sale of cigarettes is perceived as the last link in a broader network. In this respect attention is more focused on the underlying networks and the origin of the cigarettes than on the street level. Furthermore, since the markets take place on weekends (except for the private one which also takes place on Fridays), inspections should take place during weekends, when enforcers cost more due to higher remuneration during weekend hours. According to an interviewed immigration officer, the availability of personnel has an influence on the limited number of inspections. Local authorities are believed to prefer mobilisation of expensive personnel in cases which receive higher priority.

Accordingly, the high workload of the public prosecutor dictates a preference for ‘more serious’ offences, which do greater harm (financial, societal, and/or physical). Since detecting and prosecuting all infractions is impossible, this decision to focus on infractions resulting in greater harm is understandable and desirable. Much depends, however, on the question ‘harm to whom’? In theory, informal street selling can harm the legal industry (e.g., tobacco industry, brands), clients (e.g., bad quality) and inhabitants (e.g., nuisance). But such harm was seen as minimal by all except a few respondents (enforcers specialised in detecting counterfeit goods and private detectives working for the private industry). As little attention is paid to street selling in terms of policy, the welfare of the informal sellers seems to be of small concern, although one of the government’s tasks is to protect all its citizens. One can hypothesise that

¹⁷ In this policy plan, specific phenomena are the unit of analyses (e.g., theft in cars, youth criminality). In this respect, topics such as illegality, poverty or survival have no place in the policy plan of the local police.

the government gives priority to the safety of its legal residents over the safety of the illegal and more marginalised ones, who are less influential. Of course, the government does provide support for (illegal) migrants by way of social inspectorate, non-profit organisations and social workers. In essence, however, the informal sellers in this case fall well outside the scope of these institutions, for varied reasons. In some sense, they are characterised by a certain 'visible invisibility'.

Third, although the enforcement establishment knows where informal selling takes place, it faces several practical difficulties in controlling it (e.g., informal sellers running away, referred to as a 'cat-and-mouse game'). Enforcers claimed these experienced difficulties do not play a role in the low ranking of enforcement of informal street selling. However, some did acknowledge it as 'beating one's head against a brick', thus reflecting low belief in the effectiveness of enforcement. As Bacon (2013a,b) has illustrated in policing illegal drug markets, such occupational beliefs may influence the everyday practice of enforcers. However, in Bacon's study, policing drug markets was an official priority of the police, whereas policing informal street trade (and counterfeiting linked to street trade) was not an official priority for the police at the time of the fieldwork (ZVP 2009–2012). As such, there is no unofficial deprioritising (in favour of crimes perceived as more pressing to deal with) of an official priority. Notwithstanding, the same rationale of enforcers can be detected in both studies: focus on the perceived 'severe' cases, that is, those linked with crime. At best, in the case of informal street selling, there is an unofficial confirmation of deprioritising. However, since the occupational culture of enforcers was not the focus of this study and was hence not studied through ethnographic fieldwork (as Bacon did), this remains a mere hypothesis.

Fourth, several public actors are authorised to enforce regulations, resulting in the bizarre situation whereby each actor admitted the low priority given to the phenomenon of street selling but at the same time referred to others who were supposed to be more active in this regard. In the end, no clear public ownership of the problem existed. The legal private industry, which has more interest in the phenomenon (because of the unfair competition and potential loss of clients), could be a major player, but since its main concern is the origin and distribution of counterfeit

goods, it focused on those higher up the chain than the street sellers. The fact that informal street selling provides goods that satisfy the needs of low-income clients in big cities (e.g., counterfeit cigarettes; Sassen 2007) does not hold enough weight. Concerning the relation between the public and private policing actors, no public-private partnerships are present (van Steden and Huberts 2006). There is however a cooperation—in the form of proactive and reactive information exchange—between public actors and private investigators in the detection of counterfeiting. In the enforcement of the other types of informal street selling, the exchange of information is strictly reactive: when small crimes or unlicensed sellers (more specifically subtype 3 of informality within markets) are detected by private security (and goods are confiscated), the police are informed by the managers of the private market. In this respect, the blurring of boundaries between public and private roles (Crawford et al. 2005; Wakefield 2003) is not a real issue and hardly counts as an explanation for the low prioritising of informal street selling by public actors.

Fifth, a ‘cleaning up’ of the sector would, despite the obvious advantages (in particular cigarette selling), result in all those relying on it being faced with serious losses (e.g., poor clients, traders going bankrupt, illegal migrants losing an important source of income). This could result in social disorder or criminality and confront the government with its inability to handle the consequences of illegal migration. In this respect, informal street selling might be perceived as a social safety net, a means of income for people who would otherwise risk committing crime, rioting or revolution (Bhowmik 2005; Bromley 2000; Coletto 2010, 2013; Morales 2000). A similar finding has previously been reported by Castells and Portes (1989, 27):

Although those in informal activities are frequently harassed, the informal sector as a whole tends to develop under the auspices of government tolerance. Governments tolerate or even stimulate informal economic activities as a way to resolve potential social conflicts or to promote political patronage.

This hypothesis is confirmed by the neutralisation of informal street selling by enforcers, intermediates and sellers, who claimed that informal

street selling is a better alternative than stealing or other serious crimes. All in all, different assumptions about informal street selling and informal sellers and certain migration policy issues shaped the low enforcement prioritisation of the phenomenon.

Conclusions

The willingness of respondents to participate in the study and the openness with which all street sellers talked about their informal activities illustrates again that the informal economy can be studied by interviewing informal workers. Of course, critics may argue that it is obvious that many sellers work informally (e.g., cigarettes, counterfeit clothing) and that they thus run little risk of being exposed due to participation in the research and that therefore an important reason for not talking about informality is gone. Or they may argue that they therefore have no interest in lying about their informal work. In part, this may be true. However, this only eliminates a reason *not to participate* in the research and does not explain why *they do* agree to do so and openly share their life and work experiences. Although street selling is not an important market for the government, it is important to study it because of its relations with criminality and the precariousness and vulnerability of persons involved. It also contributes to the understanding of the informal economy and the role of the state towards it in certain markets. This case study has clearly illustrated a paradox previously expressed by Portes and Haller (2005, 419): 'the informal economy commonly yields a series of positive effects for the state, the institution charged with its suppression'. The positive effect is then 'the cushioning function of informality, especially in relation to marginal segments of the population' (Portes and Haller 2005, 420). Furthermore, this case confirms the interrelation between the formal, informal and criminal economies and illustrates some similarities between how informal and criminal markets operate. For instance, the social network approach to organised crime argues how organised crime should be thought of as criminal networks in which social relations and networks, based on mutual trust, play a

crucial role (Kleemans 2014). The importance of social relations is explained by some specific characteristics of criminality. In particular, due to the high amount of money involved and the absence of formal arrangements (e.g., contracts), trust is of paramount importance (Kleemans 2011). The importance of social relations and trust and the absence of formal arrangements were equally found in informal street selling. Similar to Coletto's (2013) study on street vendors in Brazil, the results indicate that street sellers have no homogeneous profiles and well-defined boundaries. Workers, in this case street sellers, can be regulated (formal workers, e.g., declared employment), can fall outside the scope of regulation (e.g., working and/or residing illegally in the country, working on an undeclared basis) or can shift between being and not being regulated (e.g., employment being declared one day, but not another day). Although workers and their work are not necessarily officially regulated, informal self-regulation does apply to the case. In this respect, sellers have a reputation to keep up so they cannot afford to sell poor-quality products (e.g., blank discs, stolen goods). All in all, informal trade finds a space between the imposition of regulations and the poor enforcement of the same. Although Cross (2000) attributes the lack of enforcement to a combination of the inability of the state to do so and the ability of the poor and unorganised to oppose enforcement, I have attributed this mainly to a lack of willingness by the state to give the matter high priority and to the tolerance of state agencies. Although I have indicated some potential explanations for this, I argue the need (at least) to monitor the situation, given the precariousness of the situation in which many street sellers find themselves. I furthermore argue the conceptual relevance of the empirical study given the nuances it highlights. I have not only identified different types of informal economic activities within the sector of street selling, but also found various motives for informality and contrasting influences of enforcement on informality. I have furthermore identified several nuances in the policing of informal street selling. All in all, these conclusions stress the importance of careful use of general statements about 'the' informal economy.

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5

Prostitution and the Informal Economy

Introduction

This last empirical chapter reports on the case of prostitution in Ghent. The results of this case are based on 38 semi-structured interviews conducted between the summer of 2013 and the winter of 2013–2014, document analyses and case file analyses. In line with previous research (see Chap. 2), interviews were conducted with both prostitutes (22 interviews) and experts/key informants (i.e., regulators, enforcers and social workers; 16 interviews) active in Ghent. Given the hard-to-reach character of prostitutes, a gatekeeper willing to facilitate access was found. As this sampling strategy entails a selection bias, I additionally searched for respondents on my own account and through snowball sampling (see Chap. 2). The sampled prostitutes were of various nationalities¹ and

¹ Belgian (15, one of Congolese origin), Polish (2), Dutch (1), Hungarian (2) and French (2).

This chapter is an adaptation of Boels, D. 2015. ‘The challenges of Belgian prostitution markets as legal informal economies: an empirical look behind the scenes at the oldest profession in the world’, *European Journal on Criminal Policy and Research* no. 21(4): 485–507.

between them represented all the different prostitution sectors found in Ghent.² Four settled case files at the level of the Office of the Public Prosecutor were analysed. The chapter begins with a brief description of the case, after which the regulatory stipulations concerning prostitution are exposed. Subsequently, it moves to a discussion of the informal activities and the enforcement of the regulation. Before explaining the influence of the policy on informality, the chapter offers more insights into the perceptions of prostitutes regarding their work. The chapter ends with a conclusion, in which further support for the book's main arguments are summarised.

Situating the Case

For the purposes of this study, prostitution was defined as making oneself available for the performance of sexual acts with another person for remuneration (see Daalder 2007, 21).³ In contrast to other Belgian cities (van San 2007; Van den Hazel et al. 2008), Ghent does not allow *street sex work* (Decorte et al. 2011; Porter and Bonilla 2010), its complete prohibition being incorporated into a police ordinance on public order and safety. This seems to be quite effective: most respondents in this study believed that street prostitution is limited. *Window prostitution* is geographically restricted to the red light district (RLD) by means of an urban development licensing system. At the moment of the fieldwork, Ghent's RLD had over 40 window prostitution premises dispersed over four streets with 101 windows occupied 24/7 by female prostitutes of more than 30 different nationalities⁴ (Van Gaever and Lameyse 2013). It is located in an area that also hosts regular commerce, schools and residential premises. As in Amsterdam (Huisman and Kleemans 2014),

²Window prostitution (six women), bar prostitution (five women), private prostitution (six women, of which two also worked as escorts) and escort (one man and four women).

³By using the terms prostitution and prostitute, I aim to make clear what type of sex work I have focused on. However, throughout the book, the terms sex worker and prostitute are used interchangeably.

⁴According to local police statistics, in 2013 the most registered nationalities were Hungarian (283), Belgian (91), French (45) and Dutch (43).

windows are rented for day and night shifts. The rent, known as window money, ranges from €100 to €150 per shift. In return, women keep all the money they receive from their clients. Several respondents referred to the ‘hardening’ of the RLD over the last few years. This hardening was perceived to entail an increasingly fast turnover of sex workers, an increase in East European sex workers (which is confirmed by the statistics of the local police), a perceived increase of pimps and a perceived rush of tourists from northern France,⁵ the latter of which is causing many problems regarding infractions of community order (Van Gaever and Lameyse 2013).

Outside the RLD, two subtypes of bar prostitution occur: mixed window/bar prostitution and prostitution in bars or clubs (Decorte et al. 2011; Van Nunen et al. 2012). In bar prostitution, the division of earnings from clients between manager and sex worker is predetermined. For sexual services it is mostly 50/50. Managers retain a fixed amount to cover the purchase of the champagne. In return, managers usually supply beverages and necessities for sexual services (e.g., condoms, oil, tissues). In some bars and clubs, internal rules exist concerning the behaviour of sex workers (e.g., getting to work on time) and the time spent drinking champagne with clients.

Private prostitution in Ghent takes on three forms: prostitutes receiving clients at home, prostitutes working in private residences run by a manager and massage salons. Similar to bars and clubs, managers of houses are responsible for supplying material and advertising. Lastly, escort prostitution, where prostitutes offer their sexual services on location, also takes place in Ghent. This can be organised by agencies or by individuals (Decorte et al. 2011). As with private prostitution, the exact extent of escort prostitution cannot be determined as prostitutes active in these types are not registered as prostitutes.

⁵ Given the non-existence of window prostitution in northern France and its relatively small distance from Ghent, Ghent’s RLD is very popular with tourists from this region. With the recent criminalisation of clients in France, several respondents feared the popularity of the RLD would increase even more.

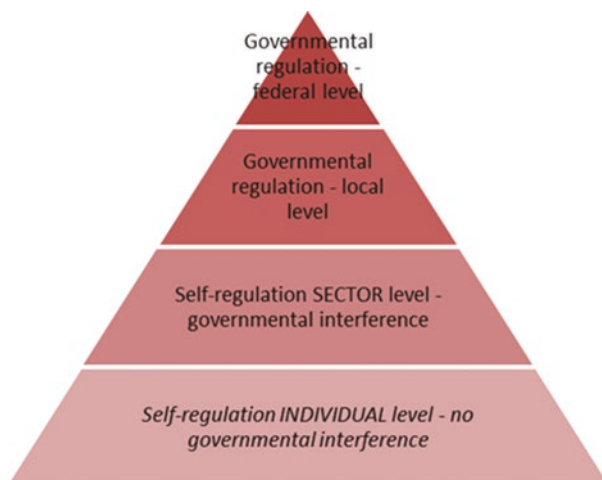


Fig. 5.1 The pyramid of regulatory strategies for prostitution

Regulation and the Regulatory Pyramid

As in the other two cases, the regulatory stipulations concerning prostitution can be summarised in a regulatory pyramid (see Fig. 5.1). Contrary to the two previous chapters, the discussion here starts with the top of the pyramid for didactic purposes.

At the federal level, prostitution itself has never been penalised in Belgium (Stevens 2002). In 1948 the then prevailing regulationist discourse (Wetsvoorstel 2013) was exchanged for an abolitionist perspective. From that time, exploitation⁶ of prostitution has been criminalised (Van Loon 2008; Van der Vonder and Van Eynde 1973). Furthermore, local governments were (and still are) authorised to intervene regarding prostitution in order to protect public order and decency, but were forbidden to regulate the conduct of prostitution for other purposes (Loopmans and Van den Broeck 2011). Today, prostitution itself is still not criminalised, but several related and ancillary activities such as exploitation

⁶In the sense of managing/running a prostitution business. In the rest of this book, *exploitation* refers to managing a prostitution business. The term *sexual exploitation* will be used to refer to (forced) prostitution in which prostitutes cannot keep their entire earnings.

of prostitution, prompting sexual acts in public spaces and advertising sexual services are. As a result, the Belgian prostitution market takes the form of a *legal informal economy* (Sanders 2008) in which facilitators of prostitution are criminalised but prostitutes are not. The actual labour, the act of prostitution, is not regulated and no statute specifically concerning it exists, so that self-employed prostitutes have to declare their earnings under other headings such as ‘other personal services’ (Acerta 2013; Securex 2013) or ‘escort services and the like’ (Acerta 2013). In theory, prostitutes cannot work as employees as this would imply an employer exploiting/managing prostitution, which is a criminal offence. In Ghent, however, many prostitutes do work as employees, albeit under another term.

One step lower in the pyramid is governmental regulation at the local level. As the city of Ghent is confronted with the existence of the exploitation of prostitution, a *de facto legalisation*⁷ (Weitzer 2012, 79) has been opted for regarding this phenomenon. In the 1990s, a notorious gang held absolute sway over the RLD in that they controlled many prostitution premises, organised trafficking of women and enjoyed the protection of certain members of the local police. The highly influential publication by the investigative journalist De Stoop in 1992 exposed a serious blurring of moral standards, corruption on the part of police officers, and a manifest lack of cooperation and information exchange between enforcers and even rivalry between them (De Stoop 1992). Astounded by the discovery of this gang’s overwhelming power and the police corruption involved, the mayor of the time commissioned a clean-up of the local police force and an update of the local regulations on (the exploitation of) prostitution. Concerning the former, a unit specialising in human trafficking, prostitution and marriages of convenience (Meprosch-unit) was founded. In the beginning, regulation was purely a police matter. But over time, under the influence of evolutions in the RLD, it has become an increasingly integral approach in which the tackling of nuisance has an important place. The point of departure is that publicly accessible

⁷This means that prostitution or aspects of it are illegal but nevertheless regulated by the authorities. Weitzer (2012, 79) argues that in such systems, participants are allowed to operate freely as long as they do not disturb public order or violate other laws and as long as they abide by whatever rules are imposed on them by the authorities.

establishments where window and bar prostitution take place are considered as cafés and that non-self-employed prostitutes working in these premises are considered as waitresses. As a result, in terms of management and employment the regulation of the hotel and catering industry (known locally and hereafter as *horeca*) is applicable to window and bar prostitution (Van Eeckhoutte 2013), which means that the local police retain some control over these businesses through the granting (or withholding) of liquor licences (Van Gaever and Lameyse 2013). Furthermore, based on a police ordinance applicable to *publicly accessible establishments of consumption and amusement* (Stad Gent 2007), managers of windows and bars are obliged to declare both the commencement and the cessation of employment of their personnel within 48 hours of the event. In this way, prostitutes working in these establishments are registered with the local police. Social workers of the Meprosch-unit invite all new ‘waitresses’ to a consultation session to inform them of their rights and responsibilities and to collect information on them. As a result of these regulations and practices—and their rigorous application—the local police claim to have a clear picture of managers and prostitutes active in window and bar prostitution (Van Gaever and Lameyse 2013). Additionally, in order to limit infractions of public order, and thus in accordance with the New Municipal Law of 1988,⁸ the city has imposed specific prostitution-related regulations such as a dress and behavioural code for prostitutes (of which prostitutes are in breach if, for example, they solicit clients by dancing, gestures or tapping on the window). On the face of it, therefore, the local police ordinances regulate prostitution solely in order to protect public decency and public order, which is in accordance with the legal stipulations (1948 law and the new municipal law). Similarly, by regulating the exploitation of prostitution under a different name (*horeca*) the city does not, judicially speaking, breach any legal stipulations. From a judicial point of view, regulation falls within the legal framework that determines what cities are allowed to regulate regarding prostitution. Indeed, the city does not judicially regulate the exploitation of prostitution; it is judicially adhering to the regulation of the *horeca*. However, in practice of course,

⁸ Article 121 of this law allows municipalities to regulate prostitution insofar as the goal is to ensure public decency and public order.

the city is regulating the exploitation of prostitution. From this point of view, we can conclude that the city is not *legally or judicially* regulating the exploitation of prostitution, but is regulating it *in practice*. It is precisely because of this situation (and due to the lack of congruence between regulations, both national and local, and practice) that a grey area between formal and informal economies is created (Ponsaers 2013).

