
Migrant labour in the underground economy:

**Between processes of
irregularization and
informalization**

Undocumented Worker Transitions

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1. The irregularization of immigration: a structural phenomenon

More than twenty years have passed since, with the signing of the Schengen Agreement, some European Union member states set common policies for themselves with regard to controls at the outer borders of the “Schengen area”.¹ Since then, the increasingly rigid regulation of immigration from the global South and East and, above all, the implementation of common measures to combat undocumented immigration have begun to take on increasing importance in the dominant discourse and in the national policy of the individual European countries, to the point of going beyond the political space of the EU and involving non-member states. For example, the adaptation *in advance* of national migration policies to European legislation has been one of the essential conditions for the most recent entries of Eastern European countries into the Union:² it is not coincidental that Bulgaria today “has one of the strictest laws for issuing work permits to foreigners, which has been applied by the most developed countries in order to restrict the immigrant flow to their countries.”³ Along the same lines as a growing involvement of non-member states, we also note the financing of specific projects of externalization of border controls, which call for the direct involvement of some northern and western African countries - such as Libya, Morocco, Mauritania and Senegal - in the direct and *in loco* combating of undocumented immigration and the forced repatriation of immigrants who pass through these countries.⁴

Yet despite the measures implemented at the international level and the associated intensification of controls and of repression within the individual countries⁵, in less than two decades undocumented immigration has become a historically significant phenomenon - a structural phenomenon.⁶ Its growth has been unbroken not only in Europe, where in 2006 the number of

¹ The Schengen Agreements, signed in 1985, were subscribed to at first only by Belgium, France, Germany, Luxembourg and the Netherlands.

² See IMIR (2007), p. 5.

³ Interview with an expert of the Centre for the Study of Democracy, Sofia.

⁴ See Coslovi, L. (2005); Coslovi, L. (2007); Del Grande, G. (2007).

⁵ As is the case, for example, in Austria and the United Kingdom. See FORBA (2007a); WLRI (2007).

⁶ See Düvell, F. (2006a).

undocumented immigrants was estimated at between 4 and 7 million,⁷ but throughout the West, as is demonstrated by the case of the United States, which today “hosts” at least 12 million undocumented immigrants, mostly from Central and South America.⁸

The development of undocumented immigration must be considered an integral part of the surge in immigration from the countries of the global South and East. As a structural phenomenon its origin is relatively recent, if we consider the entire evolution of international migrations in the sphere of the world labour market from a historical standpoint:⁹ its birth, in fact, goes back to the 1980s, and it did not become a mass phenomenon until the 1990s. Its development has been based on a series of transnational transformations, which have been fuelled, as Franck Düvell notes, by “a complex relationship of new migrations, new socio-economic framing conditions, new migration policies and new discourses.”¹⁰

In the development of this phenomenon, the adoption of “zero immigration” policies – or, at any rate, of an extremely restrictive stance – has been of fundamental importance; first, on the part of those countries that were the destination of migration after World War II, such as Austria, Belgium, Denmark and the UK,¹¹ which took these measures to respond to the economic crisis of the 1970s; and then, also on the part of those countries that became the goal of international immigration in successive decades, such as Italy, Spain and, more recently, Bulgaria.¹²

The adoption of these policies, in the sphere of public discourse, has been accompanied by the representation of immigration in criminalizing terms, not only in relation to undocumented migration but migration as a whole, which has noticeably fuelled the spread, at the popular level, of specific forms of racism that had previously taken hold at the institutional level.¹³ The European

⁷ See Düvell, F. (2006a); FORBA (2007b).

⁸ The question of undocumented immigration in the United States was raised in the interview for this project with an expert from the Migration Policy Institute in Washington. On this question see also Akers Chacón, J. and Davis, M. (2006).

⁹ On the theme of international migrations and the formation of the world labor market see Potts, L. (1990).

¹⁰ Düvell, F. (2006a), p. 239.

¹¹ See FORBA (2007a); RUC (2007); ULB (2007); WLRI (2007).

¹² GES (2007); IMIR (2007); UNIVE (2007).

¹³ Basso, P., Perocco, F. (eds.) (2003).

country where the process of the criminalization of immigration has taken its most extreme form is probably Italy, where, with the law on "Urgent Measures on the matter of Public Security" passed in 2008 (Law no. 125/2008), the aggravating circumstance of "*clandestinità*" ("illegality") was introduced in the case of criminal trials for crimes committed by immigrants not in possession of a residence permit.¹⁴

Apart from the Italian case, the increasingly restrictive immigration policies of the European countries have been decisive in activating the large-scale production – at the economic, social and political level – of "*clandestinità*" as a specific form of racially-based discrimination, exclusion and segregation. This process has developed in the sphere of late capitalism; i.e. in a sharply unequal system, based on an extreme social polarization, in which the growth – or, in any event, the maintenance at certain limits – of accumulation in the centre is obtained *also* through the cyclical and structural worsening of living and working conditions on the peripheries. This is accompanied by the continual restructuring of the international division of labour, to which international migrations, from the peripheries towards the centre, have made no small contribution.

Analyzing the impact of the migration policies of the European countries from this perspective, it is evident how the large-scale production of "*clandestinità*" consists, in the final analysis, in the formation and institutionalization of social relations that have directly contributed to the processes of restructuring and hierarchization of labour markets, within national borders and at the global level. The process of "irregularization" of immigration through institutional instruments and its transposition to the field of social relations have in fact been fundamental elements for reducing the economic and political costs of labour, through which to pursue the recovery and revitalization of the mechanisms of accumulation on a global scale, as well as a further centralization in the control and distribution of wealth.¹⁵

¹⁴ See Mosconi, G., Sarzotti, C. (2008).

¹⁵ On the economic and social transformations connected with the revitalization of accumulation and with the centralization of wealth see Harvey, D. (2005).

Such use of migration policies as an instrument of control and regulation of the labour market is not limited to the present day: consider also the establishment of the *gastarbeiter* system in the second half of the twentieth century in Germany and Austria, “[where] politicians and social partners intended to establish a [migration] regime attracting and removing foreign workers, depending on the demands of the Austrian labour market.”¹⁶ Neither is it limited to Europe: also in the United States “the development of American capitalism has been predicated on institutions of control over the working class, depriving different sections of the working class citizenship, freedom of movement, and political participation at successive stages of history (up to the present day) [...] using the state as a labour supplier and regulator.”¹⁷

Both in Europe and in the United States, however, the process of hierarchization of the labour market has not come about in a linear and univocal manner; on the contrary, it has been full of contradictions, due primarily to the active resistance of the migrant workers themselves.¹⁸ Even though it is a recent phenomenon, the very process of the "irregularization" of immigrations on a world scale has already been brought to a standstill numerous times, due to the development of various forms of protest and activism by migrant populations and anti-racist and non-profit organizations. The mobilizations for regularization in Italy in the months preceding the approval of the "Bossi-Fini" Law, the organization of the struggles of the *sans-papiers* in France and in Belgium,¹⁹ the general strike on 1 May 2006 in the United States, which saw millions of undocumented workers take to the streets,²⁰ or, again, the increased unionization of migrant workers in Italy and in the United Kingdom,²¹ while constituting isolated episodes, nonetheless indicate how these processes are by no means monolithic.

¹⁶ FORBA (2007a), p. 5.

¹⁷ Akers Chacón, J., Davis, M. (2006), p. 174.

¹⁸ On the German case see Kammerer, P. (2003) and Roth, K.-H. (1977). On the U. S., see Moody, K. (2007).

¹⁹ See Sciortino, R. (2003); Morice, A. (2003); Kagné, B., Martiniello, M. (2003).

²⁰ See Moody, K. (2007).

²¹ UNIVE (2007); WLRI (2007).

2. The processes of informalization of the economy and the labour market

Before examining in detail the theme of the presence of migrant workers in the underground economy, it is necessary to make clear how the term “underground economy” will be used in this report, and to present briefly the principal theoretical approaches to this theme that have been taken.

