



*Brindisi to the Brindisians*, graffiti in Brindisi, Italy. Photo by A. M. Pusceddu.

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## **In/formalization**

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## Foreword

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This set of contributions originates from two panels organized at the 14<sup>th</sup> EASA biennial conference held at the University of Milano-Bicocca, Italy. The original call for papers read:

The dualism of the informal/formal sector distinction has recently been replaced with a recognition that informality/formality are a duality necessarily bound up with each other. This recognition is one of the key legacies of Keith Hart's original work (1973), which was subsequently neglected as the ideas were made workable for economic management. Bringing informal and formal together is increasingly common in both academic analysis and development policy, the latter particularly as policies encouraging the formalization of informality. This panel will broaden the terms of this engagement, by including papers that look at a range of different kinds of intersection between the formal and the informal. Governmental formalization is only one way in which informality can be formalized; corporations can also formalize informal sector operators, by bringing them into their corporate governance as subcontractors or salespeople; within supra-national institutions formality and informality are negotiated and enforced in the form of non-legally binding (soft law) tools such as treaties and conventions; NGOs, grassroots movements and civic associations often struggle to see their practices formalized and legally recognized. This panel will examine a range of the various ways in which formality and informality intersect and interact: subordination, toleration, regularization, eradication, exploitation and subversion, to mention only a few of the possible scenarios and processes. The trajectories taken by these intersections of formality and informality will have a great influence on the economic futures that emerge in a less Euro-centric global economy<sup>1</sup>.

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1. *Emerging economic futures: The intersections of informality and formality*, panel convened by Alan Smart and Filippo M. Zerilli at *Anthropological legacies and human futures*, 14<sup>th</sup> EASA biennial conference, Milan, 20-23 July 2016. A spin-off related panel entitled *Ethnographic explorations of formal-informal linkages in contemporary global economy and politics*, was convened by Antonio Maria Pusceddu and Jon Harald Sande Lie at the same conference.

Before organizing a more conventional book-length project we have decided to ask the panel participants to explore some of those issues by condensing the main points of their papers into a 1,500 words commentary, wondering what kind of theoretical implications and policy repercussions – if any – they might suggest. As a collection of short paper this forum is actually an attempt to explore how we might productively rethink in/formality today. Rather than proposing a coherent conceptualization of “informality” *per se* (as proposed for instance by Kambur 2009) we encourage reflection on formalization *and* informalization as two interlinked social processes through which people, individuals and collectivities interact and give shape to specific social dynamics in a variety of time and space coordinates. Here we mainly draw from researches on in/formalization in several ethnographic settings, ranging from Chalkida, a city in Greece, to colonial Hong Kong, from Philippines, to the periphery of Bamako, Mali, from Argentina to southern Italy, from the capital city of Indonesia, Jakarta, to two newly admitted EU member-states and a EU candidate country, respectively Czech Republic, Romania, and Kosovo. In order to refer to and navigate across different social processes, scenarios and life stories we suggest to adopt the term “in/formality” (and “in/formalization”) instead of “informality”, precisely to prevent the risk of considering the “informal sector” as a distinct domain, separate from the formal economy. Rather than seeing either as a distinct domain, we see it as a “modality” of practice, or an idiom of interaction and discourse, invariably entangled with formality and vice versa. Moreover, while the dialectics of formality and informality are usually observed as an integral part of the economic realm, we suggest that we should broaden this conventional framework, in part by including governmental processes and practices. We cannot neglect the political and legal dimension in which in/formality appears in its diverse local, national and international configurations. In fact, by comparing very different processes and settings this forum explores how the notion of in/formalization could produce a novel understanding of a variety of subjects and social phenomena beyond the economic dimension, or not necessarily pertaining to the market in the strict sense of the term.

Interestingly, despite its limitations the concept of “informality” itself is now part of a global imaginary widespread well beyond academic, scholarly circles (Harris 2017). Practices and ideas described as “informal” are appropriated and adapted by many institutions and local actors alike, as Stamatis Amarianakis’ paper on the *Grassroots meanings of informality* in Greece shows. In the context of the current global financial crisis, people

from Chalkidia refer to “informality” as an economic strategy with significant political implications. Here, even if not collectively organized or discursively articulated, the expansion of informal practices could not be simply considered a response to the crisis but can be interpreted as acts of resistance facing austerity politics and against taxation, the latter perceived as a form of dispossession. A genuine interest in local understandings of informality is found also in Lenka Brunclíková’s paper focusing on a non-monetary zone project in Pilsen, Czech Republic, where both the organizers and visitors of such avant-gardist social spaces strive to obtain legitimacy and formal recognition for a number of exchange practices, alternatives to capitalist market economy rules and dynamics. Interestingly, in Pilsen non-monetary zone formality and informality are conceptually and practically welded together, as suggested by the practice of “gift” understood as an “economy of debt” in which gratuity and obligation coexist rather than being opposite to one other. That it is appropriate to frame formality and informality along a continuum is also part of what we learn from Dolores Koenig’s perspective on housing development in the outskirts of Bamako, Mali. Examining the bottom-up process of formalization of land tenure she frames as “trans-formality”, Koenig’s paper also signals the importance of thinking the formalization of informality – and hypothetically its reversal – as a conflictual space where interest groups and individual actors negotiate the process at stake and its uneven dynamics. While it is apparently unquestionable that the creation of building lots in such “unruly places” (Smart 2001) near Bamako will be progressively formalized under the pressure of powerful real estate market actors and city private developers, it is unpredictable when and for how long a counter-hegemonic process led by displaced farmers will find ways to resist land formalization. In the absence of adequate amounts of affordable housing it is likely that people will find new solutions by informalizing in other ways and contexts. Ambiguity and conflict over in/formalization is well represented in the privatization process of the vegetable city market in Baguio, Philippines. Lynne Milgram’s paper provides a critical account of city development as a complex arena in which actors with different political agendas connect, oppose, interact, ally etc. moving across the formal/informal, legal/illegal divide. Vegetable retailers, city officials and supermarket all make use of a number of – apparently contradictory – formal procedures and informal practices in order to gain or preserve their ability to negotiate, impose, protect their respective economic interest and political power across in/formalization. A similar point is suggested by the Argentinian ethnographic material presented by Sarah Muir. Observing new currency regulations introduced in Argentina’s monetary

system in recent years (2011-2016) Muir conceives in/formality as a performed distinction, or in her own terms as a process of “fractal recursivity”. The fluidity of the dollar/peso exchange is a product and at the same time the producer of a number of economic practices that cross or shift the line between formal and informal. Of course this is a line never drawn once and for ever, but constantly made and remade by economic and discursive social practices. Uneven currency regulations such as those observed by Muir contribute to our understanding of in/formalization as a “recursive” process. Current controversies over “crypto-currencies” such as Bitcoin and Initial Coin Offerings offer other examples of how even the governmental regulation of money is being challenged by new forms of economic organization and practice, in ways comparable to the account of ride-sharing companies by Mechthild von Vacano.

Albeit in different ways the contributions of Antonio Maria Pusceddu and Alan Smart both address the question of discretion by government officials, a significant issue for understanding formal and informal intersections within governments. Drawing on fieldwork within the local administration of a southern Italian city, Antonio Pusceddu scrutinizes the informalization of labour analysing how several regulatory frameworks promoted by a post-welfare national scheme meet in actual practice with social workers’ expectations. It considers at the same time the dual and apparently opposite processes of informalization (e.g. precarization of work through subcontracting or the so-called “gig economy”) and formalization (labour stabilization and its promises, but also the pressures on informal businesses through new forms of regulation, such as the recent demonetisation and imposition of Goods and Services Tax in India) that workers’ moral economy – their values, desires and frustrations – emerges and articulates with local administrators and their discretionary policies. Conversely, in order to explore how informal practices affect formalization processes Alan Smart’s commentary penetrates Hong Kong bureaucratic apparatus, notably by examining the role of government officials and their discretion when facing diverse kinds of extralegal acts. Archival material from colonial Hong Kong suggests the need to discard the conventional idea equating government with formality on the one hand, and society with informality on the other. Recognizing that governments operate through and produce informality enlightens our understanding of in/formalization processes and their actual dialectics in specific moments and places, and reminds us of how informal practices help to support formal procedures when they are burdened with rigid and impracticable procedures. Mechthild von Vacano’s analysis of the motorbike

taxi industry in Jakarta and especially the introduction of the new *Go-Jek* rideshare smartphone application offers another intriguing opportunity to expose the intricacies of in/formalization processes under the influence of state and non-state regulators. In fact, the ethnographic account discussed by von Vacano suggests reframing the state/non-state conceptual divide. Her commentary shows that among both we find great internal diversity, processes and agents that question their dichotomization. In addition to that, increasing salience of the sharing economy directly challenges the operational value of the “informal sector” concept. In the last contribution Filippo M. Zerilli and Julie Trappe focus on in/formality within development studies, the scholarly field where the notion of “informal sector” was originally forged. Their paper examines legal development *as* a marketplace, not just regulation *of* a market, in which rule of law capacity building programs are traded and shaped by in/formalization processes and practices performed by “locals”, and “internationals” together. Ethnography among both groups shows that assigning to the “global North” the role of provider of legal rationality and formal procedures for countries of the “global South”, presumably driven (or “affected”) by informal, traditional, and often corrupt practices is a persistent, misleading ideological assumption (cf. Herzfeld 1992). An insider view of the actual functioning of the legal cooperation industry shows rather that dialectics and tensions between formal and informal practices permeate the actual implementation of the projects beyond the local/international divide, responding to global logics of supranational governance irrespective of the projects’ content and their actual outcome.

Drawing on fresh insights elaborated while doing empirical, ethnographic research this forum intends to theoretically contribute to an understanding of in/formality as social processes, highlighting their uneven and often contradictory configurations. Addressing a variety of locations and subjects across several contexts and countries, and focusing on the intersections between formality and informality, we argue to frame in/formality as a social process beyond economics. However, instead of proposing a rigorous theoretical framework or a typological understanding of hybrid in/formalities (on which see Mica 2016) we rather consider in/formalization a space of practice and reflection which is crucial to our understanding of the articulation of the economy, the state, the market, power, politics and the law, and their current assemblages. We do hope that colleagues interested in the field will find this collection of short papers inspiring for many other possible ways to consider in/formalization as a set of practices and processes

productive for engaging with contemporary local and global power articulations and scenarios. With informal modes of getting things done being ubiquitous, as every new scandal in places of power reveals, assumptions of informality as being local, parochial, marginal and southern have to be rejected and replaced with new ways of conceptualization the inevitable interpenetration and entanglement of the social modes and processes of formality and informality. Treating our political economy as thoroughly infused by the duality of in/formalization should offer new possibilities of transcending the distorting dualisms of mainstream characterizations of the world.

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## Grassroots meanings of informality

Resistance, subsistence and survival in the Greek crisis context

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**ABSTRACT:** Informality poses multiple facets and functions in the modern economic world. In this article I employ a bottom up approach in order to understand what informality is and does according to my informants, understandings and explanations within the greater context of the Greek, economic crisis.

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In this article I employ a bottom up approach to understand informality and informal economic activities. I argue that informality provides weapons for the weak (Scott 1985, 1976) to subsist, survive and resist powerful structures and institutions. Specially, I focus on my informants' understandings and explanations of their informal activities, namely the informal production and consumption of goods and services which I analyze within the wider context of the Greek economic crisis. I draw on selected ethnographic observations from Chalkida, Greece, a mid-sized provincial city at the periphery of Athens, where I conducted fieldwork from May 2015 to December 2016<sup>1</sup>.

