

General Assembly Second Committee

Informal Economies in Developing Nations

The informal economy is defined as a diversified set of economic activities, enterprises, jobs, and workers that are not regulated or protected by the state.¹ Typically, the informal economy is associated with low productivity, poverty, high unemployment, and slower economic growth. It is usually more dominant in developing countries since, as the country develops, it's easier for workers to transition to the formal sector. While there are about 2 million people working in the informal sector, 740 million of them being women, it is beneficial to not only make these jobs part of the formal economy but to also offer those involved the same protections as those in the official formal sector.² It is important for policymakers to implement policies that help reduce informality gradually by addressing the drivers of the informality in each country. This involves looking at social inclusion and incentives for those working in informal jobs.³ It's also important to change the perspective that these jobs and those working them are operating illegally and evading taxes and whatnot.⁴ Through UN bodies such as the International Labor Organisation and their pool of knowledge and resources, governments can access this information in order to effectively transition the informal jobs into the formal economy and in doing so, create more jobs, focus on gender equality in the economic field and strengthen their roles in the global economy.

Automation and the Future of Work

The acceleration of technological advancement, such as artificial intelligence, robotics, and quantum computing, are rapidly transforming the work environment of the modern world. The International Labor Union published “Labour and Technology: Reflecting on a Century of Debate in the International Labour Review”⁵, highlighting two strands of debate within labor and technology following 100 years since the adoption of the eight hour workday. The general consensus is that these two strands are the barriers technology may create, as well as the innovation it can bring. As many as 2/3rds of jobs are at risk of automation within the incoming decades⁶, yet automation of the workplace may bring a profound impact on SDG goals and their targets, particularly goals 8.2 to “Diversity, Innovate, and Upgrade for Economic Productivity”⁷ and 9.5 to “Enhance Research and Upgrade Industrial Technologies”⁸.

¹ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm

² https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm

³ <https://www.imf.org/en/News/Articles/2021/07/28/na-072821-five-things-to-know-about-the-informal-economy>

⁴ <https://www.imf.org/en/News/Articles/2021/07/28/na-072821-five-things-to-know-about-the-informal-economy>

⁵ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_820293.pdf

⁶ <https://www.un.org/en/un-chronicle/keeping-pace-accelerated-world-bringing-rapid-technological-change-united-nations>

⁷ <https://www.globalgoals.org/goals/8-decent-work-and-economic-growth/>

⁸ <https://www.globalgoals.org/goals/9-industry-innovation-and-infrastructure/>