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The Shadow Economy and Ideas of Freedom: Debates and Policies on Informal Work in 1970s and 1980s West Germany and Beyond

Abstract

This article highlights the debates and policies on informal work that resonated publicly in the FRG and beyond in the 1970s and 1980s. Indeed, it is remarkable and little known that during this period, as the debates about the shadow economy in the FRG and other Western industrial countries took shape, informal economic activities were often regarded as rational, reasonable, and effective. Influential voices from the political elite, the social sciences, and the media portrayed work in the shadow economy in a rather positive light and connected it to ideas and visions of entrepreneurial and individual freedom, while existing labour conditions and labour markets were frequently criticized as insufficiently flexible. Advocates of neoliberalism, in particular, referred to both notions of freedom and unfreedom of labour when they discussed the political implications of informal work. Promoters of alternative economies drew on similar ideas, albeit with different political visions in mind, when they depicted their imagined future of work. Quite different political forces thus considered so-called free wage labour less free than various forms of informal work.

Keywords: *shadow economy; informal work; neoliberalism; flexibilization (of labour); moonlighting; alternative economy; self-service economy; change in values; FRG; OECD; 1970s and 1980s*

At the end of the 1970s and the beginning of the 1980s, the shadow economy was a prominent theme in political discourses, the media, and the social sciences around the globe.[1] Scholarly studies claiming that informal economic activities, which were not officially registered and recognized, had increased rapidly in most countries since the

1 Elisabeth Lauschmann, ed., *Schattenwirtschaft: Dokumentation ausgewählter Beiträge in Zeitungen und Zeitschriften* (Kehl: Morstadt, 1983), gives an insightful overview of the global debate at the time.

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1960s raised particular awareness about the phenomenon. As a result, the range of activities related to, the attempts to measure the size of, and the conditions of growth of the shadow economy were widely and controversially discussed. Consequently, international organizations like the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), and the International Monetary Fund promoted research on the issue.[2] At international conferences, scholars from Western industrial as well as socialist and so-called development countries studied and compared informal economic activities and informal economies in various regions of the world.[3] To designate the types of economy that were analyzed and discussed, a variety of different notions with distinct semantic connotations coexisted and were often used interchangeably. Apart from "informal," the terms "underground," "hidden," "submerged," "subterranean," "unobserved," "clandestine," "illegitimate" or "irregular" economy were prevalent in English.[4] In German, the expression most frequently applied was the "shadow" economy ("Schattenwirtschaft").[5] In the Federal Republic of Germany (FRG), economists and social scientists subsumed quite diverse activities and occupations within this term. Although often and regularly referring to definitional problems, most authors differentiated between the formal economy, consisting of the public and the private sector, and the informal or shadow economy that remained 'in the shadows' since the respective economic activities were not captured in official statistics. The shadow economy, in turn, was generally divided in two parts. The first included the need-oriented self-service economy, that is, do-it-yourself activities, neighbourly help, and other services in the realm of private self-organization,

2 See for example Raffaele De Grazia, "Clandestine Employment: A Problem of Our Times," *International Labour Review* 119, no. 5 (1980): 549–563; Derek Blades, "The Hidden Economy and the National Accounts," *OECD Occasional Studies* (Paris: OECD, 1982), 28–45; Vito Tanzi, "Underground Economy Built on Illicit Pursuits Is Growing Concern of Economic Policymakers," *IMF Survey* 9, no. 3 (1980): 34–37.

3 See e. g., Consiglio Italiano per le Scienze Sociali, ed., *Economia informale, conflitti sociali e futuro delle società industriali. Abstracts* (Rome: Consiglio Italiano per le Scienze Sociali, 1982); Wulf Gaertner, Alois Wenig, eds., *The Economics of the Shadow Economy. Proceedings of the International Conference on the Economics of the Shadow Economy Held at the University of Bielefeld, West Germany October 10–14, 1983* (Berlin: Springer, 1985); Edgar L. Feige, ed., *The Underground Economies: Tax Evasion and Information Distortion* (Cambridge: Cambridge University Press, 1989); Alejandro Portes et al., eds., *The Informal Economy: Studies in Advanced and Less Developed Countries* (Baltimore: Johns Hopkins University Press, 1989).

4 Hannelore Weck, Werner W. Pommerehne, and Bruno S. Frey, *Schattenwirtschaft* (Munich: Vahlen, 1984), 2.

5 Günter Schmölders coined the term in "Der Beitrag der "Schattenwirtschaft," in *Wandlungen in Wirtschaft und Gesellschaft. Die Wirtschafts- und die Sozialwissenschaften vor neuen Aufgaben. Festschrift für Walter Adolf Jöhr zum 70. Geburtstag*, ed. Emil Küng (Tübingen: J. C. B. Mohr, 1980).

usually provided free of charge. In the second, often referred to as the underground economy, profit-oriented motives dominated; moonlighting was a prime example.[6]

For many people in the FRG of the 1970s and 1980s, work in this second segment of the shadow economy provided much-needed income and served a means of reducing suffering from rising unemployment, poverty, and discrimination.[7] Especially migrant and (other) less qualified workers might have little choice but to accept informal work that was extremely insecure, low-skilled and low-paid.[8] Investigative reports exposed such inhuman working conditions and fuelled public debates about precarious work.[9] Not the first, but arguably the most prominent of these was Günter Wallraff's bestselling book *Lowest of the Low* (*Ganz unten*) from 1985, which denounced the unfair and abusive employment practices engaged in by temporary employment agencies to the detriment of Turkish migrant workers.[10]

Nevertheless, although there were public discussions about precarious and exploitative working conditions in the shadow economy, informal work was rarely widely condemned. In fact, it is remarkable and barely known that in the late 1970s and the early 1980s, as the debates about the shadow economy in the FRG and other Western industrial countries took shape, informal economic activities were often regarded as rational, reasonable, and effective. Indeed, influential voices from the political elite, the social sciences, and the media portrayed work in the shadow economy in a positive light and connected it to ideas and visions of entrepreneurial and individual freedom. Moreover, analyses considering its causes and making suggestions on how to curb the shadow economy were intertwined with discussions about the freedom of labour under contemporary capitalism. Existing labour conditions and labour markets were frequently criticized as insufficiently flexible, and so-called free wage labour was in many ways considered less free than various forms of informal work. In sum, these debates drew on notions of

6 See for example Dieter Cassel, "Schattenwirtschaft – eine Wachstumsbranche?" *List Forum für Wirtschafts- und Finanzpolitik* 11, no. 6 (1982): 344; Enno Langfeldt, *Die Schattenwirtschaft in der Bundesrepublik Deutschland* (Tübingen: J. C. B. Mohr, 1984), 1.

7 On the debates about the "new poverty" in the FRG after 1970 see Sarah Hassdenteufel, *Neue Armut, Exklusion, Prekarität. Debatten um Armut in Frankreich und der Bundesrepublik Deutschland, 1970–1990* (Berlin: De Gruyter Oldenbourg, 2019).