For many years, in analysing questions of informal labour and of the processes of economic informalization, one principally made reference to the economies of the global South, attributing the scale of this phenomenon to “their inability to attain full modernization, to stop excess migration to the cities, and to implement universal education and literacy programs.”²² A similar explanation, which attributes the persistence of substantial proportions of the underground economy to a “lag in development” – and which thus puts forward “development” as the solution – has been used to explain the anomalies of advanced capitalist countries such as Italy, Spain, Portugal and Greece, in which, in spite of “development,” the underground economy has continued to constitute a structural element. In her critique of this theoretical approach, Saskia Sassen states that “the growth of an informal economy in highly developed countries has been explained as the result of immigration from the Third World and the replication here of survival strategies typical of the home countries of migrant workers.”²³

Apart from the racist approach that characterizes such explanations, the first doubts about the validity of these theories arose when in the advanced capitalist economies themselves, beginning in the 1980s and above all in the 1990s, the trend toward the constant decrease in the proportion of the underground economy was reversed, turning into a steady, and in some cases exponential, expansion. Only recently has this theme been tackled in a more critical manner, by beginning, for example, to replace the monolithic opposition between “informal economy” and “formal economy” with the more

²² Sassen, S. (1998), p. 153.

²³ Sassen, S. (1998), p. 154.

dialectical concept of “process of informalization”²⁴ and by seeking to create theoretical models and analytical instruments capable of explaining the complexity of the connections between formal and informal.

Also the theories that based their explanation of the growth of the underground economy on the growth of immigration have been contradicted by subsequent historical developments. And this is the case in spite of the fact that, in Europe, precisely while the processes of informalization have accelerated, increasingly restrictive migration policies have been adopted, which have favoured the development of undocumented immigration. In fact, as Castells and Portes have demonstrated, “European case studies contradict the view that the underground economy is primarily a consequence of immigration. [...] Undoubtedly, immigrants provide one source of labour for the expansion of these activities, and they may be preferable to domestic workers because of their vulnerability. However, the underlying causes for the expansion of an informal economy in the advanced countries go well beyond the availability of a tractable foreign labour supply.”²⁵

As far as this report is concerned, taking up what Schneider and Enste wrote in a recent study on the global growth of the underground economy,²⁶ we must first of all recognize how difficult it is to give a precise definition of this phenomenon and how it is even more difficult to estimate its extent. This is because its “borders” are extremely mobile: in fact to define its extent one must necessarily make reference to its relations with the formal economy, since “the scope and character of the informal economy are defined by the very regulatory framework it evades.”²⁷ A further difficulty derives from the fact that within it are included both declaredly illegal activities such as drug production and trafficking, prostitution, and so forth, and entirely legal activities, in which, however, taxes and social insurance contributions are partially or totally evaded.

²⁴ Sammers, M. (2005).

²⁵ Castells, M., Portes, A. (1989).

²⁶ See Schneider, F., Enste, D. (2002).

²⁷ Sassen, S. (1998), p. 153.

In this report, we shall not consider economic production that is directly connected with illegal activities (except when specified differently), but shall use the term “underground economy” to refer to “activities involving the paid production or sale of goods or services that are unregistered or hidden from the state for tax and employment law purposes, and are not registered by the official statistics and authorities when calculating the GDP. The informally produced and purchased goods and services are then part of the market economy and contain, firstly, undeclared and non-documented economic remunerated activities which therefore do not appear in national accounts and statistics. Secondly, the informal economy contains economic activities that avoid the payment of taxes and social insurance contributions. Thirdly, the informal economy supports working relations not in compliance with ruling labour law (duration of employment, conditions of payment, occupational health and security).”²⁸

As regards the position of workers involved in underground economic activities, due to the great variety of contractual conditions to be found we shall use the term “informal employment”, as defined in the glossary prepared for the UWT project. This definition permits us to analyze the phenomenon in its totality: in the underground economy employment is found, in fact, not only of migrant workers without residence permits but also of migrants with residence permits and indigenous workers as well. In this way we can say that work in the underground economy “is not dependent on the individual's immigration status.”²⁹

2.1 Informalization of the economy and global growth of inequalities

For the past thirty years there has been a constant growth in the underground economy globally. This is a structural trend, which manifested itself after about two decades of progressive reduction of the underground economy, which concerned both the countries of the global North, where “it was in [the] post-war period, extending into the late 1960s and early 1970s, that the incorporation of workers into formal labour market relations reached its

²⁸ RUC, WLRI (2008a), p. 11.

²⁹ WLRI (2008a), p. 30.

highest level”³⁰, and in the countries of the global South. The example of Latin America shows that the trend of the labour market in the “era of import-substitution industrialization had been the relative *reduction* in informal employment – from 29 percent in 1940 to 21 percent in 1970 for the region as a whole.”³¹ As regards the trend toward the reduction of the informal economy and informal employment in this cycle, it can be ascribed essentially to the effects of the long and relatively continuous phase of post-war economic growth, to the inception of processes of industrialization in all those countries that, to a certain extent, managed to free themselves from historical colonialism, and above all to the victories gained by the labour movement in terms of employment and social wage guarantees.³²

The crisis of the 1970s and the responses to the crisis that began the following decade substantially marked the closure of this phase and the start of an overall levelling downward of workers' conditions,³³ which includes also the development of today's ongoing processes of informalization. These processes constitute a phenomenon that is unitary, but also is unequal and a producer of inequalities, which (re)structures and hierarchizes the world labour market, setting out from the macro to arrive at the micro level.

If, in fact, we examine the figures presented in some comparative studies,³⁴ apart from the opposite trends that may be seen in some countries in the past decade, it is possible to see how these processes of informalization, just like other ongoing global transformations, have substantially retraced and deepened the geography of the inequalities that have been produced historically. While the processes of privatization and opening up to foreign capital, of the dismantling of welfare systems, of deregulation of the world of work, of the growing financialization of the economy, in fact enacted at a global level, they have left a deeper mark on the countries of the global South,

³⁰ Sassen, S. (1998), p. 158.

³¹ Davis, M. (2006), p. 176.

³² To give one example: in the zone of the chemical and shipbuilding industries in Marghera (Venice) the workers' and the trade-union movements carried on a series of struggles in favor of absorption in the mother company of the workers employed in subcontracting firms in a prevalently semiformal or entirely informal manner. See Laboratorio immigrazione – University Ca' Foscari of Venice (2005).

³³ Particularly in this past decade there have been important exceptions to this process. For example in China, in India, in eastern Europe and in some Latin American countries there has been a considerable rising of the level of real wages. Nevertheless, in light of the current world crisis this evolution cannot be considered definitive.

³⁴ See Schneider, F., Enste, D. (2002); Schneider, F. (2005).

since the 1980s, and the countries of eastern Europe, since the 1990s, leading to the concentration in these countries of the bulk of underground production and the bulk of the labour power employed in the underground economy globally,³⁵ while simultaneously acting as a driver of today's mass emigrations.

Moreover, we need to consider the different working conditions that characterize the formal and the informal spheres of the economy: informal employment entails, by its very definition, the total or partial absence of formal contracts and the failure to enjoy rights both in the employment relationship in the strict sense, and in terms of access to the various forms of social wage. This gives rise to a marked and complex segmentation of the labour market, based on the infinite shades of hierarchy between those who are employed in the formal sphere and fully enjoy their rights, and those who have informal employment and enjoy no rights at all.

Finally, there is also a trend toward the growth of inequality *within* the informal economy itself, which reproduces and deepens the hierarchical segmentations already at work in the economic system as a whole: in fact, the worst working conditions and, above all, the fewest opportunities for escape from the informal sphere most often belong to migrant workers, women workers, and the generations entering and leaving the labour market. It will be precisely this trend, especially in relation to the labour of migrants, that will be illustrated in the following sections through the fieldwork undertaken by this project.

2.2 Informalization of the economy and the labour market in Europe

According to estimates by Friedrich Schneider and Dominik Enste, in the past thirty years the size of the underground economy in the countries of western Europe has greatly increased, "doubling from less than 10 percent of GDP in most of these countries in 1970 to 20 percent or more of GDP by 2000 in

³⁵ According to estimates cited by Mike Davis, "altogether, the global informal working class is about one billion strong, making it the fastest-growing, and most unprecedented, social class on earth." Davis, M. (2006), p. 178.