As in the other two cases, self-regulation is also present at the sector level. For instance, in the RLD, for the market of window prostitution, customary prices exist for sexual services (see *infra*). Similarly, no huge price differences were identified between bars or private houses. This could have been a result of self-regulation but also of simple market principles: in order to have enough clients, you cannot be significantly more expensive than your competitors (under the assumption both offer similar services). It is striking that the amount of window money in the RLD is similar in different windows. For this reason, it might be possible that managers make arrangements, but this is just a hypothesis. Collective labour agreements exist for the hotel and catering industry and could thus be applied to window and bar prostitution (e.g., minimum wages for waitresses). However, these agreements are not established by representatives of the prostitution business (managers or sex workers).

Finally, most sex workers comply with certain rules they establish themselves. For instance, some sex workers take hygienic measures (e.g., washing clients), follow safety measures (e.g., selecting clients) or choose their own working hours (self-employed workers or those working in the RLD). These measures had implications not only for the individuals involved (sex worker and client) but also for the sector as a whole, depending on the number of sex workers taking such measures. Self-regulatory measures between sex workers and managers could also occur, for example when using an internal behavioural code.

Informality in the Prostitution Business

As explained above, the city's approach is to partly formalise the exploitation of prostitution. However, this does not rule out the existence of informal activities in the business. These are discussed in the following section.

Partial Declaration of Labour and Income

As horeca regulation is applicable to window and bar prostitution, women working in these premises are supposed to receive a paid wage based on the hourly horeca rate and their declared working hours. However, regarding the former, I have explained that women in windows pay window money and keep their earnings and women in bars receive a percentage of the client's expenditure. Furthermore, the working hours of prostitutes are usually not declared accurately to the national social security office. A limited number of hours is declared in order to limit labour costs (mainly social security contributions) for both prostitute and employer (i.e., manager of the bar). In this respect, it is important to note that, according to many experts and sex workers, most (new) foreign sex workers are not aware of this partial declaration. As official payslips are based on the number of declared working hours with (minimum) wages applicable to the horeca, the declared income of prostitutes is less than their actual income. The end result is that the real income of prostitutes is much higher than their declared income, even if employment hours are declared accurately. One Belgian sex worker explained:

In the RLD? All moonlighters. All of them. Nobody declares her full income. Nobody! Nobody does sex work to declare the full income. (Escort, 18 September 2013)

In this respect, the lack of prostitution-specific regulation and the application of horeca regulation enables fraud by resulting in significant untaxed earnings for managers and prostitutes. Although this was perceived by certain prostitutes as an advantage, it also has a downside. Firstly, the social protection of window and bar prostitutes is based on their (limited) officially declared employment and income, which does not result in social protection that is in accordance with their actual labour. Strikingly, several interviewed policymakers somehow reconciled themselves to this state of affairs, as the following quote from an enforcer illustrates:

So it does not reflect the real situation but it is tolerated in that way by the police, the court and by ourselves in the sense that okay, if at least that is

declared, at least that is done. In that way one builds some basic rights. (Enforcer, 20 August 2013)

A magistrate said:

We are satisfied, everybody is satisfied with the declaration of the women's performances at the minimum wage. And in fact we hope that they earn more than €8 an hour, given the type of activity they do. So yes, you could say that nearly all situations of prostitution are informal in one way or another. (Enforcer, 17 December 2013)

Belgian and foreign prostitutes living in Belgium were divided on this matter: whereas some see their sex work as a temporary means of earning a lot of money in a short time (and thus do not care much about their social security),⁹ others perceive their sex work as a real, long-term job and therefore acknowledge the need to build up social security rights based on that work. In this respect, a sex worker explained:

If you work here and there is the horeca, then it's like, later it's also gonna count for your pension I think and everything. You know, I have insurance... So, it's just a normal contract. You get everything. So this is good because when you live here it is good to have insurance if we have to go to the doctor and things like that. So, this is good. (Window worker, 3 December 2013)

Conversely, a Belgian bar sex worker admitted having a 16-hour contract but working far more than that in the bar. Concerning the importance of a correct employment contract, she said:

If it's a normal job, yes. But here I don't attach great importance to it because it's a profession in which you easily earn a lot of money and in which you can say you'll stay for only three months for instance. And a 16-hour contract? Oh well, for those three months that's not important to

⁹Other prostitutes have other means of income (e.g., other work) on the basis of which their social security is built and thus do not see the point of declaring their prostitution activities.

me. If it's a long-term job that can last for three years instead of three months, then I need a good contract. (Bar worker, 26 November 2013)

Secondly, as some agreements (e.g., bank loan, tenancy agreement) require proof of a high enough income (payslip), problems can arise when prostitutes apply for such agreements. As most foreign prostitutes (especially the ones who do not live permanently in Belgium) are attracted by quick and high earnings, most respondents argued that these disadvantages do not outweigh their black earnings. However, one Belgian window worker said the following about untaxed earnings:

It's a ridiculous system. They know we earn a lot of money and we cannot do anything with our money. We cannot buy a house, we cannot buy anything. The only thing we can buy with our untaxed money is luxury. (Window worker, 17 September 2013)

A similar *modus operandi* is used in private houses, where employment and income are only partially declared:

Our work is declared some days, but not all days hey. We have to pay our own social security contributions, €30 per day that our work is declared. So yes, if you are declared six days out of seven, that is eum €200 a week. Yeah, some days there is no work, other days you're up to your ears in work. So yeah, anyhow you have to pay those €30. And furthermore, declaration of work implies way higher costs for the boss and all, so yeah. (Private worker, 2 December 2013)

Three of the interviewed self-employed prostitutes (private and escort) acknowledged not declaring their prostitution activities at all (for varying reasons such as receiving an allowance, which points to benefit fraud). Five others claimed to work semi-formally, in that they have all the necessary documents to work as self-employed, but do not declare their full income from prostitution.

Pimping and Exploitation

A general consensus exists among different categories of respondents as to the presence of pimping, which in this book refers to people (pimps)

living off the earnings of prostitutes.¹⁰ Most respondents (enforcers, social workers, and prostitutes) believed exploitation occurred most in the RLD, notwithstanding the frequent presence of the police in the area and their clear view of the RLD (cf., registration of managers and prostitutes, visible concentration of window prostitution). One magistrate explained how certain characteristics of the RLD (e.g., rapid assessment of the popularity of a girl, few intermediaries, low threshold for clients) still make it an attractive sphere of activity for pimps. Importantly, managers of prostitution businesses are usually not pimps themselves. The interviews with enforcers and the dossier analyses indicate that pimping also takes place in other types of prostitution, notably escort and bar prostitution. Although the police increasingly offered attention to prostitution in bars and escort prostitution during the fieldwork, they still had less knowledge of private and escort prostitution.

In line with Demir (2010), several *modi operandi* for getting women into prostitution are disclosed by the respondents. First, some foreign women are believed to be tricked into prostitution under false promises of a job in, for instance, cleaning or fruit farming. Second, others are believed to realise they will be offered a job in prostitution but not be aware of the working conditions (e.g., handing over earnings, long working hours). The third possibility is the so-called loverboy method (also applied to Belgian victims), in which pimps are believed to deliberately pick out vulnerable women (e.g., young foreign women with a family to support, those living in poor neighbourhoods and/or with limited education) to enhance the chances that they will fall into their trap (see also van San and Bovenkerk 2013). Interestingly, both the police and the Public Prosecutor tend to consider the female prostitutes as victims without attributing them an active role in the process. Some literature on pimping and loverboys suggests, however, that in certain instances, women actively contribute to their situation (van San & Bovenkerk 2013; Weitzer 2005). In this respect, van San and Bovenkerk (2013) give

¹⁰Pimping has no legal definition. However, if pimps are prosecuted, this is usually done on the basis of art. 380, 1°, 4° of the penal code (exploitation of prostitution) or (to a lesser extent) the stipulations concerning human trafficking (art. 433quinquies §1).

the example of women showering their pimps/loverboys with presents so that they will not leave them.

Whether or not female prostitutes contribute to their situation, once they are in the hands of pimps, several methods are used to keep them in line. They can be put under pressure to continue working or to obey the pimp by his (threatening to) exercise(ing) physical violence on the victim and her family in the home country. In addition, some girls have been made addicted to drugs and hence need their pimp who also functions as their dealer. Loverboys can also threaten to inform the girl's family about her activities. In line with Harcourt and Donovan's (2005) findings, women can be forced to work extra shifts when they have not earned enough money. In this context, they often work below the normal price or procure unprotected sexual services in order to obtain the required earnings, which in turn affects business in the RLD generally.¹¹ This is illustrated by a Polish window worker:

The problem is that they [Hungarians] do a lot of things for less money. They don't use a condom very often. Maybe I get fewer clients because of that. I open the door and I hear a lot of stupid questions about kissing, sucking without condom, and this kind of thing. It's annoying. (Window worker, 25 September 2013)

One enforcer explained how pimps do not always need to exert pressure on their victims:

They're usually unlettered if they come from there [eastern Europe], because they have not finished school. They don't speak the language, they know nothing here. What can they do? Where can they go to? So, they [the pimps] don't have to exert pressure. They just say: 'Okay, you want to earn money? Fine, go your own way. Ah, but you can't? Fine, I will help you, but then you need to hand me over so much money'. That's not real pressure, is it? (Enforcer, 24 October 2013)

¹¹ e.g., unfair competition for other prostitutes, spread of sexual transmitted diseases, clients asking for lower prices and unprotected sex. The same has previously been reported in Antwerp's RLD (Van San 2007).

In contradiction to the findings of Verhoeven et al. (2013), the window prostitutes interviewed claimed pimps do not sabotage their own work *directly* (e.g., by demanding protection money or by barring clients from entering). Apart from taking money from them, some respondents attribute a protective role to pimps. However, this is not confirmed by prostitutes working in the RLD:

Maybe years before, the pimps, when you see they could make something. But now if you see, they all look like clochards and everything you know. They can't do anything... They only come, they only bring them [girls] here and take the money. But I don't think so they protect them. No! If you see them, come on! They don't look like they can protect. Maybe if the girl cannot make money, they beat the girl. But to make problems with the clients? I don't think so. (Window worker, 3 December 2013)¹²

At the time of the fieldwork, victims in Ghent were predominantly East European (Bulgarian gypsies, Albanian and Hungarian girls). According to some interviewed policymakers, many victims do not consider themselves so because they (1) share in the luxurious lifestyle of their 'boy-friend', (2) earn more than in their home country, even after handing over (a part of) their earnings, and/or (3) hope they will keep their full earnings one day. Unfortunately, as victims are not often likely to press charges (cf. no perception of victimhood, fear of pimp, fear of police), investigations and prosecution of pimps is hampered. As a result, the continuation of pimping is more the result of enforcement difficulties than the direct result of the local regulatory approach to prostitution. Although legal stipulations are available to tackle pimping, enforcement of these regulatory measures is impeded. In this respect, policy does have an influence on this type of informality in that certain difficulties in proving pimping are partly responsible for the continuation of the phenomenon.

¹² It could be that the men the sex worker refers to in this quote are not the actual pimps but the helpers of the pimps (van San and Bovenkerk 2013).

Ancillary Activities and Their Participants

In line with previous research on prostitution and informality (Sanders 2008; Verhoeven et al. 2013), several ancillary activities regarding prostitution exist in Ghent: real estate and horeca; shopping services; accounting and advertising. Unfortunately, as a number of investigations were running during my fieldwork, little information on this topic was shared by enforcers for fear of undermining the investigations. In any case, informal participants other than pimps rarely interest the detective enforcers active in prostitution. Furthermore, it is, astonishingly, only in the last three years that the prostitution business has become a domain of interest for the public prosecutor (a specific reason for this could not be given by the respondents). As a result, enforcers have limited knowledge regarding these ancillary activities and their participants.

Real estate managers and owners of windows rent their premises to managers knowing very well the uses to which they will be put, thus facilitating prostitution and its exploitation and earning money from it. The same holds for the manager of the window: he/she receives money for the window, knowing very well this is used to lure clients for prostitution. A manager of a bar has an even more direct income from prostitution: he/she retains about half of the money paid by clients for sexual services and refreshments in the bar. Unsurprisingly, earnings from rents are believed to be only partially declared.

Near the RLD, some regular cafés are renowned for the presence of pimps. In line with the findings of Verhoeven et al. (2013), these cafés offer the perfect opportunity for pimps to stay close to ‘their’ prostitutes while they are working. As also found by Verhoeven et al. (2013), shopping boys offer their services to prostitutes in the RLD in exchange for a (small) remuneration. They perform various tasks such as taking laundry to a local launderette, running errands (e.g., getting condoms or cigarettes) or accompanying women home or to their car after their shifts to offer them some protection against potential thieves. Another ancillary activity involves accountants and accounting agencies. They, of course, often perform legitimate tasks such as offering support to bookkeeping. However, three interviewed private and escort prostitutes recounted working (or having worked in the past) with an accountant

who determined the amount of income from prostitution that should be declared to the government. Similarly, a bar manager confirmed her administrative work is done entirely by her accountant, who, she argued, is an expert in the prostitution business. According to these respondents, the accountants are very well aware of their facilitating role in income tax fraud.

According to the penal code, advertising for prostitution is not allowed. Nevertheless, private sex workers and escorts advertise their services on websites. One Belgian newspaper is infamous for its advertisements for sexual services. A private worker explained how she pays an intermediary in cash who in turn makes sure the newspaper publishes the advertisement. In this way, no official invoices linking the newspaper to sex workers are traceable.

Enforcement

As in the other two cases, several actors are authorised to check compliance with the regulatory stipulations (see Table 5.1). The trauma of the 1990s (see above) still has an influence on the workings of the police. Regarding the local police, only members of the specialised Meprosch-unit are authorised to conduct inspections in Ghent's prostitution premises. The purpose of this restriction is to prevent collaboration between

Table 5.1 Summary of enforcement in the case of prostitution

Actors	Main focus	Official priority?	Target?	Ownership case?
Police	Horeca, exploitation, public order	Yes	Managers/pimps, prostitutes & clients	Yes
Social inspectorate services	Horeca, exploitation	No	Employers & prostitutes	No
Tax office	Taxes	No	Employers & prostitutes	No

police officers and managers/exploiters.¹³ However, it is possible that it could actually facilitate such collaboration because it means that a very limited number of police officers are in regular contact with managers.¹⁴ In order for the unit members not to build up informal relationships with managers and prostitutes (which was found in the UK by Kingston 2014) and not to relapse into the mistakes of the past, a thorough control system is needed. It is with this danger in mind that, although the federal police normally focus on phenomena which extend beyond the geographical boundaries of the local police (in which the RLD falls; Van Gaever and Lameyse 2013), they also conduct controls in the RLD on the basis of an informal arrangement between federal and local police:

Because we consider that a bit as the control of the control. Because if everything were to be done by the local police and the same people were to go to the same places over and over again, it might give occasion for comments in the press or for certain people to abuse that... But it is considered as a way of avoiding overstepping one's bounds as everybody here is still left with the trauma of 'Ze zijn zo lief, meneer'¹⁵ in the nineties. (Enforcer, 24 October 2013)

Notwithstanding this 'control of the control', control mechanisms within the local police could be beneficial (e.g., a rotation system, informing team leaders of each control conducted, thorough screening of new unit members) as the federal police do not monitor the RLD systematically. Furthermore, the monopoly of the Meprosch-unit implies a limited local police capacity for checking the prostitution sector.

In line with the response to the historical events, human trafficking and sexual exploitation have been, since 2004, officially regarded as criminal phenomena requiring the prior attention of the police in the four-year national safety plans. Accordingly, prostitution markets receive prior attention in the form of regular administrative and judicial inspections and monitoring from both the Meprosch-unit and the specialised unit of

¹³ One exception exists: in cases of emergency calls, members of intervention teams can also enter the premises.

¹⁴ The unit consists of 11 police members and 2 social workers.

¹⁵ This is the title of De Stoop's book.

the federal police. Importantly, the Mepposch-unit concentrates on visible prostitution, specifically on the RLD, for several reasons. Evidently, the RLD contains a visible concentration of window prostitution, which is located near the centre of the city. It could also be described as a problem area, given the presence of nuisance and pimps. Concerning the former, research in the UK has equally revealed that police action regarding prostitution markets is related to the presence of nuisance (Kingston 2014). Concerning the latter, a smouldering fear still exists that history will repeat itself. This core attention towards the RLD does not rule out inspections of hidden prostitution (private and escort). Of course, as these types are more difficult to trace (one needs to search advertisements on the internet and in newspapers), preparation of these inspections requires more time and effort. Notwithstanding this high prioritisation of sexual exploitation, it appeared to be very hard to tackle it in practice, which implies a difference between what the state says it will do and what the state can do in practice. The police, as the main enforcer in prostitution markets, focused on administrative matters such as compliance with the communal code and detecting pimping or sexual exploitation, but not on the correct declaration of working hours. As a result, their ownership and prior attention did not lead to the effective tackling of all informality in the case.