People in Chalkida, as well as in other provincial cities, have direct access to nature and to food production. Almost every household is a petty olive oil producer or has access to olive oil through kinship or social networks. In times of crisis, olive oil production is highly valued, while many, in their effort to supply their income seek to sell their surplus informally. Another resource, to which many in Chalkida have unmediated, market-less access is seafood. Many own amateur fishing licenses and small boats to practice fishing as a hobby. Nowadays, many amateur fishermen manage to make a substantial income out of fishing.

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1. Research developed within the ERC Grassroots Economics Project (GRECO).

The agricultural and fishing sector, not only can provide food, but also informal jobs to the unemployed masses. Informal employers claim that they provide employment while, on the contrary, the formal sector fails to do so. Illegal fishing activities have been intensified, while coast guard officials who are responsible to guard and regulate fishing and diving activities are eager to be bribed, especially after the vast reduction of their salaries. Informally produced seafood is not only channeled to households and individuals. Many taverns of Chalkida are supplied with seafood by amateur fishermen and through that way informal goods could be formalized. The same stands true for the agricultural production, such as olive oil, raw vegetables, cheese, wine and meat, while in many cases the tavern owner might be himself or his kin a producer of the above products.

When I asked people who are either producers or consumers of informal goods and services, they mostly used similar patterns of reasoning to justify their informal actions. They mentioned that such practices are necessary to survive, subsist and resist the imposed impoverishment of the masses provoked by the prolonged austerity. Informally produced goods enable people to maintain and reinforce social relationships, in other words to socialize. Goods, such as fish, meat and wine provide an occasion for people to gather and as they said, to be able to have fun. In addition, many have said that cultivating the land or going fishing relieves their stress and makes them feel productive by balancing feelings of self contempt.

In contrast to the big urban centres, such as Athens and Thessaloniki, smaller cities seems to maintain strong relationships with the country side and therefore high levels of, let's say, traditional "informality". During the first years of crisis, the movement without "intermediaries"<sup>2</sup>, which set up informal food markets all over Greece, had gained lots of popularity in big cities such as Athens and Thessaloniki, a method which we could define as urban and contemporary informality. Rakopoulos (2014, 2015) who studied the movement without intermediaries in Thessaloniki, has shown the challenges and the struggles of this social movement to construct and sustain a solidarity network in order to provide a fair price for both the consumer and the producer. This informal social movement required high organizational level since it had to mobilize and coordinate consumers,

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2. Their aim was to replace intermediaries who bought cheap agricultural products and then sold dear to the end customer making big profits. By bypassing that chain, they ensured a better and fairer price both for the producer and the consumer, while this practice was endowed with a strong sense of solidarity and resistance against the imposed impoverishment (see Rakopoulos 2015).

volunteers and producers from all over Greece. However, that movement has had little success in smaller cities such as Chalkida, mainly because most of Chalkida's inhabitants had already had access to food production through a less organized network based on kinship and social relationships. That is why hunger has not been a big issue in Chalkida or in any other provincial city in Greece.

Interestingly, when people use the word "survival", they usually refer to social and economic survival rather than to biological survival. Surviving the crisis in my informants' conceptualization, has not had the mere positivistic determination of covering one's basic needs. In small provincial cities, where almost everyone knows everyone, survival, per se, has a symbolic meaning. When people speak about survival, they mean to be able to sustain their life's achievements, be it a house, a business or their social status. It seems that these material assets that people struggle to save have a life of their own.

Yet, the most popular practice of informality, inherent to the formal commercial market, is tax evasion, usually through the sale of goods and services without receipts. Entrepreneurs and consumers justify this practice by making arguments about mutual help, support and personal interest and develop a polemical attitude towards dominant structures and institutions as well as large multinational firms. The ones that buy products or services without receipts usually pay less while those who sell informally are able to hide income and avoid taxation on two levels. Firstly, they avoid attributing the consumption tax which part of it they use to access the market and sustain their businesses, and secondly, they hide income and present lower annual budget so they have less overall taxation.

Here, lies a strong sense of solidarity towards local ventures and people versus faceless, large multinational firms which have been taking advantage of the deregulated market to extract more profits. Preferring to consume in local businesses has multiple benefits for the local society since it enables the local economies to reproduce. Supporting the survival of small local businesses by tolerating and encouraging their tax evading methods is an act of social solidarity, and as an informant has put it, petty informal economic activities maintain the social cohesion. In his view, the worst effect crisis has had in the Greece is that the Greek society had lost its social cohesion.

In many instances, the formal sector is governed by austerity, complexity, irrationality, injustice and corruption makes many to go informal. People speak about the poor services and provisioning the State offers and they complain about the constantly reducing pensions, salaries and benefits and the forever increasing taxation. Money they have paid to the State does not

return to them as taxation has seized to be an egalitarian, redistributive model. Paying fees and taxes is seen as a mode of dispossession, so people resist, however, they have not collectively articulated and expressed a political discourse about the covert and overt acts of their resistance. Unlike more organized informal activities, such as the movement without intermediaries in which people have produced collectively their political discourse about their practices, often is endowed with solidarity and resistance (Rakopoulos 2015).

Very often austerity and dictated authoritative models are considered as death politics, a biopolitical governance (Foucault 1997) at the EU scale which is exercised through economic power and indebtedness. Popular discourses around crisis include words and terminology such as economic colonialization. Many express the view of an ongoing war: «What the Germans did not succeed to get with arms, they do it now through the economic crisis. They are buying us out!» is a very common statement with which the majority of Greeks would agree. We see that resistance takes also the form of a national, an imagined collective resistance; however it is not collectively organized as such. This is a grassroots, non-organized, national and therefore imagined resistance. In that grassroots logic, the Nation has been separated from the State. The State and the government are regarded as puppet mechanisms of foreign capital interests which make structures act on their behalf (Bourdieu 2005). Consequently, resistance takes the form of a political consumerism and an economic nationalism (Lekakis 2015), informality is empowered by the dominant, formal regime which incorporates large scale economic demands of big capital interests and fails to serve the needs of ordinary people, the body of the nation. Combined with the continuous revelations of corruption scandals and upper scale informal practices, petty informal economic activities and petty capital accumulation through informal means are justified further.

Last but not least, informally produced goods provide the means for various food gatherings and festivities which oppose and provide relief to the widespread economic (and social) depression crisis has brought. In that light this is another form of resistance, to have fun and enjoy even in harsh times, while at the same time informality acts as a disalienative force both on the social and the economic sphere. Actually, I have witnessed a counter stereotype being expressed in response to the one that highlights the laziness and unthoughtfulness of the “Southerners” in general, and Greeks in particular, to handle their economics. In several instances, people told me that austerity consists of a cultural trait of the North, hence through my informants’ views,

austerity is not simply an economic project, it is the cultural assimilation of Southern Europe to the strict German standards which opens up a field of cultural resistance as well<sup>3</sup>.

To conclude with, informality has always been a constitutive part of the Greek society (and economy). A deep socioeconomic structure upon which a certain economic habitus has been constructed. The case of Greece enables to study informality as a widespread social attitude which almost everyone practices it in one way or another. Finally, when ordinary people speak about informality they use the word “black money” or “black market” and non-taxed income or to use a Greek idiom *sti zoula* that means to do in secret. It seems that in the definition of the concept of informality the voices of people, those who engage in informal activities have been ignored and are absent in the formation of the term.

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3. Austerity is a greek word that derives from the adjective *αυστηρός* (*afstiros*) which means strict. In Greek, austerity is translated as *λιτότητα* (*litotita*) which comes from the adjective *λίτος* (*litos*) that means plain, simple, self-abnegating, puritanical etc.

## Formalizing the informal?

A non-monetary zone project in Pilsen, Czech Republic

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**ABSTRACT:** This paper is based on two years of research taking advantage of participant observation and interviews with the organizers as well as visitors of the non-monetary zone in the Pilsen region, Czech Republic. The research reveals that despite the effort to formalize this informal activity, tension between formal and informal conceptualization seems to be an obstruction.

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About 2 years ago my friend gave me a scarf and told «It is from a non-monetary zone». I had no idea what a non-monetary zone was and I was surprised that he was not able to explain it to me. All attempts to define the non-monetary zone ended in other questions. Also, the describing of this project was not trivial. The use of conventional terms did not work well. The problem of defining the project of a non-monetary zone lies in the tension between formal and informal spheres. As I started to be more interested in a non-monetary-zone project in Pilsen, where it is organized at least 4 times a year, I tried to find out in what sense do formality and informality intersect within this experiment and how can this fact influence successful running of this project.

In fact, the idea of non-monetary zone is nothing new, there are many similar projects running abroad, such as various free shops and free markets (e.g. Really Really Free Market, Schenke etc.), sometimes labelled as give-away shops, Kost-Nix Laden, free stores etc. The idea of free shop goes back to 1960's to Diggers, a counter-cultural group from San Francisco providing free food, and organizing free music and art performances (*Overview: Who Were (Are) the Diggers?* 2016). Free shops are usually considered as a method of direct action in alternative scene and are mostly placed in squats and/or alternative cultural centres.

Free shops and non-monetary zone share the same basic principle, namely providing things without the necessity to use money. Proclaiming the slogan “Give and Take”, anyone can come and bring something they want to get rid of or take anything without an obligation to reciprocate. Participants of these projects are not usually motivated by financial need but rather by anti-capitalist conviction or/and care for the environment. These projects aim to show that “one man’s trash can be another man’s treasure”. Although there are usually no fixed rules except one (not to use money), it is also expected that participants do not take things so that they can be resold.

However, the non-monetary zone tries to overcome the closeness of free-shops through the absence of permanent space and welcome people outside alternative scene, therefore it is organized entirely in a public space, e.g. in a park, on a street or in cafes, restaurants and gardens. The absence of permanent space influences a different time dimension, the non-monetary zone is organized only for one day and takes place 4-6 times a year. The interval is dependent on free time of organizers as well as on whether they manage to find a suitable place. The one-day non-monetary zone allows people to bring here not only clothes, shoes, books, kitchen utensils, dishes and tools, but also plants and food, herbs from their own gardens or gained by dumpster diving. Furthermore, within the non-monetary zone, the emphasis is put on the interaction with other people. In this aspect, the project differs from free shops, which often work as places where people give away or take things, but there is no emphasis on personal meetings. The non-monetary zone is a place where people meet, discuss, they can learn about the history of things and can make new friendships.

Like many similar projects, the non-monetary zone in the Czech Republic has its roots in anarchistic movement. After the Velvet Revolution in 1989, the Czech environment fostered an anarchist movement in the form of Czechoslovak Anarchist Federation. The activities were focused mostly on organizing demonstrations, squatting and publishing activities. With the advent of so-called alter-globalization movements attention was paid to an idea of “think globally, act locally”. Despite some efforts, this idea was hardly applied in practice until 2012 when Days of Action were organized by Anarchist Federation. During this event, the first non-monetary zone was organized on a street in Prague. One year later, in 2013, the first non-monetary zone took place in Pilsen.

Organizers of the non-monetary zone in Pilsen were theoretically inspired by this Prague experiment, where it was held only once, however, they had no direct experience. This is probably the reason why the non-monetary zone in Pilsen tends to be disassociated from anarchistic origin since this is not im-

portant for them and it works as a stigma which makes it very difficult to attract people outside the alternative scene. However, the successful expansion of this project also means to cross the imaginary line between the informal sphere and the formal one.

Although correct definition is essential for successful running of this project, even after five years it is not clear how to talk about this experiment and the activities that are practiced here. Some participants tried to define the non-monetary zone during interviews, however, they changed their mind later as it did not fit to practices within non-monetary zone. Most of them mentioned terms like “absence of money”, “space for unwanted things”, “absence of hierarchy”, “exchange system”, “gift giving”, “autonomous space for meeting”, and “sharing”. But it turned out that the vast majority of actors when asking, «How would you describe this project to someone else?» were surprised and did not know how to deal with it.

