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Urban informal economies in peacebuilding: Competing perspectives and implications for theory and praxis

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Abstract: Informal economic activity is often a defining feature of the political economy of conflict and post-conflict cities. Despite its prevalence, however, its implications for peacebuilding remain largely under-theorized. This article draws on the extensive literature on informal economic activity more generally, with a focus on cities, to outline three contrasting perspectives on its significance for peacebuilding: first, that informal economies can support peacebuilding efforts by providing crucial livelihood support and access to essential goods and services in the absence of functioning formal markets; second, that they are a manifestation of resistance to unpopular top-down peacebuilding processes that fail to cohere with local understandings of economic justice; and third, that they can reproduce the conditions that led to conflict by re-establishing socioeconomic hierarchies and systems of marginalization. It argues that each of these perspectives has important implications for the theory and praxis of peacebuilding and raises conceptual challenges that remain unresolved. It then claims that any effort to incorporate urban informal economies into peacebuilding processes must prioritize democratic inclusion, grassroots organization and formal employment creation if they are to have a meaningful impact on the lives of the urban poor.

Keywords: Informal economy; peacebuilding; cities; development; resistance; marginalization
Conflict can have a transformative effect on economic activity. Limited formal business operation, dysfunctional labour markets, damaged and/or destroyed infrastructure, currency instability, capital flight, low levels of investment, migration and the emergence of new systems of production, exchange and accumulation are all common features of conflict and post-conflict contexts, while peacebuilding processes often must confront problems ranging from providing livelihood support for ex-combatants to the (re)construction of state institutions that oversee economic governance.

The formal economic collapse that conflict precipitates can also lead to the proliferation of informal economic activity. In this respect, the economic conditions in which peacebuilding must take place are not exceptional. Informal economic activity is ubiquitous throughout the Global South, involving an estimated 71.9% of all non-agricultural workers in Sub-Saharan Africa, 59.2% in Asia and the Pacific and 49% in Latin America and the Caribbean.\textsuperscript{1} Activities such as street and market vending, unregistered trade in city shops, urban transportation provision, small-scale manufacturing and unofficial, often precarious employment frequently take place outside of official legal and regulatory requirements that states cannot, will not or only selectively enforce, constituting a central feature of urban life. Their significance is likely to increase as cities in the Global South experience rapid population growth and urbanization; the United Nations estimates that 4.2 billion people, or 55% of the world’s population, are currently living in urban areas, and by 2050, an additional 2.5 billion people will be living in cities, representing 68% of the world’s population, with almost 90% of urban growth occurring in Asia and Africa.\textsuperscript{2}

Yet informal economies remain under-conceptualized in peacebuilding scholarship and policy. Even as the importance of urbanizing understandings of peace and conflict is increasingly recognized\textsuperscript{3} and other central features of the political economy of conflict and post-conflict
peacebuilding receive growing critical attention, informal economic activity in cities has been largely left out of analyses of conflict and post-conflict dynamics. As a result, fundamental questions about their potential role in the establishment of lasting peace remain unanswered. What role can informal economies play in peacebuilding? Are they a conduit for peace and development, or for further marginalization and conflict? Do they empower the poor or solidify systems of power and structural poverty?

This article seeks to bridge the conceptual gap that exists between understandings of the political economy of peacebuilding and urban development to understand the role of urban informal economic activities in the promotion of peace, and, in doing so, consider what a focus on informality can contribute to the theory and practice of peacebuilding. Drawing on the extensive body of work that exists on informal economies beyond Peace and Conflict Studies, it outlines three perspectives on the significance of informality for peacebuilding, each of which can be tied to prominent themes and theoretical positions that exist within peacebuilding literature. The first is that informal economies can play a crucial role in supporting livelihoods and providing access to essential goods and services in post-conflict contexts, thereby supporting economic development and contributing to the establishment of sustainable peace. The second is that informality is a manifestation of resistance to externally driven, top-down peacebuilding processes that are exclusionary and fail to incorporate or reflect popular understandings of peace. If, from this perspective, peacebuilding involves the imposition of an inflexible set of liberal institutions and norms that lack local legitimacy, informality can be seen to represent a more socially embedded economic system that exists outside of restrictive notions of what form(s) economic activity should take. The third is that informality, rather than holding the potential for emancipation, reconstructs socioeconomic hierarchies and perpetuates marginalization by
reintegrating the poor into unequal market systems and subjecting them to the coercive power of the state. In doing so, it can ultimately undermine peacebuilding by reproducing the structural conditions that initially led to the outbreak of conflict. This article argues that all three perspectives have important implications for the theory and praxis of peacebuilding that need to be carefully considered if informal economic activity is to be adequately incorporated into efforts to establish long-term, sustainable peace in the aftermath of conflict. If these efforts are to succeed, it contends, they must recognize the relationship between political and economic inclusion and seek to facilitate agency and empowerment. Democratic inclusion, grassroots organization and formal employment creation can all have a meaningful impact on the livelihoods of the urban poor. All must be prioritized in post-conflict cities.

