



*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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## 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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