According to a magistrate, up until three years before the time of the fieldwork, the office of the public prosecutor did not focus on the prostitution sector. This is an astonishing omission in view of the official priority given to human trafficking in the national safety plan (illustrating a lack of continuity between detection and prosecution), but even more astonishing given the city's specific history with sexual exploitation and the huge policy implications of its uncovering. Currently, exploitation of prostitution is tolerated by the police and public prosecutor insofar as it (1) purely entails the managing of prostitution businesses, (2) does not include serious exploitation of women and (3) does not impact too seriously on community order. By selectively enforcing the regulation concerning exploitation, local authorities partially permit the existence and continuation of an illegal phenomenon (i.e., managing prostitution business). As noted above, several difficulties exist in tackling pimping and sexual exploitation. Nevertheless, two of the window workers interviewed expressed outrage about the obvious presence of pimps in the area, as the following quote illustrates:

I don't understand why the police do nothing. But I hope they are waiting for the right time? It's also possible. You know, that is, I think it's everywhere, doesn't matter where you are. Mostly there where you have girls who work in prostitution, you also have pimps who are living from the girls. So it's like a symbiosis or something like this. But never in my life, and I'm working quite a long time, I didn't see this so official like I see here in Ghent. They are just walking you know every day and they don't shame themselves, you know. (Window worker, 25 September 2013)

The prostitution markets receive little attention from other enforcement agencies such as the tax office and social inspectorate services. Social inspectorate services focus on labour relations and the accurate declaration of employment, and thus do not monitor the self-employed. The agency checking the payment of social security contributions of the self-employed does not specifically focus on prostitutes. Although the interviewed police officers are highly motivated to tackle sexual exploitation and pimping, a 'laissez-faire' approach can be inferred regarding the limited declaration of employment and income: these activities are tolerated by the police, the social inspectorate services and tax offices, notwithstanding ownership of the case by the police and their prior attention to prostitution markets. Apparently, many experts are resigned to the situation, as the following quote from a magistrate illustrates:

Yeah yeah, we can definitely organise a study day on that topic and talk about it all day long, but we're confronted with a reality for which a policy needs to be deployed one way or another and that's just the way it has been done here. Eh, critical questions are always possible, question marks are always possible. We're aware of that. (EE7 enforcer, 17 December 2013)

This resignation appears to be justified by referring to the need to 'establish limited social rights' and the need to 'have a view on the sector'. However, there is an element of hypocrisy and/or insufficiency in both justifications. Notwithstanding the fact that many prostitutes gain a lot in the short term by avoiding taxes and social security contributions, their (limited) social rights are not in balance with the work they perform. Furthermore, they will not be adequately rewarded at the end of their careers (e.g., in terms of pension) for the hard work they have done. Social security and

labour law, the two main tools to ensure the protection of workers, are not sufficiently enforced and thus fail to achieve their goals. Although the fraudulent practices are an open secret, they are maintained by the slack enforcement of social law, which partly results from a lack of political will to intervene in the sector. It is argued by the social inspectors interviewed that their investigations into prostitution have a low return on investment (see also Huisman and Kleemans 2014; Rickles and Ong 2010). This is mainly attributed to the difficulties of proving undeclared labour, which indicates that social law—which was promoted as an important tool in controlling the prostitution sector—comes up against its limits when faced with informality. But it seems to me that social inspectors were also confronted with some difficulties when inspecting undeclared labour in seasonal work, where these difficulties did not stop social inspectors from executing inspections. What is the difference then? The different nature of undeclared labour might account for the difficulties in proving undeclared labour. In the case of prostitution, prostitutes work more hours than they declare, but their employment is declared on the basis of their horeca contract. In essence, prostitution is characterised by under-declared labour (partial declaration), but prostitutes are registered in the Dimona database. Seasonal workers worked on day contracts and their employment must be declared every single day. Undeclared work in this field implies that seasonal workers were not declared to the national social security office; they were not registered in the Dimona database. As a result, the use of the Dimona, which records registered employment, was of limited or even no help in proving informality in the prostitution case, but it was helpful in the case of seasonal work. To prove the number of working hours, a time clock for prostitution would be helpful. However, this is absent in prostitution premises.

Concerning the second justification, visibility itself is insufficient in tackling undeclared labour and pimping. Admittedly, the difficulties in proving pimping have little to do with the way the *de facto* legalisation operates. Nevertheless, the *de facto* legalisation does not offer enough tools to successfully combat these phenomena. Some enforcers explained that proving undeclared labour in prostitution is very hard, which is one of the reasons social inspectorate services give little attention to prostitution markets.



Fig. 5.2 The sanction pyramid for prostitution

The sanctions prostitutes and managers face in theory are very similar to the ones seasonal workers, farmers and street sellers faced (see Fig. 5.2). Sanctions for breaching self-regulatory stipulations are diverse. At the individual level, certain individually established measures are taken. Non-compliance can lead to health problems such as diseases or safety-related problems such as physical violence. The extent to which these problems can be referred to as 'sanctions' is open to discussion, but they certainly are unfavourable occupational risks that can also occur when preventive measures are taken. Several reactions of fellow sex workers are possible when it is discovered that a woman has not asked the standard price (lower price), ranging from nothing to an attempt to persuade her to change through dialogue or violence (e.g., fights, breaking windows). Warnings and persuasion when (minor) infractions are detected (for the first time) are one step higher up the pyramid. Window and bar prostitutes face the risk of local administrative sanctions when infringing the local dress and behaviour codes. When police officers notice window workers are not complying with these codes, they give a warning before writing an administrative sanction, based on the community code and the New Municipal Law. If

they fail to pay these fines, they are subsequently sent to the manager of the bar. Other administrative sanctions, in addition to those discussed in the two previous chapters, relate to tax avoidance, such as an administrative fine or a tax increase for taxes for non-declared income. Penal sanctions were mostly reserved for criminal offences related to prostitution, with the exception of tolerated activities such as managing a bar or advertising. In theory, criminal sanctions could also be imposed for fiscal fraud. Not one window worker expressed a deterrent influence of administrative sanctions for infringing the dress and behaviour code. Some sex workers referred to the deterrent influence of inspections and related administrative sanctions such as the suspension of allowances, the payment of overdue social security contributions or administrative fines. However, some claim not to be worrying about any of these sanctions. As was seen in the other cases as well, penal sanctions were hardly referred to.

Choosing (Informal) Prostitution

Entering the Prostitution Business

This section focuses on voluntary prostitution, involving women and men who have deliberately chosen to start in the prostitution business. This ‘voluntary’ label includes those who, as some interviewed experts pointed out, start with sex work because they see little alternative to achieving their goals. Nearly all interviewed experts claimed that the main driving factor in starting as a prostitute is money, which is in line with previous research (Kingston 2014; van Wijk et al. 2010). Of the 22 interviewed sex workers, 16 cited financial reasons as the main reason for starting and 6 cited non-financial reasons. Eleven of these 16 began with a clear, pre-determined goal in mind, such as paying off debts, paying for relatives’ medical care, having a decent lifestyle or paying for studies. Five interviewed workers started in prostitution to earn a lot of money but without having a specific goal in mind. Thus, as in other countries (e.g., Edlund and Korn 2002; Moffat and Peters 2004), money plays an important role in prostitution in Ghent.

What about the non-financial reasons? One woman wanted to work as a prostitute as she had already had many partners and thought she might as well earn money from it:

Because a girl who goes to clubs and has sex with a lot of men in cars, people will say she's a hooker. But, she's a hooker with zero money and zero respect. Me now, yes I'm a hooker, but with money and with respect. That's how I see it. (Bar worker, 28 November 2013)

Other respondents coincidentally entered the business owing to circumstances¹⁶ or chose to quit their former jobs in favour of the prostitution industry. The latter confirms Brents and Sanders' (2010) argument that middle-class women with educated backgrounds also find their way into sex work as it is perceived to be profitable and convenient. Furthermore, as argued by some researchers (e.g., Aronowitz 2014; Huisman and Kleemans 2014; Saunders 2005), these stories illustrate that prostitution cannot simply be equated with sex trafficking or forced prostitution.

As prostitution is more often than not partly informal (see above), these reasons can be coupled with theoretisations for working informally. Most respondents do not distinguish between motives for prostitution and motives for informality. This could be explained by the fact that prostitution was perceived by most respondents as intrinsically related to informality: when working as a prostitute, it is normal that not all income be accurately declared. In my study, about a third (six) of the interviewed prostitutes combined their income from sex work with another means of income, either other employment or an allowance (invalidity, debt mediation). For the majority, however, prostitution was the only means of income. This does not mean that prostitution yielded less earnings than the other job or the allowance. Should prostitution and its earnings be declared, this would lead to an adaptation (or maybe an abolition) of the allowance. Others did not give a specific reason, but simply highlighted that untaxed earnings were always better than taxed earnings as

¹⁶ For instance, one woman, having felt socially isolated after stopping her activities as a hairdresser, started as a telephonist for a friend who did sex work, progressed to being a manager in a private house and finally, having noticed she was popular with the clients there, started as a prostitute herself.

they retained more money in the end. Some self-employed women did specifically refer to the high tax rates and found the administrative formalities that needed to be complied with a burden, which is in line with the neoliberal and legalist school.

Whether or not prostitution fulfils a survival function is open for debate. Some prostitutes started with prostitution in order to obtain—according to Western standards—rather basic needs (e.g., pay medical care), which could point to a survival function. The fact that they earned more than enough to make a decent living does not detract from the fact that some started because they saw no other option to earn a lot of money in a short time. On the other hand, several interviewed prostitutes had another means of income or did not experience difficulties in finding a formal job. The point is that an allowance or another formal job did not provide the same amount of income.

In most cases, after the decision to work as a prostitute has been made, a place of employment had to be found. Social contacts play an important role in this process according to sex workers, as do internet advertisements and flyers. Remarkably, although many prostitutes claim their sex work is a temporary means of income, several sex workers and experts testified to the fact that prostitutes easily get used to earnings from sex work. In the RLD the ‘standard’ going rate for vaginal and oral sex lasting a quarter of an hour is €50. However, since the increase in the number of Hungarian prostitutes, which started in 2011, sexual services (also unprotected) are often offered at lower prices (€20–€40). Evidently, earnings from window workers depend upon the number of clients they have, the sexual acts they perform, the amount of their window rent and the amount they possibly have to hand over to a pimp.¹⁷ Although exact prices vary, different bars and clubs have broadly similar prices for clients. These are clearly higher than in the RLD: €100 for 15 minutes of sexual services, €150 for half an hour, €200 for 45 minutes and €300 for an hour.¹⁸ Two sex workers active in private houses explained that prices

¹⁷One window prostitute, working five days a week, admits to earning between €4000–€5000 (‘bad’ month) and €10,000–€15,000 (‘good’ month). Similarly, another, working two nights a week, earns €3000–€4000 a month.

¹⁸One has to keep in mind that sex workers receive only half of these amounts, which implies that for 15 minutes, earnings are similar in the RLD to those in bars and clubs (without taking the

charged to clients are lower than in bars: €80 for 15 minutes of sexual services, €110–€120 for half an hour and €130–€150 for an hour. Here too, sex workers receive half of these amounts. The income from women receiving clients at home is harder to determine because their prices vary more and some of them pay taxes whereas others do not. The same holds for escorts: prices cited per hour vary between €150 and €300.

Earnings from sex work are used for several purposes: daily expenses, the purchase of luxury products (e.g., designer clothes), body care, home improvements, real estate investments in home countries (e.g., Poland) and investments in studies or job opportunities. In this respect, it seems that prostitution should not be seen solely as a survival strategy. It can also serve as an advancement strategy, a stepping stone to a life with better opportunities (Saunders 2005). The results suggest that this advancement strategy does not necessarily mean that those who pursue it cease prostitution entirely once desired advances have been achieved. All of the interviewed women for whom prostitution has already served such purposes still worked as prostitutes. In this respect, they argue their current money from sex work would facilitate future investments.

Perceived Pros and Cons of Sex Work

Unsurprisingly, earnings are perceived by nearly all interviewed prostitutes as the biggest advantage of the work. Other positive aspects highlighted by sex workers were the development of self-confidence due to financial independence, learning the value of money, learning from intelligent and interesting clients, gratitude from clients (cited mainly by private and escort prostitutes), experiences offered by clients which sex workers would otherwise not experience (e.g., luxury holidays, fancy restaurants), the possibility of getting ahead in life thanks to the earnings and sexual satisfaction (this last cited by only one worker). In the light of these perceived advantages, it is not surprising that approximately half of the sex workers interviewed professed to like their job.

Of course, in addition to certain advantages of sex work, some drawbacks are experienced as well. First of all, in line with international literature

window money into account).

(e.g., Benoit et al. 2005; Brents and Sanders 2010; Kingston 2014), several experts and sex workers pointed to the fact that there still exists a taboo around sex work, that it is stigmatised. They argue that many people have a mistaken view of it. As noted by Benoit et al. (2005), in order to avoid this stigmatisation, many sex workers try to conceal their work in various ways, such as working at a safe distance from their residence or leading a 'double life'. In addition, several sex workers experience physical risks (e.g., aggressive clients), medical dangers (e.g., liver problems due to drinking, risk of cervical cancer, risk of sexually transmitted diseases (STDs)) and mental burdens (e.g., listening to marital problems of clients, putting on an act towards clients) (see also in this respect Sanders 2004). Interestingly, although most of the sex workers interviewed claimed not to be too worried about their physical safety, the majority of them do take some precautions, for example, refusing certain clients, carrying a pepper spray, deodorant, lacquer spray or knife, and keeping a lock on the door (escorts). In addition, half the sex workers illustrated how their personal and social life suffers due to their work (e.g., relational problems, social isolation).

Influence of the Policy on Informality

The chosen policy on prostitution determines to what extent it forms a part of the informal economy. I have illustrated how the prostitution market in Ghent forms part of a legal informal economy. Prostitution is not recognised as an official profession but can be done formally (in compliance with regulations regarding self-employment). But one can understand that the lack of recognition of a profession does not stimulate declaration of activities: Why declare something to the government (who earns taxes on it) that is not officially recognised?

The results indicate that most prostitutes work at least partially informally, in that employment and income are not accurately declared. As such, informality is 'normal' in the prostitution business. Financial motives are a driving factor in this practice (e.g., reducing labour costs, increasing net income). Concerning the management of a prostitution business, a double influence is discernible. In Ghent, an illegal phenomenon (exploitation of prostitution) is partly formalised by applying the

horeca regulation to window and bar prostitution: it regulates an illegal phenomenon and shifts it into the formal economy. However, the same horeca regulation offers some opportunities to facilitate partial declaration of employment and income, thereby facilitating informality. As Van Eeckhoutte (2013) points out, prostitutes and managers are able to correctly declare employment and income should they want to. In this respect, the lack of a specific prostitution regulation has no direct influence on this type of informality, which has more to do with a lack of compliance from prostitutes and managers. I agree on this point, but still feel that applying horeca regulation to windows and bars does not stimulate prostitutes and managers to fully declare their employment and income. First of all, it offers several possibilities to facilitate informality (e.g., part-time employment, low minimum wages). Secondly, the horeca regulation is not adapted to the specific characteristics of the employment (e.g., method of remuneration). As such, the policy has a neutralising (formalisation and acceptance of managing prostitution business) and an informalising influence at the same time. Whereas in the case of seasonal work, some regulatory measures were found to positively influence informality and other measures to restrain informality, one and the same regulation regarding prostitution and its exploitation has a neutralising influence while at the same time facilitating informality.

However, I do feel that the limited thorough inspections on correct declaration of employment and income (e.g., fiscal inspections on declaration of income) and the perceived (by the respondents) difficulties in proving untaxed earnings might have more influence on informality than horeca regulation. Window and bar workers have not much to fear from police or inspectorate checks, as fines for undeclared labour target employers, not employees. However, if employees are found to be combining undeclared labour with benefits, they do risk financial setbacks.

Three of the private and escort workers interviewed pointed to a partial deterrent influence of police inspections. As a result of inspections experienced or the risk of being controlled one day, they have officially registered as self-employed, complying with the resulting administrative requirements. However, they still do not declare their full income from

sex work. According to another private worker, the reason for this is that the police do not control the declared income of sex workers:

They are not the ones checking how much you earn. That's not what they do. In fact, they only check if your paperwork for self-employment is okay. They surely can't sit here with you on a chair and see how many clients you do a day! (Private worker, 9 August 2013)

Most other interviewed sex workers who had experienced police inspections in the past did not fear future inspections, mainly for the same reason. Furthermore, they did not mention that potential police inspections influenced their choice to partially work informally. Interestingly, most of the interviewed sex workers who had no experience of police inspections did not fear them either.

Checking for the correct declaration of income is the duty of the tax office. However, it does not focus specifically on prostitution markets, which is again striking given the sector's reputation for its undeclared money. It is also clear that the visibility and physical accessibility of windows and bars cannot impede tax inspections. As such, it is not surprising that sex workers' choice of not declaring their full income was hardly influenced by tax inspections. All in all, inspections of police and inspectorate services (e.g., social inspectorate, tax office) and/or the perceived risk of being inspected one day lead most but not all sex workers and managers to comply with administrative requirements (e.g., control documents, partial declaration of labour hours, registration as self-employed) but not to fully declare their labour and income. In this way, the enforcement side of the policy partially influences choices of workers regarding their formal and informal work in prostitution.

Perceived Pros and Cons of the Policy

Apart from its influence on informality, the existing policy in Ghent has both advantages and disadvantages for the different stakeholders. One sex worker summarises the Belgian attitude towards ancillary activities very sharply:

Honestly, I don't understand the whole concept of prostitution in Belgium. It's not allowed¹⁹. But then there's what you'd call a grey area in which you can do it officially. But it's not allowed. And you can't advertise, you can't recruit clients, you can't put up advertisements but we have afspraakjes.com, we have redlights.be, we have all those sites. We have the paper where we can advertise. But it's not allowed. We have window prostitution areas, but it's not allowed. I mean, just what are we doing? I don't get it. Truly, I honestly don't get it. (private worker, 10 October 2013)

In general, the majority of the interviewed prostitutes are neutral to rather happy with the situation in Ghent, mostly because it offers them relative anonymity (as employees thanks to horeca contracts and as self-employed due to the lack of specific statute), the possibility of building up social rights if they wish to, the possibility of untaxed earnings (due to slack inspections in this respect) and relative freedom due to the lack of specific regulation (see also Agustín 2008). Nevertheless, some of these prostitutes would favour the introduction of certain rules regarding hygiene standards for prostitution premises and healthcare practices (e.g., mandatory check-ups), the value of which is also argued by some regulators, enforcers and social workers. By calling on the sector instead of the government for such regulation, local authorities would not be faced with accusations of falling foul of the legal stipulations (Vermeulen 2014; Vermeulen and Van Damme 2014). In essence, it could be expected that *bonafide* segments of the prostitution markets (prostitution premises where sex workers work voluntarily without having to hand over money to some sort of pimp) would adhere to such quality labels, whereas *malafide* segments (forced, exploitative prostitution) would not (Rijken and van Krimpen 2007). Self-regulation could—when including, for instance, stipulations to judge the voluntariness of sex workers—furthermore potentially be helpful in more targeted inspections of forced prostitution and sexual exploitation, by leaving more capacity to public enforcers to check segments of prostitution markets that do not adhere to the quality labels. Although this would entail investments from managers (e.g., regarding hygiene standards), adhering to certain norms might have a good return on investment for them by attract-

¹⁹Note: this perception does not conform to the reality as prostitution is indeed allowed.

ing more, classier and/or generous clients. It might also improve relations with local residents and traders (not an economic consideration, but still potentially beneficial). As I have not interviewed managers of windows, I do not know how easy or difficult it is to find prostitutes to occupy the windows, but an upgrading of the RLD could also attract more prostitutes.