The remainder of this article consists of three sections. The first provides a conceptual foundation for understanding post-conflict urban informality by providing a definition of informal economic activity. It emphasises the importance of a more robust and critical understanding of informal economic activities, suggesting that conceptual vagueness not only undermines analytical utility, but also inadvertently reinforces a damaging discourse that is often employed in the Global South to legitimize state repression and justify the criminalization of poverty. The second section explores the three views of the significance of informal economic activity for peacebuilding outlined above: first, that the informal economy can contribute to peacebuilding by facilitating inclusive development and providing crucial economic functions in the aftermath of conflict; second, that informality is a manifestation of resistance to unpopular and exclusionary peacebuilding processes; and third, that the informal economy can reproduce the conditions that originally led to conflict by exacerbating marginalization. Conclusions are then offered through a consideration of lessons that can be drawn for the incorporation of urban informality into
peacebuilding processes. Three are discussed in detail: that democratic institutions and processes can greatly promote the inclusion of the urban poor and should thus be prioritized in peacebuilding processes; that greater attention should be given to providing opportunities for popular organization in post-conflict environments; and that peacebuilding processes should prioritize formal employment creation. Each offers a potentially valuable avenue for further research in post-conflict urban settings.

**Defining informal economic activity**

The claim that informal economies remain under-conceptualized in peacebuilding literature may seem contentious. Indeed, the political economy of conflict and post-conflict environments, and the central role(s) that forms of production and accumulation that occur outside of state or international legal and regulatory structures play in them, have long been a major focus of Peace and Conflict Studies research. Such work has provided crucial insights into the dynamics of conflict and served as an invaluable foundation for critiquing orthodox peacebuilding theory and praxis.

Not all aspects of (post-)war economies, however, can be classified as informal merely because they deviate from neoliberal understandings of how markets should be organized and function. Kleptocratic practices in Bosnia and Herzegovina, transborder trade in South Sudan and motorcycle taxi driving by ex-combatants in Sierra Leone may all, in their own way, take place outside of legal and regulatory structures, but differ widely in the relationship with state power, the role(s) of non-state actors and the form(s) of violence they entail. Further disaggregation is therefore imperative, and while attempts to classify often complex, interconnected and fluid phenomena may be difficult, the risks of conceptual rigidity are far less
than those of conceptual vagueness for the purposes of analytical utility. Perhaps more urgently, given the extent to which the demonization of informality and its association with criminality is commonly invoked to justify state repression, the conceptual treatment of informal economies demands that strict specificity and constant critical attention to questions of power be maintained. Goodhand’s distinction between combat, shadow and coping economies in Afghanistan is particularly useful here as it breaks down the broader war economy into individual segments that differ in the actors, incentives, commodities and relationships involved in them.\(^{10}\) It is possible to introduce another dimension into these divisions: the status of economic activities before the legal and regulatory apparatus of the state.

It is here that the importance of informal economies becomes evident. While no single definition of informal economic activity remains universally accepted, perhaps the most influential have been provided by the International Labour Organization (ILO), which distinguishes between informal employment, employment in the informal sector and informal employment outside the informal sector, encompassing a wide range of own-account workers, employers, contributing family workers, employees and members of producers’ co-operatives across formal sector enterprises, informal sector enterprises and households.\(^{11}\) As these categories suggest, the informal economy is characterized by extensive internal and external socioeconomic hierarchies defined by patterns of capital ownership, employment relationships and legal and regulatory regimes. Formal businesses can employ workers informally; individuals can undertake independent economic activities in the informal economy; businesses operating in the informal economy can hire employees. The informal economy is thus both integral to formal class structures and has an internal class structure of its own that is dominated by the urban poor.\(^{12}\) This focus on a narrower category of small-scale livelihood activities that are undertaken primarily by the urban poor
highlights the division that exists between how informality is often understood in peacebuilding literature and how it is defined in development in theory and practice. It is this understanding of informality that is used here and these activities that this article is interested in, a focus that is premised on the principle that critical insights into informality from outside of Peace and Conflict Studies can add much to how peacebuilding is understood and make a valuable contribution to ongoing debates about development, resistance and marginalization in post-conflict urban settings.

