

Expanded abstract

The urban popular economy in Argentina during the exit of the pandemic

Objectives

One of the most visible consequences of the new, more flexible and decentralized forms of work organization is the exclusion of large segments of the workforce from salaried employment with access to social security. In recent decades there has been a growth of alternative mechanisms for the production, marketing, and distribution of goods and services for survival, many through associative or cooperative forms, to reduce social exclusion in the post-industrial capitalist economy. This has renewed interest in socio-political and academic circles in new economic practices outside or on the margins of typical wage relations. One such modality is the urban 'popular economy'.

The article has two main aims. Firstly, from a comparative static approach, it describes the socio-occupational conditions of workers in the urban popular economy in Argentina during 2021-2022, considering factors influencing the likelihood of joining this segment. Secondly, from a dynamic approach, it examines short-term labor mobility between the popular economy and other labor segments.

Theoretically, the popular economy encompasses socio-economic practices by sectors excluded from formal employment and social security, based on marginal relations to the accumulation of capital, without wage or profit mediation, for survival or improved living conditions, developed through self-employment, domestic strategies, association, or cooperation among workers.

Design

The study follows a quantitative methodological design based on a national household survey. It utilizes cross-sectional and longitudinal microdata from the Argentine Social Debt Survey (EDSA), conducted by the Social Debt Observatory Program of the Catholic University of Argentina for 2021-2022.

Operationally, the popular economy includes entrepreneurs or non-professional self-employed workers, those in casual jobs, unpaid family workers, independent workers in cooperative or other non-professional associations, and participants in employment programs with self-employment, community, or cooperative work.

An "extended" definition of the economically active population was used, including employed, unemployed, and discouraged inactive people. The final sample size was 3,845 cases in 2021 and 4,100 in 2022. The dynamic occupational trajectories analysis was enabled by the EDSA's rotation scheme that allows following a fraction of cases for one year, using short panel

data to calculate transition probabilities and their direction. The panel database included the trajectories of 982 individuals.

In the cross-sectional analysis, binary logistic regression models examine the determinants associated with participation in the informal economy. In the dynamic analysis, mobility tables and panel regression models are used.

Results

Descriptive evidence confirms the numerical importance of the popular economy. In 2021-2022, it accounted for 1 out of 4 active workers (24.5%). Within the popular economy, there is a low incidence of workers whose main occupation is in cooperatives or associative units (4%), compared to self-employed workers in own or family enterprises.

Multivariate models reveal that the popular economy consists of a heterogeneous workforce concentrated in a marginal labor segment, with a predominance of poor workers without social security, beneficiaries of employment programs, underemployed by hours, at an advanced life stage, and generally low-skilled and low-paid. Dynamic data show high occupational reproduction in a marginal segment or unemployment/inactivity. 82.7% of popular economy workers maintain their occupational position by moving to traditional informal sectors, open unemployment, discouragement, or inactivity. Less than two out of ten experience positive mobility toward formal public or private sectors. A panel data regression model shows that income improvement and more hours worked are significant factors for mobility towards formal sectors.

Conclusions

This article shows that the urban popular economy in Argentina, far from being an alternative economic model that guarantees workers living conditions, is essentially an economy of poverty. It highlights the fragmented economic, labor, and social identity of this segment. The analysis indicates it is mainly a refuge sector, impoverished and precarious, with high porosity towards inactivity, marginality, and unemployment, with little opportunity to move to better formal jobs or even to the informal sector. Public policies for this sector are complex; promoting and strengthening the popular economy could entrench deprivation. Only a socio-economic development agenda with inclusion policies, managed by a pluralist democratic state, could foster sectoral integration.

Original Value

The article offered a complex view of an increasingly important phenomenon in labor markets of developing countries. It reconstructed a theoretical debate and presented new empirical developments. The theoretical approach positioned the “popular economy” within other labor market phenomena, offering an original empirical approach that describes workers characteristics and trajectories, informing public policy about the composition of the popular economy workers and the need for interventions to improve their productivity, formalization, and access to development tools.