A minority of the interviewed prostitutes—mainly private prostitutes—are scandalised by the lack of recognition of prostitution as a profession. In this respect, it is important to note that some of them wrongfully claim not to be able to work legally due to the lack of a statute for prostitution, as the following quote illustrates:

Now you have the stigma of incorrectness: you're working incorrectly, you're working illegally. But you carry that with you constantly. You can't say okay I chose to work as an escort and I really don't care if you are pro or against that, I chose it. But now you can't say that to anyone. Yeah, it's not done because you're working illegally. Everybody knows it's in the black, nobody can do it officially. (Escort, 18 September 2013)

However, most prostitutes insisted on the maintenance of their anonymity, both for financial reasons (cf. untaxed earnings) and societal reasons (cf. taboo and stigmatisation) and were thus not fully in favour of the regulation of prostitution (especially not of the introduction of a special statute) and its ancillary activities. In this respect, one sex worker had a pronounced opinion:

If the government deals with us, than we're up shit creek. We'd better try to keep the government out of it. Let it take care of the roads and all that but in Belgian politics we do not need a regulation on prostitution. Hey, we're the ones deciding. Should the government start to... oh... what? They're gonna ask for taxes or what? So for each client that comes, they're gonna say that money is for us? No, no, no! It's not necessary to talk about a regulation. A well-managed bar does not need regulation. (Bar worker, 28 November 2013)

More consensus is found among respondents regarding the criminalisation of clients: both experts and prostitutes are clearly not in favour of this option. One prostitute said in this respect:

It's not possible to make the world better and stop prostitution. If they will make windows euh out, everybody will move to private houses and then yeah... And how you gonna find that then? How will the police find this? Is gonna be more problems because pimps will bring more girls and they will work for less and everything gonna go worse because than this you cannot control at all. So to say that they want to punish people who pay for sex, this is stupid. (Window worker, 3 December 2013)

Most regulators, enforcers and social workers have an ambivalent attitude to the *de facto* legalisation, recognising both its advantages and disadvantages and also its hypocrisy. As a result, some are in favour of the regulation of prostitution and its ancillary activities, as they believe this would enhance the (social and physical) protection of prostitutes, clarify the legal framework in which enforcers operate, increase income for the government and facilitate the detection and eradication of excesses. Interestingly, Kingston (2014) found similar reasons offered by police officers and local residents (the majority of whom were in favour of legalisation and regulation) in her study of prostitution in the UK. In my study, some respondents, however, feel the time is not yet ripe for prostitution to be put on the political agenda in Belgium. However, with the current policy debates in Europe (e.g., the passing of a non-binding resolution encouraging the criminalisation of clients by the European Parliament), one magistrate thought Belgium is waiting on policy evaluations in other countries before taking action itself. As sex workers are not organised and represented in politics (e.g., no sex workers' organisations striving for rights, no labour unions defending sex workers' position), their voice is not heard in political debates.

Conclusions

As in the two other case studies, the results here again confirm the interrelation between the formal, informal and criminal economies. Just as in the case of street selling, this case illustrates how certain informal activities thrive under government tolerance (Castells and Portes 1989). Both the nature of the informality and the reasons for government tolerance

differ however. Another important difference between the prostitution case and the other two is that this is the only case in which the results offer support for only one theoretical school on the informal economy. As explained above, the survival function of prostitution—at least for the respondents in this study—differs from the survival function in the other two cases and cannot be seen as fitting into the structuralist school of thought.

This case study furthermore illustrates the relevance of disentangling regulation from enforcement when looking at the influence of the policy on informality. More than in the other two cases, it shows how several enforcement actors have different approaches towards the same individuals. Therefore, I would argue the importance of identifying all relevant enforcement actors when studying the influence of the policy on informality. Related to this point is the finding that not all subsectors of the horeca sector receive the same enforcement attention. Due to its perceived sensitivity for fraud, the horeca receives prior enforcement attention from the social and fiscal inspectorate services. Prostitution, which officially is a part of the horeca sector, does not receive that prior attention. Thus, even within one sector, differences exist. Such conclusions cannot be found or supported when studying the informal economy at a macro level.

Lastly, the focus on workers' perspectives allows an understanding of first-hand experiences with prostitution. It highlights, among many other things, what prostitutes attach importance to. For instance, whereas some workers try to find a balance between black earnings and social protection based on prostitution, others do not. Only by carefully listening to workers' perceptions does it become possible to understand why. This also illustrates that personal and context-specific characteristics play a role in workers' choices. These can best be identified by interviewing workers themselves.

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6

The Nature of the Informal Economy

Introduction

Now that the empirical findings have been presented in the three preceding chapters, this chapter brings some of the most relevant ones together in order to make statements about the regulation and the nature of the informal economy. It begins by discussing the usefulness of responsive regulation theory for regulating the informal economy. Subsequently, some main characteristics of the informal economy are discussed on the basis of the empirical results, which will in turn lead to a re-conceptualisation of the informal economy.

Regulating the Informal Economy: The Usefulness of Responsive Regulation Theory

Application of the Regulatory Pyramids

In the empirical chapters, I applied the regulatory pyramids incorporated in responsive regulation theory as developed by Ayres and Braithwaite

(1992). In this theoretical application, the markets (and the people in them) are the analysis unit: I studied how the markets are regulated and how enforcement is manifested (Gill 2002). Here, in this section, some conclusions regarding this application are offered, together with a discussion of the usefulness of responsive regulation theory for regulating the informal economy.

It appears that the pyramids of regulatory strategies have exactly the same shape in the cases on street selling and prostitution, although the content differs. Furthermore, self-regulation was present in all three cases, but not always in the way Ayres and Braithwaite (1992) meant it. The self-regulation at the individual level, which was found in the three cases, entailed establishing agreements or arrangements by several individuals instead of by representative organisations. These agreements were not enforced on the whole market and did not necessarily influence it. The self-regulation at the sector level corresponded more to the voluntary self-regulation proposed by Ayres and Braithwaite (1992). The absence of enforced self-regulation in all three cases was remarkable but is in line with the acknowledgement of Ayres and Braithwaite (1992, 106) that this strategy is mostly applicable to big firms that can afford their own compliance managers.

Government regulation was found at several levels (federal, regional, provincial, local), which is typical for the Belgian governmental structure. Regulation at lower levels needs to be congruent with that at higher levels. As such, this process follows an inverted pyramid structure: from the top to the bottom. A main assumption of the pyramid is that law enforcers should be responsive to how effectively citizens or corporations regulate themselves before deciding whether to escalate intervention¹ (Braithwaite 2006). The three cases only demonstrated this principle to a certain extent. Federal regulation was not responsive to lower levels of regulation as higher levels had not been established as a 'stick behind the door'. They are not necessarily established because lower levels do not regulate the markets sufficiently. In other words, higher levels of regulation may be set up for reasons other than failure of lower regulation, such as economic purposes or the desire to retain control. In this respect, it is conceivable

¹ This reflects the cumulative nature of the pyramid.

that the federal government chooses to regulate certain aspects of markets it wishes to keep under control and leaves other aspects, which for them are less important, to the local government. For instance, in the case on street selling, the location of market stalls is possibly of no interest to the federal government, in contrast to controlling fair trade by installing licenses. Lower levels of regulation, on the other hand, were responsive to higher levels of official regulation as they need to be congruent with the higher levels. This means higher levels determine what can be regulated by lower levels.

Sanction pyramids such as those proposed by Ayres and Braithwaite (1992) existed in the three cases: in all cases, an escalation of possible sanctions was found. However, the analyses suggest that the strongest deterrence did not necessarily stem from the most punitive sanctions, that is, the penal sanctions at the top of the pyramids. A possible reason for this anomalous finding is that the Belgian government might primarily have considered the influence of enforcement and sanctions on Belgian natives, whereas foreigners not living legally and/or permanently in the country were also found to work informally. However, the case on seasonal work illustrated that informal work was mainly executed by Belgian workers and that administrative sanctions were also perceived as more deterrent by them. Furthermore, the case on prostitution illustrated that Belgian sex workers also feared administrative sanctions more than criminal ones, which could however be explained by the exceptional character of penal sanctions for partially declared sex work.

According to Ayres and Braithwaite (1992, 155) the sanction pyramid must be organised to be responsive to what is feared most in the eyes of the key participants. This was not entirely the case in this study as the most highly feared sanctions, namely the administrative ones, did not appear at the top of the pyramid. On the other hand, the finding that the state usually applied the most feared sanctions could be perceived as 'responsive to what is feared most'. Furthermore, the results partially correspond with a criticism expressed by Baldwin and Black (2008), who suggest that enforcement strategies in the pyramid may rank differently according to context and regulation. For instance, to some firms *naming and shaming* may be seen as non-punitive, but to others it might be viewed as far more punitive than a fine.

Responsive Regulation by Enforcers

Another aspect of responsive regulation relates to the extent to which the behaviour of enforcers is responsive to the motivations and behaviour of regulatees (van de Bunt et al. 2007). As mentioned in Chap. 3, social inspectors have a legally stipulated discretionary power regarding how to react to infractions. By contrast, the police do not have a similar formalised discretionary power, but they do have it in practice (Gilleir 2013).

The Actions of the Police

In the first case (seasonal work), the local police mainly offered support to social inspectors. This means that during regular inspections they usually did not intervene and waited at their cars or accompanied inspectors on the fields without interacting with regulatees. They only intervened when circumstances required them to, for example, to arrest someone. As such, the behaviour of the local police in practice was not examined in this study. Given the specialised and supra-local character of the federal police, it is hypothesised that their work mainly comprises investigation rather than persuasion to compliance.

Similarly, the local police primarily supported planned inspections by the inspectorate services in the case on street selling. In theory, this means that they only intervene when circumstances require them to (e.g., using force). Besides, the local police dedicated more attention to their administrative tasks (e.g., ensuring public order) than to their judicial tasks (e.g., detecting offences) in and around markets. As they were aware of informality but did not intervene in order to put a stop to it, they clearly did not choose a 'hard' approach. As they did not intervene against informality, they did not even interact with (informal) street sellers but instead ignored them. Therefore, the behaviour of the police was not responsive to the behaviour of street sellers.

The case on prostitution was the only one in which responsive regulation by the local police was obvious. For instance, when the local police noticed sex workers in the RLD who did not comply with the dress

and behaviour code, they first tried to talk to the sex worker and asked her to change her behaviour. They would only impose an administrative fine when persuasion did not prove successful either because the sex worker refused to adapt her behaviour or because the same infraction was detected in subsequent encounters. Regarding exploitation (not in the sense of managing), the police were more inclined to act more punitively if they had the opportunity, or proof, as this was perceived as a serious offence which is difficult to prove.

The Actions of the Inspectors of the Inspectorate Services

The interviews suggest that most social inspectors started with the least drastic decisions, such as informing people and giving warnings and only reverted to writing a report in case of resistant offenders (if they had enough proof). This is partially congruent with the theory of responsive regulation. It is less known if social inspectors indeed reacted to the behaviour and motives of regulatees in deciding which measure to take. However, inspectors immediately jumped to the highest level in the enforcement pyramid, namely writing a report or procès-verbal if confronted with infractions the Board of Attorney Generals labelled as 'serious'. On such occasions, the discretionary power of social inspectors was limited and their reactions were not responsive to the attitude of regulatees. They primarily responded to the seriousness of the (alleged) offence (van de Bunt et al. 2007). On the other hand, Ayres and Braithwaite (1992) do acknowledge that exceptions exist on always starting with lower levels, for instance in one-off encounters.

It is important to keep in mind that checking compliance was not a priority for social inspectors in the cases on street selling and prostitution. This could imply that political choices and/or relations with other enforcement actors kept these enforcers from choosing the action they found most suitable (Ayres and Braithwaite 1992).

Members of the economic inspectorate also had discretionary power during inspections on street selling. This authority is linked to the assignment of the economic inspectorate, namely, (1) information, (2) prevention, (3) warning and (4) repression (FOD Economie 2013).

This means inspectors could choose between several actions to reach one of these goals. However, these choices were curtailed by an internal directive of the director-general, who had instructed inspectors to generally write a report for immediate settlement when checking markets. Therefore, their discretionary power was not only restricted, but it also implied that economic inspectors were usually not responsive to the conduct of regulatees. This corresponds to the argumentation of Baldwin and Black (2008) that responses of regulators are not simply shaped by the behaviour and degree of cooperation of the regulatee. In general, federal and local authorities chose not to intervene too much in street selling as a market. This was possibly based on the assumption that participants were able to regulate their own businesses. The perception that there were no significant problems might suggest that participants were indeed able to regulate themselves. However, it is also possible that problems did occur, but that the authorities were not aware of them, because of their limited interference in the market.

Other Enforcers

According to the organiser of the private market (case on street selling), his personnel mostly tried to make stallholders comply through dialogue and persuasion. This was perceived as the best way to maintain good working relations with the stallholders. Only in exceptional cases such as persistent non-compliance did they proceed to other measures such as monetary sanctions.

I also studied to what extent non-state enforcers acted responsively. As was mentioned before, I only found some non-state regulatory and enforcement actors in the case on street selling. According to the market organiser, private security agents active in the private market tended to proceed to punitive measures immediately. In other words, instead of talking to the 'offender' (e.g., informal seller, pickpocket, thief), they directly informed the organisers of the market, who in turn decided which further actions were to be taken, such as speaking with the offender, giving a warning or calling the police. Therefore, the private agents did not act in conformity with the sanction pyramid, nor were they acting responsively,

in contrast to the organisers of the market. Even more than the local police, private detectives did not often directly encounter informal sellers. Furthermore, private detectives could not use the same tools as the police, such as a broad network of information, and could not draw up a report themselves. Compared to public actors, their options to interact with informal sellers were more limited to the bottom of the pyramid. This obviously did not preclude them from gathering information and handing it over to the police or their customer. Should it be necessary, they could later use this information as evidence in court.

Usefulness of Responsive Regulation

As stated by Baldwin and Black (2008), restricted resources mean considerable restrictions on a core enforcement task, detection. This is confirmed by Braithwaite (2006) and Tombs and Whyte (2013), who allege that state resources are not and will never be sufficient for overseeing compliance with regulation.² As a result, regulatory resources should be targeted at companies or sectors where the risk of non-compliance is high (Rickles and Ong 2010; Tombs and Whyte 2013). This was partly found in the three cases as the state officially prioritised enforcement in the case on seasonal work (which was perceived as a sector sensitive to fraud [SIOD 2013]) and partially³ in prostitution (which was perceived as sensitive to exploitation [Politiezone Gent 2013]), but not in street selling even though informality was also present there. The political will to intervene in the last market was not high (Mascini 2013) notwithstanding a high risk of non-compliance.

This difference in enforcement prioritising, which is determined at a general level, can be extrapolated to the actions of enforcement actors in the cases. It essentially attributes limited governmental enforcement capacity to sectors where governmental control is considered most necessary. According to Ayres and Braithwaite (1992, 129) and Braithwaite (2002, 33), this governmental enforcement attention should be directed at com-

² This proposition is in line with responsive regulation theory and also, in fact, with risk-based regulation (Tombs and Whyte 2013).

³ Not for the social inspectorate services and tax office, but for the local and federal police.

panies, and by extension at markets, in which self-regulatory systems are not effective in punishment, that is, punishing non-compliance of members of a group by others in that group. But is it really because the market of street selling demonstrates effective self-regulation that it was not prioritised by the government? Although I have hypothesised that this might be the case (cf. absence of public problems⁴), other potential reasons have been suggested as well throughout the empirical chapters, such as a social safety net or the limited threat on physical integrity. In the prostitution case, individuals and the sector did not seem to effectively⁵ regulate themselves either regarding partially declared work and income (given its high prevalence). Thus, effective self-regulation seems hardly to be a reason for giving a low priority to the tackling of this type of informality.

A key idea of responsive regulation, namely that the escalating character of the pyramids channels the majority of regulation into their bases, was not entirely found. More specifically, this idea was not found for the regulation aspect; there was no more self-regulation than governmental regulation. However, this idea was mostly found for the enforcement aspect, that is, giving lower rather than higher level sanctions. Nevertheless, it was not always the case that the possibility of escalating to more severe sanctions stimulated compliance at lower levels as non-compliance, that is, informality, still existed. This is related to the finding that the highest levels of sanctions (penal sanctions) did not have the highest deterrent influence on workers. Some people had specific reasons for informal work, whereas others were not able to work formally (e.g., migrants staying illegally in Belgium). However, both groups did not necessarily perceive enforcers, mainly governmental ones, as invincible. Furthermore, I found that it was impossible to escalate to certain levels of sanctioning in some situations. For instance, repatriation was not possible when persons staying illegally in Belgium successfully masked their true identity and nationality. Similarly, sexual exploitation could not be proven when judges deemed there was insufficient evidence. In brief, penal sanctions remain important when confronting

⁴ Insofar this can be seen as a sign of effectiveness.

⁵ I use the word 'seem' to highlight the hypothetical nature of this premise as this book did not aim at studying the effectiveness of regulation and enforcement.

certain criminal offences such as exploitation and human trafficking. Nevertheless, it is clear that they are not always imposed, because other measures are considered more appropriate or because they cannot be imposed for practical reasons.

Another key aspect of responsive regulation is the adaptation of the reaction of regulators and enforcers to the behaviour and motives of regulatees. Unfortunately, this could not be applied to the results as I did not focus on concrete interactions between regulators and regulatees. Instead, I focused on the influence of enforcement on choices to work formally, informally or criminally.

What is then the usefulness of responsive regulation for regulating the informal economy, keeping in mind that I did not *test* theoretical assumptions?