Free shops and similar projects are sometimes called as a part of gift economy. Although anthropology has proven that the gift can take various forms, this term as well as similar concepts describing the activities within these projects can be incorrect. Whereas within the family gift giving can be seen as a duty that arises from the nature of filiation, gift giving among friends and neighbours is voluntary (de L'Estoile 2014: S70). Therefore, gift giving is perceived as moral and valuable and tends to be reciprocated. A thing is not a gift itself, it can be identified as a gift only in connection to its obligations (Mauss 1990). In other words, gift is a gift through relations between giver and recipient of such a gift. The act of gift giving therefore reflects not only the value of the gift, but also the value of the action itself supporting relations among members of the social group (Servet 2009: 88). This relationship, however, always refers to hierarchy (Graeber 2001: 29). I heard two women at the non-monetary zone chatting about feeling bad when they should take something without giving something else in return, they would feel like thieves or debtors. This refers to what Gregory (1982: 19) pointed out

Gift economy, then, is a debt economy. The aim of a transactor in such an economy is to acquire as many gift-debtors as he possibly can and not to maximize profit, as it is in a commodity economy. What a gift transactor desires is the personal relationships that the exchange of gifts creates, and not the things themselves.

The principle of the hierarchy was also one of the main reasons why most participants of my research refused to compare this project to charity. They referred to the paternalistic relationships that charity projects establish and mentioned that charity does not allow people to participate fully in the activities and to become an equal partner.

One can claim that the non-monetary zone is a kind of free giving which is not reciprocal. «Once given, the free gift entails no further claims from the recipient» (Douglas 2002 [1990]: ix). However, despite of receiving nothing in return, donors are supposed to benefit from a good feeling as the giver of the gift (Laidlaw 2000: 624). Moreover, for Baudrillard (1993 [1976]: 48-49) the idea of free gift is a myth since this gift cannot be recognized as a gift so as not to be reciprocated. The lack of reciprocity then leads to the fact that the free gift creates no social ties. In other words, free gift makes no social relationships which are very important in the non-monetary zone.

Also, other terms, such as “exchange”, “swap” and “barter”, used by participants do not fit since they are based on the right to demand something in return. Though, things provided at non-monetary zone are free of any kind of demand and obligation. Humphrey and Hugh Jones (1992: 7) stress barter is determined by the mutual desire of its participants to gain some objects. However, at non-monetary zone one can bring something without taking something in return. Also, nobody knows in advance what things will be available here. The non-monetary zone is not based on a principle “tit for tat”.

For the same reason, other kinds of “trade” are also excluded. In connection with the monetary economy respondents often expressed some degree of resistance. Especially the organizers of non-monetary zone accounted themselves actors distancing from consumerism and ideas of neoliberal capitalism although most of them do not label themselves as anarchists. Regarding the impersonal and anonymous character of money, it creates completely different kind of relationship among persons and supports the anonymity of transactions which is not welcomed in the non-monetary zone. In addition, formal trade where money plays a major role is incompatible with the idea of no-monetary zone.

During the interviews, some participants also referred to “sharing”. But can we talk about sharing in case of non-monetary zone? Sharing was mentioned by participant without being explained or even understood. They just talked about it because they saw it on the leaflets promoting the non-monetary zone. If sharing is a term usually tied to a social group, a community which is interested in sharing, and can be defined as a common use and consumption of resources, what is shared in non-monetary zone? What is the object of sharing? Following Widlock (2013: 12) «people do share what they value, they share without receiving or even expecting returns». However, attendees to the non-monetary zone provide things which they want to get rid of, it means they do not value them. In fact, only a place is shared in the non-

monetary zone which, however, is also shared by non-visitors as it is organized in public space. Last but not least, the term sharing does not seem to be suitable because of for-profit sharing (e.g. sharing of cars and accommodation) which has increased recently.

It is evident that an ambivalent conceptualization causes problems for spreading the idea of this project. Non-monetary zone means different things to different participants, such as the organizers, the attendants, public officials and to me as the ethnographer as well. The lack of this consensus is further enhanced by the fact that these participants come from different political or apolitical backgrounds and can understand different terms differently. At the same time, the formal and informal division itself may be very problematic as it is a necessary simplification of reality. In the real world, these two spheres intersect and affect each other so much that they cannot be separated from one another. It also turns out that we are very limited by the language we speak and the economic environment we live in. These limitations reflect the way we think about the world and the inability to conceptualize otherness, something unusual, informal and/or new. Our language is determined by terms connected to and proper for neoliberal economy, or «the mentality of the market place» (Sahlins 1974: 200). At the same time, we are often unable to conceptualize exchange without Maussian obligations or the right to demand a counterpart. Moreover, perhaps the contemporary Czech environment (with constant reminding of the Communist past and the effort to suppress any form of resistance against neoliberal capitalism which in practice means to pursue any bottom-up projects running without the need for money and bureaucracy for their realization) is not yet ready for experiments like the non-monetary zone.

All these factors make it difficult to perceive this experiment as a full-fledged alternative to the monetary economy and problematize its spreading among general public. It seems that organizers and regular visitors of the non-monetary zone can either put up with the closeness and operate as similar projects (free shops), or, they can keep resisting against formal rules of today's political economic settings. This journey is, however, risky and uncertain. Anyway, probably only correct conceptualization and/or the mutual willingness to overcome the imaginary line between formal and informal can fix the problem of mediation of the non-monetary zone and support its successful expansion.

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## Informality as a strategy to formalize

Finding housing in Bamako, Mali

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**ABSTRACT:** Informality can be a gateway to formality. The growing urban population of Bamako believed that peri-urban land not yet deeded offered potential for future ownership. Village chiefs collaborated with them to allocate plots, sometimes mimicking formal procedures, believing it improved prospects for subsequent legalization. The very prospects of future formalization motivated action.

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The concept of informality includes various strategies for different purposes. Sometimes, informality is used to escape regulation indefinitely or is avoided because the costs of formalization are too high or the benefits too small. This occurred in Latin America and even in Bamako's center-city informal neighborhoods. At other times, informality may be a gateway to formality. Informal means may be used to access goods or resources when formal access is not possible but is foreseeable. The goal however is eventual formalization. This was the case in peri-urban Bamako. Land here was not yet formally plotted or deeded, but the growing urban population saw places they could build their homes. They envisioned a future in which the land would be formally demarcated and they could get legal titles.

### *Formality and informality in African cities*

Many have perceived developing country cities, especially informal areas inside and on the periphery, as spaces of disorder, chaos, ungovernability, and poverty (reviewed in Demissie 2007; Smart 2006: 33). Others have pointed out that informal areas are not necessarily either chaotic or poor. For example, Kihato (2007: 116) argued that informal areas represent alternative regimes to govern and regulate activities, and Ndi (2007: 22) suggested that

they generate a new kind of urbanism, which may include alternative modernities. Whether informal urban neighborhoods are considered problem or potential, informal and formal are presented as fundamentally separate from one another. The goal of many planners is to transform the seemingly unregulated informal into the formal, governed by state regulation and subject to state scrutiny (Roy 2005: 148; Mica 2016: 141).

Roy and others have questioned whether there is a radical difference between formal and informal. Hodder (2016: 117-9) suggested that the dichotomy between informality and formality is ultimately imaginary, because the processes and rules of formality are shaped and sustained by informal social relations. Roy (2005: 148) proposed that informality be viewed as a mode of urbanization, since substantial numbers, sometimes a majority, of residents of developing country cities live in informal areas. Mica (2016) proposed that formalities and informalities often incorporate the rules of both, thus are often hybrids. Trans-formality is a type of informality that occurs when the move toward formality comes from the bottom-up; those involved may adopt rational-legal approaches (Mica 2016: 148). Although the transition from informality to formality is by no means universal, the example I discuss here, urbanization on Bamako's periphery, is aptly understood as a kind of trans-formality, where the goal of residents is eventual formalization.

In Bamako's housing context, informality is indeed a lack: of government planned roads and lot allocation, of title deeds, of integration into utility-sponsored water and electricity systems. Its informality reflects a structural understanding of formality as involving state regulation (Mica 2016). In large part the informality is due to the inability of the municipal and national governments to cope with high growth and provide formal institutions in new neighborhoods (Vaa 2007). The data here come from short-term fieldwork in 2009 and long-term knowledge of the Bamako real estate market.

### *Bamako and its periphery*

Bamako, Mali's capital city, has grown substantially over the years, from about 130,000 in the 1960s to 1.9 million in 2010 and estimated at almost 3 million in 2015 (UN Habitat 2014: 270). As the city has grown, so too have its residential areas. The formal city within the boundaries of the District of Bamako is no longer sufficient to hold its population; urbanized areas include neighboring, technically rural, communes on the periphery. The District of Bamako itself contains a patchwork of formally parcelled lots with title deeds and what locals call «spontaneous neighborhoods», whose populations have

grown substantially since independence in 1960. In the District, both formal deeded and informal spontaneous neighborhoods are densely settled; affordable housing is difficult to find. Thus many residents have moved outside the formal District boundaries. As close-in areas become relatively built up, people move even farther out into the periphery. There, they find areas managed under customary tenure.

### *Customary tenure as the basis of informality on Bamako's periphery*

Before urbanization, Bamako's urban periphery was primarily used as agricultural land. Although individuals cultivated their own fields, often in the family for generations, these were not individually owned. Rather, customary tenure was conceptualized as village ownership. The village itself had rights over an area of land, which it considers its land. The village chief, usually a senior male of the most senior lineage of the village, was the incarnation of the rights of this collectivity. Traditionally, village chiefs did not act unilaterally but with the consultation of elders of other senior lineages. Among the rights held by the chief was the right to allocate land to newcomers.

People throughout West Africa, especially in semi-arid zones like Mali, have used mobility as a strategy to maintain livelihoods for generations. Crises, such as war or drought, often pushed them to move, but so too did the search for greater opportunities elsewhere. Village chiefs would allocate settlement rights to newcomers who might invigorate a village economy or provide better defense in times of war. Thus, villagers generally distinguish an autochthonous population, descendants of the original settlers, from a «stranger» population, newcomers or those descended from them. I have no information on the distribution of population between autochtones and strangers on Bamako's periphery, but it is likely that the city's opportunities have attracted a significant number of strangers. Although strangers may often be economically indistinguishable from autochtones, they have inferior political rights.

When new residents come to Bamako's periphery, their goal is to find a building lot on which they can then construct their own housing. They search out those who control access to land, usually the village chiefs. This system is informal in the sense that it is not a part of the formal legal system. There are no standard building lots, title deeds, or defined roads. Nor do these areas have access to the range of public services, such as water, sewage, and electricity, expected in urban communities. Schools and health clinics exist, but are geared to small rural communities.

The central government has introduced some changes into the system. In the 1990s, Mali decentralized its government by dividing up the country into communes composed of multiple villages, with local control by elected commune governments. This change was recognized in Mali's revised 2000 land code, slightly modified in 2002. This law recognizes the commune's rights to any undeeded (i.e., non-matriculated) land within its borders. The law also recognizes customary land rights; communes can only gain control over the non-matriculated land held by rural villages with their agreement and the payment of compensation. The process of urbanization invokes the potential role of the commune government to matriculate land by apportioning it into building lots and offering residents title deeds. To do so, however, it must first matriculate the land after gaining the consent of those with customary tenure.

### *Getting land on the periphery*

Many villages' chiefs have realized that urban growth means that their villages have little future as agricultural areas. In the past, strangers received use rights for a symbolic payment of ten kola nuts, but new residents want a permanent transfer of ownership, where they can build residences. There is no traditional model for the transfer of land from annual cropping to permanent habitation. Thus, many chiefs, sometimes but not always in conjunction with elders, have decided that the best option is short-term benefit. They have begun to negotiate prices with those who would like to settle and build. Some interviewees noted that prices had increased dramatically, sometimes 10-fold, from the 1980s through 2009. These sales have no formal legal status, since village is not and cannot be matriculated; they are informal agreements between customary owners and users.