Informal economic activity is therefore defined here as the production and exchange of otherwise legal goods and services outside of the legal and regulatory structures of the state, a conceptualization that is relatively consistent in literature on informality. Three aspects of this definition are worth emphasizing. First, informality necessitates some form of monetary exchange, and thus excludes barter systems and other non-monetary forms of subsistence. Second, informal economic activity involves the trade of goods and services that are themselves not criminalized, meaning that what makes it informal is the circumstances under which trade takes place. And third, informality entails a failure to adhere to at least some, but not necessarily all, relevant legal and regulatory requirements. These requirements can vary significantly across sectors, between states and even over time. The political dimensions of informality are thus implicit in the concept itself, which by its very nature presupposes a certain degree of power as it is the state that ultimately defines the legal and regulatory boundaries for acceptable economic activity and thus determines the degree to which activities are ‘formal’ or ‘informal’. Engaging with informality necessarily requires engaging with questions of state power.

As the state (re)constitutes its power and (re)centralizes control in the aftermath of conflict, its relationship with the informal economy can undergo a dramatic transformation. The logic of governance drives efforts to know, tax and regulate economic activity beyond control of the state,
and the twin processes of peacebuilding and statebuilding involve institutional reforms that reorder the state structures, laws and norms that dictate how markets are intended to operate. The governance of informality therefore reveals much about the unique and constantly changing constellation of power that peacebuilding entails and the various roles that local, national and international actors play in the political economy of post-conflict cities. There is much to gain from a critical analysis of it.

**Three approaches to informal economies in peacebuilding**

The extensive literature on informal economic activity points to three distinct ways in which informality can be understood in post-conflict urban contexts. Each can be linked to a major theoretical perspective on peacebuilding, the implications of which merit full consideration.

**Development**

Perhaps the most straightforward approach to post-conflict informality is the view that the informal economy can promote the establishment of long-term peace by contributing to economic development.\(^{13}\) Informal economies, in this view, serve as a valuable livelihood source outside of formal markets.\(^{14}\) When conflict precipitates formal economic collapse, the informal economy can act as an effective safety net by allowing individuals to undertake survivalist strategies as a means of meeting basic needs. In the aftermath of conflict they can, under appropriate circumstances, similarly promote more inclusive, broad-based growth, and even serve as a source of formal entrepreneurship.\(^{15}\) This assumption already plays an important, if often unacknowledged, role in Disarmament, Demobilization and Reintegration (DDR) programs,\(^{16}\) particularly given the extent to which, as McMullin notes, these are based on a model of “self-employment through enterprise”
due to a lack of job opportunities rather than “public sector job creation or stimulus, or sustained partnership with the private sector to devise quotas or affirmative action policies for veterans”. This view is rooted in two major assumptions about peacebuilding: first, that development is crucial to the establishment of long-term peace; and second, that the local private sector, particularly small and medium-sized enterprises, can contribute to this development and thus to peacebuilding more generally.

A crucial question remains surrounding the developmental trajectory of urban informal economies in the Global South. An obvious path would involve the gradual incorporation of the informal economy into the formal economy as businesses, due to either pressures or inducements, begin to comply with relevant regulatory and taxation requirements and the formal labour market expands to provide employment opportunities in line with existing levels of labour supply. The objective of formalizing informal economies has become a major feature of international policy with the adoption of ILO Recommendation 204 at the International Labour Conference in 2015, the endorsement of formalization in the New Urban Agenda and longstanding support by World Bank. There is little consensus, however, on what formalization will entail in practice and how it can most effectively be achieved in a way that is conducive to inclusive development. If not properly managed, formalization processes could fail to improve, or even harm, the livelihoods of the urban poor, and, in certain circumstances, simply facilitate the extension of state power and serve as a justification for the coercive use of force. A consideration of the unique demands that post-conflict environments may pose for formalization processes is conspicuously absent from this international agenda.

The notion that formalization will follow development has a notable intellectual heritage. Most significantly, it can invoke an understanding of economic transformation under capitalism in
which, echoing early forms of Marxism, neoclassical economics and modernization theory, excess labour capacity in absorbed into new forms of production. This view is premised on an assumption that informality is the result of an excessive supply of and inadequate demand for labour, and that economic development, by boosting this demand, will allow the expansion of formal employment. The informal economy, in this view, is yet to be integrated into the process of formal development.