Firstly, the sanction pyramid is useful as I have illustrated that an important part of the informal economy comprises activities that do not comply with existing regulation. As such, enforcement of regulation is important to tackle informality. For this, the ideas of the sanction pyramid (escalating measures according to the motivations of regulatees) are useful. Secondly, the usefulness of the regulatory strategies pyramid for regulating the informal economy will depend on the aims of the government regarding informality. If the government does not see a problem in the existence of certain types of informality, it might promote self-regulation (in terms of both regulation and enforcement) and not intervene at higher levels (government intervention). In this case, informal markets will continue to exist (and maybe increase) in accordance with self-regulatory measures. As participants of the informal economy often prefer to remain informal, their regulating themselves will result in the continuation of informality. It might of course influence other aspects such as the determination of prices or working conditions. Some participants had no other option but informal work (e.g., migrants staying illegally in Belgium). They might prefer formal work, but self-regulation would not offer them that option as migration remains a governmental authority. However, if the aim is to eradicate informality, self-regulation will not be sufficient. In that case, governmental intervention and especially enforcement would be necessary.

As van de Bunt et al. (2007) state, a deliberate escalation strategy requires that the actions of judicial enforcers be attuned to those of administrative enforcers, such that judicial enforcers prosecute cases in which administrative actions do not lead to compliance. This may not always be the reality in the three cases, which is why responsive regulation might not always be easily applicable. This corresponds with the finding of Ponsaers et al. (2003), who illustrate that judicial prosecution of matters identified by inspectorate services is rare. Moreover, files regarding infractions can sometimes be transferred from one enforcer to another, which complicates responsiveness to the behaviour of the regulatee and escalating reactions (van de Bunt et al. 2007). Indeed, responsive regulation theory in its initial form seems to pay little attention to cooperation between different enforcers.

Additionally, enforcers do not always aim at compliance with regulation (as is proposed by responsive regulation theory), but can also have other goals in mind when executing their task, such as keeping a firm hand with offenders or teaching them a lesson (van de Bunt et al. 2007). What were the motives of enforcers when checking sellers residing in Belgium illegally, knowing that they would not be able to comply as long as they remained unauthorised? Or what did social inspectors try to achieve when—albeit not on a regular basis—checking prostitution businesses? In conclusion, some main principles of responsive regulation theory, for example, escalating measures, are not easily applicable in practice because enforcement agencies are embedded in a political and societal context (van de Bunt et al. 2007).

Table 6.1 Characteristics of workers in the three cases

Workers	Case 1	Case 2	Case 3
Nationality	Belgian and foreign	Belgian and foreign	Belgian and foreign
Migration status	Mainly legal	Legal & illegal	Mainly legal
Labour status	Employment (seasonal workers)	Employment and self-employment	Employment and self-employment
Victims/agents	Mainly agents	Victims and agents	Victims and agents
Political influence	High (employers)	Low	Low

The Nature of the Informal Economy

Based on the empirical results, some conclusions about the informal economy can be made. It is, however, important to keep in mind that it is not possible to generalise these statements to the informal economy as a whole given the methodology of the study. First, a few findings regarding the workforce are presented, after which some statements are made regarding the informal activities.

Workers

In the three cases, the workers were both Belgian (autochthonous and of foreign origin) and foreign (see Table 6.1). However, in comparison to seasonal work and prostitution, the case of street selling appeared to incorporate the smallest number of Belgians of autochthonous origin. Furthermore, foreign seasonal workers in this study were predominantly East European and Indian, whereas foreign street sellers mainly originated from North and Central Africa. Street selling is also the sector in which workers were often illegal residents and/or had dubious work status, whereas foreigners in seasonal work and prostitution were more legal (i.e., residing and/or working legally in the country). Informal activities were conducted by both Belgians (in all three cases) and foreigners (mostly in street selling and prostitution), which confirms the finding that the informal economy does not solely involve migrants (Maroukis et al. 2011).

Several street sellers were characterised by a precarious existence given their illegal migration status, uncertain work and income and/or shabby living conditions. In this respect, social and economic insecurity characterised their existence (Coletto 2010). Although a victim perspective was predominant in the case, many sellers showed empowerment and skills to survive and organise their lives and work. As such, I do not fully agree with Leonard (1998), who suggests that the potential of informal activities to empower individuals is limited when they are forced into the informal economy because of a lack of viable alternatives. On the contrary, several informal workers in the cases of street selling and seasonal work stated that their work gave them a feeling of doing something, of being actively

involved in something, in being able to—at least partially—provide for themselves. Similarly, the prostitution case was characterised by contradictory narratives of victimisation and agency (Bandura 2006). Agency was also found in many seasonal workers who actively and positively chose to conduct seasonal work. Of course, the extent to which workers can actively choose between several alternatives was partly influenced by their ‘start position’, and their income portfolio. Some people simply had more options than others. Interestingly, most policymakers and social workers did not perceive seasonal workers as victims, which is confirmed by the empirical results. The victim perspective on street sellers was also found in the judgments of policymakers and social workers. In the prostitution case, policymakers and social workers made a clear distinction between victims of forced prostitution and prostitutes who voluntarily chose to do sex work. In this last category, enforcers stated women were very well aware of the regulations and their infractions of the same.

The shortest period of temporary migration was found in the case of seasonal work, where temporary migrants left Belgium after three months, which is attributable to the case-specific regulation (occasional work policy). However, migrants who had a more prolonged stay were also found, just as was the case in street selling and prostitution.

The only case in which workers had a significant political influence on the government was seasonal work. In this case, employers’ interests were protected by a powerful employers’ organisation with great political influence. This could partially explain why seasonal work was the only case in which government intervention (e.g., regulation and enforcement) was highly present. Furthermore, the national government should take international (e.g., at the level of the European Union) agreements into consideration. Although this international regulatory dimension was not taken up in the present study, this could also influence national government intervention. Seasonal workers, even the foreign ones, can join labour unions who are represented in policymaking. This organisational power and political influence was hardly the case for street sellers and prostitutes.

A third point of comparison regards the labour status of the workers. Two main informal employment modalities are identified (Chen et al. 2001): non-waged work and waged work. Non-waged work can be further divided into employers (e.g., farmers, managers of prostitution businesses) and the self-employed (Chen et al. 2001). The self-employed can further be differentiated

into 'proper' informal self-employment (or own-account employment) (e.g., unlicensed street sellers who do not work under the authority of someone else [e.g., clothes' sellers in cafés] or prostitutes working on their own account and not declaring their full income) and 'false' self-employment which entails a person working for an employer but at the same time being registered as self-employed (Williams and Lansky 2013, 361).

Seasonal workers in fruit-growing are hired on day contracts and work under the authority of an employer. This means, for instance, that employers determine their working hours and task division. Street sellers on the other hand, just like prostitutes, can work as employees and as self-employed. Self-employed sellers are responsible for the purchase and sale of their goods; they work independently of a boss. They organise their own work, choosing their working hours and days and determining their own prices (sometimes influenced by self-regulation) and workplace (also partly in line with the internal arrangements between different sellers). Sellers can also work under the authority of someone else, even in the absence of a formal work contract. Examples are disc sellers working for large scale dealers or migrants performing several tasks in formal markets (e.g., arranging stands, selling merchandise). Although window prostitutes have formal work contracts as waitresses, they still have relative freedom to choose several work-related items such as clients, sexual acts, working hours and working days—insofar they do not have a pimp. Of course, arrangements are made at the start of the employment regarding the choice for a day or a night shift and working days. Although they are not obliged to come to work each day or to work the full shift (12 hours), they do have to pay the window money on days they usually work (hence *relative* freedom). Other prostitutes with contracts in bars and private houses are expected to work on predetermined days and hours. In general, prostitutes had less freedom regarding the choice of clients and acts in bars and private houses. Self-employed prostitutes on the other hand were free to determine their working conditions and prices but did (have to) take some market principles into account in order to have a sufficient number of clients (e.g., not too high prices, work enough hours).

All three cases confirm that informal work (both self-employed and waged) can occur concurrently with formal work (Williams and Lansky 2013). Regarding informal self-employment, the stories of East European cigarette sellers illustrate that this could be combined with formal (or informal) employment, for

instance, in construction. The combination of formal and informal self-employment in the same work area was found in the case of self-employed sex workers who only declared a part of their work and income. Similarly, seasonal workers (waged workers) could work (alternately) formally and informally at the same farm. Furthermore, the three cases disconfirm the notion that in most European countries, the unemployed are unlikely—or less likely than the employed—to participate in the informal economy (Leonard 1998).

The results can be related to the provisional typology for the involvement of enterprises or entrepreneurs in the formal and informal economy as established by Verhage and Shapland (2013, 400–401). They distinguish four types of which the first one entails formal enterprises that employ formal employees. Clearly, this type is fully operative in the formal economy. Secondly, they see formal firms that hire some of their employees informally (or hire the same employees both formally and informally) and take part in informal activities. This type was found in all three cases. Regarding the prostitution case, managers established formal firms, although their actual activities were criminal but tolerated. The women they hired had formal contracts, but they usually worked more hours than declared. The use of envelope wages (Williams and Padmore 2013) in seasonal work can also be allocated to this category. The third type comprises informal entrepreneurs (self-employed) without staff. It is important to make a distinction between informal entrepreneurs (worker as unit of analysis) and informal activities performed by entrepreneurs (activities as unit of analysis). The terminology used by Verhage and Shapland (2013) suggests they use workers as the unit of analysis. The case of street selling illustrates the existence of informal (not-registered and unlicensed) sellers, whereas the case of prostitution illustrates the existence of informal activities conducted by formal (i.e., registered) and informal (non-registered) entrepreneurs. Again, the results indicate that formal, informal and criminal activities are intertwined as formal entrepreneurs (or wage workers) might execute any of these three kinds of activities (e.g., sale of counterfeit goods on formal market stalls, managing a prostitution business). Informal street sellers might conduct formal activities (but outside the street selling business), informal and criminal activities.

Lastly, Verhage and Shapland (2013) distinguish informal or illegal entrepreneurs (informal or illegal businesses) who hire informal staff, mainly because the product they are selling cannot be sold formally. This was not directly found in my case studies (managers from prostitution

businesses were registered formally, albeit under another term). Of course, pimps and traffickers (found in the cases of prostitution and seasonal work) should be considered as illegal entrepreneurs. However, they do not formally hire persons (i.e., their victims); thus they do not fall under this category either.

Work—Activities

The criterion visibility of the activities is two-sided: the visibility of the activities themselves on the one hand and the need for the activities to be visible in order for the business to be successful on the other. Seasonal work, which is geographically dispersed throughout the province, can be visible or hidden but the visibility of the activities is not a prerequisite for the acquisition of the product (see Table 6.2). This is in contrast with street selling, for which it is absolutely necessary for the workers, and

Table 6.2 Main characteristics of work in seasonal work, street selling and prostitution

Work	Case 1	Case 2	Case 3
Visibility	Visible and hidden	Visible	Visible and hidden
Nature	Production legal goods	Trade legal and illegal goods	Trade legal good
Income portfolio ⁶	Mainly additional	Main income/ combination (formal and informal; purely informal)	Main income/ combination (formal and informal)
Conditions to start and continue	Social capital not necessary, basic professional skills	Social capital, economic capital, relational skills	Social capital but not necessary, relational skills
Economic importance	High	Unknown	Unknown but presumably high

⁶See RQ 3 for a discussion of the income portfolio of workers in the three cases.

usually also for the goods, to be visible to clients. In my study, this trade was concentrated in certain spots known to regular clients.

Similarly, prostitutes need to be visible to or at least traceable by clients. In line with this necessity, certain prostitution types such as window and bar prostitution are highly visible.⁷ In addition, the concentration of window prostitution in the RLD contributes to the traceability of prostitutes. Other types such as private and escort prostitution are less localisable but still easily traceable on the internet. In this respect, the two aspects of the visibility criterion do not necessarily need to correspond, for instance the need for visibility does not imply that the activities are visible in person.

For these three cases, differences and similarities exist regarding their nature. The case of seasonal work is characterised by the *production* of legal products, namely fruit. By picking and sorting fruit or thinning and sometimes even planting trees, seasonal workers actively participate in the production or cultivation of fruit by offering their services to farmers. The case on street selling is distinguished by a *trade* in legal and illegal goods, for example, counterfeit products. Prostitution is also a type of *trade*, characterised by the exchange of sexual services for money. In itself, this activity is legal. The product of this trade, a human body, is also legal. As illustrated in the previous chapter, several surrounding activities of the trade are clearly illegal, but the product that is traded (the human body) stays legal. In all three cases, the informal activities were paid: no unpaid informal activities were identified (Pfau-Effinger et al. 2009).

Seasonal work is also different from the other cases given its temporary nature. Furthermore, it is important to note that contracts do not necessarily imply the availability of work. For instance, fruit picking is not possible every day due to specific weather conditions, which means that work is not automatically available. As seasonal workers are hired on day contracts, they do not necessarily receive a contract each day (and consequently have no income either on that day). The lack of work is usually communicated at the last minute, which means seasonal workers need to

⁷To be fully correct: the sexual activities themselves are not visible, but the advertisement for the services (by women sitting or standing in front of windows in particular clothing and make-up) is visible. Thus, there cannot be any misunderstanding as to the activities that take place inside the premises.

be very flexible, especially those who are not staying on the farm. Similarly, when seasonal workers are expected to work when it was not planned, this is also decided and communicated at the last minute. Last-minute needs for work can cause trouble finding (enough) seasonal workers, which can function as a reason to accept informal workers or informal work.

Street sellers also depend on the weather, but in another manner. Several sellers work irrespective of the weather, which means that they are available for work. However, the number of clients will be lower in bad weather, which results in less work and income. Finally, a contract as 'waitress' in window prostitution premises does not guarantee work because this depends on the presence of clients. Neither does it safeguard income as window prostitutes do not receive an actual wage.

Seasonal workers usually receive a fixed hourly wage or a predetermined piece-wage, which was still used although it was not tolerated. In contrast, the income of informal sellers and prostitutes depends on external factors such as the number of clients, which in turn depends on other factors. For instance, the income from street selling is influenced both by the type of goods sold (which immediately implies that it was very hard to estimate the average earnings of informal sellers as one category) and by the weather. For prostitution, influential factors include the prices and the acts that are performed. Other factors not related to the clients but affecting income are the amount of window money paid, or the amount that needs to be handed over to a pimp. In all three cases, income could arise from a combination of formal and informal channels. The possibility of purely informal income generation was only found in the case of informal street selling. The three cases confirm that income from informal work displays a wide distribution (Williams and Marcelli 2010).

In all three cases, social capital was important when it came to the conditions to start work, for instance, to find a place of employment or to have some basic knowledge. This confirms that barriers also exist to enter the informal economy and that social networks and the immediate environment are important (Leonard 1998; Shapland 2012). As for finding a place to work, social capital and informal recruitment practices (Leonard 1998) had the biggest role in seasonal work and informal street selling as more visible or widespread channels existed in prostitution (e.g., advertising). Once the work had begun, social contacts played an important role in

informal street selling and prostitution. For instance, informal street sellers could obtain useful information on the places to buy their merchandise or the timing of inspections. Furthermore, in order to be accepted or allowed by other sellers in a territory, social contacts could play a role. Prostitutes, especially in windows, bars and private houses, could learn a lot from each other about the accustomed prices, acts and ways to handle difficult clients.

It can be derived from that last point that prostitution requires relational skills such as assessing clients' personalities and responding adequately to the same, or hiding feelings such as disgust, fear or dislike from clients. Similarly, relational skills are required in street selling. As such, although working as a street seller or prostitute may not require specific competences or extensive professional training, some basic psychological skills are essential. Such skills were less important in seasonal work. Farmers could explain the task division and the work that needed to be done. In case language barriers arose, the farmer usually explained something to one worker who knew enough English, who subsequently informed the other workers in their native language. However, training and skills were also necessary for seasonal workers. For instance, handiness and care were vital in order not to damage the fruit. Moreover, the workers needed to know how to pick fruit, how to thin trees, or how to handle a tractor.

In the three cases, several informal activities were detected such as illegal employment, social fraud (more specifically no full payment of social security contributions, benefit fraud), go-betweens, human smuggling, unlicensed activities, sale of counterfeit goods and exploitation. The common denominator of these activities is the fact that these activities and the income generated are not declared (either fully or partially) to the government. Fiscal fraud⁸ was most explicitly found in the case of prostitution, in the sense that income from prostitution (or prostitution-related activities) was not accurately declared to the government.

The diversity of people who conducted these activities and the conditions under which they were executed confirm the continuum of types of informal work suggested by Williams (2005, 2010). This continuum implies that informal work ranges from organised varieties of informal

⁸ Fiscal fraud can be defined as infringing on stipulations from different fiscal codes with deceptive intention or intention to cause harm (De Nauw 2007, 3, in Pacolet and De Wispelaere 2009, 36).

employment to more individual or autonomous types, such as a self-employed person concealing a proportion or all of his earnings, or casual one-off jobs undertaken on an informal basis. Thus, my results confirm that not all informal work can be viewed as low-paid exploitative work executed by marginal groups. The informal economy is more than a survival strategy for the poor (Leonard 1998). Conversely, informal work can be well-paid, allowing for freedom and flexibility, and performed by middle-class people. As such, the results of the comparative analysis confirm the segmented nature of informal labour markets (Chen 2012; Williams 2010, 19; Williams and Marcelli 2010) in terms of the diversity of economic activities, working conditions (Coletto 2010) and permanence of work.

Furthermore, the empirical results are in line with Oviedo et al. (2009), who state that informality in developed countries such as Belgium mostly involves (1) formal firms and workers who under-report their income to tax authorities or (2) the use of undeclared labour, often performed by undocumented foreigners, especially in certain sectors (e.g., construction). However, it is important to note that undeclared labour is not solely executed by undocumented foreigners but also by documented foreigners and Belgians (cf., seasonal workers, street sellers) and that it exists outside the 'typical' sectors of construction, cleaning and horeca.

Finally, the different empirical chapters illustrated the intertwinement of the formal, informal and criminal economy (Renooy 1990; Vande Walle 2008; Vande Walle and Ponsaers 2006; Verhage and Shapland 2013). This finding confirms that dichotomies are best avoided when studying and thinking about the informal economy (Coletto 2010). Following Coletto (2010),⁹ these intertwinements are visualised in the following three figures, in which the relations between the main actors are represented. The three cases—seasonal work, street selling and prostitution—are discussed further in detail.

The fruit farms were usually formally registered enterprises (see Fig. 6.1). However, the structures of the enterprises and the extent to which farmers fully declared their activities and income were beyond the scope

⁹The idea of representing the relation between the formal, informal and criminal economies in this way is based on Coletto (2010).