Even though the land sale is informal at purchase, the hope of newcomers is for future formalization. Once a village has informally ceded a significant percentage of its land to individuals, the commune government may decide to negotiate a final cession of land from the village to the commune. Then, the commune can carry out a formal matriculation and parcellization and sell the lots (now carrying the potential for title) to actual or potential residents. Residents also envisage that formal parcellization will bring roads, water, and better services. Thus, informality here can best be conceptualized not as an alternative to formal urbanization, but as a step on the path to formalization. This suggests trans-formality, the bottom-up effort to move to formality (Mica 2016).

During 2009 fieldwork, people did not point to villages in which this transformation had taken place. Instead it was an imaginary that motivated people's actions. When people settled, surveyors, who reflect formal organization, were often called upon to mark out plots; sometimes a village undertook its own parcellization. Villages might also issue a paper marking the transfer of the lot. People could pay the commune government to stamp this paper, even though it was not a legal document. This adoption of formal technologies of ownership suggests the adoption of rational-legal approaches (Mica 2016).

Residents establish their ownership by building on their new lots. Residents hoped that when formal parcellization occurred, they would have the right to purchase the lots on which they lived. On the other hand, if their house was in the right of way of a new road or water system, they hoped to gain the right to buy a replacement lot in the formalized area. Thus, they saw the existing process as an investment in future stability. They recognized that they might have to pay three times for their lot: first, to procure land from the village; second, to get a temporary title when the commune carried out formal parcellization; and third, to get a title deed, when all conditions, such as construction of a permanent house according to building standards, were fulfilled.

### *Conclusions*

The informal process of urbanizing Bamako's periphery is thus a bottom-up effort toward a more formal organization. Driven by urbanites who consider that the periphery offers them a chance for stable and affordable home ownership, it depends on the cooperation of village chiefs and commune governments who want the economic benefits that formalization, through sales and eventual titling, can bring.

There are losers as well. The main losers are existing villagers, who are forced to move even further out if they want to continue to farm. Interviewees claimed that farmers saw their land sold out from under them by chiefs and other village elders. Others said that the chiefs, who should act as representatives of villages, used the proceeds from sales to benefit themselves and their supporters rather than the village as a whole. Another loser is the zone of Bamako itself, where urban sprawl has led to increasing congestion and pollution.

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## Recrafting in/formality, leveraging public market trade in Baguio, Philippines

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**ABSTRACT:** With growing urbanization, Southern governments often privilege large-scale developments that frustrate urbanites' livelihood needs. In Baguio, Philippines public marketers counter such top-down disenfranchisement by operationalizing formal "advocacy" and informal "everyday" politics. That authorities negotiate agreements to accept payments for marketers' infractions, I argue, materializes complex and complicit intersections of formal/informal and legal/illegal practices.

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### *Introduction*

Bustling public markets are a hallmark of many Southeast Asian cities<sup>1</sup>. Yet throughout the Global South, explosive urban growth has prompted governments to embrace a vision of modernity that favors large-scale development projects (e.g., supermarkets, shopping malls) rather than responding to the diversity of urbanites everyday needs. By disenfranchising these vibrant provisioning sites – venues that planners view as “pre-modern” remnants of entrepreneurial trade – governments limit residents' livelihood and consumption choices. My ongoing research on the redevelopment of the Baguio City Public Market in the northern Philippines, however, demonstrates that despite the city's urbanization agenda, marketers' advocacy to maintain their long-standing enterprises and the personalized networks they entail have, to date, secured their livelihoods while materializing complex intersections of spatial politics and formal/informal and legal/ illegal practices.

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This paper engages these issues by investigating the mainstream strategies and the edgy sideroads through which Baguio's public market vegetable retailers sustain their businesses given municipal policies that repeatedly threaten their security. I argue that although the municipal government agenda privileges privatized and sanitized spaces, marketers successfully use a range of "advocacy" and "everyday politics" – civil lawsuits, petitions, occupying public space – (Kerkvliet 2009) to contest constraints imposed from above. Marketers create new interstitial economic spaces within old ones, for example, by consigning produce to ambulant, often unauthorized, street vendors and by expanding their stores into public market aisles. By fashioning such in-between or "gray spaces" of commerce (Yiftachel 2012) and subsequently obtaining "formal" and "legal" permission to pay rent to do so, highlights that the city, despite its modernist rhetoric, is complicit in using informality and extralegality as urban organizing logics when enabling these concessions is to its advantage. I thus suggest like Smart and Zerilli (2014: 226, 227, 223) that informality and extralegality ("not-yet-legal") emerge as «a style or set of practices» rather than as distinct sectors of the economy and that their on-the-ground application demonstrates how urban organization is diversely shaped by local interpretations of what is formal, informal, legal and illegal<sup>2</sup>.

Ultimately, Baguio City Public Market retailers explain that to sustain their enterprises they have had to activate available resources across sectors. In 1995, the Baguio government awarded the market redevelopment contract to a Manila company, UNIWIDE (Marvil 2017). To challenge this contract's anticipated threat to their business autonomy, marketers have launched a series of formal civil lawsuits and appeals while simultaneously operationalizing everyday politics, both of which continue to thwart the city's redevelopment plan.

To situate Baguio's public market trade, I explore how cities might address the competing demands of capital accumulation and urbanities' subsistence needs. Focusing on the retail sales of fresh vegetables, I then explore the channels through which marketers reinforce their central role in local food provisioning systems.

### *Repositioning cityness and informality*

Rather than governments imposing an image of "cityness" that privileges well-off urbanites, Jennifer Robinson (2006: 10) argues for policies to adopt an "ordinary city" perspective – a "reterritorialisation"– that considers «the city "as a whole" [...] in all its diversity and complexity». Public market trade,

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2. See Smart and Zerilli (2014) for a detailed analysis of "extralegality".

rather than indicating activities of underdevelopment, evidence how sellers use «proximity in economic interactions to cement relations of trust» between individuals and organizations and thus create a more responsive and reflexive city (Robinson 2006: 110). As Douglass and Daniere (2009: 1-2) remind us, in situations of limited infrastructure development such as that in Baguio (e.g., poor housing and social service provision), the street, public markets, and other public or “life-spaces” become crucial settings for inventing ways of being sociable, earning a living, and gaining recognition. Finding ways of being modern in cities worldwide then is realized, not only in the formal built environment, but also in flexible private and public spaces and enacted in personal performative socioeconomic practices.

That Baguio vegetable marketers have occupied public space to expand their businesses and subsequently, as noted, secured municipal permission to do so, illustrates how governments, in effect, have “formalized informality” (Smart, Smart 2017: 3) when it is to their advantage (e.g., increased rental income). Both Baguio marketers and the city have exploited the fuzziness of any formal/informal and legal/illegal spheres to highlight, as Ananya Roy (2009) argues, that from the outset informality is inherent in city planning as planners determine which activities are authorized and which are not. Supported by relations of trust, Baguio marketers’ «self-made urban spaces, reclaimed and appropriated sites [...] created by predominantly marginalized communities» through legal and not-so-legal means – thus provide «new expressions of the collective realms» that can realize diverse and inclusive contemporary cities that respond to urbanites’ varied needs (Hou 2010: 2).

### *Baguio and its public market*

Baguio, an urban center of 300,000, is the government, education, and administration hub for northern Luzon’s five mountain provinces and as such provides the customer base new businesses seek. As the altitude of Baguio and its surrounding area are above 1,500 meters, the cool temperatures enable farmers to grow highland temperate-climate vegetables (e.g., broccoli, cauliflower, carrots, cabbage) that are unique to this region and thus provision a large part of the country. At the retail level, my focus here, Baguio consumers obtain upland vegetables as well as lowland produce (e.g., string beans, squash, eggplant, fresh greens) trucked in daily from neighboring provinces, at the public market, from street vendors, and in supermarkets and neighborhood shops. The Baguio City Public Market, however, continues as the mainstay for fresh produce provisioning as the following case studies demonstrate.

### *Vegetable commodity chains and informality in practice*

Patricia Bando's highland vegetable business, for example, is similar to that of other vegetable marketers<sup>3</sup>. Patricia sells what she calls, «vegetable sets», namely, vegetables commonly used together in customary dishes. This sales tactic enables consumers to purchase, in one place, the ingredients they need for specific recipes. After purchasing her vegetables each morning from her *sukis* (favorite) wholesalers in the market's Hanger Wholesale Vegetable Section, Patricia gives her receipts to her porter who then collects and delivers her goods to her store. Trust anchors the relationships among porters, retailers, and wholesalers. Patricia pays for her vegetables in cash but by making periodic installments during the day. When business is slow, Patricia carries over her interest-free credit to wholesalers to the following day. When Patricia has to reorder vegetables but is unable to shop personally she explains, «I trust my *suki* will pick good quality produce for me and my porter will promptly deliver it; we understand each other's situations».

As public market stalls are small (1.5 x 1.5 meters), marketers looking to expand their businesses employ innovative tactics that further activate the elasticity of any formal/informal and legal/illegal spheres. Patricia, for example, extends her store premises into the public market aisle by placing baskets of produce in front of her stall while her neighbor has constructed overhead shelving expanding into the airspace above her store. Although these actions contravene the Market Code guidelines (City of Baguio 2000-2001), Patricia and her neighbors have negotiated with the market superintendent to pay extra rent to formalize their informal and extralegal initiatives (see also Milgram 2013: 85-88).

Further down the row from Patricia's store, Susan Talango sells lowland vegetables such as eggplant, fresh greens, and banana hearts. To order her produce, Susan sends a text to her *viahera* – wholesaler – the night before the 5 a.m. morning delivery. When the produce arrives, Susan checks her order or has her porter collect and deliver her purchases. Susan explains that, «My porter knows the *viaheras* with whom I conduct business. He does not need receipts; he simply visits each *viahera* to ask, “What has Susan purchased today?” Our negotiations are based on mutual respect».

Like Patricia, Susan realizes that a successful business entails developing good social relationships. Thus, when Susan sources a new vegetable from a farmer, she often distributes samples to her customers explaining, «I want shoppers to enjoy themselves at my store and hopefully make additional

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3. All names of people are pseudonyms.

purchases». While Susan's gesture offers good formal service, it informally creates a personalized tie recalling Pine and Gilmore's (1998) concept of the "experience economy". As these authors (1998: 98) note, «commodities are fungible [...] services intangible, but experiences *memorable*» (emphasis in the original). By wrapping her commodity transaction in a singular experience, Susan fosters participatory interactions that distinguish face-to-face public market shopping from often-disengaged supermarket encounters.

To diversify their enterprises, in effect working as both retailer and wholesaler, Baguio's upland and lowland vegetable marketers often consign produce (two to five kilos) to unauthorized itinerant vendors selling in the market aisles and in the surrounding streets. By leveraging such gray business spaces, retailers realize "informality" as situations in which «the goods and services transacted are legal, but the ways in which they are transacted are not» (Smart, Smart 2017: 2). Cognizant that such varied vending practices create the market vibrancy, albeit the messiness, that attracts many residents and tourists, authorities compromise their modernist agenda by collecting rent from such informal and extralegal sellers – at least until the UNIWIDE case is settled. In a provocative initiative, moreover, Baguio's largest supermarket currently mounts weekend kiosk displays of local specialty products in the store foyer and aisles in its effort to reproduce the liveliness of the public market down the street.