Informal economies, however, have proven to be remarkably persistent, both in post-conflict contexts and more generally. Indeed, as Danielsson finds in post-conflict Kosovo, international interventions can not only fail to eradicate informality, but “by weaving into certain, historically contingent local practices and knowledge constructions”, contribute to its resilience and allow it to “feed off and undermine these very operations”. If post-conflict economic growth cannot on its own promote formalization, and if targeted formalization efforts not only fail to achieve their stated goals but ultimately prove to be counterproductive, peacebuilding processes must therefore contend with difficult questions about how informality should be governed and, if formalization is desirable, what form(s) it should take and how it should be encouraged. Is formalization primarily a means of boosting regulatory and tax compliance or access to basic rights, labour protections and social security programs? Are these two views of formalization compatible? Could approaches to informality that focus on the rule of law in fact harm the urban poor where they perpetuate injustice? Answering these questions requires a deeper interrogation into the power dynamics that are at the heart of peacebuilding and development processes, a task for which alternative understandings of informality may be better suited. These too come with their own conceptual challenges.
Resistance

An alternative view of informality holds that the poor are not merely excluded from formal labour markets due to the impersonal logics of supply and demand, but instead make a conscious decision to disengage from the state and formal economic institutions in response to their failures. The informal economy, in this view, is still a space for the agency of the poor, but that agency extends beyond the simple forms that livelihood strategies take to encompass the deeply political nature that livelihoods can assume. Informality is therefore not merely a by-product of exclusion, but a manifestation of resistance. As resistance has emerged as an important topic of study within critical approaches to peacebuilding processes, the idea that informal economies can be viewed as a form of resistance to top-down peacebuilding projects that are based on contextually inappropriate liberal values and institutions has been proposed. Yet incorporating an understanding of informality as resistance into a critique of liberal peacebuilding is not so straightforward.

There is a long tradition of understanding informality as a form of resistance to an unpopular, unjust and exclusionary political and economic system. This is largely grounded, however, in neoliberal analyses that view informality as a form of grassroots market activity that empowers the urban poor and serves as a source of creativity and entrepreneurialism the face of a restrictive, burdensome or ineffective state. For de Soto, the most prominent adherent to this position, informal economic activity is the result of the widespread evasion by the poor of the state’s poorly designed legal and regulatory structures, suggesting that states must act to reduce the costs of formality and offer legal protections for property rights, contracts and extracontractual liabilities to allow markets to properly function. Tripp takes this argument further, suggesting that the largescale disengagement from the state by the poor challenges, and can ultimately
transform, state-society relations and serve as a major impetus for economic liberalization. Markets here are a source, rather than a target, of resistance.

It is difficult to reconcile this conceptualization of informality as a manifestation of resistance with the understanding of resistance to externally driven peacebuilding processes that can be found in the turn to hybridity in Peace and Conflict Studies. Even if a normative commitment to the importance of markets and the values they transmit can be discarded, incorporating established theorizations of informality as resistance into a critique of the forms of economic liberalization that are implemented in peacebuilding processes would maintain the fundamental assumption that informality exists due to the response of rational agents to incentives defined by the state that is at the heart of de Soto’s arguments. Constructing a critique of neoliberalism that is itself free of neoliberal assumptions about how markets operate and individuals within them behave is an urgent if underappreciated task for critical peacebuilding literature. Common theoretical approaches that inform much of this work do not necessarily offer a clear way forward, a reality perhaps most acutely illustrated by Foucault’s famously ambiguous analysis of neoliberalism and the understanding of markets that informs his theorization of biopower and governmentality. Rather than contesting neoliberalism, informal economies may instead be its local manifestation, a possibility that would strengthen the critique that hybridity expands, not limits, the reach of the liberal peace.