Belgium, Denmark, Italy, Norway, Spain, and Sweden."³⁶ In the case of Austria the underground economy grew from an incidence of 2.04 percent of GDP in 1975 to over 20 percent in 2004.³⁷ Also in the countries of central and eastern Europe we find a similar surge: in Bulgaria, for example, in 1998 the underground economy represented 34 percent of GDP, in Russia 44 percent, and in Georgia 64 percent.³⁸

At the end of the 1990s, the overall participation³⁹ of the labour force in activities of the underground economy was 35 million workers in the whole of Europe, about 20 million of them in the EU member states. As regards the situation in individual countries, in 1997 the greatest labour force participation in the underground economy was reported in Italy (between 30 and 48 percent of the entire labour force), Spain (between 12 and 32 percent), and Sweden (20 percent).⁴⁰

The greatest long-term increases, however, were in the countries that had very limited labour force participation in the underground economy in the 1970s: "In Denmark the share of the total labour force engaged in the shadow economy doubled in 15 years, from 8 percent in 1980 to 15 percent in 1994. The pattern was similar in Germany and France: in Germany, the share was relatively stable at 8–12 percent in 1974–82, but over the next 16 years it doubled, to 22 percent in 1998; in France, the share was 3–6 percent in 1975–82 but doubled to 6–12 percent in 1997–98."⁴¹

The rise in the indexes of informal employment has continued in this past decade. In Austria, for example, "the number of 'full-time illegal workers' in 1995 was - according to Schneider - 575,000 Austrians and 75,000 migrants, and, by 2004, had grown to 789,000 and 114,000 respectively."⁴² In Italy in 2005, ISTAT, the national statistical institute, reported 2,951,300 non-documented units of labour, representing 12.1 percent of the total units of

³⁶ The estimates provided by Schneider and Enste also include the share of income and of employment generated by illegal activities. See Schneider, F., Enste, D. (2002).

³⁷ See FORBA (2007a).

³⁸ Schneider, F., Enste, D. (2002).

³⁹ These figures include, in addition to totally undocumented employment, also semiregular jobs: for example people employed regularly with an undeclared second job.

⁴⁰ Schneider, F., Enste, D. (2002). These figures include the illegal and criminal economy, as well as second jobs, overtime paid outside the pay packet, retired people doing undocumented work, etc.

⁴¹ Schneider, F., Enste, D. (2002).

⁴² FORBA (2007a), p. 15.

labour.⁴³ According to some more detailed Eurispes estimates, in 2007 at least 600,000 immigrants in possession of residence permits and 2,320,000 retired persons worked without any type of contract, while at least 6,000,000 regularly employed workers held second jobs without contracts.⁴⁴ In Bulgaria at least 300,000 workers are employed in the underground economy;⁴⁵ in this case, however, there has been a sharp decrease in the incidence of informal employment, from 29 percent in 2001 to 17 percent in 2007.⁴⁶ For Belgium, Denmark, Spain and the United Kingdom no estimates are available of informal employment itself, but only relative to Gross National Product: "Several methods suggest that the informal economy in Belgium may be expected to account for between 15.3 percent and 20.8 percent of Gross National Product,"⁴⁷ while in 2003 in Spain the figure was 22 percent, in Denmark 17.2 percent, and in the United Kingdom 12.2 percent.⁴⁸

The figures presented here show that the processes of informalization in Europe have developed neither linearly nor homogeneously. At the macroeconomic level, for example, we can distinguish some basic dynamics in the countries of central and eastern Europe and in those of western Europe that, while developing separately and with different rhythms at first, have now ending up by partially converging.

In the countries of central and eastern Europe the growth of the underground economy underwent a very great acceleration in the course of the 1990s. Up to the previous decade, Michel Chossudovsky explains, "eastern Europe and the Soviet Union were considered to be part of a developed 'North,' i.e., with levels of material consumption, education, health, scientific development, etc. fully comparable with those of the OSCE countries. Even though median income was lower on the whole, western scholars nonetheless acknowledged the conquests of the eastern bloc, especially in the sphere of health and of education."⁴⁹ Since the 1990s, however, the economies and the societies of

⁴³ Units of labor refer to the theoretical number of full-time workers. The ISTAT estimates, unlike those elaborated by Schneider, do not include the illegal economy. See ISTAT (2008).

⁴⁴ INAIL (2008).

⁴⁵ Interview with an expert of the University for World and National Economy, Sofia.

⁴⁶ Interview with an expert of Centre for the Study of Democracy, Sofia.

⁴⁷ ULB (2007), p. 34.

⁴⁸ Schneider, F. (2005), p. 38.

⁴⁹ Chossudovsky, M. (1998), p. 37.

these countries have gone through profound changes, as a direct consequence of the application of the programmes of structural adjustment backed by the International Monetary Fund and the World Bank, which, among other things, have called for liberalization of the labour market, of commercial exchanges and of the movement of capital, fiscal reform, deregulation of the banking system, the dismantling and privatization of state-owned companies, the privatization and concentration of state-owned properties, and cuts in the funds for welfare systems. Thanks to these measures, unemployment, the reduction of real wages, and the absolute and relative impoverishment of the population have surged as never before, helping to fuel, on the one hand, the processes of informalization of the economy and, on the other, increasing emigration, whose principal destination is the EU member states.

In the past few years has there been a partial reversal of this trend, as the case of Bulgaria clearly shows. Here, over the past two years both unemployment and informal employment have been reduced,⁵⁰ as a result of "a progressive shortage of labour in many economic sectors, such as manufacturing and tourism. Economic growth and migration from the country - during the past fifteen years the Bulgarian population has decreased by about one million - have made employers increase salaries and other benefits in order to keep their workers. Data show that pay in the private sector has increased faster than in the public sector. Low labour costs were regarded as an advantage of the Bulgarian economy during the last fifteen years, but the situation has changed."⁵¹ This reversal of the trend, as IMIR has explained, has also affected the balance of migration, on the one hand with return migrations, and on the other with the transformation of Bulgaria from a country of emigration, or at any rate of migration transit to other countries, into a country of immigration.

In the countries of western Europe the growth of the underground economy has coincided with a phase of marked destructuring/restructuring of the economies and labour markets, "closely related to the changing nature of

⁵⁰ See the interview with an expert of the Centre for the Study of Democracy, Sofia.

⁵¹ IMIR (2007), pp. 4, 24.

capitalism.⁵² This phase, which began with the crisis of the 1970s, continued with the adoption of neoliberal policies⁵³ since the 1980s, first in the United Kingdom, and then in the rest of the continent.⁵⁴ Even with ways and means specific to each individual country, the processes of informalization have been favoured particularly by the sharp rise in unemployment, which is now three times what it was in the post-war phase of growth;⁵⁵ by the tertiarization of the economies, combined with the growing outsourcing of industrial production towards the countries of the global South and East and towards eastern Europe; by the privatization and the subcontracting of a growing section of public services, followed by the reduction of a part of the social wage; and, last but not least, by the growing flexibilization of the labour market and by the widespread casualization of employment conditions,⁵⁶ which, in the name of an increased flexibility of the mechanisms of accumulation, have led to lower wages, to growing job insecurity, and in many cases to the loss of benefits and of all guarantees that safeguard employment.⁵⁷

The combination of the trends toward informalization and casualization has thus produced a general levelling downward of living and working conditions of the majority of workers, including those who are "guaranteed," and a polarization of the economic structure that has also influenced the models of social reproduction and of consumption.⁵⁸ The course of these processes has not had the same rhythm in the various countries; in fact, over the short term, it has sparked partially different dynamics of transformation of the labour market. In this regard it is very interesting to see the cases of those countries where the informalization of the economy has been accompanied in various ways by phases of economic growth, in order to investigate one of the many symbiotic relations possible between the formal and the underground economy.

⁵² Interview with an expert of the International Centre for Migration Policy Development and Mediterranean Migration Observatory, Athens.

⁵³ See the interview with an expert of the Universitat Autònoma de Barcelona, Barcelona.

⁵⁴ See Chossudovsky, M. (1998), FORBA (2003), Harvey, D. (2005).

⁵⁵ Basso, P. (2003).

⁵⁶ See the interview with an expert of the Austrian Institute of Economic Research, Vienna.

⁵⁷ See Harvey, D. (2005).

⁵⁸ See Sassen, S. (1998).

An example to this effect comes from Bulgaria. As we have seen, the trends toward levelling downward and social polarization, while specifically repressing the living and working conditions of the Romany population and of the minorities of Turkish origin,⁵⁹ had an explosive and immediate effect on much of the working population, contributing to cutting the cost of labour and giving rise to vast migration movements. Only when these "optimal" material conditions were created did the foreign investments that led to the growth phase of recent years begin.

