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## **Sustainable Development Goals and informal economies in Latin America**

*The bargaining power of informal economies in a sustainable context*

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# Introduction: Sustainable Development Goals and informal economies in Latin America

## The bargaining power of informal economies in a sustainable context

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This special issue addresses the Sustainable Development Goals (SDGs) in relation with informal economies and explores how informal economies need to be conceptualized, understood and connected to the SDGs in order to enable innovative sustainable development models. In line with suggestions made by Camargo, Jamal and Wilson (2016) as well as Bramwell, Higham, Lane and Miller (2017), this special issue calls us to rethink about the SDGs in light of new contexts and new questions for sustainability-oriented tourism research. All papers analyze from a critical lens how sustainable development is addressed from a multiple worlds perspective. Thus, the papers explore how the SDGs and sustainability are reworked through salient economic and social understandings and examine how differing cultural, moral and institutional structures underpin the SDGs and sustainability when conceptualizing these.

The focus of all the papers is an unmentioned although basic sociocultural and economic feature in Latin American countries – the informal, diverse economies. The use of “informality” as an economic category and a normative standard for the measurement of economic activity is rooted in the global adoption and domination of Western norms that do not necessarily hold in the Global South (Hart, 1973). Implemented through legal and fiscal frameworks as well as mainstream development doctrines, modern capitalism leads to a binary formal-informal view of economic activity. Such understanding overshadows economic diversity at tourist destinations and ought to be challenged. Thus, informal economies are not only understood as economic exchanges. Rather, in this special issue we suggest to expand the informal economies to encompass variegated forms and practices of exchange such as the non-monetary exchange, the time banks and the networks of solidarity we see emerge all over the world as a response to the existing economic model. Secondly, in this special issue we also aim to emphasize the last decade’s empirical studies which demonstrate that we need to embed the boundaries of difference and similarities between Southern and Northern knowledge and their respective methodologies and theoretical frameworks to nuance our knowledge and understanding of how to generate sustainable development models and practices. The geopolitical and academic divide between the Global South and the Global North is rarely conceptualized with precision. We follow Connell’s understanding that

*The global economy is a dynamic and often turbulent affair. It doesn’t produce a simple dichotomy. It does produce massive structures of centrality and marginality, whose main axis is the metropole-periphery, North-South relationship. These structures of centrality*

*and marginality are reflected in the theoretical work of the metropole.” (Connell, 2014: 526)*

The last two decades the Global South has integrated into the modernization paradigm, assuming that economic growth and the expansion of the nation-states would have the inevitable consequence that practices of monetary exchanges in the informal sector would disappear. The Latin American nation-states generate diverse mechanism to incentivize the incorporation of new segments into the formal sector while penalizing the one's that did not proceed the legal process or even excluded those by denying them access to services. However, the informal economies far from disappearing, have been fundamental pillars for the survival of various important economic sectors of the population, but also for the same functioning and sustaining of the formal economic system in the region (Clausen/Velázquez, 2018). For instance, the employees of the factories or the governmental personnel can only survive with their low salaries because they can acquire different products at low prices at informal markets. Informal work is not however, an exclusive feature of Latin America its presence in the US also explains the huge expansion of important economic sector of this country such as the agricultural and service sector. The Latin American “export” of informal workers to North America has generated new forms of social as well as cultural integration and monetary exchange between the great economic power in the North and the rest of the continent.

In the last decade, the informal economy has undergone a revaluation, from being the residual part of the global economy to becoming one of the ways to solve some of the wicked problems of the current economic neoliberal model such as the unsustainable use of and extraction of resources and the lack of social cohesion. In Latin America, the informal economy is a refuge or lifeline for groups who cannot access or are somehow excluded from participating in the formal economy. However, the informal sector has also become an option for people who are interested in generating alternatives against economic, environmental, political and sociocultural externalities of the global economy. At the same time, it continues to house some of the most serious threats to the continent for instance the trading of illicit products, drugs, weapons and human trafficking. The global growth of these markets, which are out of the reach of the states, poses some of the biggest challenges due to unforeseen consequences for the governments' apparatus.