A critical understanding of informality as a manifestation of resistance would therefore need to provide an alternative conceptualization of agency and the relationship between the informal economy and the state if it seeks to challenge neoliberal views of the political economy of post-conflict environments. Precisely what this alternative would be, however, is unclear. One possible way forward is offered by work that frames the actions of those who engage in informal
economic activity as a form of resistance to exclusionary urban development processes. Informal economic activity demands access to space, most visibly city streets, sidewalks, transportation hubs, markets, public squares, parks, tourist sites and, occasionally, private business premises, and the physical exclusion of the poor from these places as they engage in their livelihood activities reflects, and is a central component of, the deep socioeconomic exclusion that they face in urban life. For Bayat, the ‘quiet encroachment’ of the livelihoods of the urban poor into these spaces represents a form of ‘street politics’ that, although spontaneous and uncoordinated, embodies a form of popular morality and seeks to alter the unequal distribution of social goods and opportunities while preserving autonomy from the state.\(^{35}\) Engaging in informal economic activity, in this view, is an inherently political act.\(^{36}\)

Such understandings, however, bring to the fore conceptual problems and unresolved tensions that accompany efforts to apply understandings of resistance to post-conflict environments. Two are particularly important.\(^{37}\) The first surrounds the nature of agency. If structural constraints, including conditions of poverty, a lack of formal employment opportunities and inadequate social protections, direct the urban poor into informal economic activities as a form of basic livelihood support, the extent to which their engagement in these activities can be understood in terms of agency is unclear. The fact that these structural constraints can be exacerbated by conflict as local forms of production and exchange are disrupted and state services are interrupted circumscribes their potential agency further.\(^{38}\) This, again, is particularly evident in DDR programs in which, as McMullin finds in Mozambique, reintegration processes return ex-combatants to conditions of poverty.\(^{39}\) Agency is apparently central to understanding resistance to peacebuilding efforts,\(^{40}\) yet if it is a prerequisite for resistance—that is, if an individual or group cannot truly contest power without making a conscious choice, whether implicitly or explicitly, to
do so—then the possibility that participation in informal economic activities cannot in any meaningful sense be understood as voluntary seemingly makes understanding them as a manifestation of resistance difficult. Again, the primary theoretical basis for understanding informality in terms of the agency of the poor comes from neoliberal accounts, the acceptance of which seems to crucially undermine the critical project that work on resistance to peacebuilding intends to serve.

Second, the related issue of intent raises similar problems surrounding the degree to which it is possible to signify the actions of those who engage in informal economic activity as a form of resistance. This is particularly relevant when individuals engaged in informal economic activity do not understand their actions as such, but as a means of basic livelihood support in the absence of viable alternatives. Politicizing and ascribing meaning to the livelihood strategies of marginalized groups not only raises questions about representation and voice in scholarship, but also risks simplifying the politics and desires of the urban poor—often a large and heterogeneous group with its own internal hierarchies, divisions and forms of marginalization⁴¹—and divorcing their actions from their specific livelihoods and experiences of state power. Theoretical and methodological challenges surrounding representation are always present in highly unequal societies,⁴² while the interpretation of agency and the treatment of ‘the local’ that is present in much of the critical peacebuilding literature entails normative assumptions that have not yet been subject to adequate scrutiny and can further processes of silencing rather than empowerment.⁴³ The nature of violence in post-conflict societies and the status of informal economic activities before the law render these issues particularly pressing. If the agency of the poor is to be taken seriously, then the use of that agency to give their actions meaning must be given a central place in any understanding of informality and resistance.⁴⁴
Marginalization

Not all treatments of informality, however, invest a significant amount of agency in those who engage in it. In this way, structuralist treatments of informality depart from views of informal economic activity as conducive to development or a form of resistance by framing it as a space of marginalization. The informal economy, structuralists maintain, is not defined by liberation or its potential to contribute to inclusive growth, nor is it disconnected from formal economic activity. Instead, it is central to capitalist systems of production, distribution and accumulation, allowing businesses and workers in the formal economy and some of its own more privileged participants to benefit from access to low-cost goods and services. Exploitation and inequality, in this view, are defining features of informality.\textsuperscript{45} Neither provides a firm basis for celebrating the agency of the urban poor.

Understanding informality in the context of structural marginalization has three important implications for peacebuilding. First, to the extent that structural violence\textsuperscript{46} and high levels of inequality\textsuperscript{47} contribute to conflict, the large-scale incorporation of the poor into informal economies could threaten the establishment of a long-term, positive peace by reinforcing power structures and systems of exploitation and exclusion. This highlights the danger of romanticizing ‘local’ political economies and ignoring the deeply rooted power structures they can both reflect and perpetuate.\textsuperscript{48} It also demands an understanding of peace that complicates efforts to draw a firm line between peace and conflict, particularly when doing so in reference to the outcomes of top-down negotiations rather than the experiences of those who are most deeply affected by violence. Even in times of ‘peace’, cities are often sites of violence in which political, economic and social questions entail significant forms of contestation over competing interests enacted through
interconnected forms of accumulation, dispossession, repression and resistance. Urban violence takes many forms in the apparent absence of conflict, from evictions, confiscations and low-level harassment to protests, riots and the use of force to suppress popular movements. Peacebuilding literature has broadly failed to incorporate these into a broader spectrum of urban violence that could provide necessary context for understanding informality, just as work on urbanism has given little attention to peacebuilding. Both could benefit from greater dialogue.