8 On the living and working conditions of migrant workers in the FRG see, among others, Karin Hunn, *"Nächstes Jahr kehren wir zurück…": Die Geschichte der türkischen "Gastarbeiter" in der Bundesrepublik* (Göttingen: Wallstein, 2005); Sarah Thomsen Vierra, *Turkish Germans in the Federal Republic of Germany: Immigration, Space, and Belonging, 1961–1990* (Cambridge: Cambridge University Press, 2018); Lauren Stokes, *Fear of the Family: Guest Workers and Family Migration in the Federal Republic of Germany* (Oxford: Oxford University Press, 2022).

9 See Frank Biess, "'Ganz unten.' Günter Wallraff und der westdeutsche (Anti-)Rassismus der 1980er-Jahre," *Zeithistorische Forschungen* 19, no. 1 (2022): 20.

10 Günter Wallraff, *Lowest of the Low* (London: Methuen, 1988) (German original: 1985). On the contemporary perception of *Lowest of the Low* see Biess, "*Ganz unten*."

free entrepreneurship and the semantics of individual fulfilment, which the sociologist Ulrich Bröckling has attributed to the emblematic figure of the "entrepreneurial self."[11]

The idea that, in the informal economy, workers acted as 'entrepreneurs' was at the heart of the concept from the very beginning.[12] The notion of informality emerged at the beginning of the 1970s in development studies; the term was coined by the British social anthropologist Keith Hart, who had conducted a field study in Ghana, examining men and women in urban areas who provided services in trade, transport, housing, home-manufacturing, shipping and the like.[13] He held that, due to Western-centric stereotypes, most development economists had thus far overlooked these economic activities because they were "preoccupied with the problems of 'firms' and 'businessmen,' while tending to ignore the activities of those who currently perform the entrepreneurial function in Ghana."[14] As a result, he described the men and women he had studied as "small-scale entrepreneurs."[15] Subsequently, Hart conceptualized his findings and depicted the activities and services of the Ghanaian small-scale entrepreneurs as "informal income opportunities," "informal economic activities," "informal employment," and "informal occupation" taking place in an "informal sector."[16]

In 1972, the concept of the informal sector played a decisive role in a pilot mission of the ILO's World Employment Programme in Kenya. The pathbreaking and widely acknowledged report from that mission appraised the informal sector rather positively as "a sector of thriving economic activity and a source of Kenya's future wealth."[17] The report stressed that the informal sector was often wrongfully judged as "unproductive and stagnant," while it, in fact, provided "a wide range of low-cost, labour-intensive, competitive goods and services."[18] Moreover, it did so "without the benefit of the

11 Ulrich Bröckling, *The Entrepreneurial Self: Fabricating a New Type of Subject* (London: Sage Publications, 2016) (German original: 2007).

12 On the invention of the concept of informality see Paul E. Bangasser, *The ILO and the Informal Sector: An Institutional History* (Geneva: ILO, 2000); Aaron Benanav, "The Origins of Informality. The ILO at the Limit of the Concept of Unemployment," *Journal of Global History* 14, no. 1 (2019): 107–125; Sibylle Marti, "Precarious Work—Informal Work: Notions of 'Insecure' Labour and How They Relate to Neoliberalism," *Journal of Modern European History* 17, no. 4 (2019): 396–401.

13 Keith Hart, "Small-scale Entrepreneurs in Ghana and Development Planning," *Journal of Development Studies* 6 (1970): 103–120; Hart, "Informal Income Opportunities and Urban Employment in Ghana," *Journal of Modern African Studies* 11, no. 1 (1973): 61–89.

14 Hart, "Small-scale Entrepreneurs in Ghana and Development Planning," 104.

15 Ibid.

16 Hart, "Informal Income Opportunities and Urban Employment in Ghana."

17 International Labour Office, *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya. Report of an inter-agency team financed by the United Nations Development Programme and organised by the International Labour Office* (Geneva: ILO, 1972), 5.

18 Ibid., 21.

government subsidies and support" and "without the formal sector's protection from competition, or its favoured access to credit and sophisticated technology."[19] The report thus assessed informal work to frequently be "economically efficient, productive and creative" and concluded that existing government policies toward the informal sector had involved "too few elements of positive support and promotion, and too many elements of inaction, restriction and harassment."[20] As a result, the report criticized existing state regulations—in particular, restrictive licencing in trade and transport—and pleaded for liberalization. It also suggested that the Kenyan government implement measures permitting the outsourcing of labour-intensive occupations, such as construction work, to the informal sector.[21] Demands for more state intervention and fewer regulations thus arose conjointly. This is noteworthy as later, claims for 'deregulation' or 'flexibilization' would be viewed as cornerstones of neoliberal politics. With the aim to facilitate work and income opportunities in the informal sector, however, such ideas had already been voiced a decade before neoliberalism took off.[22]

The invention of the informal worker as a small-scale entrepreneur brought new and influential discursive patterns and interpretative schemes to the fore. Formative for the concept of the informal sector was both the semantics of creativity, productivity and efficiency linked with the notion of free entrepreneurship and the claim of a lack of entrepreneurial freedom due to certain state restrictions. These interlinked key ideas and discourses associated with informal work proved to be attractive and relatable to different political ideologies and projects gaining strength at the time. Hence, the concept of the informal economy was soon circulating in various contexts outside of development thinking.

In what follows, this article elucidates the debates and policies on informal work that resonated publicly at the end of the 1970s and the beginning of the 1980s in the FRG and beyond, thereby revealing which notions, ideas, and visions were used to depict a rather positive image of informal economic activities. Both ideas of freedom associated with informal work and claims of a lack of freedom related to existing labour conditions were voiced by proponents of quite different political ideologies. Advocates of neoliberalism referred to notions of freedom and unfreedom of labour, respectively, when they discussed the political implications of informal work. Likewise, albeit with other political visions in mind, promotors of alternative economies drew on similar ideas when they depicted their imagined future of work. Before turning to these debates, however, it is necessary to outline the major developments of the FRG's economic and social policies in the 1980s.

19 Ibid., 21 and 51.
20 Ibid., 51 and 226.
21 Ibid., 228–230.
22 Benanav, "The origins of informality," 119; Marti, "Precarious work—Informal work," 401.

