

OTHER MARKETS: SITES AND PROCESSES OF ECONOMIC PRESSURE

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In his posthumously published lecture “Of Other Spaces” (*Des espaces autres*), which he originally held in March 1967, Michel Foucault famously addresses the ways in which space in our epoch takes the form of relations among sites. He explains how during the twentieth century the paradoxical form of relations between different sites — simultaneities, entanglements and intersections — increasingly began to define our experience of the world and ultimately to determine which forms of circulation, exchange, emplacement and classification were perceived as suitable. Continuity and duration were replaced by processes of connection-making between different fields of action, which, depending on the status of their development and decay curves, present themselves as differently valued structures of opportunity.¹ While not explicitly mentioned among his line-up of gardens, cemeteries, brothels and ships, informal marketplaces are rich embodiments of such Foucauldian heterotopias, both in the sense of “heterotopias of crisis” providing shelter for the excluded as well as in the sense of “deviant heterotopias” harbouring all kinds of non-conformity.

A critical moment of rupture often lies at the root of informal markets’ genesis, and as a consequence they are often located in territories marked by war, disaster and migration, where distinct groups of people are regarded as different and undesirable. One well-known example is the Arizona Market near Brčko in Bosnia-Herzegovina, which emerged at one of the most violently embattled intersections of ethnic frontlines during the disintegration of the Socialist Federal Republic of Yugoslavia. Similarly internationally entwined yet locally unfolding crises also triggered the temporary phenomenon of the Iranian Bazar in the Turkish city of Gaziantep, which emerged in response to the diversion of routes taken by pilgrims trying to circumnavigate the Middle East’s many pockets of sectarian violence. As spaces of exception, informal markets simultaneously uphold systems of power while concentrating their negation in a particular locale where they engender encounters between otherwise incompatible trajectories. In this way, sites of alternative exchange in dropout communities like Quartzsite in southeastern California’s Mojave Desert and the new wave of creative entrepreneurship at hipster markets around the world become places of both resistance and commodification.²

The role and function of these contemporary heterotopias are shaped by the ongoing mutations in the production of space from emplaced and extended spaces into sites of relations structured through proximity and distance, “simultaneity” and “juxtaposition”.³ In this sense, “other markets” refer to the multiplicity of economic and non-economic events that are brought together and relayed through informal markets.

This rise of informal sites and processes thrives on a new intensity of spatial relations boosted by technological progress and infrastructural advances. Laying the ground for recent decades of globalization and incessant economic integration, the accompanying boom in global wealth — worldwide GDP tripled from US\$ 25 to 75 trillion between 1993 and 2013 — has not been followed by a corresponding demise of the informal economy. On the contrary, in many regions of the world, such as Latin America and the Caribbean, informal employment numbers have been steadily rising and continue to involve the majority of the working population.⁴

Foucault's relational model of spatial production reverberates in the dynamics of market transactions. Every exchange at a market takes place in relation to many other exchanges. Its conduct is thereby determined not only by the references of the particular site where it occurs but also by those of numerous others, near and far, involved in the intricate fabric of trade relations. Indeed, a key characteristic of market protocols is their capacity to enable contact and transmission between otherwise often incompatible spheres, either through regimes of externalization or the employment of boundary objects⁵ that can move between different realms of meaning.

In the case of informal markets, externalization is key to how they operate. Social capital and family or community ties often form the crucial support structures that compensate for a lack of monetary means, insufficient equipment and supply shortages. Interacting with global chains of production, the microscale nature of informal markets depends on a mobile network of intermediaries that shuttle goods across hundreds of miles, relying on relations of kinship and trust to successfully carry out their business. The distribution centres for these atomized channels of commerce, such as the 7th Kilometre Market in Odessa, the now dismantled Cherkizovsky Market in Moscow or the Feirinha Madrugada in São Paulo, form the mega-nodes of informal trade. Employing hundreds of thousands of people, these intermediary markets constitute cities within cities. Politically induced periodic crackdowns on these transnational economic hubs by government officials ripple through to millions of livelihoods around the world.

In a seemingly paradoxical twist of economic logics, the relentless branding of consumer goods, which constitutes one of the key marketing strategies deployed by big corporations, prepares the ground for one of the most successful kinds of boundary objects in informal market transactions: Through the back door of counterfeit production and informal trade, the visual language of brands leverages the economic and social participation of a diverse set of actors on multiple levels. From the migrant workers doing “night run” shifts in Chinese factories and selling spill-overs at their local street markets to the African and Arab traders attending the big commodity fairs in newly emerging trade hubs such as Yiwu to the shops in Dubai's Karama Centre selling fake bags to foreign tourists, and the ostensibly vernacular artisan markets in Latin American cities, the heterotopias of informal markets fuse disparate times and spaces into a mutually aspired to climate of exchange by means of deception and compensation.

The rapid advance in information technologies has played an important role in the mushrooming of these transactions, ushering in a new quality of interconnectedness and thereby giving new meaning to the co-implicatedness of other spaces. Opening up new channels in the sourcing of producers, traders and buyers rearranges

the directions and conventions of informal trade, and we are seeing a conspicuous proliferation of trade relations that substitute established trading strata and bypass the traditional choke points of reigning economic powers. Places like Yiwu in China, the self-styled small commodities capital of the world, or the Asian trade centres in Dubai are powerful manifestations of these developments. Undermining the intentions of major global economic institutions, increased levels of connectivity and the diversification of supply thus need not necessarily entail stronger market integration along the lines initially envisaged.