### *Conclusion*

«The Indian city» argues Ananda Roy (2009: 81), «is made possible through the idiom of planning whose key is informality». As Baguio's public market trade similarly demonstrates both officials and retailers operationalize the elasticity of informality as an urban organizing logic to achieve their respective ends – rental income for the city and viable livelihoods for marketers. Any «splintering of urbanism» then, «does not take place at the fissure between formality and informality» but «in fractal fashion *within* the informalised production of space» (Roy 2009: 82; emphasis in the original).

Baguio's vegetable marketers, however, cannot assume their trade gains are secure but must continue to advocate for livelihood sustainability. As John Cross (1998: 35) argues for Mexican street vendors, government toleration of illegal practices, a sphere he terms «semi-formality», is a concession rather than a right. By not altering the laws, authorities can withdraw such semiformal concessions when these strategies no longer satisfy government interests (see also Smart, Smart 2017: 439).

The nuanced practices of Baguio marketers thus provide ways to understand cities as “multiplex spaces” – sites where “overlapping networks” of association, interaction, and fragmentation can come together to accommodate urban diversity (Robinson 2006: 172). Facilitating the already-inherent enmeshing of formal/informal and extralegal sectors thus mitigates the “economic reductionism” (Robinson 2006: 109) currently steamrolling urban life to remake contemporary ordinary cities by and more responsive to residents’ and governments’ needs.

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## Recursive in/formality

Time and ideology in a distributed monetary system

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**ABSTRACT:** I argue that in/formality is not a distinction between two qualities, but rather, a distinction of relative position achieved through linguistic and nonlinguistic practices of categorization. Through an analysis of illegal currency trading in Argentina, I show how temporal and ideological dynamics shape the semiotic framing of in/formality in any given context.

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As Keith Hart (1973) originally proposed and as the premise of this collection insists, formality and informality are necessarily intertwined. In what follows, I approach that intertwining as a semiotic process between two co-constitutive cultural categories. In taking up that approach, I draw on the concept of “fractal recursivity” that Gal (2000) and Gal and Irvine (1995) have developed to describe categorial distinctions – such as public/private, inner/outer, friend/foe – that do not refer to any particular thing or set of things, but that can be projected «onto narrower contexts or broader ones» as well as onto different «activities, identities, institutions, spaces, and interactions», all of which can, in turn, be recategorized over and over again (Gal 2000: 81). I propose that in/formality is just this sort of distinction: a distinction not between two qualities that inhere within and define different acts or domains, but rather a performed distinction of relative position that must be continually achieved through semiotic practices of framing and categorization. I argue that analytic attention to these linguistic and nonlinguistic practices helps bring into view the often overlooked but crucial roles that temporal and ideological dynamics play in shaping the articulation of in/formality in any given case.

To make this argument, I will describe a context where the fractal recursivity of in/formality played out in an especially visible fashion. The context was Argentina between 2011 and 2015, when currency regulations criminalized the popular practice of saving in U.S. dollars. The regulations were an attempt to safeguard the nation's dollar reserves, which had come under increasing pressure due to the coincidence of multiple factors, including Argentina's limited access to foreign capital (due to its 2002 sovereign default), a global slump in commodity prices, high inflation<sup>1</sup>, and the always pressing need to service that portion of the foreign debt that had not been defaulted upon. These circumstances had prompted businesses and individuals alike to hoard dollars, which had long served as a vehicle for hedging against monetary loss in a national economy famous for economic crises and currency devaluations<sup>2</sup>. As the nation's reserves diminished rapidly, President Cristina Fernández de Kirchner faced the prospect of yet another crisis. Despite the dire situation, the currency restrictions proved highly controversial. Supporters of the President defended them as necessary for monetary sovereignty and economic stability. Her opponents, meanwhile, saw them as a state intrusion into the market. With the restrictions, the government did prevent financial collapse. However, it did not do so by eradicating the purchase of dollars. Rather, criminalization produced a complex monetary system that forestalled outright crisis, but only at the cost of its own popular legitimacy. That unstable system was defined by a series of nested in/formal distinctions.

Take the distinction between the "white dollar" (*dólar blanco*) and "black dollar" (*dólar negro*). The former term referred to the peso/dollar exchange rate declared by the Ministry of Finance. Because of the currency restrictions, that rate was not actionable in practice<sup>3</sup>. Nonetheless, it declared purported macroeconomic truths and served as the official basis for wage negotiations and budgetary decisions. By contrast, "black dollar" referred to the illegal rate at which people purchased dollars with pesos accrued through widely condemned activities, especially the trafficking of drugs, arms, and humans. Whereas the white dollar was standardized and publicly known, the

1. A scandal at the national statistics agency (INDEC) during this period makes it impossible to state confidently the accurate inflation rate.

2. Hoarding techniques varied from stuffing dollars under mattresses to Swiss bank accounts. Physically storing dollar bills is popular because of the government's history of seizing dollar-denominated banking accounts (Muir 2015). As for Swiss bank accounts, Argentina has one of the world's highest numbers per capita (Swiss Leaks 2016). See also D'Avella's (2014) account of the related practice of storing monetary value in real estate purchases.

3. In principle, there could be exceptions that would allow the purchase of dollars in certain circumstances. However, the criteria for granting those exceptions were never publicized and they appear to have been made in extremely limited fashion.

black dollar was negotiated anew in each transaction, inevitably carried out in hidden, even dangerous, conditions. As popular terms, then, “white dollar” and “black dollar” reified, nominalized, and commensurated wildly different practices of calculation, exchange, and negotiation. The terms framed those practices as diametrically opposed dollars: one formal, legal, and morally legitimate; the other informal, illegal, and morally illegitimate.

This opposition was complicated by the “blue dollar” (*dólar blue*)<sup>4</sup>. The blue dollar was just as illegal as the black dollar, but people who opposed the currency restrictions and the President more generally considered it legitimate. The pesos used to buy blue dollars may have been earned legally or illegally, but always in a putatively moral (or, at least, amoral) fashion. This dollar was bought in “caves” (*cuevas*), spaces tucked away inside legal businesses, from corner stores to banks. The trade was widespread and tolerated by government officials except for periodic, highly publicized crackdowns. Although individual transactions were hidden from public view, the blue rate was highly visible, for it was determined by an algorithm that regularly calculated the difference between the stock valuations of several companies traded on the New York City and Buenos Aires exchanges. The result of that calculation was published continually on a widely consulted website<sup>5</sup>. Opposition news organizations proclaimed it on the front page of the daily papers and news organizations loyal to the President condemned it. And so, the blue dollar became the topic of constant commentary in face-to-face, mass media, and social media channels.

Almost without exception, that commentary was structured as a polarized debate. Those who defended its legitimacy as a necessity, given the currency restrictions’ purportedly populist and statist assault on market logics, referred to it as “parallel” (*paralelo*), “free” (*libre*), or “informal” (*informal*). All these terms, along with the practices of publicity and algorithmic calculation, did a significant amount of stipulative labor, for they projected informality onto the blue dollar while distinguishing it morally and practically from both black and white dollars. Supporters of the government’s currency restrictions, on the other hand, refused those terms, preferring “illegal currency exchanges” (*cambio ilegal*), a nominalization that posited a black and white terrain in which legality, morality, and formality were coterminous and attempts to skirt monetary regulation amounted to attempts to destabilize a democratically elected government dedicated to the needs of “the people” (*el pueblo*).

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4. My account of the blue dollar is drawn from several news media and academic sources, but especially from Herzbach 2014 and Sánchez 2013.

5. To my knowledge, it is not publicly known who sponsored the website ([www.dolar-blue.blogspot.com](http://www.dolar-blue.blogspot.com)).

There was also a host of other “dollars” (*dólares*). There was a “gold dollar” or “tourist dollar” (*dólar gold* or *dólar turista*), the rate when one purchased something abroad in dollars with a peso-denominated Argentine credit card. There was a “Colonia dollar” (*dólar Colonia*) the rate for extracting dollar bills with an Argentine banking card at an ATM in nearby Colonia, Uruguay. The terms “gold”, “tourist”, and “Colonia” referred to practices that enabled people to work around the currency restrictions by paying the white rate plus a percentage-based fee imposed by the Argentine government. There was also a “green dollar” (*dólar verde*), the rate for purchasing dollars illegally from perambulating vendors who charged a premium on the blue as compensation for the risks of the street. The green dollar (like the black) was not standardized; rather it was derived on an *ad hoc* basis from the blue and shaped by judgments regarding variables such as time of day, location, recent political developments, and the perceived trustworthiness of the parties involved.

Thus, the gold, Colonia, and green dollars all stood as informal, but in different ways. Despite the regulatory processes that produced the gold and Colonia exchange rates, the government never recognized them as such. That studied refusal of recognition, along with the popular naming of those practices as “dollars”, framed them, like the blue, as the informal but technically legal derivations of the formal white dollar. Meanwhile, other practices of naming and calculating framed the green as the informal derivation of the relatively formal blue. That the blue dollar could stand as formal with respect to the green and informal with respect to the white demonstrates nicely the concept of fractal recursivity that I mentioned at the outset: Across these dollars, in/formality was not a matter of two distinct, if intertwined, social spaces or even types of activity. Rather, it was the effect of a continually re-imposed perspectival frame.

This bewildering array of dollars was not an officially acknowledged system of multiple exchange rates, but that’s what it amounted to. We are all – as consumers and economists, citizens and politicians, academics and policymakers – accustomed to thinking of money as a unitary vehicle that serves as store of value, medium of exchange, and unit of account. Here, those and other functions were priced differentially across a distributed system in which each “dollar”’s price cited that of the others. The result was the possibility of arbitrage, and all sorts of people – from small business owners to teachers, from waitresses to lawyers – made small-scale profits (or avoided small-scale losses) by exploiting the differences amongst the various dollars. It was this illegal but tolerated arbitrage that allowed the Argentine mone-

tary system to perform the delicate balancing act required by the conditions of the period in question. Nonetheless, because of the widespread ideology that envisions money as a frictionless, unified medium, the practice of arbitrage and the distributed monetary system that made it possible were not officially recognized. And so, another projection of in/formality took place on a far larger scale.

Despite the thoroughly polarized debate over the legitimacy of the President and her monetary policy, everyone agreed that the existence of multiple exchange rates was abnormal. For her supporters, monetary value should be determined by the state, and for her detractors, by the market. However, for all concerned, monetary value should be unitary<sup>6</sup>. And so, both sides framed the distributed monetary system as informal. The President's administration did so in several ways, most obviously by tolerating and even enabling the distributed monetary system but disavowing it through periodic crackdowns and continual public condemnation. Those opposed to the President framed it as informal by insisting that it was an unfortunate but necessary way of working around her alleged mismanagement. Through these practices of publicity, policing, and policy-making, people on both sides of the debate (as well as participants and non-participants in the exchange of non-white dollars) all treated this distributed monetary system as the informal counterpart to an idealized, nonexistent monetary system in which state and market valuations of money were perfectly aligned. In other words, formality figured here as a spectral and utopian aspiration, from which Argentina fell short.

Here, then, in/formality played out across different scales and social spaces in distinguishing between actors, objects, exchanges, calculations, and even entire monetary systems. In closing, I would like to propose three implications of this proliferating series of recursive distinctions.

First, in/formality is not necessarily about in/visibility, as we might tend to assume<sup>7</sup>. Neither is it about distinguishing between any particular constellation of qualities. Rather, contextually situated actors must work to impose the distinction convincingly through linguistic and nonlinguistic practices. In other words, in/formality is best seen as the effect of an ideological struggle over what will be dis/avowed and on what grounds the legitimacy of dis/avowal will be judged.

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6. This antinomy between the two grounds of monetary value is not unique to Argentina. In fact, it is utterly common because, as Hart (1986) argued, monetary value always requires the authorizing work of both political and economic institutions, which need not articulate smoothly with one another.