This special issue contributes to the debate in which the SDGs represent a historic agreement and a scope and breadth in which we should perceive development today. The SDGs 2030 Agenda states that we need to: ‘substantially reduce corruption and bribery in all their forms’ (target 16.5); ‘ensure responsive, inclusive, participatory and representative decision-making at all levels’ (target 16.7) and reduce inequality and conserve, environment, cultures and protect ‘local’ cultural manifestations from globalization. However, a lot of unanswered questions and challenges remain. The variety of papers excavate in different ways the untold stories of informal, diverse or alternative economies to understand, experience and capture how the SDGs might need to be told these stories – to embrace voices from other corners of the world enhancing the implementation of the SDGs.

As suggested by Fejerskov et al. (2016), development is not only a matter of poverty reduction or a heavy reliance on education or health issues, pursued as a matter of rich countries in the Global North providing financial resources to poor countries in the Global South. Development challenges these binary divides and the societal challenges of today are universal and concern all forms of economic, social, cultural and environmental progress in an integrated manner, also demonstrated excellently by sociologist Ulrich Beck in his seminal book on the *Risk society*. Income inequality or unequal access to health, education or jobs is a concern in Denmark

as well as it is Latin America. With all this in mind, it is an appropriate time to reflect on where debates about other practices we might turn to in our desire to understand our futures.

### The contributions in this special issue

This special issue seeks to bring to the table one of the greatest challenges: to move the SDGs from the realm of diplomatic negotiations in the United Nations to those responsible for implementing the agenda at the national, regional and local levels. This overwhelming task where the pledge is “to leave nobody behind” requires dramatic changes in how to reach the marginalized and poorest in societies, it requires creative and “out of the box” thinking, which is why looking towards informal economies might bring innovative paths to sustainable development models.

The opening article, “Informality and social heterogeneity: efficiency and cooperation in communities and societies”, by Henio Millán explores informality from a historical economy perspective”. This analysis allows us to understand what role informality has played in the functioning of Latin American societies. Such a perspective is particularly pertinent in the case of Global South countries. Millán shows this through a rigorous economic analysis which centers informality as crucial for the economic, cultural and social balance between modern and premodern actors in these societies. This entails that the inequalities in these societies are structural characteristics, in which the reproduction of the nation-state depends on the existence of inequality and informality, which also undermines the state’s capacity to generate greater wellbeing. This article demonstrates excellently the Gordic knot or inherent challenge of informality for the governments.

Clausen and Velázquez aim to demonstrate how non-monetary as well as monetary transactions and practices unfolded in informal economies are necessary to move beyond the SDGs being only normative, and to be able to implement the SDGs as the informal economies are inherent in these societies. Through long term ethnographic fieldwork at marketplaces in four different countries, Argentina, Chile, Colombia and Mexico, the authors’ innovative proposal is that working in the informal economy often is a deliberate decision rather than, what is normally suggested by scholars, a need to survive due to exclusion from the formal sector.

The article by Ditlefsen, Hamilton and Meaker explores the phenomenon of *casas particulares* in Cuba to show how the entrepreneurial climate, the role of the state, and collectivist orientation depend on the informal transactions to fill in the gaps where formalized resources are not available. This demonstrates very well the interdependency of the formal and informal economies which make the informal sector’s exchanges pertinent in the SDGs.

Schaltz’s and Bork’s article examines how certifications in small scale coffee farmers in Colombia generates a complicated web of transactions within the formal as well of informal economy. The article highlights how entities, either individuals or organizations, can often participate and navigate in both forms of economies.

The paper by Andersson critically discusses fair trade as a notion and a practice and connects the analysis of production of fair trade quinoa in a community in Southern Bolivia with the SDGs. The paper poses the question whether fair trade alleviates poverty and supports local producers creating environmentally sound technologies (SDG target 12a).

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