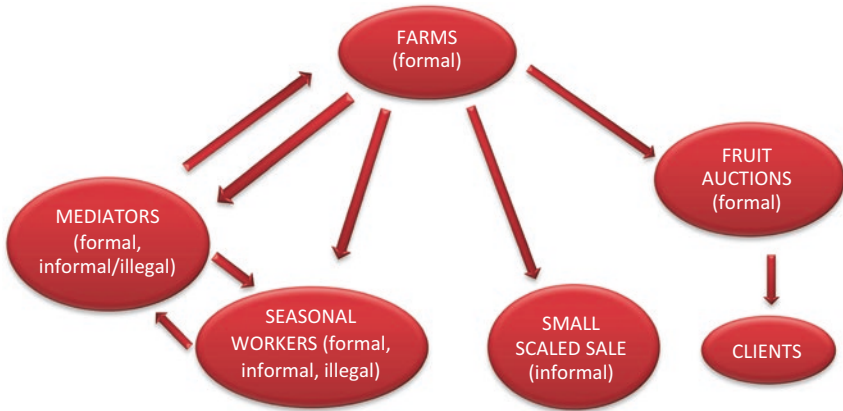


Fig. 6.1 Relation between the formal, informal, and illegal/criminal economies in seasonal work

of this study. In the studied case, the produced fruit was mostly sold at fruit auctions (formal enterprises). Transactions between farms and auctions are formal in the sense that they are formally/officially registered. This implies that the turnover is officially known by the government. In addition, some farmers sold fruit at the farm to neighbours, local residents, passers-by or agricultural tourists, often without reporting it to the government. Therefore, income from this source was less likely to be declared (entirely) to the tax office. This type of sale was either visible from the streets by way of a notice or not visible but still known to the local residents (who came to the farm to buy fruit). As explained in the chapter on seasonal work, workers could be hired formally, informally or even illegally, although informal and especially illegal employment were said to have declined over the years. Some seasonal workers shifted between formal and informal employment by being hired informally one day and formally another. Furthermore, formal and informal activities could occur on the same farm. Seasonal workers were hired either directly by farmers, for instance through acquaintances or established seasonal workers, or indirectly through employment mediators. These could operate formally (e.g., Flemish department of employment agency VDAB or

licensed foreign employment agencies), informally (e.g., unregistered go-betweens who ask a one-off payment for their services) or illegally (e.g., human smugglers or traffickers). The arrows in both directions indicate that mediators could search for seasonal workers on their own, but that they could also apply for the services of mediators. Thus, the relation goes both ways. Similarly, farmers could call on mediators for seasonal workers, but mediators (mostly informal and illegal ones) could also directly contact farmers, asking if they needed workers.

Street sellers (see Fig. 6.2) could work in marketplaces, on the streets (public domain) and in cafés. A distinction ought to be made between self-employed sellers and waged workers. During the empirical phase, different situations were identified. First of all, some self-employed workers operated formally (e.g., mostly at markets), others worked informally

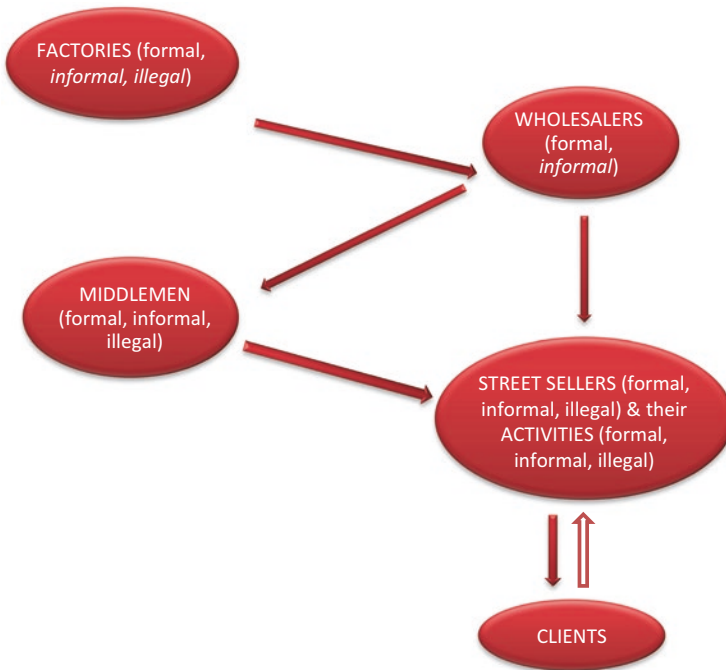


Fig. 6.2 Relation between the formal, informal, and illegal/criminal economies in street selling

without license or without declaring their activities (e.g., East European cigarette sellers, unlicensed sellers in the markets) or illegally, for instance migrants in unauthorised stay. Some of these self-employed workers hired employees (also referred to as street sellers in this case), who worked formally, informally or illegally. In the two last cases, sellers worked outside formal working hours as stated on the contracts or had no official contract. Examples include illegal employment by helpers at market stalls or disc sellers who worked under someone's authority. The arrows between street sellers and clients illustrate that sellers attracted the latter by shouting democratic prices or subtly proposing cigarettes, but that clients also approached sellers on their own account. The arrow from clients to sellers is not coloured, which shows that there is no state regulation for this relation. As quality regulations and controls on goods sold to clients exist (although this was not included in this case study), that arrow is coloured.

Furthermore, the figure represents the channels through which the sellers obtained their goods. Some sellers bought them from wholesalers, who could be formal or informal. In the visualisation, the term 'informal' is put in italics, because this is an idea that was not studied in the case. Other sellers obtained their goods from middlemen. Examples include the suppliers of cigarette sellers who, in turn, bought the cigarettes from other persons or disc sellers who bought the discs from dealers. These suppliers could be informal or illegal (in case of counterfeit goods). Formal market stallholders could also function as middlemen for street sellers who were not able to buy goods directly from wholesalers because they did not have the money to buy large quantities. The case study did not focus on the origin of wholesalers' goods, but it is assumed that they bought them from factories (although there could have been intermediate people or enterprises). The intertwinement of formal and illegal activities is illustrated by the sale of counterfeit goods in formal market stalls and by the acceptance by formal traders of informal and illegal sellers of counterfeit goods in their immediate surroundings.

The case of prostitution (see Fig. 6.3) differs from that of street selling but is similar to the seasonal work case because the work generally comprises the delivery of services to another person. Sex workers, waged or self-employed, deliver sexual services to clients. The arrows linking sex workers to clients are not coloured, which reflects the absence of state

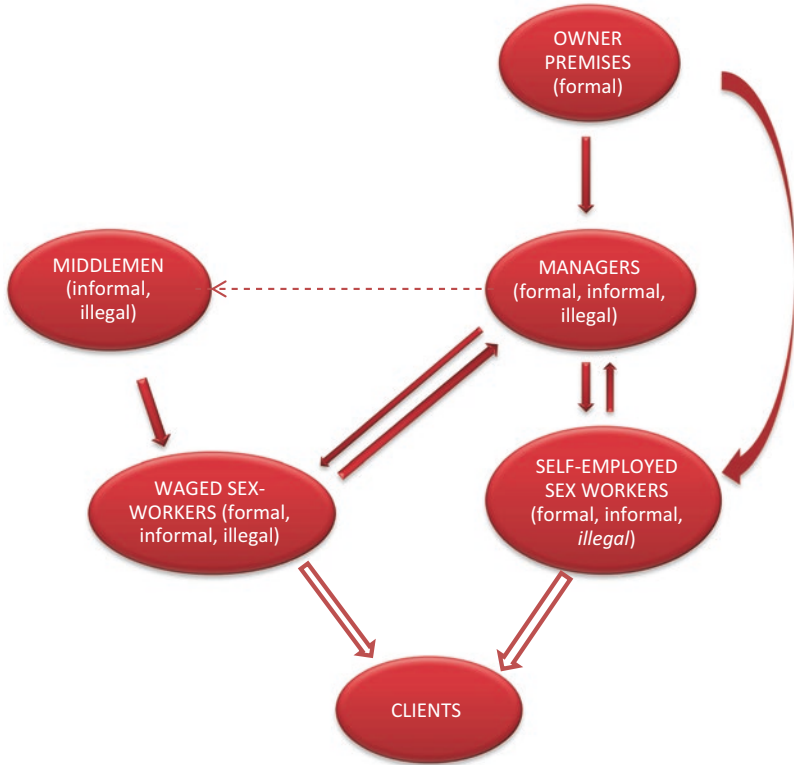


Fig. 6.3 Relation between the formal, informal, and illegal/criminal economies in prostitution

regulation: the state does not adopt regulations for the relation between sex workers and clients, for the sexual services. Self-employed sex workers can work on a formal, informal or illegal basis. Chapter 5 showed that a combination of formal and informal work was the rule rather than the exception. The sex workers' place of work varied: it could be a home, hotel or clients' place, but also in windows or bars as self-employed. This explains the arrow from 'managers' to 'self-employed'; they then had a tenancy agreement with the manager (this was rather rare). The bent arrow from owner premises to self-employed sex worker reflects the hypothesis that self-employed sex workers directly rented the premises from the owner, without using a manager. As managing prostitution is

technically a criminal offence, this activity is criminal in itself. However, in practice it was tolerated under certain conditions, which is why it could be regarded as formal. Although this was not the focus of the case study, some respondents argued that managers did not declare their full income from prostitution and can hence be called informal.

Waged sex workers had an employment contract, generally as a waitress. Although they did not do the work for which they had a contract, it was theoretically possible to work formally. However, informality prevailed as partial declaration or under-declaration of work and income was the rule rather than the exception. In cases where waged sex workers did not have the authority to work in the country, they were working illegally. The relation between the waged sex worker and the manager of the prostitution premises could be mediated by middlemen or -women. For instance, friends, loverboys or pimps could bring both parties in contact. However, the exact relation between loverboys/pimps and managers was not clear, which explains the dotted arrow. Sometimes sex workers contacted managers on their own (e.g., through the internet) or responded to advertisements on the windows.

These results about the regulation and the nature of informality and the intertwining between formal, informal and criminal activities form the basis for a re-evaluation of the (initial) conceptualisation of the informal economy.

Rethinking the Conceptualisation of the Informal Economy

Initial Conceptualisations of the Informal Economy

A working definition of the informal economy was needed at the outset of this study. I opted for a broad definition, based on several arguments found in the literature. The informal economy was defined as the opposite or the reverse of the formal economy (ILO 2002, 11; Ponsaers et al. 2008, 645), thus comprising all economic activities that are not officially regulated, enforced and registered (Adriaenssens et al. 2009; Chen,

et al. 2001; Dobovsek 2009; Dell’Anno 2003; Henry and Sills 2006; Lippens and Ponsaers 2006; Slot 2010). According to Ponsaers (2013), this implies that informal activities are ultimately untaxed. Importantly, prostitution was not yet included in the estimates of the GDP and was thus not officially registered as a part of it when I began this research.

Based on the empirical results, I argue that the following working definition be adapted. Defining the informal economy as ‘those parts of the economy that are not officially regulated, enforced and/or registered’ seems to fit the results better. The first case study demonstrated that even if informal activities are detected and state regulation is enforced, these activities remain informal because they do not comply with the state regulation during their execution and were not declared to the government as they ought to have been (cf. registered). As a result, they escaped state regulation and protection (e.g., social security).¹⁰ Thus, the presence of enforcement does not necessarily imply that activities are formal. This is all the more true as not all actions to verify compliance (enforcement) lead to the detection of informality. This means that an activity can be informal even in the presence of enforcement. In this respect, I do not fully agree with Ponsaers (2013), who states that the informal economy is characterised by an absence of formal public control institutions such as police and inspectorate services, notwithstanding the existence of regulation. I feel that an absence of enforcement or public control institutions indeed enables informal activities to continue. However, informal activities can also occur when public control institutions exist and are operative. Nevertheless, absence of enforcement can pave the way for informality—as was illustrated throughout the empirical chapters.

Public control institutions can detect informal activities, which are then registered in enforcement statistics. However, these numbers only partially reflect the actual size of informality and a dark number remains. Furthermore, informal economic activities are not formally registered for inclusion in the GDP, but Belgium is required to include *estimates* of informal and illegal activities in the estimates (Pacolet and De Wispelaere 2009; Pacolet et al. 2012) as stimulated by the OECD (OECD 2002)

¹⁰Of course, if detection is followed by sanctions (administrative or penal), some rectifications are possible.

and Eurostat (NBB 2010). As a result, informal activities are incorporated in the estimates of the GDP (Pacolet and De Wispelaere 2013a) although they are not fully registered in enforcement statistics; in other words, the estimates of the GDP are corrected for informal activities (NBB 2010). According to the National Bank of Belgium, illegal activities were not included in the estimates of the GDP until 2014 (NBB 2010; Pacolet and De Wispelaere 2013a,b). However, as of this year, prostitution, drugs and smuggling of alcohol and tobacco are incorporated in the GDP as estimates of the criminal economy (Van Mechelen 2014). Therefore, it could be argued that informal economic activities, and some criminal activities, are registered since their estimated size is reflected in the GDP. However, registration can also refer to the adequate declaration of economic activities (labour) and income to the government, on the basis of which social security contributions and taxes are calculated. The absence of registration as a necessary condition for informality thus depends upon the definition of registration.

Rethinking the Conceptualisation of the Informal Economy

Several authors and institutions exclude illegal or criminal activities from informal ones or argue that criminal activities should be distinguished from informal activities (e.g., Adriaenssens et al. 2009; Andrews et al. 2011, 7; Castells and Portes 1989; Chen et al. 2001; Eurofound 2013; ILO 2002; Hussmans 2005; OECD 2002; Portes and Haller 2005; Schneider 2005; Slot 2010; Williams and Round 2010). In this view, a distinction is made between the nature of the final product on the one hand and the way in which this product is produced or distributed on the other. According to this classification, the formal economy is characterised by: (1) a legal final product and (2) a legal way of production or distribution. By contrast, the informal economy includes all activities characterised by: (1) a legal nature of the final product but (2) an illegal way of production or distribution of the final product. The criminal economy, on the other hand, comprises all activities characterised by: (1) an illegal final product and (2) an illegal way of production or distribution (Adriaenssens et al. 2009; Slot 2010).

The 1993 SNA (Systems of National Accounts) and OECD distinguish informal from criminal activities in another way. More specifically, they make a distinction between illegality in a strict sense, that is, acts violating the penal code, and illegality in a broad sense, that is, acts violating rules and standards concerning taxes, social security contributions or minimum wages (OECD 2002, 38). Thus, illegal activities are considered to violate criminal law (illegality in a strict sense), whereas underground activities do not comply with administrative law (illegality in a broad sense). This categorisation obviously only works in countries that have an administrative law system.

Conversely, some authors in the domains of public policy, sociology and criminology consider illegal activities part of the informal economy (e.g., Chen 2004¹¹; Gershuny 1979; Henry and Sills 2006; Ponsaers et al. 2008). In this respect, Ponsaers (2013, 26) refers to the concept of the ‘bazaar economy’ as proposed by Ruggiero and South (1994)¹² to question the extent to which a distinction can be made between formality, informality and illegality.

When the two ways of distinguishing informal from criminal activities are applied to my empirical results, the proposition of the OECD seems preferable. As such, criminal activities refer to infractions of the penal or criminal code (e.g., pimping, human trafficking), while purely informal activities refer to infractions of ‘special criminal law’ which encompasses labour legislation, social security legislation and tax legislation.

I think that a distinction between the criminal and the informal economy can be useful for conceptual, statistical and empirical purposes. On a conceptual level, the aetiology of informal and criminal activities can be explained by separate theories. Furthermore, in some countries (for instance Belgium), criminal and informal activities are regulated by different types of regulation, namely the penal code for criminal activities and the special criminal law for informal ones. Likewise, special bodies of enforcers exist to check compliance with the special criminal law such

¹¹ Surprisingly, one author (Martha Chen) considers the criminal economy as part of the informal economy in one paper (Chen 2004) but not in another one (Chen et al. 2001). General statements are made in both papers: it is not the case that in one paper a working definition is presented only for empirical purposes.

¹² According to Ponsaers (2013), this concept refers to a variety of individuals interacting in marketplaces, where goods and services are bought and sold without making a difference between their legal and illegal nature. Applied to contemporary cities, the concept refers to the coexistence of legality and illegality.

as social inspectorates, the fiscal inspectorate and the health inspectorate, whereas the police are authorised to check compliance with all legislation. For statistical purposes, separate estimates of the sizes of the informal and criminal economies can be interesting, as illustrated by the SNA 1993 (Hussmans 2005). Finally, the distinction between the informal and the criminal economies enables the empirical exploration of their mutual relationships, which is, according to Portes and Haller (2005), more difficult when the two are confused. Furthermore, not all researchers studying the informal economy are also interested in studying criminal activities, which calls for a framework to distinguish between the two.

However, from a criminological perspective and my choice to study three employment markets (instead of one specific category of informality such as social fraud or fiscal fraud), it is necessary to incorporate both informal and criminal activities. Given the wide recognition of the intertwinement between formal, informal and criminal economy (Coletto 2010, 2013; Renooy 1990; Vande Walle 2008; Vande Walle and Ponsaers 2006; Verhage and Shapland 2013), it is highly informative to incorporate criminal activities in the research scope. In short, although a conceptual distinction between informal and criminal activities is interesting, it remains necessary to focus empirically on both.

Based on this re-conceptualisation, the activities identified in my empirical work belong to the informal and criminal economies, whereby informal activities are seen as breaching special criminal law (specifically social and tax regulation) and criminal activities as breaching criminal law. The informal activities are essentially labour activities that do not comply with regulations and that are not declared to the government. As a result, social security contributions that ought to be paid for this labour are not paid and income that is generated from these undeclared activities is not declared to the government either. It is important to acknowledge that the domain of special criminal law is enormous (Ponsaers 2015) and that it is not possible to conclude that *all* infractions on *every aspect of* special criminal law can be defined as informal activities based on my study.¹³ In other words, all non-formal activities *identified in my study* that

were not infractions on the criminal law were infractions of special criminal law (more specifically social legislation and tax legislation), but my study does not allow the conclusion that all infractions on every aspect of special criminal law are informal activities.