Tactics of Economic Diplomacy

Although the multiplication of informal economies proceeding parallel to formal global economic growth is creating an ever denser network of connections between individual marketplaces and dynamics at other locations, this interdependency cannot be equated with the possibility of exercising direct influence. At the same time, these developments show how new trading spaces are being opened up by improved transport and communication possibilities. As a result, attempts are being made via numerous channels to bring these substantial future markets of informal trading into the sphere of influence of established trading blocks. These include, on the one hand, direct attempts to undermine or dissolve the operational level of informal markets and, on the other, various strategies geared to influence the boundary conditions of informal economies in order to gradually divert the flow of these activities and ultimately absorb them into the interests of larger trading blocks. Rather than destroying informal trading networks, interventions of this kind often aim to achieve a far more fundamental reshaping of the economic landscape, one that not only targets informal commercial activities but is envisioned as reorientating entire national economies.

The annually published list of “notorious markets” — which is now a regular part of the Special 301 Reports released by the Office of the U.S. Trade Representative (USTR) — has developed into a particularly effective instrument which combines these two processes. Building on data supplied by organizations representing the interests of individual industries on the infringement of their copyrights and trademarks in particular marketplaces, the reports pillory a selection of countries and the regulatory arms of their state apparatuses. The core of these reports comprises lists of countries in which cases of economic piracy and counterfitting enterprises have been identified as well as recommendations as to how the protection of copyright can be improved, sanctions can be implemented and the barriers to free market access can be eliminated.⁶ These lists play an important role in foreign trade policies because, backed by the threat of sanctions, they exercise a form of diplomatic pressure on other states geared to compelling national authorities to intervene in concrete marketplaces and thereby to secure access for foreign investors, producers and suppliers. Faced with this consequential linkage of the workings of local markets with their scope for action in the international diplomatic arena, governments throughout the world take careful note of their status in these reports and particularly of whether their countries appear on the annual “watch list” or “priority watch list”.⁷ Indicative of the orientation of current trading interests, these reports draw a global map of good

and evil, with the latter exhibiting a conspicuous concentration on China, Southeast Asia and Latin America. In spite of the fact that, according to most assessments, the highest concentration of informal economies is found in North and Sub-Saharan Africa, this continent still seems to be a USTR blind spot.

The extensive influence of the Special 301 Reports is based on the openness of the parameters governing the way in which they are compiled. Apart from data provided by hundreds of interest groups, NGOs and individuals that specifically investigate rights infringements in informal markets throughout the world, most of the contributions come from businesses and associations such as Oxfam, Time Warner, the Motion Picture Association and the Washington-based International AntiCounterfeiting Coalition (IAAC). The annual reports are thus centrally organized compilations of facts, but the investigations on which the reports are based are conducted within a network of informal channels, where information is collected and inquiries are commissioned by commercial enterprises. The result of these ever more comprehensive investigations is an expanding body of factual information and reports that are becoming more extensive by the year. In the process, the Special 301 Reports have not only extended their range in terms of the quantity of information and the number of countries on the “watch list” but have also developed into a flexible instrument that mixes the application of law with the formulation of trade policy. While the original idea behind the report was to provide a legal basis for possible economic sanctions, it has now become more of an instrument of surveillance and admonition. The report has thus become a steering instrument that combines judicial power with political strategy. Although these two components are nominally kept separate, they are also “economically” coordinated: states targeted in the report are effectively being advised to step in as substitute regulatory instances to “rectify” the situation.⁸

These annual reports contain highly detailed descriptions of physical marketplaces deemed “notorious” because they infringe the rights of U.S. companies or citizens to protection of their intellectual property. Since 2005 these descriptions have no longer been part of the country reports but are instead included in a dedicated document titled “Notorious Markets”. This change has been accompanied by a great flexibility of the criteria qualifying a market for inclusion in the annual report. The label “notorious” is now already attached to markets in regions where local authorities are neglecting to review their own approach to the theft of intellectual property.⁹ Since 2011, selected cases have been presented to the public in a media-friendly “out-of-cycle review of notorious markets” shortly before the release of the more comprehensive Special 301 Report. This “hit parade” of informal markets lists marketplaces as diverse as La Salada in Buenos Aires, Tepito in Mexico City, Beijing’s Silk Market, the Urdu Bazaars in Karachi and Lahore, the Petrivka Market in Kiev, the Harco Glodok shopping centre in Jakarta and the Lo Wu shopping centre in Shenzhen. Without having to back up the claims and demands associated with them, these lists have in the meantime become a worldwide reference for Twitter feeds and television news flashes about illegal economic activities — the ideal governance instrument for state and commercial actors aiming to give the public the right signal at the right time and to prepare the ground for intervention in marketplaces outside the USA.

What emerges from mapping the delinquencies of informal markets is not only a cartography of trademark violations and copyright infringements but a map of the world that renders the frontlines of late capitalism visible. As the urban theorist Ananya Roy has demonstrated in her extensive study of the struggles around policy agendas in microfinance, an engagement with the informal sector on behalf of centres of power is always also a question of managing the truth about our economic and social system.¹⁰ The professionalization of microfinance investments indicates the tensions around the appropriation of the microcredit model — once conceived as an attempt to alleviate poverty by NGOs in developing countries — into the capital markets of the West. It is one of the key theatres for effectively integrating the productivity of the poor into global economic circuits.¹¹ Where microcredit operations once aimed, for instance, to improve the livelihoods of women in patriarchal societies, criteria of human development such as access to education, child mortality and self-sustainability in crisis situations are now being replaced by benchmarks based on operational costs, investment returns and transferability.

The establishment of such codes of best practice shifts the focus of engagement with the bottom of the economic pyramid. In this context, social capital is less valued as an intrinsic capacity of informal communities; rather it is framed as a potential asset for financial speculation. Simultaneously, these measures shape public opinion of the motivations, potentials and prospects of the economic activities of the poorest billion. While hard financial facts and parameters are given precedence when it comes to assessing and calculating engagement with the world’s poor, this approach establishes the moral and ethical imperatives of a “natural” market economy. In a combination of allegedly unquestionable financial fact and ethical legitimization, the emerging narrative of microfinance’s expertise provides justification for intervention by external actors in informal economies and for turning the social capital of the world’s poor into the finance capital of global investors.