7. The website of the Global Informality Project (2017), for example, describes informal practices both as "invisible".

Second, the temporality of that struggle is key. In the case presented here, the impositions of in/formality were especially unstable. Because of the monetary ideology mentioned above, the distributed monetary system was framed not simply informal, but as intolerably so. People thus judged it to be so dysfunctional that collapse was inevitable. That judgment in turn prompted many people to seek out dollars with heightened zeal, thereby further destabilizing the monetary system<sup>8</sup>. The result was a dialectical relationship between judgments of legitimacy and mechanisms of price that produced an ever greater disparity between the white and blue prices. That disparity, in turn, contributed significantly to the 2015 electoral victory of Mauricio Macri, who succeeded President Fernández de Kirchner and immediately made good on his campaign promise to end her currency regulations.

Finally, although the particularities of this case stem from the especially fraught context of Argentine financial history, it is far from exceptional. Indeed, the general dynamic may prove quite commonplace, and not only in the Global South, for the contemporary moment is one in which the performative power of monetary policy (Holmes 2013) has come under considerable strain, even in the political-economic centers of global finance (Appadurai 2015; Streeck 2016). It remains to be seen how that strain might increasingly compel central bankers to turn to in/formality as a tool of monetary governance – with potentially momentous repercussions for ideologies not only of monetary value but also of the relationship between states and markets.

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8. See Muir (2016) for an analysis of this self-destructive dynamic in practices and discourses of “corruption” in post-crisis Argentina.

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## To work or not to work

### In/formalization practices in the Italian public sector

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**ABSTRACT:** This piece examines the position of workfare scheme recipients in the municipal administration of a southern Italian city. Looking at the interplay between different regulatory frameworks – from administrative to labour and welfare reforms – in a particular locale, I emphasize the analytical relevance of the formal-informal linkage in understanding the production of spheres of informality and negotiation within a bureaucracy.

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1. There seems to be some irony in the fact that the concept of “informal economy” entered the jargon of academics, scholars and policy makers at the beginning of the 1970s oil crisis and became popular in the long period of economic and political transformation that followed. Although crafted to make sense of the difference in Third World countries economy – being, under this respect, a truly «Cold War concept» (Hart 2010: 151), it did not take too long to realize how informality was becoming a «universal feature of the world economy» (Hart 2006: 22; cf. Ghezzi, Mingione 2004; Portes, Castells, Benton 1989).

Rather than focusing on informality as the simple lack of formality, it appeared analytically more useful to focus on the inter-linkages between formality and informality and to analyse a broad range of phenomena through the lens of formal-informal relations. At a general and abstract level, the concept of informality permits to think the «unspecified content» which is built into the «bureaucratic form» (Hart 2010: 148). At the same time, one should not forget that a certain degree of formalization is always inherent to informality. What matters, in any case, is to underscore how formality and informality are mutually constituted and generated.

In this contribution to the Forum I want to focus on the formal-informal linkages in the bureaucratic apparatus of the state. More in particular, I want to address the emergence of particular trends of informalization of labour

within the Italian public administration, showing how the interactions between different scales of (de)regulation and the concrete situations of local administrations may favour the reproduction of informal labour arrangements. The ethnographic material I will be briefly referring to draws from a wider ethnography of livelihood practices and grassroots understandings of the economy<sup>1</sup> in a southern Italian city along the Adriatic coastline. Here I will focus on the position of workfare scheme recipients in the local municipal administration. I believe that addressing in-formalization practices in the public administration may help raise a number of useful questions concerning the definition and analytical value of the formal-informal relation in the current historical conjuncture.

2. In the summer of 2016 a union assembly was summoned in the town hall to discuss a labour stabilization plan. The target of the plan were almost eighty recipients of the LSU workfare scheme<sup>2</sup> – *Lavori Socialmente Utili* (literally: socially useful jobs), who had been waiting for years to be permanently hired by the administration. They were first employed in 1998 in a biennial project for promoting waste recycling and later distributed in the various branches of the municipal administration, where they have been fulfilling a variety of tasks – from administrative work to caretakers, from cleaning services to maintenance work. However, while doing the same job as “formal” employees, LSU “workers” were excluded from any labour regulatory framework. Instead of receiving a wage and the relative benefits, they were entitled to a temporary subsidy from the National Institute of Social Security (INPS), periodically renewed. The “formal” difference of their position did have substantial implications that concerned labour relations, lack of bargaining power and full subordination. They were not entitled to any reward – such as productivity bonuses or performance related pay, which could only be allocated after an informal agreement among employees who were willing to renounce to a share of their own.

During the assembly the union representatives illustrated the proposal of the labour stabilization plan elaborated by the human resources executive. The triennial plan estimated that part of the workers could be hired as A – the lowest rank – and the remaining as B, according to the financial re-

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1. The research was funded by the European Research Council Advanced Grant “Grassroots Economics: Meaning, project and practice in the pursuit of livelihood” [GRECO], IDEAS-ERC FP7, Project Number: 323743.

2. Although the LSU scheme differs in various ways from conventional workfare schemes, it can be considered a stepping stone in the Italian transition from the classical welfare state to a workfare model.

sources and the organizational chart. The plan was welcome with cautious enthusiasm, since previous expectations and promises of labour stabilization had been repeatedly frustrated. Discomfort and disappointment, instead, had come to prevail over time, undermining collective solidarity. During the debate some female “workers” erupted, raising the issue of who were going to get the A or B rank. The implicit suspicion was that someone could receive a preferential help thanks to his or her connections in the administrative hierarchy<sup>3</sup>. Others reacted by raising the issue of “deservingness”, by remarking that «if you haven’t done anything, what can you expect?» Another complained that she had always kept herself away from internal conspiracies and for that reason was not even entitled to a writing desk. After the assembly ended, a worker commented to me that those who didn’t manage to get a desk were the ones who «did not want to work». On the contrary, she had been doing everything she was requested: «It is by doing so that I earned the desk, because I have shown that I deserve it».

The deservingness of one’s achieved position – symbolized by the desk – was often claimed by those workers who committed themselves to learning and fulfilling all the task they were being assigned. In some cases, their competence and knowledge of administrative work allowed them to hold positions of responsibility, by actually filling the personnel shortage. This type of aspiration was mainly cultivated by women, most of whom held a secondary school diploma, who nonetheless had been doing mainly unpaid housework before applying to the LSU scheme. Men breadwinners, on the contrary, focused on saving time to keep an “informal” job to integrate the meagre (near to) 600 Euros monthly subsidy.

The social and economic background of the city is also important to understand how the ambiguous status of LSU “workers” is being experienced in relation to ideas of employment and unemployment, and to the social implications of being a wage-worker or a subsidy recipient. Similarly to other southern cities targeted by large-scale programs of capital-intensive industrialization in the 1960s, it has been undergoing a process of industrial downsizing and, eventually, gradual deindustrialization, with consequential reduction of employment opportunities. High rates of unemployment, far above the national average, the expansion of tertiary low-income sectors and unwaged precarious works define the livelihood frameworks for a consistent segment of the population (cf. Mingione 1988).

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3. Collective expectations were eventually frustrated again few months later, when the newly elected municipal government announced a revision of the labour stabilization plan, which reduced to 22 the number of LSU “workers” to be permanently hired.

3. The informalization of labour in the local municipal administration resulted from the combination of various national regulatory frameworks that in the 1990s intended to reorganize significant sectors of the economy and state bureaucracy. First, the shift from welfare to workfare allowed local administrations to temporarily resort to the unemployed and redundant workers for the fulfilment of jobs of “public utility”. Second, the reform of the public administration, according to the principles of the New Public Management, began to unfold in the years the LSU scheme was implemented. Employees and LSU recipients were confronted with the increasing tension between highly formalized and businesslike representations of public services and the informalization that regulate their actual functioning. Third, increasingly binding budgetary constraints on local administrations and the consequent reduction of resources available created the condition for resorting to LSU recipients – that is, subsidy receivers – for filling the personnel shortage.

LSU recipients increased nationwide in the late 1990s, when they reached the peak figure of almost 170.000 (source: INPS). At the same time a new legislation provided the legal framework to “empty out” the large pool of LSU workers by facilitating their placement in the private (e.g. granting tax breaks) and public sectors. Nonetheless, the expectations raised by the prospects of achieving a permanent public employment may help us understand the informal logics that workers themselves appeared able to negotiate. These expectations are clearly influenced by the larger social and economic environment, where people have to cope with the scarcity of stable and regular employment opportunities, with the recourse to vertical relations to achieve individual benefits, and where public employment is still perceived as a relatively safe and stable social and economic position. Many life stories of LSU recipients, if they could be recalled here, would confirm how informality and formality are inextricably linked in people’s livelihood strategies, in their ways of making a living and dealing with the state.

In conclusion, the brief analysis I have undertaken suggests the analytical relevance of the formal-informal linkage in approaching how the interplay between different regulatory frameworks – from administrative to labour and welfare reforms – unfolds in a particular locale. The concrete implementation of workfare schemes, more specifically, provides an interesting case for pointing out how formalization and informalization processes are deeply interlinked in the material and ideological constitution of citizenship in contemporary Italian society. The analysis of how workfare recipients negotiate

their condition and prospect of in/formalization is underpinned by notions of deservingness and dignity, but also constrained by forms of humiliation and subordination. It is from this standpoint that, perhaps, the formal-informal linkage unfolds its analytical potentials by allowing to read also the popular dialectics of negotiation of state bureaucratic apparatus.

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## Informality within government agencies tasked with controlling informal economic practices

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**ABSTRACT:** The trend to dualism in the study of in/formality means that we usually neglect informality within government, usually seen as the locus of formality, but in practice usually relying on informal practices to get things done. This commentary uses archival documents on colonial Hong Kong to challenge this duality.

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At its most basic, informality is not following the formal procedures demanded in a specific domain of practice (Smart, Zerilli 2014). Yet, distinguishing between formal and informal ways of doing things has important consequences, as Max Weber clearly recognized in his work on bureaucracy. I stress only one of these, how a dualistic account in which government is the institution which forges and enforces formal regulations to govern economy and society obscures informality within government itself. Corruption is an exception, but is characteristically explained away by references to individual “bad apples”, the inappropriate intrusion of private interests into public concerns, or persistence of “traditional” habits that need to be “modernized” through rational bureaucracy. Even in its exceptions, recognition of governmental informality reinforces identification of formality with government and law. The solution to corruption, then, is to thoroughly impose the rule of law on government itself.

This kind of symbolic system, where formal and governmental are equated and seen as the polar opposite of informal and societal (formal:informal / government:society), not only serves as a “distinction” that elevates government above society, but also obscures the inescapable interpenetration of the informal into the formal and the formal into the informal. The situation resembles Bruno Latour’s account of “the moderns” who conceived culture and nature as absolute opposites, making possible rapid development of sci-

ence, which in turn continually produces hybrids which confuse the boundaries between culture and nature. Just as Latour argues that we have “never been modern”, I would suggest that we have never been formal. The more effort that is made into “purification” through formalizing procedures, the more inevitable it seems to be that informality creeps back in, as a fix for rigidity and conflicts between diverse formal regulations. Modernity itself can be seen as the rise of formality, progressively displacing the personalism and venial alliances of monarchical courts by rational rules and procedures that theoretically apply to all citizens. The growth of formality, however, is not complete and arguably could never be complete, as research into colonial Hong Kong reveals.