In essence, someone who complies with the existing state regulation works in the formal economy. As such, *compliance* is more important than enforcement to distinguish formal from informal and criminal economy. As was illustrated throughout the empirical chapters, enforcement might have a deterrent influence and thus stimulate compliance (cf. the case on seasonal work). The prostitution case illustrated how enforcement is not always deterrent. A more nuanced influence of enforcement on informality was found in the street selling case (cf. deterrent influence of administrative sanctions, but not of penal sanctions), which illustrates that factors other than enforcement influence the choice to work either formally or informally (see also Pacolet et al. 2012 for an illustration of possible motives for the demand and supply of undeclared work). Figure 6.4 shows an alternative, refined taxonomy that fits the empirical results as well as some main definitions of the informal and criminal economies in the literature. State regulation refers to the regulation in the field of labour, work and economic activities. Compliance refers to the extent to which persons work in accordance with the regulation. It is represented on a continuum from little to much compliance as it is possible that persons comply with some regulations but not with all. This means people can take different positions regarding compliance. Informal activities occur when there is no state regulation for these activities, with the result that people cannot comply with the state regulation. In addition, there is informal labour when the labour of people is not compliant with special criminal law (e.g., labour law, social security law). However, the domain of special criminal law is too broad to determine on the basis of my study that all labour that does not fully comply with all stipulations of special criminal law is informal. Such a conclusion would broaden

¹³For instance, is not providing compulsory safety helmets—which is an infraction on occupational health and safety regulation and an aspect of special criminal law—part of the informal economy? It is not certain that all researchers on the informal economy will perceive this as informality.

the domain of informality and could lead to the uselessness of the concept of the informal economy. Furthermore, gradations exist because, for instance, working one hour more than is authorised (breaching regulations regarding the length of work) could hardly be equated with systematic undeclared work. This idea is also partly reflected in the continuum of compliance and informality.

In summary, the continuum of compliance is important as people may comply with certain regulations (e.g., declaration of employment) but not with all (e.g., not paying the minimum wage, not declaring full income). In addition, this continuum illustrates the intertwinement between the formal and informal economies as it is possible that some

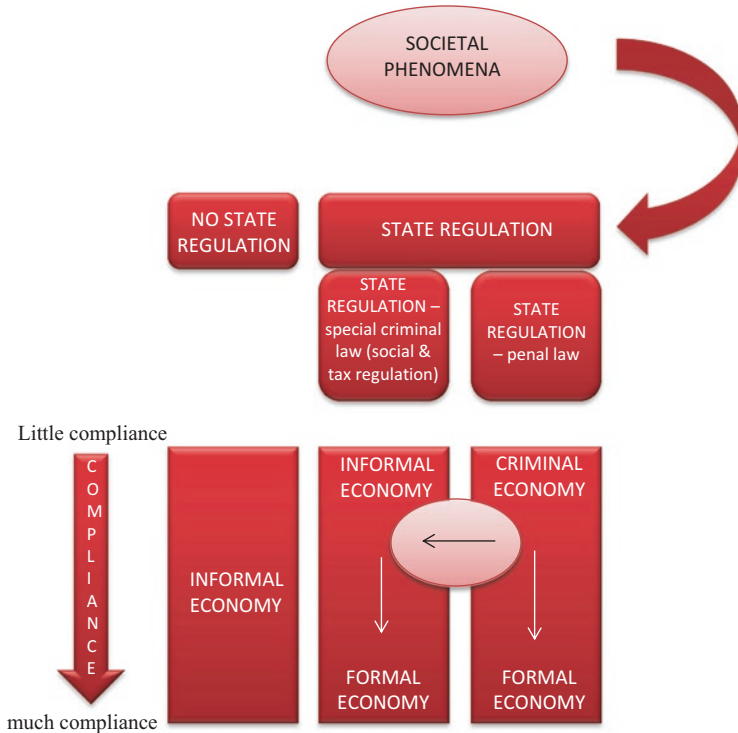


Fig. 6.4 Alternative taxonomy regarding the relation between the formal, informal, and criminal economies

people work formally at one point in time but not at another or comply with regulatory stipulations for one type of labour but not for another. This argumentation also applies for the column of ‘state regulation penal law’. However, if activities violate the penal law, they will often also violate special criminal law, which is illustrated by the circle overlapping both categories (special criminal law and penal law). This overlap is illustrated in the case of the unlicensed selling of counterfeit cigarettes. The other way round however is not the case: not all informal activities are criminal. The different ‘regulation’ categories illustrate that the boundaries between informal and criminal can be moved by actions of the state (Aden 2009; Ponsaers et al. 2008; Shapland and Ponsaers 2009).

One problem remains unsolved with this taxonomy, namely that it remains unclear why the state chooses to incorporate certain activities in the penal code and others in the special criminal law. Also, compliance with penal law will only result in formality if one complies at the same time with special criminal law.

Conclusions

In this chapter, responsive regulation as introduced in the first chapter was applied to the empirical results. This exercise shows how responsive regulation may be useful for regulating the informal economy, although some practical issues hamper the implementation of certain principles. After that, the empirical results were related to the conceptual framework of the informal economy, as discussed in the second chapter. Firstly, the results confirm the segmented nature of the informal economy, in terms of the people who work in it (workforce ranging from marginalised people to more middle-class persons), the working conditions, the activities that are performed, and the income the informal economy generates. As such, the results indicate that informal work is more than just exploitative organised forms of informal employment conducted for the purpose of monetary gain (Williams 2005, 2010, 18). In this respect, it is important to bear in mind that informal work does not necessarily only entail disadvantages or difficulties (e.g., stress about being detected, frustration because people feel they can do ‘better’ or because they do not

feel appreciated) but can also bring advantages or benefits (e.g., financial aspects, feeling of agency, social contacts) (Williams 2005, 2010).

Secondly, the close intertwinement between the formal, informal, and criminal economy was confirmed and visualised per case.

Thirdly, a new taxonomy for the informal economy was proposed in this chapter, based on the literature and my own empirical results. Importantly, some difficulties remain with the adapted taxonomy, which illustrates that it should be seen as a tentative one. The formal, informal and criminal economy were distinguished, which holds conceptual, statistical and empirical advantages. Nevertheless, adopting a broad definition of informality or incorporating both informal and criminal activities in empirical studies remains important.

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7

Conclusions

This book has confirmed and expanded some earlier knowledge on the informal economy. In particular, it has confirmed the intertwinement between the formal and the informal economy, and has additionally illustrated the intertwinement with the criminal economy (see Chap. 6). Furthermore, as suggested by previous research, the case studies have illustrated that the informal economy is more than a survival strategy for the poor (Leonard 1998). Moreover, both the poverty-escape and moonlighting type of undeclared work (Pfau-Effinger et al. 2009; see Chap. 2) were found in the three cases. As such, the results confirm that there is no uniform type of informality and that there are different explanations for the different types of informality (Leonard 1998; Pfau-Effinger 2009; Pfau-Effinger et al. 2009). Moreover, the three empirical chapters have shown how economic, social, political and cultural factors play a role in explaining informality (Pfau-Effinger 2009). As a result, in one and the same sector, different theories can be useful for explaining informality, which suggests that the theories are not mutually exclusive. Furthermore, the three cases have also confirmed that formalisation and informalisation can take place simultaneously (Jensen et al. 2009). While the case

on seasonal work was characterised by a process of formalisation, street selling was still highly characterised by informality, in part under the informalising influence of the policy. In the prostitution case, a double influence was discernible: a neutralising (or even formalising) one and an informalising one at the same time.

In addition, I aimed to offer new insights into the informal economy with this book. This mostly lies in the proposition of a tentative taxonomy and detailed insights into the regulation of the informal economy. As the empirical results indicate, the mere existence of regulation is not sufficient to address informality; the regulation needs to be effectively enforced. The empirical results have also shown that regulation and enforcement may influence informality separately. As a result, both components of the policy (regulation and enforcement) should be incorporated and analysed in empirical research focused on tackling informality. Another original contribution of this book lies in the application of the regulatory pyramids incorporated in responsive regulation (Ayres and Braithwaite 1992). Lastly, I would like to stress the importance of in-depth interviews with (informal) workers in order to obtain a thorough understanding of informality and its regulation.

Strengths and Limitations of the Study

Like any research, this study is characterised by some strengths and weaknesses. This section summarises the most important ones, starting with the study's strengths.

The integrative (empirical and theoretical/conceptual), comparative (collective case study) and qualitative approach in this study meets the recommendations of previous research (e.g., Aden 2009) and offers the opportunity for more in-depth, nuanced and substantive accounts of the nature of the informal economy. Looking at perceptions of different stakeholders, with a major focus on motives of workers to participate in the informal economy (by interviewing workers themselves), is an important strength as workers form the core of the informal economy. In comparison to quantitative surveys, the use of qualitative interviews enables us to ask for clarifications, identify new topics and deepen our

look into certain others. This in turn leads to broader and more detailed accounts. Furthermore, as I was interested in the subjective perceptions of workers, interviewing them is an essential method (Newburn 2007). One of the major criticisms on direct measures of the informal economy, of which interviews is an example, is that people involved in informal work (as workers, employers or purchasers) are reluctant to reveal information about their informal activities (Williams and Windebank 1998). However, according to Joassart (2010) and Williams and Windebank (1998), this criticism has been refuted many times by researchers making use of direct methods, who argue that participants showed willingness to discuss these matters openly. Based on my study, I would agree with this: in most interviews, workers allowed open discussion of their informal work. Of course, this requires some skills from the researcher, who should be able to build a sufficient level of trust with the respondent. Furthermore, Portes and Haller (2006, 418 in Joassart 2010, 40) argue that direct surveys are problematic in industrialised countries where regulations are better enforced and consequently ‘informal activities are better concealed and, [...] generally embedded in tighter social networks’. According to Joassart (2010), however, reliance on such social networks (or ethnic networks) can circumvent people’s reluctance to reveal their participation in the informal economy. The latter was equally found in the case of cigarette sellers. Apart from these specific criticisms on direct measurement methods for the informal economy, critics could argue that interviews are not appropriate for identifying reasons to start (informal) work as this would imply a retrospective account and/or poor recall (Silverman 2013; Yin 2009). In part, this is true. However, this was partly overcome by asking respondents about their initial motives for starting informal work and their motivations for continuing or stopping it. As such, respondents were stimulated to distinguish their past from their current motivations.

Although I acknowledge that my re-conceptualisation of the informal economy reflects just one account and is by no means universally generalisable,¹ I believe that such a thought exercise is important in order

¹ Of course, the measures taken to enhance the quality of data collection and data analysis contribute to offering an account or representation that is as close to the social reality as possible.

to critically reflect on one's research findings and their implications. Furthermore, it helps to remain conscious about the difficulties in grasping the informal economy and thus the need to remain careful when making conclusions pertaining to it. Also, such thought experiments are important when it comes to academic advancements regarding the conceptualisation of the informal economy.

By focusing on the informal economy from a criminological point of view, I try to contribute to the research agenda of criminology but, more importantly, hope to stimulate more criminological and in the end more multidisciplinary research on the informal economy. The criminological perspective is reflected in the inclusion of criminal activities in the working definition of the informal economy (and thus in this study), in the focus on how the government deals with these activities and in the application of responsive regulation theory, one of the most influential regulation theories in criminology. Moreover, this theory had (and still has) a massive influence on the way enforcement of regulation in Belgium and other countries is organised and takes place. The application of responsive regulation theory does not only have theoretical relevance, but it also concretises the detected policy approaches towards informality in the three cases. In other words, the identified general policy approaches towards informality are studied more in detail.

On the other hand, this study is also characterised by some limitations. The limited statistical generalisation could be considered one of them, mostly by adherents of quantitative research. Indeed, given the small non-representative samples in this study, the results are not to be generalised to a broader population (e.g., to all seasonal workers, street sellers or sex workers). Moreover, it is important to recognise that the selection of the markets and the cases within them may have influenced the obtained results (e.g., overestimation of survival function of the informal economy in street selling). However, statistical generalisation was not the aim of the study: case studies on the informal economy are very useful, as aggregate figures provide only a partial approximation on the phenomenon (Portes and Sassen-Koob 1987). Furthermore, limited statistical generalisation does not imply that this study has not generated some important conceptual and theoretical insights.

Although the comparative analysis has some important advantages (e.g., offering rich comparative material), the inclusion of three cases

restricted the possibilities of *broad* in-depth analyses in all cases given the time restrictions.² As a result, choices and selections had to be made in each case. For instance, not every interesting point made during interviews could be fleshed out, because that would have implied their being too long and/or not having enough material on the topics relevant to the research questions. Also, little attention has been offered to tax fraud, which is of course an important aspect of the informal economy (Williams and Windebank 1998).

Policy-oriented, Practical Recommendations

On the basis of the results of this study, some policy recommendations could be made regarding the governmental approach to informality in the three cases. As described in the first chapter, several policy approaches regarding the informal economy are possible: doing nothing, deregulation, eradicating the informal economy and promoting formalisation (Williams 2014; Williams and Lansky 2013; Williams and Windebank 1998). These approaches are related to beliefs regarding the origin or reasons for the existence of the informal economy. For instance, the deregulation approach is based on the view that informal employment is a consequence of the over-regulation of the market by the state and of the dependency culture of welfare (Williams and Windebank 1998, 147) (cf., legalist school of thought on the informal economy). As illustrated by Williams and Windebank (1998), each policy approach has its merits and problems. In this section, I look at possible policy recommendations, based on the empirical results. Before doing so, two important remarks should be made. First, one should keep in mind that, as this study is not a policy-oriented one, the collection of empirical results was not steered by the aim to offer detailed policy recommendations. Second, as I did not look into reasons for the existence of informality as a whole (and did not focus on macro-economic structures), my recommendations do not pertain to macro-economic structures but more to micro-level analysis of the three cases. As a result, they are not always easy to link to a broader policy approach.

²The overall research was conducted over three years and nine months.

Table 7.1 Main advantages and disadvantages of informality in seasonal work (case 1), street selling (case 2) and prostitution (case 3)

	Workers/employees	Employers	Formal business	Customers	Governments
Case 1	+	Income, activation, social relations	Quick & cheaper labour, limited crop loss		
	-	Less social security, frustration?	Risk caught—stress		Lost revenues
Case 2	+	Income, social relations, activation, launch pad to formal work	Cheap labour	Unfair competition Extra market?	Goods Social peace
	-	Less/no social security, frustration?		Unfair competition	Lost revenues, link with crime
Case 3	+	Income			
	-	Less social security, limited physical protection, less access to credit and financial services	Cheaper labour	Quality control? No guarantee products Lower price?? Health?	Lost revenues, undermining legitimacy?

Note: This table is inspired by Williams and Lansky (2013).

Before going into the case-specific policy suggestions, it is important to think about the overarching question regarding the presence of informality: is it necessary to eradicate informality or could the existence of the informal economy be beneficial and desired or welcomed? In all three cases, informality had important advantages for the participants (see Table 7.1), which illustrates its diverse impact on varied participants (Leonard 1998). For instance, informal seasonal work sometimes activated people on benefit, offered them a feeling of being useful and offered them extra cash and the feeling of being correctly remunerated for their labour (instead of when they pay taxes and social security contributions). It could also enable farmers to quickly fill in vacancies that could otherwise not be filled in (in time). Furthermore, as most informal seasonal workers enjoyed social security based on other employment or their benefit allowance, their informal work did not imply a lack of social protection. People working illegally had some basic social rights (e.g., the right to minimum wage) although the main problem was delivering proof of employment if they requested these rights. Thus, for them working informally in practice implied limited to non-existent social protection. As several of them were not allowed to stay in the country, they did not have social security rights based on other bases either. As such, working informally was better than not working at all as that would leave them with nothing. Based on the results, I could argue that the existing informality in seasonal work is not highly worrying as it does not seem to take place on a regular basis (it is not 'normal' anymore) and does not involve large-scale serious exploitation of workers (anymore). As such, keeping a finger on the pulse is necessary (also to avoid large-scale unfair competition for other farmers) but a more stringent approach would not be recommended.

In the case on street selling, an informal market was beneficial for people residing and/or working illegally in the country as it offered them a basic income, a sense of autonomy (Shapland 2012) and the possibility of actively taking part in local trade and establishing social relations. Furthermore, one seller conducted activities while staying illegally in the country but, after being granted the right to stay and work there, used his skills and established a formal one-man enterprise with the help of social workers. In this case, informal work was a launch pad to formal work (Leonard 1998; Williams 2005) and should therefore not be eradi-

cated per se (Williams 2014). Of course, one could argue that instead of maintaining an informal economy for these people, one should focus on a thoroughly thought-out migration policy, but this exceeds the scope of this book. On the other hand, several sellers explained they were frustrated at not being given the opportunity to prove their skills and experience in their field of expertise (cf. street selling was often not perceived as a real job by the sellers). This is not inherently linked to undertaking informal street sales, but rather to barriers in finding formal or informal employment in these areas.³ In contrast to the other two cases, is it possible that formal businesses also experienced some benefits from informal street sales in that they might indirectly reach new or broader markets? For instance, a client buying some piece of clothing in a café might afterwards buy more clothes of that brand in a regular shop, although I found little evidence pointing in this direction. Unfair competition for formal businesses is possible, although I argue that this should not be overestimated for certain types of goods. Related to this, clients could purchase goods they could not purchase in the formal economy, for instance brand clothes and accessories (albeit counterfeit). The other side of the coin is that they had no quality control over the goods and no receipt to exchange for their purchase in case of bad quality (should they want to exchange). The benefits and costs for the government from informal street selling have already been discussed elsewhere (Chap. 4) and therefore are not repeated here. In sum, eradication of informal street selling, for instance by means of stricter enforcement, seems not to be desired as this would leave some persons in the cold.

To a certain extent, the prostitution case can be compared to that of seasonal work in the eighties, when it was customary for housewives and neighbours to work undeclared on fruit picking. Currently, it is equally customary that prostitution is partly done on an informal basis. Partial declaration of work and income (and thus partly paying social security contributions and taxes) was more the rule than the exception. As such, social and fiscal fraud was normal: there was systematic fraud. But is this,

³Although some informal street sellers had certain skills (or at least they claimed they had them) required for other jobs (e.g., construction, car mechanics), other reasons were put forward by the informal sellers as to why they did not receive the job (e.g., too much competition, lack of trust given the expensive materials that are used).

from a state perspective, justified? The main advantage of informality for workers and managers was the untaxed earnings. For most of them, the perceived advantages outweighed the disadvantages. For instance, most sex workers (especially the ones who planned to stay in Belgium) were satisfied with the social security rights they had based on the work they declared and did not care deeply about the fact that their social protection was not in accordance with their work. Similarly, foreign ‘waitresses’ were often not concerned about their social protection, often because many⁴ did not know that they fell under the Belgian social security system. This finding might raise the question of social protection levels being too high for some people’s needs. If social protection, based on a partial declaration of labour or full declaration of another type of labour (i.e., waitress instead of prostitute), is experienced as sufficient by sex workers,⁵ better or more social protection will not stimulate accurate declaration of employment. But why should sex workers and bar managers not have to pay full contributions on their work and income as other people do? Why should they have to escape that? It is hard work, but does that justify the systematic fraud? Many other people work hard and pay their contributions correctly. Furthermore, not all sex workers experience barriers in finding formal employment. Maybe the tax burden functions as a partial barrier to formalisation, but this is not specific to prostitution. It is a general burden that every income-earning citizen needs to face. Furthermore, as Shapland and Ponsaers (2009) argue, tax policies do not encourage the informal economy; the combination of high tax rates, invisibility of the activities and an inefficient regulation are important in understanding its expansion.