Roy’s work on the transformation of microfinance from a development initiative into a speculative market has highlighted how politically administered excursions into new economic domains rely on a simultaneous preparation of an accompanying discourse. These motives are clearly discernible, for example, in the way in which a recent flagship report by the World Bank on Latin America and the Caribbean presents the paradigms and triggers of informal economies in its introductory paragraphs.¹² Rather than proceeding from far more fundamental questions regarding inequality as a principle and motor of the capitalist market economy, the report, which draws on dominant literature in the field such as the theses of Hernando de Soto, refers in the first place to “burdensome entry regulations” as the reason for the exclusion of small firms and traders from what is euphemistically termed the “circuits of the modern economy”. Moreover, the fact that informal working conditions are not only found among the self-employed and those working in small firms but that large enterprises also make informal arrangements with their workers is attributed above all to “excessive tax and regulatory burdens”. Framed as decisions not to participate in formal institutions, these phenomena are interpreted as blunt social indictments of failures of states’ enforcement capabilities, the rectification of which is high on the agenda of instruments such as the Special 301 Reports.

These statements are followed by the converse argument that the most urgent economic-policy steps required to curtail informal economies and reduce the correspondingly low level of engagement of people with the institutions of the state are the reduction of taxes and charges as well as a general deregulation and disencumbering of the economies in these countries. Measures to achieve “more enabling investment climates” suggested in the World Bank publication on informality in Latin America and the Caribbean range from reforming labour markets and reducing “excessive labor costs, whether arising through labor legislation or unrealistic union demands (such as exaggerated minimum wages, severance costs, or labor taxes and contributions)” to reforming welfare programmes so that free social protection services do not undermine contribution-based formal systems, and from simplifying tax laws in order to increase access to markets, services and bank credit to strengthening enforcement by the state.¹³ Favouring such measures is in line with the conventional ideas of international economic associations regarding the harmonization and opening of global markets and the promotion of similar principles in other spheres of socio-economic organization (provision of education, housing and pensions or the governance of the digital sector, information technologies and other public domains).

With this orientation to government failures, the discourse on informality acquires two tasks: first, the identification of informal economies as a negative condition and, second, the reinforcement of the call to tackle informality. For instance, the Cluster for Research on the Informal Sector and Policy (CRISP) based at Sheffield University in the UK, which brings together some of the most influential academic opinions in the field of international policy formulation, sees its mission as one of seeking “understanding of the characteristics of the informal sector and the motives for people working in the informal sector so that policies can be formulated for tackling this issue”, and draws its rationale from the fact that “across the world, what needs to be done about this informal sector is becoming a priority issue for many governments.”¹⁴ One of the main features of this attitude is its tendency to present the phenomenon of informality as an effect of external circumstances and thereby to generate the causal foundation for the necessity and possibility of interventions. Whether informality is described as a residue accompanying economic advances or as a complimentary by-product of fast-paced market cycles, it is above all posited as an inferior condition marked by poverty, failing states, irresponsibility, illegality and criminality.¹⁵

Rather than engaging in a disciplinary dispute about the rights and wrongs of each position, it seems more productive to consider the dynamics behind these manoeuvres to define and apply distinct conceptualizations of informality, its causes and consequences. What kind of power struggle is implemented through a rhetoric that ties the formal and informal economy into a dichotomy grounded on a normative notion of form? The diversity of the informal markets we have studied in the framework of the Other Markets project notwithstanding, what emerges as a key pattern when looking at the contradictory histories of government interventions in these places is the deployment of politico-judicial instruments to allocate properties and rights to particular economic endeavours. Through framing certain informal activities as illegal and inducing policing actions, these realignments clear the ground for privileged groups of actors. Strikingly, these interventions often occur at moments when

the operations of informal marketplaces are deemed to have become too successful. While these measures are ostensibly carried out through judicial channels, in many instances the overall picture is one of political arbitrariness and discrimination against particular social or ethnic groups — whether in the case of the closures of Moscow’s gigantic Eurasian markets in Izmailovo and the Vietnamese-run Four Tigers Market in Budapest, the U.S.-aided transformation of the Arizona Market in Bosnia Herzegovina into a privately owned shopping mall or the struggle of São Paulo street vendors against the corrosion of their organizational strength by a spatio-administrative splintering of license regulations.

Informality is thus a matter of definition. Defining the characteristics of informality becomes pivotal in paving the way to, first, identifying informal economies in specific areas and, consequently, initiating state actions to counteract the alleged threats posed by them. In this way, informality is used as an umbrella term for all sorts of activities that could constitute a “drag on growth”, as the World Bank flagship report on Latin America and the Caribbean puts it. In other words, rather than simply capturing a quasi-inevitable by-product or intrinsic component of the capitalist economy, the concept of informality engenders a set of actions attuned to particular hegemonic beliefs and strategic interests in market expansion. The definition of concrete processes as informal is part of a long-term strategy of opening up new markets, geographically as well as in terms of different population segments. This is not to say that the situations addressed by the term informality do not entail adverse conditions of poverty, exploitation and abuse. Yet the way the concept of informality has been appropriated by international economic institutions since its emergence in the 1970s has resulted in its transformation into an instrument for orchestrating top-down change along specific lines of socio-economic organization.

This instrumentalization of informality, which is orientated less to the development of an understanding of its implications than to the pros and cons of external intervention, also raises questions regarding the widespread preoccupation of academic discourse with the “correct” conception of informality, one that dominates the majority of informality studies.¹⁶ Indeed, the very conflict about the deficiencies in defining and covering all forms of informal activities manifests how the concept of informality in these discourses is less a question of acknowledging the diversity of everyday realities than one of establishing referential frameworks attuned to the ideologies of competing actors and institutions. It follows that the fact that informality is both up for debate and at the same time on trial is an expression of targeted economic-political intervention. In this context, informality as such serves not so much as an instrument in its own right as does the introduction of formality as a new measure in order to discredit certain markets and privilege others. However, the duality of formal economies and their supposedly inferior informal counterpart effectively shifts attention to the latter even though the source of conflict is actually to be found in the demands of interest groups whose operations are legitimized as formal. Cases in point are the Special 301 Reports discussed above as well as the numerous measures introduced to coordinate and integrate markets in the course of establishing trade agreements. Informal thus denotes not simply that which happens “outside state regulation”¹⁷ but in particular that which does not allow for access by the capitalist market circuits of the Global North.