Second, the emphasis that structuralist approaches place on the role of markets in informal economic activity can serve as an important point of critique of the economic reforms that are central to peacebuilding processes. If economic liberalization, including the privatization of state assets, the promotion of free trade and the growth of foreign direct investment, reduce formal employment levels, its utility in the promotion of peace should be further challenged. Perhaps more crucially, reflecting on the power dynamics inherent in the relationship between informal economies and the state, and how these are transformed or reinforced by international actors during peacebuilding processes, offers the opportunity to consider how markets are created and operate more broadly in conflict and post-conflict contexts. Markets do not exist independently of state power, but rather operate within institutional constraints and according to rules that the state establishes and enforces. The (re)creation of these institutions and the (re)establishment and enforcement of these rules are central to liberal peacebuilding, and the governance of informality is particularly illustrative of the relationship between the state and the market in instances where the law is used to entrench dominant local power structures and discipline marginalized groups rather than to protect a broader set of economic and social rights surrounding employment and livelihood protections. Understanding these dynamics can provide for a particularly fruitful line
of critique of how and in what interests specific market arrangements are constructed in the aftermath of conflict.

Finally, and more broadly, informal economies are frequently sites of state violence. This is perhaps most clearly illustrated by the widespread repression of street vending—often the most visible manifestation of urban informality—in cities in the Global South. Underpinned by neoliberal understandings of urban development that aim to reorganize cities in line with supposedly neutral market functions, visions of urban modernity and technocratic planning processes, the targeting of street vendors through forced removals, arrests, fines, the destruction of property and the confiscation of goods highlights the reality that development is a contentious and highly politicized process in which ingrained power structures may further marginalize rather than incorporate the urban poor and the informal economic activities that they engage in. Informal actors can and do contest this process by resisting attempts by the state to regulate or repress their activities, but such efforts can only mitigate, rather than fundamentally challenge, state power. Crucially, state violence against the informal economy is often supported and encouraged by large segments of the population. Middle class urban residents commonly view informality as a nuisance, aesthetically unappealing or even dangerous, and aspire to forms of urban development and function that street vending is both absent from and an obstacle to. Formal businesses are often similarly opposed to street vending and vocally support the eradication of the practice due to concerns about unfair competition. Such support legitimizes state repression and exacerbates social divisions. The use by the state of its coercive power to target informality in support of formal businesses, even as it fails to adopt policies that would provide the poor with alternative livelihood sources and allow them to participate in development, is a particularly vivid illustration of the violence that underpins the definition and regulation of acceptable market activity.
The treatment of street vending is revealing about the role of state power in the informal economy. As states seek to repress, formalize or otherwise tax and regulate informality, they often resort to coercion to discipline the behaviour of the poor and punish actions that are deemed to violate dominant notions of what forms of economic activity are legitimate and desirable. Statebuilding has historically been a violent process that entails extensive processes of subjugation and repression as a means of cementing centralized control.\textsuperscript{60} The consolidation of political power that lies at the heart of statebuilding is paired with a similar consolidation of economic power through the development of state institutions, their extension across geographic space and their imposition on activities that are outside of state control. Efforts to govern informality are a continuation of this process. They are frequently underpinned by the same forms of violence. Such an understanding of the relationship between the informal economy and the state suggests that encouraging informal economic activity could undermine rather than promote peace, and that efforts to incorporate informal economies into state regulatory frameworks risk further violence. The state is not a neutral actor in informal economies, but fundamental to the definition, growth and repression of informality.\textsuperscript{61}

Peacebuilding, by centring on statebuilding,\textsuperscript{62} risks exacerbating conflict by expanding and entrenching state power in contexts where the state is neither a neutral, disinterested actor in conflict nor a benign protector of the interests of the marginalized. The informal economy is a primary site in which these dynamics play out.