By contrast, in the case of Spain the growth began in the second half of the 1990s and was driven principally by the construction and the tourism sectors - sectors that are essentially labour intensive. In employment terms there was a sharp feminization of the labour market and an increasing recourse to immigrant workers: "Between 1995 and 2005 there were 6.4 million people in new employment in Spain, of these, 4.2 million are indigenous workers, and the remaining 2.2 million are migrants. The increase in employment among the indigenous population has been possible because of the rise in the number of women in the labour market: the proportion of women of working age (between 15 and 64) has risen from 33.1 percent in 1995 to 51.2 percent in 2005, bringing a dramatic drop in unemployment in Spain, from 22 percent to around 8 percent."⁶⁰ Apart from the increase in employment in the formal sphere, however, according to a trade union representative interviewed for the UWT project, the success of the Spanish production model has been based on a close integration between the formal and the informal economy: "In other words, the shadow economy is a planned thing of the formal economy, in which case costs have been so dramatically reduced that it has become 'black work.' Eighty percent of the shadow economy is related in one or more phases to the formal economy, it is not an independent world; on the contrary, it is the expression of a production model."⁶¹

The Danish case is, again, different, stemming from the development of an unprecedented combination of a highly regulated labour market and an

⁵⁹ See IMIR (2003).

⁶⁰ GES (2007).

⁶¹ Interview with an expert of the Comisiones Obreras – Catalonia, Barcelona.

underground labour market that has only recently become the object of study.⁶² The Danish policies are based on rigid regulation of every aspect of the labour market, from contractual relations to working conditions to the promotion of "race equality" policies; this regulation is subject to negotiations between trade unions and employer organizations, at both the national and the local level.⁶³ In spite of this there has been an increase in informal employment, through the mechanisms of subcontracting for example, which has affected sectors or firms that had not been involved before, to the point that in some cases it has become difficult to draw a clear distinction and to plan adequate measures to combat it.⁶⁴ According to Jan Mathisen, this process is connected with "the explosive growth of the Danish economy in recent years and the growing demand for labour, skilled as well as unskilled, which has made it both possible and easier to find and do undocumented jobs, though it is obvious that certain businesses and lines of work are more suitable for undocumented work, due to the type of job, the type of working hours, the structure of the work, the specific supply and demand, and the like."⁶⁵ In this manner in Denmark a "parallel society" has taken shape, characterized by working conditions that are far worse than in the formal sphere and by a failure to observe the regulations.⁶⁶

As these three cases show, the processes of informalization, understood as an integral part of the more general trend toward casualization and toward the slashing of the cost of labour, can be considered decisive for economic growth and for the growth of the share of profits.⁶⁷ This function of theirs, according to some of the experts interviewed, has concerned the whole of Europe. For Martin Baldwin-Edwards, for example, the expansion of the underground economy "has clearly an anti-inflationary effect, in the same way as immigration of unskilled workers tends to depress inflationary wage pressures... [It is] just another way for Europe in particular to remain competitive in the global economy. This is one of the reasons that

⁶² See RUC (2007); interview with an expert of the former Minister of Traffic and Transport, Denmark.

⁶³ RUC (2007).

⁶⁴ See the interview with an expert of the Department of Control and Analysis, Ministry of Refugees, Immigrants and Integration, Denmark.

⁶⁵ Interview with an expert of the Union of Hotels and Restaurants, Denmark.

⁶⁶ See RUC (2008).

⁶⁷ See the interview with an expert of the Universitat Autònoma de Barcelona, Barcelona.

governments do not want to go 'anywhere near it.' [...] The existence of the informal economy is an important element to control cost in Europe in an increasingly difficult environment of a high Euro and a consequently low competitiveness of exports."⁶⁸

⁶⁸ Interview with an expert of the International Centre for Migration Policy Development and Mediterranean Migration Observatory, Athens.

3. Immigrant workers between informalization and hierarchization of the labour market

In recent decades, throughout Europe there has been a sharp rise in immigration generally and in its undocumented form specifically. This phenomenon, while having specific characteristics in the various countries,⁶⁹ nonetheless shows many common features, starting with the ways in which workers have entered the underground economy. As the fieldwork too has shown, despite the fact that the labour power employed in the underground economy on the whole continues to be made up for the most part by indigenous workers,⁷⁰ a substantial share is now come made up of migrant workers, both with and without residence permits.

As far as employment is concerned, it must be emphasized that the development of the processes of informalization has not been limited to structuring a complex stratification of working conditions based on the relationship between the formal and the informal spheres. On the one hand, this development has in fact reproduced and deepened within the underground economy the existing forms of segregation and hierarchy, based on gender and race discrimination, that were already operating in the “formal” labour market. On the other, it has combined with the processes of irregularization, which have specifically contributed to weakening the position of migrant workers – *even* when they have been regularized – both in the objective sphere of the labour market, and in the subjective relations between employer and employee.⁷¹ The combination of these trends, which arose separately but converge in the production of *casualization*, has meant that in the informal economy - as is the case, for that matter, *also* in the formal sphere - the jobs that are least stable, hardest, most unhealthy, with the lowest wages and the longest hours, are reserved for migrant workers, with or without residence permits.

⁶⁹ Think, for example, of the cases of Spain and of Italy and of the structural recourse to mass regularizations that have characterized the migration policies of these two countries.

⁷⁰ See FORBA (2008); GES (2008a); IMIR (2008); RUC (2008); ULB (2008); UNIVE (2008a); WLRI (2008a).

⁷¹ See UNIVE (2008a).

And, indeed, precisely because this occurs in a sphere that is of itself distinguished by worse working conditions and by the failure to recognize the rights of workers, a process arises of segregation within segregation and of hierarchization within hierarchization, which “completes the process of the inferiorization of the irregular immigrant worker”.⁷²

This is particularly clear if we analyze the sectors in which the informal employment of migrant workers is most common: agriculture, construction, domestic and care work, catering, industrial cleaning services, and the hotel sector.⁷³ At the European level these, in fact, are the sectors distinguished by an overrepresentation of migrants in the “formal” labour force and in which the appearance and consolidation of the “informal” has not only met socio-economic needs that are often identical from one country to another, but has also followed similar models in the reorganization of the economic-productive structure. To bring out these common features more clearly, we shall now focus our attention on the individual sectors.

3.1 The construction sector

Construction is unquestionably the sector that, at the European level, has enjoyed the longest period of uninterrupted growth from the 1970s until today, attaining a very high pace of development.⁷⁴ Apart from the boost from the financial sector through the spread of mortgage credit, this fully-fledged boom has been made possible by a substantial lowering of labour costs, assisted by a number of factors. In addition to the increasing recourse to migrant labour power and to hierarchies of employment, “the evolution of working and organizational techniques (craft to industrial manufacturing and assembling components, development of technical specializations and subcontracting) and the evolution of regulations (liberalization, internationalization, competition)⁷⁵” have been decisive.

Specifically, we find that the employment of migrant labour in this sector has become a structural component, in both formal⁷⁶ and informal employment.

⁷² Interview with an expert of the European Platform for Migrants' Workers Rights.

⁷³ See FORBA (2008); GES (2008a); IMIR (2008); RUC (2008); ULB (2008); UNIVE (2008a); WLRI (2008a).

⁷⁴ See Gluch, E. (2007).

⁷⁵ See ULB (2008), p. 9.

⁷⁶ See UNIVE (2007); FORBA (2008); GES (2008a).

This sector in fact "seems to be one of the biggest employers of undocumented [and underdocumented] migrant workers also due to the fact that the construction sector is one of the most important sectors of the informal economy in Europe."⁷⁷

The spread of the informal employment of migrant workers has been favoured above all by the increasing recourse to subcontracting. This is a phenomenon that in the countries we are considering seems to involve mainly private construction, however some public sector construction projects have involved a the chain of subcontractors, an example found by this research in Italy is the construction of the new Niguarda hospital in Milan, and in the UK, particularly in the projects for the 2012 Olympics.⁷⁸

The expansion of informal employment in subcontracting is due also to the spread or the return of various forms of gangmastery.⁷⁹ For example, as a FILLEA CGIL trade union representative explained,⁸⁰ in Italy:

"Gangmasters are particularly widespread in this sector: gangmastery is often exercised against irregular immigrants by immigrant workers with residence permits and regular contracts. The yard foremen, acting for the employer, contracts the 'irregular' worker's pay with the 'gangmaster.' In fact the irregular worker is not paid directly by his employer but receives his wages from the gangmaster, who withholds a part of them for himself. This system permits the employer, formally, to perform no illegal action directly, while profiting from a situation of exploitation and illegality."⁸¹

The expansion of subcontracting has made it possible to slash the costs of labour by operating on a number of fronts. First, in the sphere of work for hire there has been a sharp reduction in direct wages, which have been far lower than the wages of formally hired workers⁸² and have often been transformed into piecework payment.⁸³ This form of payment can also affect workers who

⁷⁷ See FORBA (2007b), p. 17.