Struggles over Registering Informality

Capitalism relies on state intervention to prepare economies for wealth accumulation and to safeguard investments. Global finance, in particular, has conjured up numerous techniques and strategies for employing the state and its institutions to manage and intervene in economies according to its fluctuating interests. The build-up and subsequent fall-out of the international debt crisis from 2007 onwards has brought to the fore a vociferous campaign to cultivate a political climate conducive to the creation of new investment opportunities coupled with the demand for a redirection of the associated risks. While keeping profits private, countless governments worldwide have been coerced into assuming liability for speculation that has gone wrong and covering accumulated debt with resources from state budgets. The ensuing meltdown of the so-called “real economy” that led to widespread unemployment and the destruction of the wealth of the masses has, on the one hand, paved the way for demanding further “adjustments” of national economies (privatization of public enterprises and property, deregulation of markets) and, on the other, pushed large segments of populations into the realm of informality, which may as a consequence be subject to demands for regulatory intervention.¹⁸

In the case of policies around informality we are also being confronted with the bundling of complex problems, which are taken as a basis for calling for appropriate interventions by national authorities and international bodies. It remains questionable, though, to what degree these problems should be confined to issues of economic regulation and enforcement. Given the microscale and subsistence character of many of these activities, many of the social challenges associated with informality could be addressed through re-thinking the relationship between societies and their institutions in the light of global inequality rather than through the integration of informality into top-down controlled global markets. Tax regimes, for instance, could well be arranged differently, targeting areas of significant profit generation rather than whole populations as a default measure. The charge of tax evasion would then not apply to the majority of what are essentially economies of survival. Similarly, social protection could be tied to programmes of general rights and provisions based on schemes of redistribution rather than individually financed insurance requiring a controlled labour market. When it comes to securing standards and protecting consumers, on a local level at least, community controls and cooperative arrangements have managed to meet these needs without state bureaucracies in many places for a long time. What remains then as the core of incentive programmes to reduce informality are issues of intellectual property rights (IPRS) and market integration.

The development and dividing up of markets in accordance with IPRS and their enforcement has become a major structuring instrument in increasingly knowledge-based economies. The accompanying interplay of political moves fuelled by the lobbying of powerful economic players conjures up a nexus of the informal and the illegal, which becomes popularized by mass media and high-profile legal actions. The process leading up to Morocco becoming the first developing country to sign the Anti-Counterfeiting Trade Agreement (ACTA) in October 2011, for instance, was facilitated by diplomatic pressure based on reports by U.S. political and economic sections abroad on the infringement of copyright at Casablanca’s “infamous black

market” of Derb Ghallef.¹⁹ The exercise of definitional sovereignty over Moroccan governmental offices was channelled into bringing the country into line with the requirements of “liberalized” markets by demanding an improvement of economic administration and enforcement operations as well as access for foreign investors and corporations, particularly to the new markets of services and information technologies. The correlation between growing state intervention and a rise of informal activities, as Portes and Haller have observed in their account of the paradox of state control,²⁰ becomes apparent in these manoeuvres by the state, which involve applying measures to selected economic sectors on behalf of influential sets of interests.

In this sense, informality is a relational concept. The critical role questions of perspective play in the politics of informality becomes evident in the plurality of approaches toward framing what constitutes informality. That the question of measuring informality has come to dominate the debate ties into a logic whose aim is to steer particular developments within labour markets, capital flows and trade relations. Indeed, the differentiation of multiple subcategories and aspects specifically addressing the situation of migrants, women or selected economic activities and the ways in which these are targeting concrete regions such as developing countries, the former Eastern Bloc or migrant quarters in Western metropolises highlight above all the currently increasing appetite of major economic powers for access to these areas.

Informality is an effect of capitalism. Capitalism produces informality — not merely in the direct sense of keeping part of the world’s population in inferior conditions but by means of political definitions that render certain segments of economic life informal in order to allow for outside intervention. Yet the major obstacle facing these ambitions is that activities divided into formal and informal in this way are often complexly intertwined. Moreover, informal economies are often capable of functioning independently through elaborate forms of organization that they develop on their own. The shadow economies of migrant and marginalized communities and countries kept in a state of dependence frequently interact with the circuits of “formal” capital but in many cases also maintain other networks of exchange and communication, which escape direct control and are only partly susceptible to outside manipulation.

Even if selected marketplaces are routinely portrayed as violating the norm and thereby transformed into sites of exception, closer inspection reveals that the majority of them are in fact variations on regional norms and form part of a historic sequence of related phenomena. The container markets in Eastern Europe followed a longstanding fashion of modular spatial production instantiated by the kiosk trade, which had come to service serially erected mass residential quarters. Many street and open-air markets in African and Asian countries that have been singled out as hotbeds of illegal trade also represent developments within a long tradition of market relations. What marks them as objects of contestation over formal and informal attributes is often their exposure to assimilation attempts by national or international powers. The conflicting intentions involved range from the nationalist agenda in 1940s Thailand promoting one flea market per village to secure economic independence from its neighbouring powers to the colonial spread of modernist planning objectives favouring functionalist cities that saw the prohibition of street

trade in many Latin American countries and the revival of such policies in many places in Africa and Asia in recent years to prepare the way for Western style shopping malls and entertainment districts.²¹

What becomes evident in the proliferation of policies targeting informal markets is a significant shift in ways of exercising power. If twentieth-century power was founded on managing populations in discrete spaces, the control of markets has become a key priority in today's environment of transnational capital flows. The battle for profit and power unfolds around the hunt for identifying, occupying, expanding and creating new investment opportunities. These speculations bank on a solidifying allegiance of the political classes to paradigms of neoliberal economics. The intensifying stranglehold of a capitalist mentality on the business of politics has turned governance into a matter of economic performance. Policies around informality are thus shaped by a myriad of deferred motifs far outweighing more immediate issues relating to the well-being of people involved in the day-to-day operations of informal economies. The arbitrary mix of media power and wealth grabbing, of populism and corruption at work here is epitomized by a globally circulating anecdote about the reasons behind the closure of Cherkizovsky Market in Moscow, one of the major nodes of Eurasian informal trade that sheltered a large number of displaced communities: the sudden action was allegedly triggered by annoyance among Russian politicians about the ostentatious birthday celebrations of one of the oligarch owners at a Turkish luxury resort.