The FRG's Social and Labour (Market) Policies in the 1980s

With regards to the political changes of the 1980s, historians continue to debate the effects of the rise of neoliberalism. In the historiography of the FRG in the 1980s, the notion of a neoliberal turn, instigated by the Christian-Liberal coalition of the Helmut Kohl/Hans-Dietrich Genscher government, has been widely rejected in favour of discussions around political continuities and fractures with the preceding Social-Liberal coalition. There is a consensus among historians that in terms of economic, financial, industrial, and social policies, no fundamental change occurred, much less a turning point. In social politics, in particular, continuities largely prevailed, mainly due to the Christian Democratic Union's employee-friendly wing.[23] As the historian Winfried Süss has put it, the welfare state as societal order model was never fundamentally questioned (as was the case in the United Kingdom, for instance).[24] Social security benefits, however, were more strongly tied to the factor 'labour,' intensifying the 'new social question' for those not integrated into the labour market. Mainly the elderly unemployed could benefit from social security, and from early retirement schemes in particular, whereas women, juveniles, and the less qualified were increasingly forced into temporary employment and precarious work. Furthermore, eligibility for unemployment benefits and unemployment assistance was tightened, resulting in both an increase of, in particular, the young and less qualified unemployed being pushed from unemployment benefits to unemployment assistance and social assistance, and recipients of these types of assistance were put in a worse position.[25] An increase in wage taxes alongside cuts to the corporate tax and maximum tax rates lead not only to a bottom-up redistribution but also, as in many rich OECD-countries, to an overall heavier taxation of 'labour.'[26]

23 Martin Werding, "Gab es eine neoliberale Wende? Wirtschaft und Wirtschaftspolitik in der Bundesrepublik Deutschland ab Mitte der 1970er Jahre," *Vierteljahrshefte für Zeitgeschichte* 56, no. 2 (2008): 303–321; Winfried Süss, "Umbau am 'Modell Deutschland.' Sozialer Wandel, ökonomische Krise und wohlfahrtsstaatliche Reformpolitik in der Bundesrepublik 'nach dem Boom,'" *Journal of Modern European History* 9, no. 2 (2011): 215–240; Dietmar Süss and Meik Woyke, "Schimanskis Jahrzehnt? Die 1980er Jahre in historischer Perspektive," *Archiv für Sozialgeschichte* 52 (2012): 3–20; Frank Bösch, Thomas Hertfelder and Gabriele Metzler, eds., *Grenzen des Neoliberalismus. Der Wandel des Liberalismus im späten 20. Jahrhundert* (Stuttgart: Franz Steiner, 2018).

24 Winfried Süss, "Arbeitslosigkeit als Erfahrung und politisches Problem," in *Die Rückkehr der Arbeitslosigkeit. Die Bundesrepublik Deutschland im europäischen Kontext 1973 bis 1989*, eds. Thomas Raithel and Thomas Schlemmer (Munich: De Gruyter Oldenbourg, 2009), 66.

25 Süss: "Umbau am 'Modell Deutschland.'"

26 Marc Buggeln, "Steuern nach dem Boom. Die Öffentlichen Finanzen in den westlichen Industrienationen und ihre gesellschaftliche Verteilungswirkung," *Archiv für Sozialgeschichte*

From the mid-1980s onward, however, unemployment benefits were once again increased and re-employment programmes for the long-term unemployed created.[27] All in all, as Andreas Wirsching has argued, this period revealed the contradictory politics of the Christian-Liberal coalition, as it used liberal policies to foster structural change, but social democratic policies to cushion (some of) their effects.[28]

With regards to labour (market) policies, opinions among scholars are more divided. Whereas Martin Werding rejects the assertion of a deliberate flexibilization of the FRG's labour market until the early 2000s,[29] Dietmar Süss and Meik Woyke point to the nascent deregulation, the rise of insecure employment, and increased conflicts between unions, management, and politicians that had already emerged in the 1980s. They hold that, because of the high unemployment rate, labour unions were pushed into a more and more defensive position and unable to fight privatization and flexibilization as effectively as before.[30]

With regard to the vivid debates about the flexibilization of working hours, Dietmar Süss has stressed the decisive semantic shifts that occurred in the 1980s. The flexibilization of working hours could mean quite different things, from a reduction in working hours to job sharing to flex-time arrangements and timekeeping. Labour unions, not without good reason, feared that flexible working hours would actually mean a reduction in working hours without wage compensation, the intensification of labour, increased control and the undermining of employee participation due to individual instead of collective work hour regimes. But they also soaked up discourses of freedom, humanization, and quality of life associated with a more liberal and individual organization of work hours. These discourses were heavily gendered, and stabilized rather than undermined the traditional breadwinner-model since part-time work, job sharing, and flex-time arrangements were ostensibly especially well-suited to women who purportedly wanted to continue fulfilling their responsibilities as housewives and mothers. Within this discourse, work hour flexibilization thus promised to liberate employees from old, rigid labour conditions and provide for employees assumed new needs. As a result, in the mid-1980s, labour unions aimed to combat mass unemployment with reductions in work hours (and thus fought for the 35-hour week in 1984), and thereby concurrently improve working and living conditions. The unions

52 (2012): 47–89; idem, "Gab es eine neoliberale Wende in der Steuerpolitik? Der Umgang von FDP und CDU/CSU mit den öffentlichen Finanzen in den 1970er und 1980er Jahren," in *Grenzen des Neoliberalismus*, eds. Frank Bösch, Thomas Hertfelder and Gabriele Metzler (Stuttgart: Franz Steiner, 2018), 179–211.

27 Süss, "Arbeitslosigkeit als Erfahrung und politisches Problem."

28 Andreas Wirsching, "Eine 'Ära Kohl'? Die widersprüchliche Signatur deutscher Regierungspolitik 1982–1998," *Archiv für Sozialgeschichte* 52 (2012): 667–684.

29 Werding, "Gab es eine neoliberale Wende?"

30 Süss and Woyke, "Schimanskis Jahrzehnt?"

thus remained ambivalent about the rhetoric of flexibilization, as it successfully linked management and business prospects with seemingly popular promises of individual emancipation, and thus labelled their traditional working hour policies as anachronistic and themselves as obstacles to progress.[31]

The semantics of flexibilization was, however, intertwined with other key terms that formed an influential discursive pattern. Andreas Wirsching contends that in the 1980s, the rhetoric of competition and growth, innovation and creativity, efficiency and success, autonomy and individual fulfilment became more and more ubiquitous, bringing new social types and layers of interpretation to the fore.[32] Similarly, Frank Bösch, Thomas Hertfelder and Gabriele Metzler argue that what they call the neoliberal challenge must be taken seriously already in its rhetoric, as market-liberal discourses shaped the self-images and public images that found their way into the Kohl/Genscher government and encroached upon society.[33]

In sum, in the FRG of the 1980s, the course was set for the more market-driven, supply-oriented, neoliberal politics of the 1990s and 2000s that would also shift social and labour (market) policies. In the 1980s, the prerequisites for a neoliberal transformation were set, not necessarily in actual economic practices but in terms of new discursive premises and interpretive schemes. This development, however, is only visible in retrospect. Thus, one must also acknowledge the openness and indeterminacy of the FRG's politics in the early 1980s. Ideas like 'flexibilization,' for instance, were advocated for by a variety of actors with very different political goals. Nevertheless, during the 1980s, the widely observed debates about the growing shadow economy and the measures to fight it fuelled nascent neoliberal discourses. These discussions about the shadow economy were contested and yet played an actual but thus far neglected role in paving the way for the neoliberal transformation in the years that followed.

31 Dietmar Süss, "Stempeln, Stechen, Zeit erfassen. Überlegungen zu einer Ideen- und Sozialgeschichte der 'Flexibilisierung' 1970–1990," *Archiv für Sozialgeschichte* 52 (2012): 139–162.