\textbf{A way forward?}

The three perspectives outlined above are difficult to reconcile. Little common ground exists on key issues surrounding why informal economic activity exists, the experiences of those
who engage in it and how it should be governed: a view that emphasizes the potential of the informal economy to contribute to peacebuilding by facilitating broad-based development suggests that informal economic activity should be encouraged as a means of including the poor in economic growth, whereas an emphasis on resistance suggests a more dramatic transformation of economies in line with popular understandings of justice is necessary and a focus on marginalization implies that the poor require extensive protections and similarly fundamental political and economic transformation. This does not mean, however, that no lessons can be drawn for the theoretical and practical incorporation of urban informal economies into contemporary peacebuilding processes. Three that seek to promote agency and empowerment, and in doing so address the relationship between political and economic inclusion in the informal economy, are particularly worth highlighting here.

First, a growing body of evidence suggests that democratic institutions and inclusion in decision-making processes can have a positive impact on informal economic governance by providing marginalized groups with access to decision-making processes from which they are otherwise excluded. Most notably, democratic institutions and processes make policymakers directly accountable to voters, suggesting that regular open elections in which candidates must appeal to the urban poor for support can have dramatic livelihood and empowerment effects. Conversely, institutional decline and political capture in the context of economic liberalization can severely undermine the developmental potential of informal economic activity. Open democratic systems are often absent in states with high levels of informality, where predatory, repressive, negligent, corrupt or partisan state officials may fail to prioritize effective informal economic governance. While the self-interest of state officials may sometimes cause them to offer strategic support for informal economic activities and protections for the poor, such clientelistic
arrangements are capricious, unreliable and deeply hierarchical, and therefore no substitute for democratic alternatives founded on equality and inclusion. Democratization has long been a central pillar of international peacebuilding projects, and criticisms of its utility for the promotion of peace in the immediate aftermath of conflict are well established. Still, for the urban poor, political exclusion can lead directly to socioeconomic exclusion. If informal economic activity is to be incorporated into peacebuilding efforts, the design and implementation of inclusive political processes and institutions that allow the urban poor to participate in post-conflict governance must be prioritized.

Second, grassroots organization can play an important role in allowing those in the informal economy to define, defend and assert their rights and interests. The potential for organization in the informal economy has emerged as a major focus of the International Labour Organization (ILO), while others have noted the ability of organizations in the informal economy to engage in a wide variety of activities to benefit their members. Collective action is not, of course, a panacea, and major barriers to organization in the informal economy and the empowerment of the urban poor exist, including intense competition and labour over-supply; hierarchies and conflicts surrounding ethnic, racial, religious, gender, age and wealth differences; state interference; and the risk that organizations may reproduce power structures and fail to pursue any meaningful change. Nevertheless, one of the most significant determinants of the success of collective action, both in the informal economy and more generally, is the political environment in which it takes place, suggesting that if organization is to promote meaningful empowerment, peacebuilding processes must establish the responsive decision-making structures that provide it sufficient space to do so.
Finally, post-conflict peacebuilding processes should prioritize formal employment creation. While competing theoretical accounts provide starkly contrasting views on why the poor engage in informal economic activity, the state should not be absolved of any responsibility for addressing low levels of formal employment. Entrepreneurialism is not an adequate substitute for functioning labour markets. Formal employment is, of course, not necessarily emancipatory and can similarly entail the incorporation of the urban poor into labour hierarchies and systems of exploitation that do little to address the conditions of structural poverty in which they live. More attention should therefore be given to not only the promotion of formal employment, but also the provision of more comprehensive rights and protections to workers in the formal economy as a means of ensuring that post-conflict development is more inclusive. More broadly, peacebuilding processes must be more sensitive to labour issues and provide more channels for institutionalized bargaining and contestation to take place. More attention should also be given to how a comprehensive safety net can be designed for those who lack formal employment as a means of either complementing or substituting livelihood strategies and addressing the conditions of poverty that perpetuate informality.

Fundamental questions about the role of urban informal economies in peacebuilding processes remain unanswered. These lessons offer a potentially valuable basis on which to begin incorporating urban informal economic activity into the theory and praxis of peacebuilding in a way that is sensitive to the complexities and power dynamics that such an effort must engage with, but they remain, in the absence of more concrete engagements with informal economic activity in specific local post-conflict cities, necessarily tentative. A full understanding of post-conflict urban informality and its potential to contribute to the establishment of long-term, positive peace will only come when informal economic activity is assigned its due significance in peacebuilding
processes and international and local actors engage more coherently and critically with the challenges that it poses. Given its central role in post-conflict urban livelihoods, the value of doing so should not be underestimated.
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See the marginalization perspectives discussed below. A useful internal structure is offered in Chen, “The Informal Economy,” 9.