The merger between formal and informal played out through the phalanx of market liberalization, de-regulation and harmonization points towards the prevailing rationale that underpins this race for economic supremacy. The primary aim of newly appropriated frontiers is not to be integrated on an equal level but to accommodate externalized risks and costs associated with speculative markets. In this sense, the role of informal markets (as the "other" markets) is already implemented in the establishment of formal trading operations. In order to protect their investments, individual actors constantly seek to appoint and create subordinate sites to mitigate elements of crisis. Informal markets thus emerge at and become attached to a variety of critical points in the neoliberal market economy, beginning with leveraging the volatility of supply and demand in the case of the gigantic intermediate markets with their shuttle traders and networks of small scale sweatshops²² and ending with absorbing the wastefulness of throw-away consumerism and the crisis of environmental degradation in the global hubs of recycling markets.²³

However, this strategy of outsourcing is far from an easily manageable process and is marked by numerous contradictions and conflictual movements. In fact, it is precisely this modality of deferral that also opens up a space for deviations and resistance. Even if power, and the market economy for that matter, is prone to increasing abstraction, it still relies on its actual performance to become effective. Power, again following a Foucauldian perspective, is not simply imposed on subjects but instilled through orchestrating their actions.²⁴ In that power has to pass through their bodies and be performed accordingly, subjects become relays in the flows of power. Whether intentionally or not, each one of these power-affirming acts entails an element of divergence from prescribed protocols and norms. Constituting sites of

intense concentrations of people, informal markets embody particularly high risks of deviation. The most prevalent expression of the diversion of power is the production of counterfeit goods. While off-shoring production and, increasingly, services constitutes a staple measure of post-industrialist economies aimed at securing high profit margins for investors in their home countries, this measure cannot simply be achieved through commanding supply networks but requires a deferral of production know-how as well. With the shift to higher-skilled lines of production and high-tech products, exposure to rights infringements (i.e. the redirection of power in the form of knowledge appropriation) increases.

The umbrella concept of informality in international policies thus often covers the focal points of these undesired activities by groups of people otherwise attributed a subordinate position. The expanding scope of knowledge transfer that propels the global economy lends power an inconvenient degree of precariousness and explains the rise in efforts to combat the spread of informal knowledge distribution (Special 301 programme, TRIPS agreement, ACTA, etc.). The annual changes in markets listed by the Special 301 Reports as well as the highly selective focus on certain marketplaces, featuring book markets in India or the distribution of software and media products in China and Latin America, indicate current critical intersections in the flows of power and looming economic confrontations. Yet the procurement of information for Special 301 Reports via filings from industry lobbyists might itself be deemed informal. Indeed, as Portes and Haller have pointed out, the more state officials are enlisted to service particular interests, "as de facto employees of outside entrepreneurs", the more "informal" the interaction of free market forces becomes, essentially erasing the demarcations of the formal market these interventions are supposedly meant to protect.²⁵

The Commoning of Markets

While recognizing that informal economies are established through projections, through the deferral of future options and as theatres of global interest, the emerging tissue of knowledge societies that spreads through these sites also poses the question whether and in what ways these marketplaces yield instances amenable to appropriating resources, redirecting power relations and allowing other interests to surface. In other words, what forms of other markets can be engendered through the workings of the informal economy beyond the neoliberal paradigm of unfettered growth and wealth accumulation? If the potentiality of change is envisaged as bound to a shift in power relations, then interventions in dominant systems of reference and the establishment of alternative registers to the top-down framing of formal/legal and informal/illegal become key. Sidestepping folkloristic conceptions of an indigenous exchange economy, changing technological capacities provide the clue to emergent landscapes of re-distributed creativity and the proliferation of novel forms of capital. Changing access to information, in particular, can fundamentally disempower the operational force of the scarcity paradigm as an overriding market regulative. The ability of Kenyan market women to check the availability of and demand for certain commodities or compare prices at different markets via mobile phones not only liberates them from a dependency on manipulative middlemen

but also subverts conventional notions of centre and periphery, of whose capital counts and of what is deemed superfluous.

The concomitant dissolution of structures of control is contributing to a steady atomization of economic activities. Widely perceived through the lens of casualization, the intrusion of economic considerations into ever more aspects of life facilitated by new technologies and social media brings with it a hitherto unknown convertibility and ease in switching between different roles. The spread of apps advertising microjobs and services — tasks that can be undertaken flexibly and in a short time without further obligations or requiring special equipment — form part of the wider crowd-sourcing movement, the consequences of which for conventional systems of capital circulation have yet to be fully comprehended. The paradoxical question is whether this all-encompassing invasiveness of economic operations and their infinite disintegration into tradable units in effect causes the normative power of established economic forces to evaporate. If through the simultaneous engagement with multiple platforms of microtrade, one is constantly switching between being a trader at one moment and someone else at another, the descriptive power of being confined to one role and position also diminishes.