32 Wirsching, "Eine 'Ära Kohl'?," 676.

33 Frank Bösch, Thomas Hertfelder and Gabriele Metzler: "Grenzen des Neoliberalismus. Der Wandel des Liberalismus im späten 20. Jahrhundert," in *Grenzen des Neoliberalismus*, eds. Frank Bösch, Thomas Hertfelder and Gabriele Metzler (Stuttgart: Franz Steiner, 2018), 36.

Neoliberal Advocates and the Rationality of Moonlighting

When considering the shadow economy, advocates of a supply-side, neoliberal economics maintained a clear line of argumentation as to its causes. Among these, the German Council of Economic Experts (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, GCEE), the FRG's advisory board on economic policies, played quite a prominent role. In its 1980/81 annual report, the GCEE analyzed the problem of the shadow economy; it is illuminating to see where the GCEE located its causes, and which measures it proposed to curb it:

> The state is confronted with the opposition of its citizens, owing not only to its own growing debt, but also to the increasingly heavy burden of taxes and social insurance contributions, and ever more numerous and complicated laws and regulations. In the FRG, as in other countries, alienation between the general public and the state might make itself felt in the so-called shadow economy, which is to say, in a rejection of the existing norms for economic activity. […] Subjecting it to harsh controls would likely be inappropriate; it would merely increase opposition to the state. It is better to ensure that rules are established—on taxation, among other things—that the public can regard as fair. The prudent state avoids making excessive demands on the loyalty of its citizens. Should citizens increasingly see the shadow economy as their natural escape route, the risks would be considerable.[34]

According to the GCEE, an overly interventionist state had thus forced the public to retreat into the shadow economy. It identified, so to speak, a certain degree of unfreedom in the formal labour market. In contrast, work in the shadow economy not only seemed to be freer, but the GCEE also held that the shadow economy could permit "a quite efficient use of labour and capital, or possibly a very efficient use," as it was "productive beyond the restrictions that result from state taxes and an excess of regulations."[35] Consequently, the GCEE's recipe to respond to the shadow economy was not to a call for stronger state sanctions but for a reduction in taxes and regulations.

It is no coincidence that the GCEE's 1980/81 annual report, which emphasized the possible productivity and efficiency of informal work, bore the title *Under Compulsion to Adjust (Unter Anpassungszwang)*. Within the OECD, neoliberal policies—in par-

34 Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, *Unter Anpassungszwang. Jahresgutachten 1980/81* (Bonn: Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, 1980), 145. All quotations in German are translated by the author.

35 Ibid.

ticular, structural adjustment and positive adjustment—emerged at the time (especially from 1984 onward), thought to bolster economic growth.[36] With regard to the labour market, this meant, first and foremost, policies that were expected to increase flexibilization and deregulation, in particular, in the realm of wage-setting and working hours.[37] The GCEE also promoted such neoliberal policies, although they were not easily implementable in practice—mainly because of the continued strength of labour unions and union-affiliated political forces. The widely discussed 1981 resignation of Werner Glastetter, a member of the GCEE with strong ties to the unions, for refusing to support the GCEE's supply-oriented economic policies, is a telling example of how very differently the GCEE's economic recommendations were perceived at the start of the 1980s than in the past (even though they had included market-liberal components at least since the mid-1970s).[38] The GCEE's more vociferous advocacy for neoliberal policies in the early 1980s was also in response to the fact that some of its members were quite active in market-radical networks, including the so-called Kronberger Kreis—a think tank and advisory board to the Frankfurter Institute (later renamed the Market Economy Foundation), founded in December 1981, that became politically influential in the first years of the Kohl/Genscher government.[39]

Economists leading the investigation into the shadow economy shared the GCEE's policies and analysis—Bruno S. Frey and his co-workers at the chair for the theory of economic policies at the University of Zurich among them. Frey was regarded in the 1980s as one of the most eminent researchers engaged in empirical studies or, more precisely, the quantitative measurement of activities in the shadow economy. He published regularly on the subject in international journals and presented his findings on numerous occasions, including in 1982 at the annual conference of the renowned German Economic Association (Verein für Socialpolitik) in Cologne in a

36 Samuel Beroud, "'Positive Adjustments': The Emergence of Supply-Side Economics in the OECD and G7, 1970–1984," in *The OECD and the International Political Economy Since 1948*, eds. Matthieu Leimgruber and Matthias Schmelzer (Cham: Palgrave Macmillan, 2017), 233–258.

37 See for example OECD, *Flexibility in the Labour Market: The Current Debate: A Technical Report* (Paris: OECD, 1986).

38 Werding, "Gab es eine neoliberale Wende?"; Walter Ötsch and Stephan Pühringer, "Marktradikalismus als Politische Ökonomie. Wirtschaftswissenschaften und ihre Netzwerke in Deutschland ab 1945," *ICAE Working Paper Series* 38 (2015). On Glastetter's resignation see the respective file in the German Federal Archives (BArch) in Koblenz: BArch, B102/303280.

39 Ötsch and Pühringer, "Marktradikalismus als Politische Ökonomie"; Stephan Pühringer, "Think Tank Networks of German Neoliberalism: Power Structures in Economics and Economic Policies in Postwar Germany," in *Nine Lives of Neoliberalism*, eds. Dieter Plehwe, Quinn Slobodian and Philip Mirowski (New York: Verso, 2020).

section about *Tax estimate—shadow economy*.[40] In a book published in 1984 directed at laypeople, Frey and his team discussed the causes and the development of the shadow economy in the FRG and the United States, reaching the conclusion that the shadow economy was growing in both countries. The economic-political consequences that Frey and his research group derived from this finding are quite revealing. They emphasized that there were three possible starting points to stop the growth of the shadow economy: first, moral pleas from the government; second, intensified controls and higher penalties; and third, a decrease of the fiscal burden and a reduction in state regulations and restrictions. While they held the first two starting points to be unsuitable, they not only appraised the third as "comparatively unproblematic," but also saw advantages for many actors, including moonlighters and tax evaders "who would willingly abandon their illegal activities."[41] All in all, Frey and his co-authors claimed that politicians must recognize "that the retreat into the shadow economy is a thoroughly logical reaction to the (flawed) policies of political authorities."[42] Frey's analysis was thus strikingly similar to that of the GCEE's: he was likewise convinced that it was the existing labour market's lacking entrepreneurial freedom that sent people into the shadow economy.

Milton Friedman, one of the most popular advocates of neoliberal thinking in the 1980s, further espoused this argument in a pure form. During vivid debates about the growing shadow economy in industrial countries, he frequently repeated this claim that the shadow and underground economy were the place where the market was really free—in the FRG and elsewhere. In an interview with the influential news magazine *Der Spiegel* in 1982, Friedman said: "I would rather it was open and legal. But the underground economy is a safety valve that reduces the harm done by state mismanagement—in particular, in the Western European socialist welfare states and the Communist countries."[43] In another article in *Der Spiegel* a year earlier, Friedman sneered at the formal economy "that treads water." His description of "the other, parallel and clandestine" economy stood in striking contrast: "This very inventive underground economy is about to develop splendidly."[44] Hence, in Friedman's assessment, the only economy that was still flourishing was the (illegal) shadow or underground economy, whereas the formal economy was in a profound crisis.