⁷⁸ See UNIVE (2008a); Berizzi, P. (2008); WLRI (2008a).

⁷⁹ See ULB (2008); interview with an expert of the FILLEA CGIL, Brescia.

⁸⁰ FILLEA CGIL is one of the unions of the workers of the construction sector in Italy.

⁸¹ Interview with an expert of the FILLEA CGIL, Brescia.

⁸² For a comparison of the underground wage levels in the various countries see the Thematic Report *Un(der)documented Migrant Labour. Conditions and Characteristics*.

⁸³ See UNIVE (2008a).

have been hired with a regular contract. A Kosovan worker interviewed in Italy explained that "even though he has a regular contract, he is paid not for the hours that he actually works, but for 'the meters' of work he manages to do with three other employees (including his brother and a cousin), with whom he has informally formed a gang of workmen occupied with structural construction. In fact the work organization is based on piecework and on subcontracting: this greatly affects working conditions, since wages come to depend on the degree of the worker's self-exploitation. This also reflects on the respect for safety regulations in the building sites. Where the interviewee works, for example, the scaffolding does not always conform to the regulations, and the safety regulations themselves are seen as a hindrance: 'They [the labour inspectors and the unionists who verify the working conditions in the sites] say: "You have to do it this way." But you can't do it like they say, because they just explain and that's it. But if you work you can't do it like they say. If you work with the contract [i.e., subcontracting] or with the "meter," you have to do the meters, you have to work. [If you work] like they say, you do few meters and get little money."⁸⁴

The slashing of direct wages has been accompanied by the spread of various forms of undocumented status as far as the social wage is concerned, which can be totally refused in the case of workers without contracts, or which may not be paid in full, in the case of formally hired workers. As an expert interviewed in Italy explained, subcontracting "has promoted irregularity in the payment of contributions among regularly hired workers. The rights that mature through the payment of contributions (paid vacations, family allowances, compensation for injury or illness, unemployment compensation, etc.) are directly monetized in the monthly salary; contributions are not paid, and a false pay packet is furnished. In this way in the short term workers have the sensation of earning more (in fact, the direct salary rises sharply). In the long term, however, it is the employer who gains while the workers lose, because this practice has extremely heavy repercussions in the frequent cases of accidents, illnesses, etc., in which the workers find themselves with

⁸⁴ UNIVE (2008a).

no insurance coverage whatsoever."⁸⁵ Also the spread of "self-employment" – or, more precisely, of "depending self-employment"⁸⁶ – ultimately responds to the same logic. As what has emerged in Austria, Italy and Spain shows, this phenomenon, for the large subcontracting firms, has in fact provided "another possibility of 'outsourcing' responsibilities" as far as social security and tax payment is concerned.⁸⁷

Apart from a lowering of the costs of labour, the structural recourse to subcontracting has contributed to a substantial worsening of working conditions, which is particularly evident if we observe the industrial accident data. In Spain, for example, for the underground economy as a whole, it has been calculated that "sixty percent of severe or mortal accidents at work are produced in subcontracting processes"⁸⁸, while in Italy, where there has been a rise in the rate of injuries and mortal accidents among migrant workers in contrast with a slight decrease among indigenous workers,⁸⁹ it is acknowledged that the figures are underestimated due to the frequent omissions and false declarations in accident reports.⁹⁰

Finally, it is interesting to note how the subcontracting mechanism, combined with the more recent evolution of European Union labour law, has favoured the emergence of forms of transnational underground labour. In the case of Belgium, for example, some recent inspections in major building sites in Brussels revealed how Portuguese subcontracting firms have been able to employ Brazilian workers without residence permits thanks to the "detachment" system.⁹¹ A Brazilian worker explained:

"I called my boss who had not paid me for 60 days. The boss is Brazilian. Because here in Belgium this is the way it is: There is the house owner [the one who gives the order, the client] who is Belgian. He orders work to be done by a Portuguese contractor who speaks good French and is legal in Belgium. The Brazilian boss, who has no document and has just arrived,

⁸⁵ Interview with an expert of the FILLEA CGIL, Brescia.

⁸⁶ See the interview with an expert of the Universitat Autònoma de Barcelona, Barcelona.

⁸⁷ See FORBA (2008); UNIVE (2008a); interview with an expert of the Universitat Autònoma de Barcelona, Barcelona.

⁸⁸ Interview with an expert of the Comisiones Obreras - Catalonia, Barcelona.

⁸⁹ See UNIVE (2007).

⁹⁰ See UNIVE (2008b).

⁹¹ See ULB (2008); interview with an expert of the Ministry of Social Affairs, Brussels.

takes the work from the Portuguese [the Portuguese subcontracts with the Brazilian one]. And I work for the Brazilian boss. [...] As the Brazilian boss has no identity, there is no guarantee at all. When the Brazilian boss starts the work on site, he receives 40 percent from the Portuguese boss. That 40 percent goes directly to Brazil. Nothing is given to the workers. It is necessary to wait until everything is finished for the Portuguese to pay the remainder. One must wait sometimes 40, 60 days. Then the workers receive a little; 500€, 600€. [...] Today finally, I phoned the Portuguese boss. The boss of the Brazilian boss. He told me that it is not true, that he already gave 90 percent of the money to the Brazilian. And yet the Brazilian boss continues to say 'no, no he has not paid me!'. I am very upset. How will I pay the rent? How will I eat? This is [the fault] a little of the Portuguese boss and a lot of the Brazilian. Because of the documents. The Portuguese has a lot to lose. If I call the police, the Portuguese is legal in Belgium, he can get a fine and lose a lot of money. The Brazilian has nothing to lose. He has no identity and if the police look for him, he leaves for Brazil."⁹²

In the case of Denmark, by contrast, following the enlargement of the EU towards the East there has been an increasing involvement of Polish firms in subcontracting.⁹³ For example a Polish worker, thanks to his change of status since Poland entered the EU, was able to open a business of his own and to expand his activities by recruiting his countrymen:

"The new thing with me is, that I have established my own recruiting company for the construction business in Denmark and I regularly get young and talented constructors and carpenters from Poland to Denmark and negotiate by myself with Danish companies and major players in the market. So the EU-membership has changed my possibilities dramatically, because now I can make contracts and operate on the surface as a juridical person."⁹⁴

⁹² ULB (2008).

⁹³ See RUC (2008).

⁹⁴ RUC (2008).

By contrast, another Polish worker, also after his administrative and contractual regularization, continued to work for the same Danish recruiter [gangmaster] who had contracted him to work irregularly for some large Copenhagen companies:

"The contact was made via a Danish man who came to my city in Poland and put an advertisement in the local newspaper and asked people in the construction and carpentry businesses to come and do a job interview with him at the local hotel. I went there and made out a contract with him. We agreed that he would find me a job and I would work for him and he would pay me and take his own commission. He said he is an agent for the eight largest construction companies in Denmark and he is representing them all. When we agreed he made up a crew of fourteen people and provided for accommodations and transport for all of them at different construction sites in and around Copenhagen and then he told us what to do in the different places. Most of the fourteen people that he hired knew each other from earlier jobs in Poland and we continued to keep in contact with each other. The majority of us got the money that we were expecting from the Danish man although we found out that it was much less than what he was getting from the owner of the houses but everybody was satisfied and everyone got their money except one carpenter from my city and he left Denmark and went back to Poland. Since the situation has changed we do more or less exactly the same job, but now it is legal. The difference for us who do the work is minimal."⁹⁵

Apart from these specific cases, it is interesting in any event to observe how, through the detachment system, the large construction companies and multinationals have been able to overcome the limits to the lowering of labour costs posed by the impossibility of outsourcing. These are limits that maintained themselves *even* in the presence of large basins of migrant labour power and that were ascribable, on the one hand, to workplace controls by inspectors and by trade union representatives, and, on the other, to the effects of the stabilization of the migrant workforce (in Italy, for example, construction

⁹⁵ RUC (2008).

is the sector that has had the highest rate of unionization of migrant workers in recent years).⁹⁶ The detachment system has made it possible to overcome these limits precisely because it has made possible a sort of *sui generis* outsourcing, which has rendered the mechanisms of accumulation in this sector even more flexible.