Before the 1970s, bribe-taking was widespread in Hong Kong’s government, particularly among street-level officials. They had to deal with a Chinese population distant from a government they had no formal influence over, including refugees who brought expectations from Republican China that dealing with government was best avoided and if necessary required bribes. Many had to break laws to survive, so opportunities for squeezing squatters, hawkers and unlicensed factory operators abounded. Observers thought the problem emerged because colonial rules «concerning corruption were incongruent with Chinese “folk norms”; what the law regarded as corrupt, ordinary Chinese people often saw as a normal part of life» (Hampton 2012: 228). The danger of orientalism in corruption discussions pointed out by Gupta (2012: 81) is visible here, but dubious stereotypes clearly have empirical consequences, legitimating Europeans taking bribes.

Regulation creates opportunities for profits by those with discretion over control of the activity. Domains where government tolerated illegal practices were particularly prone to corruption. Unlicensed street vendors «were perhaps the most vulnerable» (Hampton 2012: 228). The police had «ready opportunities» for corruption because they were responsible for issuing licenses to «massage parlours, dancing schools, public dance halls, billiard room and money changers» (Jones, Vagg 2007: 358). Corruption syndicates operated among the police, so that regular payments from illegal gambling establishments, for example, were distributed among officers.

Hong Kong has been seen as the world’s best example of «successful transformation from widespread corruption in the 1960s to clean government in the 1970s» (Manion 2004: 2). A key element in this success was precise demarcation between legal practices and illegal corruption. For example, to avoid being punishable as bribery, acceptable gifts to government officials were limited by value. Administration, at least in Weberian forms, requires sharp boundaries between acceptable and unacceptable practices.

It was thought crucial to limit official discretion among officers that worked at street level. In 1960, Governor Robert Black wrote that «the exercise of discretionary power by junior officers is inevitably open to abuse. When we begin a revision of the laws ... it is intended to pay particular attention to those laws which give discretion to junior officers<sup>1</sup>». Anti-corruption is often thought to be best achieved through reducing opportunities for corruption. Setting out clear procedures for how governmental work should be done reduces discretion. A report of the Advisory Committee on Corruption stated that a key response to corruption problems was that «licensing procedures have been simplified, accelerated and clarified». Licensing should be closely examined and reformed because «procedural delays could cause corruption in some form or other. The Organizational Survey Unit is also continually seeking ways of improving procedures, forms, etc». Corruption is thus seen to result from informality of governmental practice, particularly when government officials are in regular contact with the public.

Discretion by government agents has often been seen as a source of differential justice discriminating in favor of the majority or the powerful and against minorities and stigmatized groups. It is also sometimes seen as unavoidable if street level bureaucrats are to be able to effectively perform their jobs. Formalizing rules for state officers does not necessarily end discretion, but may instead tend to displace it to less regulated fields or practices. The outcomes of administrative efforts to reduce discretion by street-level bureaucrats vary greatly by the specific nature of the position, and the practical power of those officials to control information, among other variables.

Ironically, clear definitions of legal process may have detrimental outcomes as well as benefits. Turning grey areas into sharp divisions between legal and illegal may foster unscrupulous but mostly legal behaviors of collusion. Precisely formulated procedures can reduce the risks involved in profiting from public office, in ways that are often seen by the public as illicit even when formally legal. Those with power can cross the line more easily with less risk. Ending illegal corruption may encourage legal forms of collusion. Opportunistic rent-seekers may find it easier to skirt closer to legal limits while still being safely on the legal side when that side is explicitly inscribed. In such circumstances they can adhere only to the letter of the law, without concern for its “spirit”. Exact formalization of what counts as corrupt may make things worse for ordinary people, or anyone who cannot afford lawyers. Sharp boundaries between legal and illegal may offer more impunity for those trying to game the system. The rich and powerful have access to resources that help them manipulate technicalities.

1. Quotes without citations are all from archival documents accessed at the Hong Kong Public Records Office.

Even when no formal rules are broken, there are many ways in which government and business can (and do) cooperate in ways seen by many members of the public as immoral or illicit. I refer here to forms of collusion that are technically legal but meet widespread public disapproval. Anger at government has soared in the United States and elsewhere. Yet, interactions mediated through what Janine Wedel (2009) calls the «shadow elite» have so much influence as to make public disapproval usually ineffective.

No government can operate without discretion. Administrators, like judges, must operate on the basis of judgements about what is best to do when there is no obvious choice presenting itself. What is possible, however, is to move the locus of discretion farther up the bureaucratic hierarchy, as happened in Hong Kong after 1972. It clearly had many positive outcomes, reducing the weight of petty extortion on Hong Kong's people, helping to restore a degree of public trust in the colonial government, and creating a reputation for reliable rule of law that helped to make Hong Kong one of the world's most important financial centres.

The particular kinds of anti-corruption interventions may have set the scene for spectacular corruption scandals at the very top of the government hierarchy, such as the conviction in 2014 of Rafael Hui, the chief secretary for administration from 2005 to 2007, the second highest ranking position in the government, for taking bribes from a property company. His boss, Donald Tsang, was convicted of misconduct in public office in 2017. My argument is not that stopping the petty corruption at the bottom of the bureaucracy pushed it upwards, like squeezing a balloon. Rather it is that the cost/benefit calculations put in place by anti-corruption meant that if you are going to take a chance by engaging in corrupt behavior, it better be well worth it, and the reduction of discretion at the bottom of the ranks means that they do not usually have such opportunities. However, the more fundamental problem besetting contemporary Hong Kong is not illegal corruption so much as (mostly) legal collusion, which has emerged for a complicated set of reasons related to the complex post-1997 processes of governance (Fong 2013).

Equating informality with society, and its regulation with government, obscures all of these processes, at best individualizing corrupt acts and emphasizing “more of the same” in applying more formality within governmental procedures. Only by recognizing that governmental informality is pervasive and deserving of analysis in the same terms as societal informality can we move forward in understanding both formalization and informalization.

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## “Sharing economy” versus “informal sector”

Jakarta’s motorbike taxi industry in turmoil

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**ABSTRACT:** Comparing conventional motor bike taxi services in Jakarta (*ojek*) to their recent online-based competitors (GoJek), this paper contrasts a prime example of the classic “informal sector” with newly emerging forms of the “sharing economy”. It challenges the notion of “informal economy” as an umbrella concept for such two different business models.

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In cities across the globe the rise of ridesharing apps has challenged, if not radically altered the taxi industry in recent years. The Indonesian capital is no exception to this development. However, the largest turmoil in Jakarta’s transportation system was not created by the advent of any global player, nor did it occur in the formal taxi industry. It was the advent of GoJek, a home-grown ridesharing app for two-wheelers, that shook the local motorbike taxi industry in early 2015. The company’s name plays upon the English verb “to go” and the local term for motor bike taxi (*ojek*), invoking just the right amount of innovative globality and local flavour. Soon after, the Malaysian-based company Grab followed suit and released its own motorbike taxi service GrabBike, despite its original focus on the regular ridesharing market in the region. Several minor companies followed, even Uber joined eventually. It was, however, the pioneer GoJek that first conquered the market over the mid-year 2015, exciting its consumers with irresistibly cheap promotion schemes. Conventional *ojek* drivers soon felt threatened by this rapidly expanding new business model. Banding together in protest, they put up banners across the city warning online-based *ojek* drivers to enter “their” territories; some even resorted to physical violence.

Unlike regular four-wheel taxis, motorbike taxis do not constitute a formal mode of public transportation, but have always belonged to the informal transportation sector. The expansion of ridesharing companies into this sec-

tor therefore fundamentally differs from the informalisation processes it is causing in the regular taxi industries. The two competing models of motor bike taxi services in Jakarta represent different forms of informal employment, the classical “informal sector” versus the recent “sharing economy”. A brief comparison of these two models will lead me to question the usefulness of “informal economy” as an overarching concept for such different economic operational modes.

### *Conventional versus application based ojek services*

In Jakarta just as anywhere else in Indonesia motorbike taxis serve as a common means of transportation. Most effectively cutting through the capital’s infamous traffic jams, *ojek* have become an essential mode of public transportation for many of the 30 million residents of the Jakarta metropolitan area. Legally, though, *ojek* operate outside the law: Ever since their emergence in the 1970s, motorbike taxis have never gained legal status as a means of public transport. This distinguishes them from regular taxis, and various forms of motorized three-wheelers which are recognized under the Indonesian law on traffic and land transportation (No 22/2009) as «unscheduled public transportation». After early attempts of banishing had failed, *ojek* services have been tolerated by local administration and law enforcement since decades. Their waiting posts (*pangkalan*) are highly visible, located on strategically important entry and transit points throughout the city. But these waiting posts are more than mere physical shelters, they are informal institutions organising *ojek* services and regulating the market by distinct membership rules and a codex of territory-based coexistence.

This informal market regulation was disturbed by the advent of companies offering application-based *ojek* services. Anyone possessing a motorbike and proper documents could register as a driver with these companies, while the new ways of online customer communication undercut the territorial organization of *pangkalan*. The hardest blow, however, came from the price dumping initiated by GoJek’s first promotional during the Fasting Month of 2015: 10.000 IDR, roughly 70 European Cent, flat price for any destination within a 25 km radius. A conventional *ojek* driver would start at 5.000 IDR for a short distance trip and easily charge 40.000 IDR or more for a 25 km ride. For GoJek drivers these promotional offers were equally lucrative, since the company compensated the regular fare, then 4.000 IDR per kilometre. The Ramadhan offer was the onset of GoJek’s market conquest and the beginning of a long and fierce price war between the big emerging ridesharing players. Go-

Jek and GrabBike were soon joined by American ridesharing giant Uber releasing its own Uber Motor service, because the company did not want to miss out on this highly promising market in the largest economy in South-east Asia.

The sudden expansion of an online-based *ojek* industry also raised concerns within the formal transportation industry. In late 2015 its representatives demanded the ban of any app-based *ojek* service, charging the platform providers with coordination of an illegal form of public transport. Meanwhile associations of *ojek* drivers called for the legalization and regulation of the motorbike taxi industry. The controversial debate culminated in an official statement by President Joko Widodo, in which he explicitly proclaimed a tolerating stance towards the *ojek* industry in general, and its application-based innovation in particular. For the context of Jakarta especially one argument prevailed: As long as the city's formal public transport system fails to provide effective service to its citizens, motorbike taxis and especially the "modern" app-based *ojek* services are temporally needed. While the possibility of full legal recognition resurfaces in ongoing debates, any kind of *ojek* services in the meantime remain somewhere in the spectrum of «extralegality» (Smart, Zerilli 2014): illegal in the strict sense, but officially tolerated - even explicitly today.

### *When the "sharing economy" enters the "informal sector"*

In analytic terms, conventional and application-based *ojek* represent two different poles within the broad range of practices subsumed under the term "informal economy". From popular culture to politics: *ojek* drivers serve as emblematic representation of the "informal sector" in its original sense (cf. Hart 1973). In dealing with *ojek*, local administrations perpetuate the image of the "urban poor": The toleration of *ojek* services is justified on purely social grounds, while any policy to support *ojek* drivers is framed as "poverty reduction" measurement. When entering the market, GoJek founder Nadiem Makarim was certainly wise to strike the same paternalistic tone and frame his company's mission in social terms: to empower informal sector workers by offering *ojek* drivers a platform to effectively find clientele and reduce unproductive waiting time.

The business model of GoJek, Grab or Uber is covered under the common, though highly debated term "sharing economy". More accurately, they represent the for-profit branch of peer-to-peer online platforms (Schor 2016: 11), which have lead Arun Sundararajan (2016) to introduce the term «crowd-based capitalism». The conditions of this crowd-based capitalism are in

many ways informal, since they undermine employment standards of the formal economy. Yet in comparison to its original offline counterpart, online-based *ojek* services have led to some degree of formalization regarding employment and service, while simultaneously de-regulating the market.