40 Bruno S. Frey and Werner W. Pommerehne, "Quantitative Erfassung der Schattenwirtschaft: Methoden und Ergebnisse," in *Staatsfinanzierung im Wandel. Verhandlungen auf der Jahrestagung des Vereins für Socialpolitik, Gesellschaft für Wirtschafts- und Sozialwissenschaften, in Köln 1982* (Berlin: Duncker & Humblot, 1983).

41 Weck, Pommerehne, Frey, *Schattenwirtschaft*, 77.

42 Ibid.

43 "Das ganze Sozialsystem ist falsch," *Der Spiegel,* 17 January 1982, 116.

44 "Schwarzarbeit: 'Unglaublich, was da läuft,'" *Der Spiegel,* 8 November 1981, 81.

In short, neoliberal economists such as Milton Friedman, Bruno S. Frey, and the members of the GCEE saw moonlighting and other (illegal) informal economic activities as a purely rational action of a *homo oeconomicus* oriented toward profit maximization and entrepreneurial thinking. For them, the growing shadow economy expressed the "limits of the interventionist state" and pointed to some fundamental lack of freedom caused by the existing, overburdening tax and welfare state.[45] This unfreedom could only be effectively countered with a reduction in regulatory obstacles and tax burdens, and thus the flexibilization and deregulation of the economy and the labour market. In this respect, the shadow economy served as an argument to disseminate and make plausible a discourse of societal and economic crisis that would help spread the neoliberal political agenda.

The discourse of the state restricting individual freedom and demanding too much was also taken up by the media. In November 1981, *Der Spiegel* published a huge report entitled "Moonlighting: 'Unbelievable, what's going there'" (Schwarzarbeit: 'Unglaublich, was da läuft').[46] The report's lead precisely summarized the findings: More than three million Germans were moonlighting in their spare time, as hairdressers, bricklayers, or as car, washing machine and television mechanics, generating added value of around forty billion of Deutschmark. While the formal economy stagnated, the underground economy flourished. "Moonlighting is booming," read the conclusion.[47] *Der Spiegel* also knew who was to blame for the shadow economy's rise: "That the shadow economy is increasingly gaining ground is a logical consequence of the tax burden." According *Der Spiegel*, the cause for the shadow economy lay with the state demanding too much of its citizens: "In any case, moral outrage is the wrong response."[48] Other leading media outlets, like the conservative *Frankfurter Allgemeine Zeitung*, likewise showed much sympathy for the "march toward the shadow economy." J. Jürgen Jeske, a co-editor of the journal from 1986 onward, claimed that the formal economy must "regain its former appeal": "Almost forty years after the period of [postwar] reconstruction, which proved so successful only thanks to low taxation and significantly more liberal conditions, the state and its bureaucrats must back off again a little, or the public will seek its freedom elsewhere."[49] Jeske thus explicitly linked the existence of the shadow economy with a lack of freedom and flexibility in the FRG's labour market.

The prominently stated causal connection between a lack of both freedom and flexibility and the growing shadow economy also bothered the West German government. As early as 1981, the federal government introduced a revision of the law

45 Weck, Pommerehne, Frey, *Schattenwirtschaft*, VI.
46 Der Spiegel, "Schwarzarbeit," title.
47 Ibid., p. 62.
48 Ibid., p. 78.
49 Jürgen J. Jeske, "Abmarsch in die Schattenwirtschaft," *Frankfurter Allgemeine Zeitung*, 18 September 1984, 13.

against moonlighting and promised further measures against illegal work.[50] In 1983, the Federal Ministry for Economic Affairs asked the Institute for the World Economy in Kiel to research the causes of the shadow economy and its economic, financial, and societal consequences.[51] In 1984, it charged the Rhine-Westphalian Institute for Economic Research in Essen with the study of a "Schwerpunktthema" (key issue) as part of the reporting on structural conditions (Strukturberichterstattung). This key issue included, among others, the question of whether a flexibilization of forms of work in the formal economy would lead to an increase or a decrease in informal sector work.[52]

The empirical findings, however, were not decisive. On the one hand, the reasons behind an occupation in the shadow economy proved to be too multifaceted, so that no simple, general causation could be established. On the other hand, there were sector-specific differences. A growth of informal work, for instance, was observable not in industries with rigid production processes, but in those where activities were easy to learn and not capital-intensive.[53] In 1986, an OECD technical report on *Flexibility in the Labour Market* also investigated the connection between (long-term) unemployment, concealed employment and flexibilization. It concluded that only those with higher qualifications working in the shadow economy would benefit from flexibilization in the formal economy, because being freer and more flexible was a central incentive for them to work in the shadow economy. The less qualified, by contrast, would not profit, as they often lacked the skills for a job in the formal economy—in particular, in those industries that suffered from a shortage of skilled workers. The OECD technical report thus described concealed employment as a form of "perverse flexibility."[54] In 1986, the so-called High-Level Group of Experts under the chairmanship of the renowned German sociologist Ralf Dahrendorf also prepared a report on labour market flexibility, commissioned by the OECD. In line with the neoliberal line, they not only declared that a (too) high tax burden would facilitate concealed employment, but also pleaded for more flexible employees and a more flexible and dynamic society in general (and, thus, aimed at changing individual behaviour by promoting a new form of subjectivization). Nevertheless, they believed that the emergence of secondary (informal) labour markets did not foster the desired type of individual and societal flexibility.[55]

50 Gesetzentwurf des Bundesrates: *Entwurf eines Gesetzes zur Änderung des Gesetzes zur Bekämpfung der Schwarzarbeit*, Bonn 1981.

51 Langfeldt, *Die Schattenwirtschaft in der Bundesrepublik Deutschland*.

52 Rheinisch-Westfälisches Institut für Wirtschaftsforschung, *Schwerpunktthema: Auswirkungen expandierender Produktions- und Beschäftigungsformen auf Produktivität und Strukturwandel,* Analyse der strukturellen Entwicklung der deutschen Wirtschaft (Strukturberichterstattung 1987), vol. 2 (Essen: Rheinisch-Westfälisches Inst. für Wirtschaftsforschung, 1986).

53 Ibid., 196–201.

54 OECD, *Flexibility in the Labour Market*, 131.

55 OECD, *Labour Market Flexibility: Report by a High-Level Group of Experts to the Secretary-General* (Paris: OECD, 1986). On Ralf Dahrendorf's position on liberalism and neoliber-

All in all, the claim that more freedom and flexibilization in the formal economy would reduce the incentive to work in the shadow economy was empirically disputed and provoked ambivalent reactions. Despite such divergences, however, during the 1980s, neoliberal advocates continuously repeated the rhetoric of lacking flexibility and restricted entrepreneurial freedom as the causes for the (growth of the) shadow economy in the FRG, as well as in other (industrial) countries. This (contested) argument, in turn, furthered claims in favour of advancing neoliberal labour (market) policies. Warnings of a growing labour force fragmentation with informally employed workers in precarious, low-skilled, low-paid jobs on the one hand and well-trained, better protected workers in higher-income jobs on the other hand were rather powerless against these ever louder neoliberal voices.[56] Yet, advocates of neoliberalism were not the only actors that used the shadow economy to promote their political ideologies. Promoters of alternative economies also expected the shadow economy to provide some freedom and individual fulfilment lacking in the formal economy. In contrast to the neoliberal line of thinking, however, they did not regard the informal or shadow economy merely as a symbol of crisis, but as an inspiring vision for the future of work.