3.2 Domestic and care work

Along with construction, domestic and care work is, at the European level, the principal sector of both the formal and the informal employment of migrant workers.⁹⁷ It constitutes, in fact, "a route into work for women migrant workers in particular, whether they had arrived claiming refugee status or as economic migrants."⁹⁸

The large development of this sector over the past decade has been due to the consequences of the increasing feminization of the labour market, to the ageing of the European population, and to the restructuring - or, in any case, to the inadequacy - of welfare state systems. This is a development that is closely connected with the processes of the international division of labour, and in particular with the global trend toward a redistribution of domestic and care work between western women workers and the migrant women workers of the global South and of eastern Europe. Such redistribution is based on *gender segregation*, which leaves entirely unchanged the form of gender discrimination that sees women as *naturally* destined for taking care of the home and the family,⁹⁹ and strengthens it through the amplifying effect of relations of class and race that come into play in this specific employment relationship.¹⁰⁰

Regarding the employment of migrant women workers in this sector, it has proved to be very difficult in a number of countries to bring this sector's informal employment to light and, above all, to act on the relations at the root of this phenomenon in an effective way. The Italian case is emblematic: in this country the recent evolution of the welfare system and of migration policies

⁹⁶ See IRES-CGIL (2006); interview with an expert of the National Office of Immigration Policies of the CGIL, Rome.

⁹⁷ See FORBA (2007b).

⁹⁸ WLRI (2008a), p. 45.

⁹⁹ See Ehrenreich, B., Hochschild, A. R. (2004).

¹⁰⁰ See FORBA (2008); UNIVE (2008a).

themselves continues to provide incentives for a *private-enterprise* solution to the growing demand for care-giving services.¹⁰¹ As a result, in spite of the fact that the regularization in 2002 affected a substantial proportion of women employed in domestic and care work - of the over 650,000 migrant workers regularized, half of them were working in this sector,¹⁰² - no definitive reduction in informal employment was achieved. According to one of the experts interviewed, "Today the employment of undocumented woman workers has an incidence of 25 to 30 percent and appears destined to rise." This is so because the impact of the 2002 regularization "has been partially annulled due to restrictive regulations that produce illegality and that have been an incentive both for irregular entries and for the return to illegality of immigrant women who had previously been regularized."¹⁰³ Furthermore, the recent EU enlargement is now making it possible to employ administratively documented workers without any contract, since in case of controls the risk of deportation is sharply reduced. In fact, as the same expert went on to say, "in the quantitative evaluation of the phenomenon of irregularity it must be kept in mind that a great many of the immigrant women of the sector come from Romania: Romania's entering the European Union has meant for these women the transition to a condition of administrative regularity, which, however, has not been followed by an improvement in working conditions."¹⁰⁴ Moreover, in this sector the failure to improve working conditions after regularization and the failure to respect the terms prescribed by the sector's national contract, which was modified in a positive sense in March 2007, tend to foster processes in which regularized women - i.e. with regular permits and regular contracts for domestic work - are replaced by either totally undocumented workers or workers with permits but without contracts. Many regularized migrant women workers - particularly those who intend to settle in Italy permanently - are in fact driven to leave this sector for better jobs in other sectors, "calling both the occupational and the material segregation into question. Their new occupations, although marked by the segregation characteristic of the service sector, are outside the domestic sphere and often

¹⁰¹ Here, care-giving services include not only assistance to the elderly but also the individual taking care of children.

¹⁰² See UNIVE (2007).

¹⁰³ Interview with an expert of the ACLI, Padua.

¹⁰⁴ Interview with an expert of the ACLI, Padua.

involve greater sociability through direct contact with other workers. There is, moreover, an important consequence for the women's family and personal life: leaving domestic and care work - round the clock or 'by the hour' - has permitted many migrant women to apply for reunification with their children or to marry and make a family of their own in Italy. The extreme precariousness deriving from employment in this sector, capable of pervading every dimension of existence, is replaced, then, by the possibility of achieving a stabilization that affects the migration project in its entirety, while calling into question the process of a reduction to mere labour power. Furthermore, as the case of the Ukrainian workers demonstrates, the engagement that originates in the occupational sphere can become a fully-fledged process of political self-organization in the struggle to obtain residence permits and to improve the conditions of all workers. In this struggle for social emancipation, political activation and the 'solidarity' among workers are pitted - perhaps not unconsciously - against 'staying home' and the 'division' that derives from it.¹⁰⁵

In the United Kingdom, the introduction of even more restrictive regulations for the renewal of work permits has effectively increased the incidence of informal employment in this sector, because it has forced migrants who had been engaged in formal employment for many years back into undocumented status¹⁰⁶. For example, one of the workers interviewed, who migrated from the Philippines in 2003, "lost his job last December 2007 because of a change to immigration rules for senior care workers introduced in August 2007 which said that work permits could only be renewed if employers were paying £7.02 an hour. His 36-month visa expired in December, and his employer was happy with his work and would have been willing to renew the permit, but they were not willing to pay him £7.02 an hour. He had been earning £5.90 per hour. He is happy earning £5.90 an hour in Wales, but he knows that in London they need to pay over £7 an hour. He had asked his employer if they could write a letter saying they would pay him £7.02, but actually pay him £5.90, but they said this would be illegal and they wouldn't."

¹⁰⁵ UNIVE (2008a), p. 19.

¹⁰⁶ See WLRI (2008a).

Apart from the immediate effects, the introduction of the new points-based system, which links renewal of the permit and the acquisition of residence rights to skill levels, will have effects also in the future on the structure of the labour market for domestic and care work. Furthermore, as one of the experts interviewed in the UK remarked, "the care market will be crucial, and is a sector where there are conflicting pressures between the government's policy on unskilled migration and the demand for labour. This classification of high/low skilled work is very gendered and to do with class. Many migrant workers in the sector are very good with a lot of experience, but don't necessarily have the formal qualifications. There is something like a persistent 10 percent vacancy rate and currently there are roughly 500,000 care workers and it is estimated that we'll need another 500,000 in the next twenty years to cope with an ageing population."¹⁰⁷

In the case of Austria, the restrictions in access to the formal labour market imposed on migrant workers by the Law on Aliens and by the Austrian Alien Employment Law have given rise to "a parallel development toward the segmentation of the labour market along the lines of ethnicity, thus helping to reshape the hierarchy of the labour market" and "have led to more intense exploitation and to a rise in smuggling and trafficking business."¹⁰⁸ Over the years, especially in the sector of care for the elderly, employment agencies have been established "disguised as non-profit organizations placing 'volunteers' in households in need of care. Agencies are charging fees: for instance 'Das Beste' charges the informal carers and the families 1,500 euros - every year as long as the employment relation lasts. The advantage of recruitment agencies is that they always find new families for their employees if they lose a job, e.g. because the patient dies or because he/she is moved into residential care. Disadvantages are the high costs and the contract they have to keep. Rights of carers are not declared, just 'recommendations' on how the employers have to behave towards their employees. They do not have the right as an employee to change employer when working conditions

¹⁰⁷ Interview with an expert of Centre on Migration Policy and Society, London.

¹⁰⁸ FORBA (2008), p. 18.

turn out to be awkward. Agencies always work in favour of the employers, and not of the employees."¹⁰⁹

Finally, also in Belgium the sector of domestic and care work is characterized by a large number of migrant women who are employed informally. This is because "domestic cleaning in private houses has always been the first activity available to the women who had no access to the 'normal' labour market, in particular migrant women and more especially those who have recently arrived. The cleaning job market has some characteristics that encourage female illegal work: it is an activity the demand for which is constantly renewed, which can be done unseen in private homes and involves only individual contact between the worker and the employer. It is relatively flexible and allows workers to control their working time."¹¹⁰ "However, as some have said, this specific job market is more and more threatened by competition. On the one hand, there is pressure to lower wages because of the massive presence of Polish women in this niche and, on the other hand, a new government measure to create domestic service jobs (*'emplois de proximité'*) has been introduced in order to integrate long-term unemployed women into the labour market (*'titres services'*). The low cost of work, the fact that the employment is declared, and the tax incentives given to the users of the services, have led to the disappearance of a great number of undeclared jobs."¹¹¹

3.3 Agriculture

In most European countries migrant workers have become the majority component of the labour force employed - formally or informally - in agriculture. The recourse to immigrant labour in this sector, in the countries of the global North, is not a new phenomenon: see, for example, the case of France after World War II, or of what has occurred in agriculture in California ever since the second half of the nineteenth century.¹¹² However, it has become a *structural* feature of contemporary agriculture only since the industrialization of the sector and its increasing integration into the world

¹⁰⁹ FORBA (2008), p. 12.