All in all, some parts of, or some scale of, the informal economy seem important, even necessary for some workers and could thus remain tacitly condoned (Williams 2014; Williams and Round 2010) or at least not eradicated without establishing alternatives for those conducting informal activities (e.g., informal street sales). However, from a societal point of view, systematic fraud by people earning good money is not

⁴ At least those I interviewed.

⁵ Of course, it is possible that risk management (in essence, paying for social protection is a way of managing and cushioning certain risks) by the state and by sex workers is not the same.

acceptable.⁶ Likewise, some criminal activities that have close connections to the informal economy, such as economic and sexual exploitation, are difficult to consider beneficial or welcome as they harm the physical and emotional integrity of people. The discussion about the sale of counterfeit and smuggled goods, which is technically also a criminal offence,⁷ is less straightforward as not all counterfeit goods harm the physical integrity of people (e.g., counterfeit handbags or wallets). The best option nevertheless seems to retain some of the benefits of the informal economy, while at the same time diminishing the harmful consequences of informal and criminal activities (Rickles and Ong 2010; Shapland 2012, 431; Slack and Jensen 2010). However, is this possible? And if so, how? At this point, an important role is granted to enforcers and enforcement agencies. First of all, the empirical results suggest that it might be time to re-assess the sensitivity to fraud of different sectors. Given the limited enforcement capacity, it is not possible to control all markets with the same dedication and energy. As a result, prioritisation is absolutely necessary. However, as mentioned by Pacolet and De Wispelaere (2009) in their study on the development of an observatory for the underground economy, interviewed enforcers (e.g., members of inspectorate services, magistrates) indicated they insufficiently knew which sectors needed prior enforcement attention. This was attributed (by the enforcers) to the fact that attention remains focused on the traditional sectors sensitive to fraud, and as long as infractions are detected in these sectors, others remain in oblivion.⁸ Indeed, street selling and prostitution, both of which received no prior attention from the government, were characterised by a considerable extent of informality, whereas seasonal work was characterised by a process of formalisation. In this respect, it can be argued that the pri-

⁶In the same line, Pacolet and De Wispelaere (2013a, 35) argue that hunting down small frauds (people who work a few hours on the side) while tolerating big tax avoidance constructions can jeopardise the morality of citizens. As such, we infer that enforcement should focus on systematic and/or large-scale fraud more than small-scaled and/or survival driven fraud.

⁷Article 191 of the Belgian criminal law.

⁸This is similar to a potential risk of risk-based regulation (in which inspection and enforcement sources are targeted on the basis of an assessment of the risks that a regulated person or firm poses to the regulator's objectives), namely that resources may be too focused on known and familiar risks and that regulators may fail to pick up new or developing risks (Baldwin and Black 2008, 66; Rickles and Ong 2010).

oritisation of seasonal work has paid off, but that other markets sensitive to informality, such as prostitution, are neglected. Secondly, enforcement policies could focus on tackling the criminal expansion without focusing too hard on casual informality. In the same way, enforcers on the ground could focus more on detecting crime and harmful informality than on suppressing less harmful informality. All in all, targeted policy orientations and inspections on the ground are to be recommended (Pacolet and De Wispelaere 2013a). For this to be the case, we suggest regular and efficient communication between street-level enforcers and executive staff. Furthermore, the lack of good quality enforcement data⁹ leads us to recommend better and more registration procedures (e.g., procedures that enable comparison between agencies) for enforcement agencies. This could improve systematic evaluations of enforcement efforts (Rickles and Ong 2010) and lead to time series on enforcement activities, which could be used in estimating the evolution of the informal economy (Pacolet and De Wispelaere 2013b).

Notwithstanding these general ideas, some policy recommendations could be made for each case, given its identified particularities (Chen 2012).

The case of seasonal work illustrated the existence of specific regulation that is thoroughly enforced. It could be recommended to maintain regular inspections and to focus inspections on at-risk farms. Some ideas could be developed given the combination of informal seasonal work and receiving benefit allowances. Some people on benefits (with OCMW support) were allowed to earn a limited monthly amount without this affecting their allowance.¹⁰ However, as seasonal work (and especially fruit picking) is concentrated in delineated periods, it might be a good idea to calculate the amount they can earn additionally on a yearly basis instead of a monthly basis. Others however could not work without their allowance being affected. Such people might be stimulated to work formally if their declaration of seasonal work would result in a higher net income than from the combination allowance and undeclared seasonal

⁹These data may be sufficient for internal use, but they are often far from user-friendly for the purpose of academic research.

¹⁰This is somewhat in line with the new economics approach in which a basic income would be combined with employment or unpaid informal work (Williams and Windebank 1998).

work. It is important to stimulate local people to conduct seasonal work as it might be questionable how long temporary migrants will keep on coming to Belgium to conduct seasonal work. In this respect, the feasibility of a 'mini-job' after the example of Germany could be studied (e.g., in terms of cost) (Williams et al. 2008) or the possibility of reducing income tax for seasonal workers.

In the case of street selling it seems important that all enforcers are clearly informed about the lack of public ownership instead of relying on each other for enforcement (in case this is not known already). Furthermore, as stated above, the survival function and social safety net function of informal street selling were important, but it is important to monitor and deal with criminality and illegal employment. Regarding the latter, informal workers should have the option to easily mention abuses to the government. As the risk exists that sellers would have to search elsewhere for an income (if illegal employment were to be tackled more severely), it is important to search for measures to encourage employers to stick to minimum wages for their personnel. Equally important is enhancing the bargaining position of labour unions for these vulnerable employees. If possible, enforcement should be focused on the sale of counterfeit goods (and especially those which entail a risk to health such as cigarettes) rather than on the informal sale of legal goods. A differential approach to informal sellers on benefits who regularly top up their allowance and those who do this only occasionally seems interesting as the first are more worrying than the latter in terms of state finances and the legitimacy of the state. Social fraud on a regular basis cannot be approved of because: (1) it undermines the social security system (with further consequences), (2) it undermines the will of people working correctly and paying all contributions directly, and (3) it does not stimulate offenders to look for a formal job. Searching for formal employment should be stimulated as much as possible. If possible (e.g., when a person gets authorisation to stay and work in the country) formal self-employment could be stimulated (Slack and Jensen 2010). In this process, social workers have an important role as they have most contact with informal sellers (or have the opportunity to have contact with them) and know what steps they need to take to comply with administrative rules (or know who can help them with it). Some persons who have been granted the right to stay and work in the country continue their informal selling prac-

tices due to experiencing barriers to formalisation. However, these barriers are mainly experienced when looking for a job outside selling activities. It might be interesting to focus more on formal self-employment than on formal wage employment, especially given the consequences of the economic crisis. As such, many of the unemployed, with qualifications and experience, are looking for a job, and are likely to be more attractive to employers than previously informal workers with less experience. In this process, social workers have an important role as they are the ones closest to them. Lastly, in view of the experienced difficulties with migration policy, the government could work on establishing further agreements with countries regarding the admission of nationals and better identification procedures.

Regarding the prostitution case, the main recommendation is the legalisation of bona fide or non-exploitative (Vermeulen 2014, 258) management of prostitution as this would allow more appropriate regulation on a local level. In that case, it might be worthwhile to introduce a fixed amount of social contributions and taxes as it will remain difficult to deliver proof of the total number of clients and income. Also, a specific term should be chosen to retain the anonymity of sex workers (to which they attach great importance in light of their possible future employment and relatives). One cannot disregard the possibility that some sex workers would go underground after potential legalisation. For that reason, inspections should make greater use of internet advertising, maintaining good relations with social workers or other persons who have contacts with the 'milieu'. Also, more financial means could be offered to social and health workers to build up contacts with sex workers as this would be more difficult if sex workers went underground. As long as the local government is not able to regulate prostitution and its exploitation more than for the purposes of public decency, it might be interesting to transfer this task in part to the business itself and/or to a certification agency (BELAC)¹¹ (self-regulation; van Erp et al. 2008). Of course, van Erp et al. (2008) correctly question the extent to which private parties can execute a societal control task given their commercial business interests and lack of information, authorities or power. Furthermore, agencies and persons conducting

¹¹ BELAC is the Belgian accreditation company.

the administration of self-employed and prostitution businesses could be offered more responsibility (and accountability) in partial declaration of employment as they finally handle declaration of employment and/or income. As such, they could be offered the task of searching and reporting 'at risk' declarations (e.g., because of changing declarations) and held responsible if they fail to do that (auditing). Measures to make fully declared work by sex workers more beneficial or attractive could certainly be advised (Williams 2014). Related to this, measures to change the attitudes of sex workers regarding the payment of social security contributions and taxes could also be worth considering (Williams 2014; Williams et al. 2008). This could be integrated in the conversations between social workers of the police and newly registered 'waitresses'. In order to reach more than the sex workers in the RLD, this could be done by social workers of the health service. However, I feel that in order for such campaigns to be successful, the government might have to improve the redistributive justice system (Williams 2014, 25) as some sex workers felt the government did not treat them positively (for instance, illustrated by the lack of official recognition of the profession). Also, I feel that measures to change the attitudes of sex workers should go hand in hand with a higher (perceived or actual) risk of tax inspections. All this implies that, prior to changing the attitudes of sex workers, the attitudes of the government regarding prostitution markets must change. The use of the registered till system as is compulsory in certain horeca premises does not seem feasible for prostitution premises given the cash payments without tills. In order to help tackle nuisance and keeping an eye out for pimps, private security agents may be hired by managers in the RLD.

In all three cases it is important to have good information flow from top to bottom and from bottom to top. Regarding the latter, it is important for inspectors on the ground to know the policy lines, know their authorities and be well-trained in assessing situations and dealing with people. But the other way round is also of crucial importance, namely that experiences and difficulties on the ground find their way to policymakers and policymaking. This last point requires that policymakers are open to suggestions from the ground.

Academic Recommendations: Recommendations for Future Research

Given the wide scope of the informal economy and the different perspectives on the phenomenon (e.g., economic, sociological), a huge list of suggestions for further research could be listed. However, hereunder I focus on some suggestions that spring from a criminological perspective and this study's results and limitations.

First of all, similar research in other markets/sectors could be executed. To my knowledge, comparable research has been done only in the hotel and catering industry (Klima 2011, 2013) and the transport sector (Klima 2011), although these studies have not included responsive regulation theory. Given the massive influence responsive regulation has had on the working of the inspectorate services in Belgium, it might be important to study its usefulness in other markets as well. Such research could study the organisation of work and employment in other sectors. As the informal economy does not have reliable official statistics, more sector-specific qualitative research is needed to create more overall pictures of the informal economy in a sector or across sectors.

Secondly, this study was focused on the identification of the existing regulation, its enforcement and their influence on informality. However, in order to have a better understanding of the government's perception of informality, future research could study how and why exactly regulation is developed and enforcement priorities are determined. I have suggested several potential reasons, but was not able to determine whether or not they are true. More specifically, future research should focus on the influence of the main interest groups (e.g., politicians, employers' federations, labour unions, heads of administration) on policymaking, on how policy (as an end product) is shaped by compromise between these different groups (i.e., interplay of political and administrative decisions). Such research should include studying whether the government has a unified policy on informality, or merely reacts to particular phenomena and their potential effects on public views. In brief, future research should integrate the process of policymaking into its scope. Such research should not solely focus on state-centred actors but also on other intervening actors in

the informal economy such as consumers and the public, trades union, industries or sector employers, companies and NGO's (Chen et al. 2001, 19–21). I have focused on government intervention, but other actors are involved as well, whose exact role in regulation and informality was not studied.

Related to this, future research could adopt a top-down approach in which the influence of some general but targeted policy measures regarding the informal economy is studied in several employment markets (e.g., datamining). Furthermore, in addition to studying the (perceived) influence of policy measures, future research should try to identify the effectiveness of such measures. This of course requires knowledge of policy goals and reliable estimates of the size of the informal economy.

Fourthly, applying responsive regulation theory to the results indicated the large discretionary power of inspectors and the police. More research is needed on how this discretionary power is used, for practical and theoretical reasons. From a practical point of view, such power entails a risk for citizens of differential treatment by enforcement agents and thus uncertainty about possible outcomes of contraventions. Furthermore, studying the interactions between regulators and regulatees could inform us how exactly the principles of responsive regulation are put into practice and how incentives and deterrents are communicated towards regulatees. In this study, the focus was on direct controls (deterrents and to a lesser extent incentives [Williams 2014]). Studying interactions should enable us to identify if and how non-deterrent measures to stimulate compliance are used and communicated. From an academic point of view, such studies can tell us more about regulation theories. Indeed, in theory, the possibility to react responsively as enforcers exists. However, the extent to which this is done in practice is still largely questionable (van de Bunt et al. 2007). In order to study this, research should be focused on interactions between enforcers and regulatees, on factors influencing behaviour in these interactions, on how regulators communicate threat and cooperation and how regulatees hear those messages in the light of what else they know of that regulator and the regulatory and legal system (Nielsen and Parker 2009). Furthermore, I have largely focused on specific enforcement agents active in the detection of infractions (social inspectors and

police). Future research should also focus on other enforcement agents (e.g., other enforcers active in the detection of informality, prosecutors, agents authorised for the cashing of administrative fines) and focus more in detail on the consequences of detection (e.g., are fines actually paid or not).

Fifthly, it would be interesting from a theoretical point of view to apply other theories to empirical research on the informal economy in order to broaden theoretisation. Regarding the way in which actors deal with the informal economy, other regulation theories could be applied such as restorative justice responsive regulation (Nielsen and Parker 2009). The latter may be interesting as the results indicate that informal workers do not so much refer to individual actions of enforcers as to enforcement institutions (e.g., the police) and possible sanctions on non-compliance. As illustrated by Nielsen and Parker (2009), the main difference between Ayres and Braithwaite's (1992) responsive regulation and Braithwaite's (2002) restorative justice responsive regulation lies in the fact that the first gives the individual regulator a crucial role in bringing coercion (or the threat of coercion) during interactions between the regulator and regulatee, whereas the second leaves the role of coercion more to the regulatory system than the regulator as individual. As the respondents focused more on the deterrent influence of enforcement agencies (e.g., the police, the social inspectorate) and possible sanctions than on individual enforcement interactions, it might be interesting to study how restorative justice responsive regulation could be useful for the informal economy. This is all the more important given the results of Nielsen and Parker (2009), pointing to a higher relevance of restorative justice responsive regulation in changing attitudes and opinions regarding compliance than tit-for-tat responsive regulation in business compliance behaviour (however, the latter did show more relevance to change behaviour).

At the individual level, it would be interesting to apply criminological theories to motivations of people to work or hire informally. More specifically, the results bear resemblance to some ideas integrated in rational choice theories, deterrence theories and Sykes and Matza's neutralisation techniques (1957 in Pauwels 2012). Therefore, studying the usefulness of these theories and approaches for the informal economy may be interesting.

Sixthly, more attention could be offered to the social bonds of people working in the informal economy with other members of the informal economy, but also with the formal one. In this respect, Coletto (2010) illustrates how social ties in the formal economy shift to social bonds in the informal economy once one enters the latter. This implies that the social relations of people who start working in the informal economy can alter. This was not considered in this study. As social capital seems important to finding informal work and as (unspoken) approval of established workers/enterprises in the formal economy seems important, for instance in street selling, it would be interesting to study social relations and the strength people gain from them. It could teach us more about their influence on informal work and on how people cope with informal work. Furthermore, weakened social bonds with the formal economy might make it more difficult to re-enter it at a later point in time. All in all, future research should offer more detailed attention to the social context in which informal activities are embedded (Slack and Jensen 2010; Williams and Marcelli 2010).

Lastly, when looking at the different cases, it would be interesting to study the demand side of the informal economy, particularly in the cases of street selling and prostitution. This would come down to studying employer's reasons for hiring informally and clients' reasons for buying goods and services in the informal economy, while also focusing on their perspectives regarding informal work and informal workers. Research on the demand side of the informal economy has already been conducted internationally by Williams and Martinez (2014) and the European Commission (2014) and in Belgium by Pacolet et al. (2012), but due to the nature and composition of their sample, the latter carefully call it a pilot study with several limitations. Notwithstanding the importance of their studies (which highlight that lower prices are important in understanding the purchase of informal goods and services but that other factors also play an important role, such as avoiding the limitations of the formal economy, for instance, in terms of speed or availability of goods and services), it remains important to shed light on the relation between the demand and supply sides of informality in specific sectors.

Concluding Remarks

This study was aimed at offering more insights into the nature of the informal economy in Belgium and its regulation. I have confirmed some general trends regarding the heterogeneous nature of the informal economy. This hybrid nature implies the need for continuous in-depth case-specific research, which is subsequently built up into a more general picture within and across sectors. Importantly, the application of theories on the informal economy (macro-level) on the empirical results (micro-level) illustrates that macro theories are not always useful to explain findings on a micro or individual level. Establishing a 'new' taxonomy regarding the informal economy and its relations to the formal and criminal economy appeared to be more challenging than expected. In the end, the adapted taxonomy is thus tentative. Nonetheless, I hope to have illustrated that the lack of a universal conceptualisation of the informal economy does not stand in the way of empirical research. On the contrary, empirical research can only be stimulated as new findings will shed more light on the characteristics of the informal economy and feed the ongoing debate regarding its conceptualisation and theoretisation. Given the heterogeneous nature of informality, it is difficult to make general statements about the 'best way to go' regarding its regulation (Williams and Windebank 1998). This suggests the need for market-specific research on informality. By putting all the pieces together, a nuanced approach to informality could be achieved which is needed to tackle the unwelcome parts of the informal economy and condone the welcome parts.

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