Alternative Economies and Changing Values

In the early 1980s, the term 'alternative economies' designated a variety of heterogenous endeavours aimed at a new form of the economy that was participatory, ecological, and cooperative. The respective economic ideas and concepts were mainly developed within the left-alternative milieu that had become popular in the 1970s and which discussed and attempted to enact new life scripts and types of society. Work in the alternative economy comprised a broad range of activities, provided both free of charge and for money, including work in cooperative agricultural and artisanal production, rural communes, and self-governing businesses such as organic food, book and print shops, as well as in citizens groups, neighbourly and other self-help organizations, and do-it-yourself projects.[57] Do-it-yourself, in particular, became an important

alism, see Thomas Hertfelder, "Neoliberalismus oder neuer Liberalismus? Ralf Dahrendorfs soziologische Zeitdiagnostik im späten 20. Jahrhundert," in *Grenzen des Neoliberalismus*, eds. Frank Bösch, Thomas Hertfelder and Gabriele Metzler.

56 See for example Guy Standing, *Labour Flexibility: Cause or Cure for Unemployment?* (Geneva: International Institute for Labour Studies, 1986), 29–30.

57 Sven Reichardt, *Authentizität und Gemeinschaft. Linksalternatives Leben in den siebziger und frühen achtziger Jahren* (Berlin: Suhrkamp, 2014); idem, "Authentizität und Gemeinschaftsbindung. Politik und Lebensstil im linksalternativen Milieu vom Ende der 1960er bis zum Anfang der 1980er Jahre," *Forschungsjournal NSB* 21, no. 3 (2008).

feature of an alternative lifestyle that aimed to contribute to a counterculture directed against the prevailing consumer society.[58] In all these work activities that were part of the informal and alternative economy, principles of self-organization and self-determination were crucial, revealing changes in value systems that were moving toward greater self-fulfilment and a pluralization of lifestyles. The alternative movement not only originated out of these social changes, but also advanced them; some of the movement's core concepts would eventually become mainstream.[59] Moreover, in a time that for many seemed to be ridden with crises, alternative projects and ideas aroused particular interest, which explains why, in the 1980s, emerging notions and visions of alternative economies met with a fairly positive resonance far beyond the milieu itself.

In the FRG, one of the most-well known voices in the alternative and self-help movement was the economist and social scientist Joseph Huber.[60] Huber promoted the concept of a dual economy, which was based on the idea of a division of the economy into formal and informal segments and aimed at rethinking the link between gainful employment and autonomous work (Eigenarbeit). Programmatically, the cover of his 1984 book entitled *Two Faces of Work: The Unutilized Possibilities of a Dual Economy* (*Die zwei Gesichter der Arbeit. Ungenutzte Möglichkeiten der Dualwirtschaft*), included the following statement: "Gainful employment and autonomous work are interdependent. If suitably matched, they can help overcome unemployment and make work more meaningful."[61] For Huber, autonomous work first and foremost consisted of "housework, manual do-it-yourself and the self-provision of services," which required access to capital and goods: "Autonomous work under industrial conditions consumes both goods and money."[62] For Huber, the goal was to redefine the relationship between gainful employment and autonomous work and to find a better balance between them. At the core, he believed that a considerable reduction in working hours

58 Jonathan Voges, *"Selbst ist der Mann." Do-it-yourself und Heimwerken in der Bundesrepublik Deutschland* (Göttingen: Wallstein, 2017), 265–283. On the history of do-it-yourself in the FRG see also Reinhild Kreis, *Selbermachen. Eine andere Geschichte des Konsumzeitalters* (Frankfurt am Main: Campus, 2020).

59 See Sven Reichardt: "Authentizität und Gemeinschaftsbindung," 127.

60 Joseph Huber, *Wer soll das alles ändern. Die Alternativen der Alternativbewegung* (Berlin: Rotbuch, 1980). Apart from Huber, the discussion on the dual economy in the FRG was also influenced by the French social philosopher André Gorz, *Paths to Paradise: On the Liberation from Work* (London: Pluto Press, 1985) (French original: 1983). See Volker Teichert, *Das informelle Wirtschaftssystem. Analyse und Perspektiven der wechselseitigen Entwicklung von Erwerbs- und Eigenarbeit* (Wiesbaden: Springer, 1993), 54–56.

61 Joseph Huber, *Die zwei Gesichter der Arbeit. Ungenutzte Möglichkeiten der Dualwirtschaft* (Frankfurt am Main: S. Fischer, 1984), front cover. See also Joseph Huber, ed., *Anders arbeiten – anders wirtschaften. Dual-Wirtschaft: Nicht jede Arbeit muss ein Job sein* (Frankfurt am Main: S. Fischer, 1979).

62 Joseph Huber, *Die zwei Gesichter der Arbeit*, 26.

would ensure employment for all jobseekers, thereby not only resolving the problem of high unemployment, but also giving individuals more time for autonomous work and still more spare time (those outside gainful employment should receive a guaranteed minimal income). Ultimately, the aspiration was "a variety of forms of community and ways of living," the realization of which presupposed flexible working hours and different forms of part-time work.[63]

This fundamental realignment and reconstitution of work in the formal and informal economy would, in Huber's view, also lead to a reconfiguration of traditional gender roles, as unpaid housework, predominantly completed by women, was an essential part of autonomous work. With this concept of a dual economy in mind, he did not advocate for women's reproductive work or housework to be paid (as was frequently demanded by the women's movement at the time), but for men to participate in care work in equal measure. The gain in time and freedom made possible by the dual economy would thus create equal rights and responsibilities for both sexes, in gainful employment as well as in (unpaid) activities in the informal economy.[64] But as his deliberations remained rather vague, Huber (like other proponents of dual economy approaches) did not systematically reflect on how gender justice might be achieved in the dual economy. The dual economy's promises of freedom and potentials for autonomy were thus—to a large degree—gender blind and only barely addressed the relationships between industrial capitalism's organization of work and gender roles. In the end, the perceived crisis within working society—manifested in deindustrialization and high unemployment and which the dual economy concepts aimed to resolve—still seemed embedded in a predominately male perspective.

In *Two Faces of Work*, Huber seized, among others, upon reflections on the dual economy made by the British sociologist Jonathan Gershuny whom he had met personally during a research stay at the division for labour market policy at the Berlin Social Science Centre.[65] Gershuny had coined the term 'the self-service economy' at the end of the 1970s to challenge Daniel Bell's widely received interpretation of post-industrial society as a service society.[66] Based on empirical findings on the United Kingdom, Gershuny argued that people did not consume more services than at the beginning of the 1960s (which was why the idea of the establishment of a service society was unpersuasive). What had changed (and had led to more people actually working in the service sector) was the fact that people purchased more consumer goods, en-

63 Ibid., 30.

64 Joseph Huber: "Anders arbeiten – anders wirtschaften. Die Zukunft zwischen Dienst- und Dualwirtschaft," in Huber, *Anders arbeiten – anders wirtschaften*, 30–32.