Officially, the online platforms are registered as technology companies and ‘partner’ with self-employed *ojek* drivers. To register with any of the companies requires a range of documents, which are sometimes difficult to produce for those used to working in the informal sector. Registered drivers are charged a service fee, GoJek for example cuts 20 percent. Company management determines the rules and fixes the pricing schemes, drivers therefore find themselves in a position of dependent self-employment. Reduction of fares and performance bonuses have repeatedly led GoJek or GrabBike drivers to protest their management. From a customer’s point of view, online platforms have formalized *ojek* services: Instead of them having to haggle over fares with drivers, the application would calculate fares in advance. Additionally, all major players provide accident insurance for passengers and drivers. Drivers must comply with company rules and are held accountable for their service quality by customer feedback on their personal online profile. These shifts towards formalization were accompanied by the de-regulation of the *ojek* service market. Even though conventional *ojek* services have operated beyond governmental control, they were still regulated by the *pangkalan* system, based on communal neighbourhood structures and often connected to informal local authorities.

### *Concluding remarks*

Can the working conditions of conventional *ojek* drivers and those of neoliberal crowd-based capitalism thus be grasped by the same analytical concept of “informal economy”? Based on the brief comparison above, I argue that the structural differences by far overshadow the commonalities, which are limited to their negative distinction from “formal employment”. The conceptual expansion of “informal economy” from those economic activities, that exist beyond the scope or will of state intervention, to neoliberal forms of de-regulation, where the right to free market interaction is guaranteed by the state, has left the seal of “formal economy” for a (historically) specific, welfare-oriented state-corporation-market relation. All changes brought by neoliberalization had to be absorbed conceptually by the informal. We do not need to regress to the stereotypical understanding of an informal sector, that stands for the resourceful ways to make a living practiced by the urban poor

in the Global South. But we need to leave some conceptual space for the “un-ruly” as opposed to the “de-regulated” and for non-state actors, such as local communities, as alternative regulative institutions. While at the same time, it is necessary to update and diversify our understanding of the formal to include governmental techniques and non-state actors, such as corporate institutions, as sources of formality.

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## Expertise and adventure

In/formalization processes within EU rule of law capacity building programs

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**ABSTRACT:** This paper explores dynamics of formalization and informalization as interlinked social processes as a contribution to a critical understanding of rule of law capacity building programs in the framework of EU enlargement policy. It also challenges the assumption according to which informality would be a modality characteristic of countries of the “Global South”.

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The concept of “informal economy” was forged in the framework of development studies (Hart 1973). While it has been – and is often still – uncritically employed to refer to a distinct, separate “sector” from the formal economy, it is widely recognized today that informal practices permeate the formal economy (Guha-Khasnobis, Kanbur, Ostrom 2007). A significant contribution to a critical assessment of informality as a process linked to formal practices came from the anthropological scrutiny of the legal/illegal divide (e.g. Heyman 2013), a pervasive dichotomization recently complicated by “extralegality”, a broader conceptual framework referring to diverse kind of social processes in which collective and individual agents and institutions interact, favour and/or contrast the production of both, formality and informality in given social contexts (Smart, Zerilli 2014).

Drawing on ideas and ethnographic material developed while doing fieldwork within EU-funded legal cooperation projects – formerly in Romania, and more recently in Kosovo – in this commentary we focus on dialectics and tensions between formalization and informalization as inter-

linked social processes. We notably explore how dynamics of in/formalization may serve to penetrate logics and mechanisms of programs and projects of justice development, and particularly the diffusion of a certain legal culture under the “rule of law” umbrella concept.

While a number of authors have begun to unpack the concept of rule of law itself, seeing it as a historical, cultural artefact *of* and *for* governmental, domination, and other exploitative practices captured by the idea of “plunder” (Mattei, Nader 2008), we suggest to look at rule of law as a commodity exchanged across the global legal marketplace. A market where legal knowledge, expertise and consultancy are exported and imported, offered, and in fact traded from countries of the “Global North” – aka the donors, each in competition with each other – towards countries of the “Global South” – the beneficiaries of international aid, struggling for recognition – in the form of projects and programs of legal development. The challenge we take, hence, is to bring current reflections on in/formality as social process back to (legal) development studies, notably in the framework of rule of law capacity building programs.

Prishtina, capital and largest city of Kosovo, Europe’s youngest state. Especially the summer from early in the morning till late evening a plethora of bars and cafes around the city centre are plenty of people having their *macchiato*, a very tasty coffee. Stereotypes about Kosovar Albanians insist on their laziness. Their ability “to work” in cafes is often object of jokes and self-ironies. Actually, the tremendous number of meetings held in cafes is an important aspect of the projects’ social life and indeed an opportunity to develop the projects in which “locals” and “internationals” cooperate. From apparently innocent, ironic comments the tone of the conversation may suddenly shift to serious observations. While discussing about the organization of a seminar for a project, a young official of the Kosovo Ministry of justice says: «Do they [the internationals] really think they can just come here in their imperialistic way? *They don’t respect my country*. They don’t know anything about us – and they want to tell us, how to make our country better? No, you cannot bring rule of law like this!» (emphasis added).

Since the end of the Cold War the world-hegemonic legal regime known as the rule of law has increasingly driven privatization, marketization and democratization programs, notably across the region interested by the EU enlargement policy. According to the EU, «the rule of law is the backbone of any modern constitutional democracy. It is one of the founding principles stemming from the common constitutional traditions of all the Member

States of the EU and, as such, one of the main values upon which the Union is based. *Respect for the rule of law is a precondition for EU membership»* (emphasis added)<sup>1</sup>. But how such precondition is achieved in actual practice, if ever? And how respect for the rule of law as a precondition for EU membership intersects with the “respect for my country” from the vantage point of people belonging to beneficiary administrations?

Among several other instruments, the EU adopted the Twinning, an institutional building tool designed to develop cooperation between public administrations of EU member states and of beneficiary (candidate or potentially candidate) countries<sup>2</sup>. A considerable part of the EU budget for enlargement is allocated for developing rule of law capacity building programs across the Instrument for Pre-accession Assistance region (IPA)<sup>3</sup>. Drafting a Twinning call for proposal and the application itself are rigidly formalized procedures. The competition among applicant countries, however, is often influenced by extralegal practices, notably the unique political and economic relationships certain member states have established with IPA region countries. For a member state, “to win” a project means to get financial resources and the opportunity to exercise a considerable power influence on the ground, notably on the way the legal system of a beneficiary country could be shaped, with significant economic consequences including financial investments, joint ventures and commercial partnerships.

The backbone of Twinning are usually two project leaders – one on behalf of the EU member state leading the project, the other of the beneficiary administration – a “Resident Twinning Adviser” (RTA) from a EU member state and his local counterpart. The RTA is usually assisted by two salaried “locals”: an assistant and a translator. The general aim of a Twinning is to provide support for the transposition, implementation and enforcement of the EU legislation (the EU *acquis*). Hundred pages of EU-law have to be translated in another language and transposed into a national legal framework, finding the best solution in structure and wording. In this process of legal harmonization «law is not mathematics», as one RTA observes. In order to transpose and translate a legal provision different

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1. See *Communication from the Commission to the European Parliament and the Council. A new EU Framework to strengthen the Rule of Law*, available at [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0158R\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0158R(01)) (accessed on 12/11/2017).

2. See [https://ec.europa.eu/neighbourhood-enlargement/tenders/twinning\\_en](https://ec.europa.eu/neighbourhood-enlargement/tenders/twinning_en) (accessed on 12/11/2017).

3. The IPA region includes Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro, Serbia and Turkey.

solutions are possible: «You cannot imagine the fights behind the façade! Even within the EU, member state countries are fighting for *their own* solution!», the same informant suggests. Interestingly, while disagreements and controversies are relevant for understanding the actual implementation of projects and their final outcome, the conflictual dimension does not appear in official documents. Divergent opinions regarding how to face an accident or to address a technical issue are average during unofficial meetings, email exchanges, and cell phone conversations. Those informal negotiations, however, perceived as ubiquitous and «quite exhausting!», in the words of one expert, are carefully removed from the project reports. «It is a long way to negotiate a report. A considerable amount of time is spent writing reports in order to find the correct wording», the same expert adds. Not infrequently, the project leaders in charge of the report are asked by EU representatives to rewrite this or that section in order to make it consistent with the original blueprint, its structure and wording such as “terms of reference”, “assumptions”, “local ownership”, and so on. Similarly, under the current EU audit regime, a work plan has to be implemented, benchmarks have to be fulfilled, reports to be written, documents to be produced, visibility guarantee, sustainability assured. As Riles (1998) has observed for similar cases of negotiations of international agreements, matters of “form” (i.e. aesthetics) appear more important than questions of “meaning”.

Frequently glossed as “internationals”, experts working for Twinning programs are experienced legal practitioners from EU member states. Typically they are legal professionals, judges, prosecutors or academics with a permanent position in their home country public administration. In our experience they are often male close to retirement age, who feel flattered by the opportunity to provide their job with an international dimension: «working as an expert here [in Kosovo] is a chance to give an international turn to my career», said one expert. In addition to several benefits, internationals often show themselves enthusiastic and proud to turn their knowledge and longstanding legal experience at the service of “developing democracies”. Beyond such moral implications, many of them consider working as a consultant in a country like Kosovo an adventurous, exotic experience: «Isn't our life more interesting and exciting here?», an expert observes and immediately responds: «Oh, how boring it will be, when back in my country office!». Obviously, money is another important factor: the payment due for a mission abroad is usually very convenient comparing to the salary the same expert would earn in the home country.

International experts cooperate with “locals”, namely officials and civil servants of beneficiary public administrations, usually professionals with a university background in law. While at least in principle experts from EU member states and officials from candidate countries share the same commitment (as prescribed by the Twinning manual itself), their actual collaboration is challenged by their structurally unequal position in the project in terms of roles, access to the project’s budget and capacity to influence the project’s implementation. In fact, the Twinning does not allow recruitment of local officials in the role of paid experts. Logics and rhetoric of cooperation and learning by doing on which the Twinning is based reserves to the locals (and only to some of them) the opportunity to take part to seminars and “study visits”, the latter being educational initiatives organized by representatives of the EU member state in their home country and institutions. These are often also occasions for tourism and leisure, and are perceived by locals as a source of revenue in addition to the modest salary of the beneficiary public administration. As anticipated, major discrepancies between locals and internationals concern their different retribution and what they actually “get” from participating in a project. If we look at the average budget of a Twinning project (typically from € 1.2 to 2.0 million) from an accounting perspective, roughly 80% of the total amount of the expenses goes for the RTA salary, the short- and long-term experts’ fees. In other words, as one RTA observes, «the money goes back to EU member state representatives, instead of reaching the beneficiary country», as one might expect.

Interestingly, although these structural inequalities affect the actual collaboration and the everyday project’s social life, there seems to be a non-spoken mutual agreement between “locals” and “internationals”. Beyond the effectiveness of the projects and irrespective of their actual outcomes all actors involved share the idea that new projects have to be launched and ongoing missions extended. This is cynically summarised by a local informant as the common interest «to keep the sick person sick». A full recovery of the patient would not justify any further aid intervention of assistance reducing a number of opportunities (including salaries for local staff, benefits for the local economy and infrastructure like hotels, taxis and restaurants etc.) for many of the actors actively involved in making the rule of law a commodity to be exchanged and traded across the legal marketplace, at both local and global level.

To conclude, ethnography among “internationals” and “locals” actively involved in the legal marketplace also shows that assigning to countries of the “Global North” the role of providers of legal rationality and formal procedures for countries in the “Global South”, the latter being presumably “affected” by informal, traditional, and often corrupt practices is a misleading ideological assumption, albeit persistent in both popular and academic discourse. An insider view of the legal marketplace rather suggests that formal and informal practices and processes, their intricacies and uneven configurations permeate the actual implementation of the cooperation projects, beyond the local/international divide.

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