What is at stake in these experiments is thus the question of who and what bestow meaning on particular economic activities. In much of the literature on informality, social ties, variously affirmed through rites of solidarity, ethnic communities and family relations, are cited as essential frameworks for operations in informal markets.²⁶ In the case of the recent phenomenon of hipster markets, though, the logics of this relation are reversed. Rather than being employed as a tool for concluding economic transactions, the creation and affirmation of social ties becomes an equally relevant reason for participating in these markets. Notwithstanding many other aspects involved in the promotion of hipster markets, such as their role as harbingers of gentrification or the glorification of commodified subject formation, the onset of economic decisions becoming directed by social desires heralds a tipping point in the global economic power balance. What makes these developments so decisive is their global spread in the wake of the establishment of new creative classes, establishing their own realms in many pockets of the world and multiplying centres of activity from New York to Bangkok.²⁷

A technology-induced atomization of decisions brings with it a distinct uncontrollability as well as a potential for bottom-up value generation. When informality becomes a permanent condition, this situation can no longer be relegated by mechanisms of exclusion administered through agents of the formal state. Erecting networks of informal exchange facilitated by new technologies provides the first steps toward counteracting the de-territorialization strategies of late capitalism. Not unlike the demands of many indigenous communities for the “right to antenna” as they embark on strategies of territorialization on their path to recognition, the claiming of space which is enacted through informal markets becomes a decisive step in objecting to the ongoing privatization of the public sphere. The widely imitated response by authorities entailing the displacement of public marketplaces to privately run facilities ties in with the corporate de-politicization of urban encounters by substituting street life with the consumption of prescribed entertainment. In this context, the campaigns of street vendors against the wholesale criminalization of their existence

and for their right to operate in public space are fostering crucial catalytic communities that are forming the vanguard of contemporary civic movements. Contesting the capacities of public space is a vital part of claiming one’s role in the political sphere, of reclaiming *res publica*.

Attributing a state of informality has come to serve as a convenient vehicle for top-down intervention — describing something as the other for a particular purpose — and it is high time we engaged with these assemblages from the perspective of those who are implicated in them. One of the most important avenues of inquiry that presents itself here has to do with the ways in which informal markets engage in practices of commoning — whether in the form of young peer groups congregating around the exchange of lifestyle accessories or of street vendors joining forces in their legal battles. Besides providing livelihoods for themselves, the biggest achievement of informal traders as a whole lies in the creation of a unique common good, the establishment of a market environment. Informal markets are not a naturally given occurrence but only come into being through collective action and contribution. It is precisely this scope and value of informal markets as an economic resource that triggers the interest of outside parties. Similar to the contestations around the control of and profit extraction from other common, pooled resources, questions concerning the people involved in informal markets are overshadowed by struggles over how to best appropriate the capital flows generated by this trade.

Much of the discussion about dealing with informal markets therefore echoes the arguments around the best management of commons. “What is common to the greatest number has the least care bestowed upon it. Everyone thinks chiefly of its own, hardly at all of the common interest”²⁸; Aristotle is quoted by Elinor Ostrom in the introduction to her seminal 1990 book *Governing the Commons* to underline how the so-called “tragedy of the commons” has come to dominate Western thinking about the individual use of common-pool resources. For centuries, the all-pervasive conclusion has been that “where a number of users have access to a common-pool resource, the total of resource units withdrawn from the resource will” — inevitably it appears — “be greater than the optimal economic level of withdrawal”²⁹. As Ostrom points out, the two most commonly recommended solutions to this problem derive from an intervention by an external agent that places the management of a common-pool resource in the hands of private enterprises or a centrally organized state authority, the latter being based on the reasoning that if “private interests cannot be expected to protect the public domain then external regulation by public agencies, governments, or international authorities is needed”³⁰. Most of the “solutions” applied to the frictions around informal markets follow this template and combine both privatization and state-interventist measures.

These policies draw in particular on arguments around the resource of space as a vital resource of society itself, one that determines how we co-exist and interact with one another. This has become a key plane of contestation in the conflicts around informal markets, which are routinely accused of irresponsibly blocking and congesting public space. The presence of a monitoring and controlling authority is repeatedly claimed to be crucial to ensuring if not a fair then at least a safe way of co-existing. The aim of planning with regard to the common resource of space is

thus predominantly directed toward maintaining order vis-à-vis otherwise chaotic and anarchic instances of urban conduct. Hence, every spatial activity that falls outside the reach of the planning authority and evades its regulations, such as the spatial arrangements of informal markets, is considered a failure of planning, of its institutional mandate to provide for a governed usage of space. However, as Ostrom has pointed out, one of the main difficulties for any centrally controlled agency of resource management lies in the sheer impossibility of always having all relevant information at hand to substantiate its regulations and decisions in a way that is appropriate to the actual demands and situations on the ground. Particularly in a globalized world, where not only are local situations being increasingly implicated in global developments but the macro constellations themselves are subject to rapid and constant change, the sufficient development and successful application of up-to-date and appropriate regulations seem to become an insurmountable challenge.

The main question that emerges in the light of this problematic is thus whether recognizing informal markets as a form of commons can provide beneficial inspiration for future global co-existence. Investigating this issue requires an engagement with the capacities of informal markets beyond strictly economic categories. First, as an instance of self-organization, can informality provide an environment conducive to the development of alternative responses to the “tragedy of the commons” that neither advocate total individualization in the form of private enterprises nor rely indispensably on top-down governance? Approaches to such modes of cooperative organization are already evident in the work of many street vendor associations and alliances between trade unions and neighbourhood assemblies to develop urban infrastructures from the bottom up. The key point here is how intelligence on the ground can be utilized to organize collective action for the general good. Framing the general good in both the longer as well as the short term leads to the second point, which again mirrors many contemporary discussions of the commons, namely whether the elasticity and social groundedness of informal economies might provide the foundation for a more responsible and sustainable way of dealing with resources, both natural and social. Over the past 35 years, global resource extraction has grown steadily, and, if it continues at its current rate, will reach the 100-billion-tonne mark by 2030, almost double the amount extracted in 2005. Much of this incessant resource exploitation is propelled by a parallel acceleration in urbanization. It is predicted that by 2025, two thirds of the world’s population will be living in urban agglomerations. In many parts of the world, informal systems play a vital role in the socio-economic fabric supporting these processes of urban expansion. Given this intricate involvement in structuring contemporary urban life, informality is predestined to occupy a central position in developing more resourceful urban economic modes.