65 Huber, *Die zwei Gesichter der Arbeit*, acknowledgment.

66 Daniel Bell, *The Coming of Post-Industrial Society: A Venture in Social Forecasting* (New York: Basic Books, 1973).

abling them to produce services themselves.[67] In the background of Gershuny's analysis was the assumption that it would be impossible to achieve full employment again, since the formal economy had been made too inflexible by "employment-protection legislation, employers' social security contributions, and labour-union restrictive practices." In contrast, he held that the underground or informal economy was "by definition free of external restrictions."[68] Along general lines, Gershuny thus shared the assessment of the neoliberals. Similarly, his version of the dual economy was not aimed at changing existing economic structures. Despite acknowledging that the informal economy was indeed growing, but only provided impermanent, insecure and low-wage, low-skill, labour-intensive jobs in the service sector, Gershuny emphasized the potential of the dual economy.[69] For him, the future goal was

> to improve the quality of both work and leisure in the informal sector; indeed, since in this sector production and consumption activities are based on the same social unit, the distinction between work and leisure might itself become less clear-cut. As a result of this strategy the complex of activities including recreation, education, housework and other production activities which might in the future be transferred to the informal sector, might become a viable alternative to employment in the formal sector.[70]

With this positive scenario in mind, Gershuny advised politicians to actively promote community-based services in the informal economy, in particular, in care work – that is the care of children, the elderly, and the sick. Furthermore, policies should be designed to encourage people to simultaneously work in the informal as well as the formal economy, such as job-sharing schemes in the formal economy and education and training schemes to develop the skills necessary for activities in the informal economy.[71]

Gershuny's concept of the self-service economy was critically debated across the world, including for instance, at OECD conferences such as the infamous *The Welfare State in Crisis,* held in Paris in 1981.[72] For the OECD at the beginning of the

67 Jonathan Gershuny, *After Industrial Society? The Emerging Self-service Economy* (London: Macmillan, 1978), 8–9. See also Gershuny, "Post-industrial Society: The myth of the service economy," *Futures* 9, no. 2 (1977); idem, "The Informal Economy: Its role in post-industrial society," *Futures* 11, no. 1 (1979).

68 Gershuny: "The Informal Economy," 7.

69 Ibid., 13.

70 Gershuny, *After Industrial Society?*, 151.

71 Gershuny, "The Informal Economy," 14.

72 See OECD, *The Welfare State in Crisis: An Account of the Conference on Social Policies in the 1980s* (Paris: OECD, 1981).

1980s, the rise of new forms of paid and unpaid work, typified by concepts such as the self-service, informal or underground economy, went hand in hand with deindustrialization and the growth of a service sector that led to more part-time, temporary, intermittent and home-based work, an increasing component of which was taking place outside the formal economy. This development, according to the OECD, raised the question of whether societies should legitimize some of these work activities and integrate them into the formal labour market, or if such an approach would represent a threat to existing social standards and, in the long run, undermine economic efficiency.[73]

Gershuny's ideas were also discussed in the FRG. He himself presented his thoughts in a keynote at the German Sociological Association's well-known congress about the "Crisis of the work-oriented society" (Krise der Arbeitsgesellschaft) held in Bamberg in 1982.[74] What is more, in the FRG, Gershuny's claim of a growing self-service economy seemed to prove him right. This, at least, was insinuated by the results of the 1987 reports on structural conditions (Strukturberichte). Due to a relative rise in costs for services and, as a result, an increase in self-production, facilitated by an expanded and better supply of production goods for do-it-yourselfers, the empirical evidence supported the hypothesis of a self-service economy over a service economy. All in all, for the FRG, reports seemed to indicate that the division between the formal economy and the informal economy would further soften in the years to come.[75]

In the dual economy concepts promoted by Jonathan Gershuny and Joseph Huber, the development of the self-service or do-it-yourself economy was not expected to overcome industrial capitalism's production and consumer habits, as access to (consumer) goods and money remained vital. Thus, ideas about alternative economies were not, as it is often assumed, aimed at fundamentally changing the structures of either capitalism or society writ large. Instead of class struggle, the establishment of alternative economic systems was expected to stimulate the development of involved subjects and to create positive life scripts and opportunities for self-liberation.[76] This meant, as Huber emphasized, that activities geared at fostering self-sufficiency in the informal economy were thought to appropriately fit into each other, both "*the world*

73 Ibid., 80.

74 Jonathan I. Gershuny, "Goods, Services and the Future of Work," in *Krise der Arbeitsgesellschaft? Verhandlungen des 21. Deutschen Soziologentages in Bamberg 1982* (Frankfurt am Main: Campus, 1983).

75 Unterrichtung durch die Bundesregierung, *Stellungnahme der Bundesregierung zu den Berichten der fünf an der Strukturberichterstattung beteiligten Wirtschaftsforschungsinstitute (Strukturberichte 1987)* (Bonn, 1988), 60.

76 Wolfgang Kraushaar, "Thesen zum Verhältnis von Alternativ- und Fluchtbewegung. Am Beispiel der frankfurter scene," in *Autonomie oder Ghetto? Kontroversen über die Alternativbewegung*, ed. idem (Frankfurt am Main: Neue Kritik, 1978), 12–13; Bröckling, *The Entrepreneurial Self*, 176.

of work and the lifeworld [emphasis in the original]."[77] Self-organized projects and informal work activities not only had the potential to open up new possibilities to provide meaning, individual fulfilment and a better balance between working and private life, but self-sufficiency and autonomous work should also, in the future, offer valid alternatives to employment in the formal economy and, thus, counter the problem of unemployment at the same time. As mentioned above, however, social scientists had already suggested that only the skilled and well-qualified (with the opportunity to earn a decent salary, be this in the formal or the informal economy) would benefit from a growth in informal work, if at all, whereas for the less qualified, informal work would simply be tantamount to precarious work. As such, contemporaneous critiques already argued that such positive visions of a dual economy overestimated both the freedom of individuals to choose and their opportunities for development.[78] Nevertheless, for Gershuny, Huber, and other proponents of the dual economy, informal work appeared to be the desired future norm of work.

In order to successfully run self-sufficient, self-organized projects in the informal economy, Huber deemed "*entrepreneurial* thinking and behaviour [emphasis in the original]" to be essential for all involved. He was convinced that with such collective entrepreneurship, capitalism's basic contradiction between the entrepreneur (capital) and the employees (work) would disappear as well.[79] In this respect, Ulrich Bröckling has rejected the idea that the alternative projects of the 1970s and the 1980s bore any "aspirations of political resistance." In his view, Huber and other promoters of alternative economies foreshadowed "the neoliberal imperative of universal intrapreneurship": "It is apparent […] how a movement opposed to capitalism was gradually transduced into the imperative for every actor and every group to regard themselves as capitalists on their own behalf."[80] The entrepreneurial self was indeed a crucial figure linked to freedom and success, not only in neoliberal thinking, but also in the self-organized projects of alternative economies. Nevertheless, Bröckling's interpretation, at least to some degree, is too focused on later developments, and thereby underestimates both the contingency of the early 1980s and the ideological openness and ambivalence of notions such as 'the entrepreneurial self' and 'flexibilization,' which were not yet clearly embedded in and colonized by neoliberal discourses.