¹¹⁰ ULB (2008), p. 13.

¹¹¹ ULB (2008), p. 14.

¹¹² See Forum Civique Européen (2002).

market.¹¹³ This is a highly productive and highly labour-intensive model, which has asserted itself above all in the areas of market gardening and fruit farming. In this model the *expansion* of working time to take in the entire year - made possible by the introduction of technological innovations, such as hydroponic and greenhouse cultivation, which now allow "continuous-cycle" production - combines with a notable *fragmentation* and *discontinuity* of working patterns, due to the repetition of several production cycles in a single year, and to the concentration of most of the labour in the harvesting phase.

As far as the labour market is concerned, this redistribution of work patterns, the risks connected with the weather, and the practically total control over prices and delivery times exercised by large-scale distribution in the commercialization of the harvest, mean that there is a great demand for labour power concentrated in just a few weeks - or even days - alternating with long periods of very low demand.¹¹⁴

As this research has shown, the extreme flexibility the work organization of intensive agriculture demands has been satisfied through the informal employment of migrant workers without permits or - as with asylum seekers - with permits that do not allow them to work,¹¹⁵ and the formal employment of migrant workers with seasonal permits.¹¹⁶ In Austria, for example, it has been shown that "employment in agriculture is mainly covered by seasonal labour. In the countryside it is very common to approach asylum seekers in boarding houses and ask them to do some casual work in agriculture or forestry, and to use asylum seekers as cheap and flexible irregular labour. Asylum seekers are not allowed to work legally in Austria with this kind of residence status. Although there is the possibility of applying for limited working permits for the harvest, farmers do not want to pay social insurance and taxes and the minimum wage (5 euros plus incidental expenses) so they are falling back on asylum seekers who are willing to work for less than the minimum wage. On the other hand, farmers complain that they themselves get little money for

¹¹³ On this theme see Magdoff, F., Foster, J. B., Buttel, F. H. (2000).

¹¹⁴ To take up an example given by Berlan, cherry production requires about 1000 hours of labor every year for each hectare that is cultivated. Of these 1000 hours, 950 are concentrated in the harvesting phase, which lasts about 15 days, with the remaining 50 hours spread out over 350 days. See Berlan, J.-P. (2002).

¹¹⁵ See FORBA (2008); UNIVE (2008a).

¹¹⁶ See ULB (2007); FORBA (2007a); UNIVE (2007); WLRI (2007).

their produce. One interviewee states ironically about such complaints: 'Probably he wants me to pay HIM so that he need not sell his own house.' In the last couple of years, controls by police and tax authorities have risen, and fines have become higher. Refugees are afraid of being detected."¹¹⁷

In Belgium "seasonal Polish workers have been recruited via an 'Agency.' They heard of this agency through a family member or a neighbour who had already had work experience abroad. This agency was responsible for all the procedures on their behalf and with their agreement, i.e. transport by bus, the detachment labour contract, housing, the return... 'The Agency' is an employment agency not officially registered as an interim agency (i.e. unlawful). But it is tolerated and useful for the administration. It takes care of the administrative part of the seasonal workers placement. It was set up by the brother of a Polish employee who has worked for several years for one of the horticulturists in the area of Namur. This person is now in charge of organizing and accompanying male and female Polish seasonal workers on their arrival in Belgium. She has a broad mission: she is also a translator, confidante, intermediary between the real employer, the owner and the nominal employer, i.e. the Agency."¹¹⁸

In Italy, by contrast, one of the workers interviewed stated that when he immigrated to Italy, for about three years, he worked as a farm labourer in the South. He had no papers and, together with many other immigrants in the same situation, he worked within a cycle of circular migrations, moving from region to region according to the ripening times of farm produce:

“From Calabria I left for Foggia, for the tomato picking, then to Naples for the potatoes, the work was pretty hard there... [...] One month in Naples, one month in Foggia... then we went round again, the whole tour: where there was work we went to look for work. [In this way we managed] to work nearly the whole year.”

¹¹⁷ FORBA (2008), p. 18.

¹¹⁸ ULB (2008), p. 13.

Forming work gangs of four or eight persons, he moved by car from one region to the next, with his brother and some friends,¹¹⁹ some with permits, others, like him, without permits. They worked six days a week, around eight hours a day. The daily pay was 50,000 lire (€25) and he managed to live decently on it:

“That time there I managed to do something, it's not like now. Now with the pay packet I make it just barely to the end of the month, or not even. It's not like it was once, when there was the lira and life was less expensive.”¹²⁰

Apart from the differences that, in theory, derive from administrative status - minimum wage, the employer's obligation to pay tax and social insurance contributions - the condition of these workers is deeply marked by casualization and by the impossibility of stabilization. This stems, in the first case, from the action of the processes of irregularization and, in the second, from the migration policies' logic of exclusion, which, Gottfried Zuercher maintains, are bringing back the "guest worker recruitment policies" of the 1960s.¹²¹

Another aspect of both conditions is the reduction of the social wage, understood in a very broad sense. Obviously, in the case of workers without permits, this refers for the most part to the failure to pay any form of social insurance contribution, and comes about in a totally illegal manner. By contrast, in the case of workers with seasonal permits it is perfectly legal and manifests itself in the impossibility of stabilization. This lack of stability is produced less by the demands of the sector than it is by the deliberate intentions of migration policies. In the case of Austria, for example, "the experts referred to examples of seasonal workers who have a temporary work permit for six months each year [but] keep staying in the country the other half of the year and continue to work (often at the same workplace) completely undocumented. The chances for changing to a permanent residence and

¹¹⁹ The number of persons in the work gangs varied by a factor of four: it depended, in fact, on the number of passengers who could travel with one or two automobiles.

¹²⁰ UNIVE (2008a).

¹²¹ Interview with an expert of the International Centre for Migration Policy Development, Vienna.

employment status are very low for seasonal workers, even for migrants who have been working for years, as is shown by the recent case of a seasonal worker who after eight years still has no chance of getting a permanent residence and employment permit."¹²² This, then, leads to sharp reductions - just like in the 1960s - in the "costs" stemming from the stabilization of immigrant workers, connected with family reunification (popular housing policies, the education of their children) and, more generally, in indirect wages, as is the case, for example, in the "costs" of immigrants' health-care, which is systematically passed back to their countries of origin.

The reduction of the social wage is accompanied by an extreme reduction in the direct cost of labour, as the case of the UK demonstrates, where in recent years agriculture is one of the sectors with the sharpest wage reduction.¹²³ Especially in the case of workers without contracts, piecework payment is the rule: in Italy for example, as the recent *Doctors Without Borders* reports have shown, in half of cases the workers are paid no more than 25 euros a day,¹²⁴ while in Belgium the pay is between 40 and 50 euros.¹²⁵ Then, there are further tax levies, imposed with the direct coercion of gangmasters, who often take substantial "levies" from daily wages, or indirectly, with the deduction of daily commuting costs¹²⁶ and of lodging. For example, in the case of Belgium, "in the past, in the country, the owners housed the employees. Today, employees' lodging has become an income-generating activity: buildings have been converted into hostels by the employers themselves or by intermediaries who are part of the network involved in the horticultural activities. That network includes, in particular, recruiters and agencies. Casual labourers therefore have to pay rent to the intermediary or employer for lodgings."¹²⁷

It is impossible to extricate oneself from these working conditions. The worker with a seasonal contract lives under the threat of its not being renewed for the following year, while the worker with no contract at all lives under the threat of not being called the following day and thus of not managing to work a

¹²² Interview with an expert of the Advisory Centre for Migrants, Vienna.

¹²³ See WLRI (2007), p. 21.

¹²⁴ See *Medici Senza Frontiere* [Doctors Without Borders] (2005); *Medici Senza Frontiere* (2008).

¹²⁵ See ULB (2008).

¹²⁶ See *Medici Senza Frontiere* (2005); *Medici Senza Frontiere* (2008); ULB (2008).