Rather than portraying informality as a “drag on growth”, we could conceive of it as encouraging alternative moments of growth and vigour. Much in the way that Arjun Appadurai or Paul Gilroy have described contemporary forms of social organization that depart from the dominant Western model of modernity as imagining and creating “alternative modernities”,³¹ we can think of informal marketplaces not as a force opposing prosperity but as an alternative social and spatial rendering of contemporality — “marketplaces” that are imbued with complex cultural meanings,

spreading out in various directions and offering a plethora of amorphous shapes and sizes. In contrast to the hegemonic understanding of growth, informal trade does not necessarily entail unfettered expansion and augmented resource consumption. This alternative perspective rests partly on informal markets’ microscale operations, which allow for differentiations in trade more attuned to the actual needs of populations, and partly on opportunities opening up through online trading platforms, which might allow for more complex circuits of usage and recycling. As materials and relations move along these trajectories, entering legal and illegal domains, and are put to use in many different ways, they generate an increasingly inextricable interweaving of economic and social values, which may ultimately undermine the supremacy of purely economically enforced power. The capacity of informal markets to appropriate different realms enables an exchange of much more than goods and money. Responding to more than economic imperatives, informal market relations can create a world of “being-in-common”³². However, as long as informality is imposed as a mode of discrimination whereby a lack of capital funds constitutes a criterion of deficiency justifying external intervention and “readjustment”, exploitation of the informal will prevail.

- 1 Michel Foucault, “Of Other Spaces,” trans. J. Miskowiec, *Diacritics* 16, (1986 [1967]): 22–27.
- 2 For detailed descriptions and analyses of the markets mentioned in this chapter see the sister volume of this publication: Peter Mörtenböck and Helge Mooshammer, eds., *Informal Market Worlds Atlas* (Rotterdam: nai010 Publishers, 2015).
- 3 Foucault, “Of Other Spaces,” 22.
- 4 See Leonardo Gasparini and Leopoldo Tornarolli, “Labor Informality in Latin America and the Caribbean: Patterns and Trends of Household Survey Microdata,” *Desarrollo y Sociedad* 63 (2009): 13–80.
- 5 I am referring here to the use of this term by Susan Leigh Star and James R. Griesemer, who describe boundary objects as elements that embody a stable core meaning but can be appropriated by different groups for very different ends. First published in: Susan Leigh Star and James R. Griesemer, “Institutional Ecology, ‘Translations’ and Boundary Objects: Amateurs and Professionals in Berkeley’s Museum of Vertebrate Zoology, 1907–39,” *Social Studies of Science* 19, no. 4 (1989): 387–420.
- 6 For further analysis of the operational matrix of the Special 301 Reports, see also the introductory text to the section “‘Notorious’ Markets” in Mörtenböck and Mooshammer, *Informal Market Worlds Atlas*, 24–27.
- 7 For a full version of the 2014 Special 301 Report, released in April 2014, see: <http://www.ustr.gov/about-us/press-office/reports-and-publications/2014/2014-special-301-report>
- 8 Detailed analyses of the Special 301 process can be found in Kim Newby, “The Effectiveness of Special 301 in Creating Long Term Copyright Protection for U.S. Companies Overseas,” *Syracuse Journal of International Law* 21 (1995): 29–62; Joe Karaganis and Sean Flynn, “Networked Governance and the USTR,” in *Media Piracy in Emerging Economies*, ed. Joe Karaganis (Social Science Research Council, March 2011), 75–98, <http://piracy.ssrc.org>; Sean Flynn, “What is Special 301? A Historical Primer,” infojustice.org blog (American University Washington College of Law, 1 May 2013), <http://infojustice.org/archives/29465>
- 9 Neil Turkewitz, Executive Vice President of the Recording Industry Association of America, letter to the USTR, 4 November 2010: “[Many sites] fail to address their own conduct in facilitating the theft of intellectual property and therefore deserve to be identified as notorious pirate markets.”
- 10 Ananya Roy, *Poverty Capital. Microfinance and the Making of Development* (London and New York: Routledge, 2010).
- 11 David Harvey, *Rebel Cities: From the Right to the City to the Urban Revolution* (London and New York: Verso, 2012), 20–21; Robert Neuwirth, *Stealth of Nations: The Global Rise of the Informal Economy* (New York: Pantheon Books, 2011), 130–144.
- 12 Guillermo E. Perry et al., eds., *Informality: Exit and Exclusion* (World Bank: Latin American and Caribbean studies, 2007).
- 13 Ibid., 13–19. See also Friedrich Schneider, Andreas Bühn and Claudio E. Montenegro, “Shadow Economies All over the World. New Estimates for 162 Countries from 1999 to 2007,” World Bank Policy Research Working Paper 5356 (July 2010).
- 14 Cluster for Research on the Informal Sector and Policy (CRISP), based at the Centre for Regional Economic and Enterprise Development (CREED), University of Sheffield, UK.
- 15 For an overview of scholarly approaches to informal economies see, for instance, Jan L. Losby et al., “Informal Economy Literature Review” (Newark, DE: ISEED Research and Consulting & Washington, DC: The Aspen Institute, December 2002); Lalesh Nand, “A Theoretical Review of the Urban Informal Sector or Informal Economy in Developing Countries and Its Future Directions in an Era of Globalisation,” research paper (Sydney: Western Sydney Institute, 2006). For an overview of research on markets see Yolande Pottie-Sherman, “Markets and Diversity — Annotated Bibliography,” MME Working Paper 12–15 (Göttingen: Max Planck Institute for the Studies of Religious and Ethnic Diversity, 2012).
- 16 See, for instance, Colin C. Williams and John Round, “Re-thinking the Nature of the Informal Economy: Some Lessons from Ukraine,” *International Journal of Urban and Regional Research* 31, no. 2 (June 2007), 425–441; Jens Beckert and Frank Wehinger, “In the Shadow: Illegal Markets and Economic Sociology,” *Socio-Economic Review* 11, no. 1 (2013): 5–30.
- 17 See Manuel Castells and Alejandro Portes, “World Underneath: The Origins, Dynamics, and Effects of the Informal Economy,” in *The Informal Economy: Studies in Advanced and Less Developed Countries*, ed. Alejandro Portes, Manuel Castells and Lauren A. Benton (Baltimore, MD: John Hopkins University Press, 1989), 11–37.