As for the alleged causes of the increased attractiveness of work activities in the self-service or informal economy, one interpretative pattern dominated: Social scientists and the media often referred to a so-called change in values, which was widely

77 Huber, *Die zwei Gesichter der Arbeit*, 13.
78 See for example Teichert, *Das informelle Wirtschaftssystem*, 54.
79 Huber, *Wer soll das alles ändern*, 127.
80 Bröckling, *The Entrepreneurial Self*, 177.

debated in the FRG, since the early 1980s.[81] In 1982, for instance, the economist Dieter Cassel published an article in the *List Forum for Economic and Financial Policy*, the journal of the List Society, in which he held that "the general change in values in recent decades" had "also made itself felt in working and professional life":

> wages, earnings alone, count ever less, for people are instead looking for opportunities for 'self-fulfilment.' There is accordingly a growing demand for non-hierarchical, autonomous, flex-time, and communicative activities, which the formal economy seems ever less able to provide. A considerable number of 'dropouts' are already pursuing new forms of labour including *vernacular activities*, *free cooperative production* or the *alternative economy* [emphasis in the original]. For others, the retreat into the shadow economy is a conscientious objection, a form of protest against an ever more potent 'father' state that shows ever less respect for the personal sphere. They thus call attention to state apathy or go all out for obstruction. And others still enjoy the opportunity to be a 'socialist' in the daytime and a 'capitalist' after knocking off work: The 'first job' offers them participation and social security, the 'second job' self-determination and additional income.[82]

Similarly, the writers at the *Frankfurter Allgemeine Zeitung* referred to this change in values as a motive for working in the shadow economy. Yet, the alternative movement with their ideas about freedom and self-determination merely amused them. Thus, in an article in 1984, the aforementioned J. Jürgen Jeske mocked that "the change in values in a society in which the annual working hours and the duration of working life are steadily decreasing cannot be overlooked." Against this backdrop, promotors of alternative economies could, "by no means," see the shadow economy "as a sign of crisis in industrial culture, but rather as a precious chance to restore the happiness of being able to work 65 hours again."[83] Such ironic remarks should not hide the fact that concepts of alternative economies indeed gained public attention in the 1980s and were taken up and discussed within political institutions—the OECD as just one prominent example for this. In fact, these ideas also found their way into the FRG's politics. Apart from the newly-founded Green Party, the Christian Democratic Union, in particular, was interested in alternative economic projects, especially with an eye toward youth unemployment. In 1986, the Federal Ministry of Labour and Social Affairs

81 Bernhard Dietz and Jörg Neuheiser, eds., *Wertewandel in der Wirtschaft und Arbeitswelt. Arbeit, Leistung und Führung in den 1970er und 1980er Jahren in der Bundesrepublik Deutschland* (Berlin: De Gruyter Oldenbourg, 2017); Bernhard Dietz et al., eds., *Gab es den Wertewandel? Neue Forschungen zum gesellschaftlich-kulturellen Wandel seit den 1960er Jahren* (Munich: Oldenbourg, 2014).

82 Cassel, "Schattenwirtschaft – eine Wachstumsbranche?," 359–360.

83 Jeske, "Abmarsch in die Schattenwirtschaft," 13.

made funds available for model projects aimed at testing new ways in labour market policy. It goes without saying that such initiatives had almost no resounding successes.[84] But yet they reveal that in the 1980s, ideals and models for both alternative and dual economies were acknowledged not only within the alternative movement and the social sciences, but also in leading media outlets and political circles.

The Shadow Economy and Ideas of Freedom

The vivid public discussions about the growth of the shadow economy in the FRG and other OECD-countries at the beginning of the 1980s display how strong a feeling of crisis dominated in Western industrial countries at the time. In fact, phenomena that had been taken for granted such as full employment and the so-called standard employment relationship had begun to erode. For promoters of alternative economies, the debates about both the shadow and the dual economy provided an opportunity to popularize their ideas and concepts beyond left-alternative circles. Some of their most widely discussed approaches were less anti-capitalist than might be assumed: Despite the emphasis of autonomous work as a way to self-fulfilment and emancipation, in their visions of the self-service or the do-it-yourself economy, capitalist forms of work and the production of consumer goods remained unaffected. This clearly helped to make such ideas relatable to neoliberal discourses. For advocates of neoliberal labour market and economic policies, the shadow economy was evidence that Keynesian, demand-oriented economics had definitely failed. Although the stipulated causal connection between the shadow economy and a lack of flexibility in existing labour markets was not clearly evidenced by empirical findings, the debates on the shadow economy nonetheless served as a discursive means for neoliberal advocates to propagate their politics of flexibilization and deregulation, wherein they presented the flexibility of labour as a brilliant opportunity to curb moonlighting and other disfavoured work activities in the informal economy.

For a long time, the freedom of labour in capitalism basically meant free wage labour. In the 1970s and the 1980s, albeit for quite different reasons and with specific nuances and emphases, neoliberal advocates and promotors of alternative economies challenged the norm of both free wage labour and standard employment. The latter was associated with notions of unfreedom and inflexibility. Even though they were not the social reality for many workers, ideas of freedom linked to the figure of the

84 Thomas Raithel, "Massenarbeitslosigkeit, Armut und die Krise der sozialen Sicherung seit den 1970er Jahren. Grossbritannien und die Bundesrepublik Deutschland im Vergleich," in *Die Rückkehr der Arbeitslosigkeit. Die Bundesrepublik Deutschland im europäischen Kontext 1973 bis 1989*, eds. Thomas Raithel and Thomas Schlemmer (Munich: Oldenbourg, 2009), 76–77.

entrepreneurial self were attributed to economic activities in the informal economy. The rhetoric of creativity, entrepreneurship and flexibility related to informal work thus not only fostered promises of freedom and individual fulfilment beyond standard employment, but also facilitated a notable entanglement between discourses emerging from quite different political ideologies. Promotors of alternative or dual economies stressed the potential of informal and self-service economies to create more individualized and flexible working and living environments. Neoliberal advocates pointed to the greater efficiency and entrepreneurial freedom of informal economies and to the rationality of the choice to work within them. Simultaneously, within each of these discourses, the inflexibility of existing labour markets was criticized, stemming, in particular, from bureaucratic barriers, high taxes and traditional working hour models. In short, in the 1980s, in the FRG and beyond, informal work was considered in many ways freer than free wage labour.

Sibylle Marti is currently working on her second book on the history of informal and precarious work since 1970, funded by an Ambizione grant from the Swiss National Science Foundation at the University of Bern. Her research is situated at the intersection of the global history of work, the history of knowledge and the history of capitalism. Research stays have taken her to the International Institute of Social History in Amsterdam and the International Research Centre "Work and Human Life Cycle in Global History" (re:work) in Berlin, among others.