

Title: Informal Sector: Current Debates and Economic Policy Consequences

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Abstract

The importance of informal sector for many developing and underdeveloped economies has been widely confirmed both by the development and policy oriented economists and the global institutions such as ILO, OECD and World Bank. However, as for other important economic categories there exists abundant number of perspectives characterizing informal sector, leading in some cases contrary policy conclusions. In this paper relatively dominant viewpoints ranging from neoliberal approach of Hernando De Soto to structuralists, will be mapped based on two axes which cut across main perspectives explaining the nature of the informal sector and policy conclusions derived : (1) Endogenous versus exogenous dynamics and (2) Individual versus collective action. Then a radical political economy approach supported by institutional analysis will be employed to assess the relevancy and adequacy of the characterization and policy conclusions of each perspective for the developing countries in general, and for Turkey in particular.