¹²⁷ See ULB (2008).

sufficient number of days just to survive.¹²⁸ There is also the imposition of competition between nationalities, in which nationals who have been employed in the sector for a longer time are replaced by workers of other nationalities who have arrived more recently. For example, in Spain, in connection with the fruit harvest in the Lleida region, after the demonstrations against racism and for regularization organized by Moroccan workers,¹²⁹ they "were replaced by Senegalese, and these by migrants coming from eastern Europe."¹³⁰ The same thing occurred in Italy: the workers from northern and sub-Saharan Africa have in part been replaced by workers from the new EU member countries - workers without contracts but with documented status from the administrative standpoint. With these workers employers run less risks of workplace inspections¹³¹ and, above all, it is less probable, over the short term, that they give rise to processes of self-organization and activism for the improvement of working conditions and for regularization. It was precisely the possibility of a groundswell for change in the condition of migrants that triggered the racist aggressions of El Ejido in 2000, and the very recent Mafia massacres at Castel Volturno in Campania, and at Rosarno in Calabria.

3.4 Outsourced industries and informal economy: the Bulgarian case

Apart from the sectors already mentioned, in the Bulgarian case we also find the large multinationals of the food industry and a myriad of outsourced manufacturing firms, which manage to dodge a series of regulations that they would be obliged to respect in their home countries. In Bulgaria, despite the improvement of working conditions and the reduction of undocumented employment stemming from recent legislative reforms, the incidence of workers without contracts continues to be higher in the private sector, compared to the average of all firms.¹³² In fact "big and international companies do not avoid using undocumented labour. The Coca-Cola company in Bulgaria is quite popular among the migrants who are hired (along

¹²⁸ See *Medici Senza Frontiere* (2005); *Medici Senza Frontiere* (2008).

¹²⁹ De Bonis, A. (2003).

¹³⁰ See the interview with an expert of the Universitat Autònoma de Barcelona, Barcelona.

¹³¹ See the interview with an expert of the Università del Salento, Lecce.

¹³² See IMIR (2007), pp. 25-26.

with the local Roma) to perform the heaviest tasks - packing, loading and unloading. The migrants are paid BGN 20 daily, while at other places undocumented workers receive BGN 10 to 15. The fact that the migrant employees are undocumented leads to other violations of the law - they are not provided with working equipment and, naturally, social security contributions are not paid."¹³³ Furthermore, in these companies, as the interviews have shown, there has been a hierarchization of the conditions of informal labour expressed in wage differentiation and in competition between migrants and the local Roma population. One of the workers interviewed, from Kinshasa in the Congo and currently employed without papers at the local Coca Cola warehouse, "spoke of a conflict (a fight) between the Blacks and the Roma who are also employees in the warehouse and who believe that a friend of theirs was not employed because of the Blacks. The respondent believes that if he had a contract he would not be in such a vulnerable situation with regard to his legal Roma colleagues. He spoke of the Roma employees as 'very aggressive' in general towards the irregularly employed Black people. He claimed also that the Roma often point at the lack of (sufficient) Bulgarian language proficiency among the Blacks. [...] His case about the fight between the Roma and the Black employees at Coca Cola indicates a conflict provoked by competition for employment between the two groups."¹³⁴

In addition to the specific case of Coca Cola, this is a very widespread situation that has been revealed recently by an investigation by the Centre for the Study of Democracy, but that is overlooked by statistical measurements, since "the statistics do not account for those residing without authorization who are employed by private foreign companies and are not subject to the law of the tax authorities, and are very unlikely to be in trade unions".¹³⁵

¹³³ IMIR (2008).

¹³⁴ IMIR (2008).

¹³⁵ IMIR (2007), p. 27.

4. Conclusions: migrant workers in the global crisis

“How do you put it? Solidarity.

All working people have to come together to make something good together.”

Ludmilla, Ukrainian worker in Italy

The final phases of the UWT research have coincided with a worldwide economic, social and political crisis that will not be resolved for many years. Right now it is difficult to assess the impact this crisis will have on the informal economy in quantitative terms; however, we can - and indeed must - attempt to assess its impact in qualitative terms, above all in the light of what has emerged in the stakeholders' meetings.

There is no question that the loss of jobs now occurring at the European level in the formal economy will soon be accompanied by an analogous phenomenon in the informal economy. This can be ascribed first of all to the marked integration and dependency between the two spheres: suffice it to say, for example, that in the subcontracting sphere in Spain, as the research has shown, "eighty percent of the shadow economy is related in one or more phases to the formal economy."¹³⁶ Analyzing, then, the direct and immediate repercussions, the crisis of the formal economy could lead to a contraction *in absolute terms* of the economic activities and of the labour power employed in the informal sphere, due to the ending of the formal activities most closely integrated with them. Over the long term, however, the opposite may occur: as occurred in the 1930s and, again, in the 1960s, the informal economy will probably grow on the world scale both in absolute and in relative terms. A decisive role in this growth will be played by the revival of the processes of casualization in order to cope with the immediate effects of the crisis and in keeping with the relaunching of the mechanisms of accumulation on the world scale. The further informalization of the economy will also mean a deepening

¹³⁶ Interview with an expert of the Comisiones Obreras - Catalonia, Barcelona.

of the existing inequalities and a further weakening of the entire world of work within the individual countries and at the international level.

The loss of jobs in the formal economy is already being accompanied by the informalization and casualization of working conditions, particularly those of migrants: "Concerning the specific case of the building industry, the crisis of the sector is strengthening the employers' position (lots of potential workers for few jobs). For this reason, in some cases there has been a wage dumping that can take place in different ways. Some migrant workers are obliged to quit, even if they continue working for the same company but in the shadow economy. In this case their wage is the difference between the unemployment benefit and the wage of the regulated economy. Other migrants say that they continue working in the regulated economy but the wage is lower (the employers cut off the social security amount). This is considered to be a 'favour' on the part of the employer that allows the migrants to maintain their work permits."¹³⁷

Furthermore, as was noted in the course of the stakeholders' meeting in Italy, the same migration policies that in recent years have played a leading role in the processes of irregularization, "making available on the employment market a workforce that is low cost, easily blackmailed, and with no possibility of union or political organization",¹³⁸ will now be the cornerstone on which to construct a further restructuring of the labour market at the national and international levels. At the national level these policies will contribute to enlarging the size of the underground economy, due to the excessive restrictions imposed at the moment migrants enter the country and at the moment they renew their permit: "There is a strong risk of irregularity's becoming a full-fledged system, destined to expand both on account of immigrants who are regular today being transformed into "irregulars" tomorrow, and on account of new irregular entries from the countries hardest hit by the crisis. This will lead to even greater hierarchization of the labour market, a heightening of the trend toward an overall worsening of working conditions, and greater competition between native and immigrant

¹³⁷ GES (2008b).

¹³⁸ UNIVE (2008b).

workers."¹³⁹ At the international level these same policies may affect the restructuring of the world labour market through their evolution and application in a manner that is more forcefully and coherently repressive,¹⁴⁰ which will make it possible to "outsource" the "social costs" of the crisis to the countries of origin through forced return migrations, as already occurred in the 1970s. This process, which has already started in Italy and in Spain, forcing many migrant workers to repatriate their families,¹⁴¹ is now - as Diana Caloianu explained for the Romanian case - coming on top of the withdrawal of foreign capital and the closing of the plants of the multinational companies in the countries of emigration themselves.¹⁴²

The past development of the processes of informalization and of casualization has already contributed to transforming the underground economy into a structural and structured phenomenon throughout the world, retracing the existing inequalities and simultaneously forging new ones. But beyond the extreme stratification of the world of work that they have created, these processes have constituted a unitary phenomenon that has linked working men and women together all over the world in a shared destiny of casualization and growing uncertainty. Until now institutions, trade union forces and civil society in general have barely tackled the question of the underground economy at the national level, often without even calling into question the discriminations of race, gender and contractual status that, within the individual countries, have constituted in their turn the material basis for the evolution of casualization into a system. These points need to be dealt with, and discrimination combated more forcefully.

¹³⁹ UNIVE (2008b).

¹⁴⁰ In the past two years there has been a substantial rise in the level of the repression of immigration, by various means, in Belgium, in Italy, in the United Kingdom. See ULB (2008); UNIVE (2008b); WLRI (2008a).

¹⁴¹ See GES (2008a).

¹⁴² See Caloianu, D. (2008).

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