- 18 Prominent examples are the southern European countries on the edge of the Mediterranean that have been forced into severe restructuring programmes under the aegis of the EU and the IMF and burdened by unemployment rates of 25 per cent and higher (unemployment rates for under 25s widely hover around the 50 per cent mark). See eurostat: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-02052014-AP/EN/3-02052014-AP-EN.PDF
- 19 See Peter Mörtenböck and Helge Mooshammer, "Derb Ghallef Valley," in *Informal Market Worlds Atlas*, ed. Mörtenböck and Mooshammer, 62–67.
- 20 As Portes and Haller state: "The paradox of state control is that official efforts to obliterate unregulated activities through the proliferation of rules and controls often expand the very conditions that give rise to these activities." Alejandro Portes and William Haller, "The Informal Economy," in *Handbook of Economic Sociology*, second edition, ed. Neil J. Smelser and Richard Swedberg (New York: Russell Sage Foundation, 2005), 409.
- 21 See, for instance, the case studies on Jarmark Europa (Warsaw), Oshodi Market (Lagos), Moran Market (Songnam) and Rot Fai Market (Bangkok) in Mörtenböck and Mooshammer, *Informal Market Worlds Atlas*.
- 22 See, for instance, the case studies on 7th Kilometre Market (Odessa) and Cherkizovsky Market (Moscow) for the impact on Eastern Europe or La Salada (Buenos Aires) and Feirinha da Madrugada (São Paulo) for Latin America in *ibid.*
- 23 See, for instance, the case studies on Alaba International Market (Lagos) or Nairobi markets in *ibid.*
- 24 Michel Foucault, *Society Must Be Defended — Lectures at the Collège de France 1975–76* (London: Penguin Books, 2004 [1975]), 29–30.
- 25 Portes and Haller, "The Informal Economy," 405.
- 26 *Ibid.*, 408; see also Mark S. Granovetter, "The Strength of Weak Ties," *American Journal of Sociology* 78, no. 6 (1973): 1360–1380.
- 27 See, for instance, the case studies on Brooklyn Night Market (New York) and Rot Fai Market (Bangkok) in Mörtenböck and Mooshammer, *Informal Market Worlds Atlas*.
- 28 Aristotle, *Politics*, Book II, chapter 3, as quoted in Elinor Ostrom, *Governing the Commons: The Evolutions of Institutions for Collective Actions* (Cambridge and New York: Cambridge University Press, 1990), 2.
- 29 Ostrom, *Governing the Commons*, 3.
- 30 David W. Ehrenfeld, *Conserving Life on Earth* (Oxford and New York: Oxford University Press, 1972), 322; quoted in Ostrom, *Governing the Commons*, 9.
- 31 Arjun Appadurai, *Modernity at Large: Cultural Dimensions of Globalization* (Minneapolis, MN: University of Minnesota Press, 1996); Paul Gilroy, *The Black Atlantic: Modernity and Double Consciousness* (Cambridge, MA: Harvard University Press, 1993).
- 32 Jean-Luc Nancy, *The Creation of the World or Globalization* (Albany,

NY: SUNY Press, 2007).

HOW THE INFORMAL ECONOMY TOOK OVER THE WORLD

Keith Hart

A la recherche du temps perdu

The idea of an informal economy was born at the moment when the post-war era of developmental states was drawing to a close. The 1970s were a watershed between three decades of state management of the economy and the free market decades of one-world capitalism that culminated in the financial crisis of 2008. It seems now that the economy has escaped from all attempts to make it publicly accountable. What are the forms of state that can regulate a world of money that is now essentially lawless? The informal economy started off forty years ago as a way of talking about the Third World urban poor living in the cracks of a rule system that could not reach down to their level. Now the rule system itself is in question. Everyone ignores the rules, especially the people at the top — the politicians and bureaucrats, the corporations, the banks — and they routinely escape being held responsible for their illegal actions. Privatization of public interests is probably universal, but what is new about neoliberalism is that, whereas the alliance between money and power used to be covert, now it is celebrated as a virtue, wrapped up in liberal ideology. This is the context for what follows. The informal economy seems to have taken over the world, while cloaking itself in the rhetoric of free markets. We are witnessing the world-historic collapse of the twentieth-century attempt to impose national controls on the economy. Inevitably, when witnessing this collapse, we dream of restoring the era of social democracy, developmental states and even Stalinism. The rules operated then with some degree of success. This nostalgia for the heyday of what I call "national capitalism"¹ will not serve us well today. We need to analyze the contemporary world economic crisis at a number of levels. Above all, we should acknowledge that the core problem is not narrowly economic, but one of political failure, both national and international. Money and markets have escaped from public control and cannot be put back in that straitjacket. The question then concerns what democratically accountable structures might be capable of regulating the world economy and under what social conditions? I will try to answer that question by reflecting initially on the history of a concept with which I have been closely associated.

Origins and Critique of the Informal Economy

Before the First World War no-one believed that the state, a hangover from pre-industrial society, could manage the turbulence of urban commerce. Industrial capitalists and the military landlord class formed an alliance in the 1860s and afterwards to keep in check the proliferating working class spawned by the machine revolution.²