For early approaches to informal economic activity, see Hart, “Informal Income Opportunities”; and International Labour Organization, “Employment, Incomes and Equality.”

Demirgüç-Kunt, Klapper and Panos, “Entrepreneurship.”

Lamb, “Assessing.”

Quoted from McMullin, Ex-Combatants, 4.

This has long been a central tenet of peacebuilding. It is increasingly framed in the context of the Sustainable Development Goals (SDGs). See, for example, United Nations and the World Bank, “Pathways for Peace,” 6.


International Labour Conference, “Recommendation 204.”


For the World Bank’s approach to informality, see Perry et al., Informality.

See the marginalization perspectives outlined below.


Quoted from Danielsson, Informal Economies and Power, 5. Original italics removed.

The latter are central to the ILO’s approach to the informal economy. See note 20 above. Also see Miller, “Living Outside the Law.”

Mac Ginty, International Peacebuilding; Pugh, “Local Agency”; and Richmond and Mitchell, “Peacebuilding.”

De Soto, The Other Path.

Tripp, Changing the Rules.

Notable treatments of resistance and the ‘hybrid turn’ can be found in Mac Ginty, International Peacebuilding; and Richmond, A Post-Liberal Peace.

See note 28 above.

Young, “Conceptualizing Resistance,” 178.

Burchell, Gordon and Miller eds., The Foucault Effect; and Lemke “‘The Birth of Bio-Politics.”

Nadarajah and Rampton, “The Limits of Hybridity.”

Bayat, Life as Politics; Bayat, “From ‘Dangerous Classes’”; and Bayat, “Un-Civil Society.”

Scott’s theories of everyday resistance have also been used to politicize the actions of those who engage in informal economic activity. Tripp’s work is particularly relevant here (see note 29 above). For alternative treatments, see: Moyo, “Resistance and Resilience”; and Musoni, “Operation Murambatsvina.” For Scott’s work on resistance, see: Scott, Domination; and Scott, Weapons of the Weak.

For a discussion of each, see note 32 above, 172-174.

This reflects a more general blindness to class dynamics that characterize theories of post-conflict resistance. See Iñiguez de Heredia, “The Conspicuous Absence.”

McMullin, “Reintegration of Combatants,” 630.

See, in particular: Mac Ginty, International Peacebuilding; Richmond, A Post-Liberal Peace; and Pugh, “Local Agency.”

For the importance of placing the agency of the poor in its proper economic and social context, see Rizzo, Taken for a Ride.

For the issue of the ability to ‘speak’ for marginalized groups, see Spivak, ‘Can the Subaltern Speak?’

Randazzo, “The Paradoxes.”

See note 32 above, 173-174.

Prominent examples of this literature include: Portes, Castells and Benton eds., The Informal Economy; Moser, “Informal Sector”; and Portes and Schauffler, “Competing Perspectives.” Also see Young, “The State,” 409.

Galtung, “Violence.”

See, for example, Baten and Mumme, “Does Inequality.”

Romanticizing ‘the local’ is a broader problem in peacebuilding policy and scholarship. See Richmond, “The Romanticisation.”

Büscher, “African Cities.”

See note 3 above for notable exceptions.
Challenging these reforms is central to critical approaches to the liberal peace. See, for example, Pugh, “The Political Economy.”

Cahill-Ripley, “Reclaiming the Peacebuilding Agenda.”

Roever and Skinner, “Street Vendors and Cities.”

Crossa, “Resisting the Entrepreneurial City”; “Morange, “Street Trade”; and Swanson, “Revanchist Urbanism Heads South.”

Popke and Ballard, “Dislocating Modernity.”

Kamete, “Cold-Hearted”; and Kamete “In the Service.”

A useful framework for understanding these contestations is offered in Mackie, Bromley and Brown, “Informal Traders.”

These views, along with other arguments commonly used in support of or opposition to street vending, are outlined in Bromley, “Street Vending.”


Newman, “The Violence of Statebuilding.”

Young, “The State.”

For a critical analysis of the relationship between peacebuilding and statebuilding, see note 60 above. Also see Curtis, “The Limits to Statebuilding.”

Agarwala, Informal Labor; Agarwala, “Reshaping the Social Contract”; Holland, Forbearance as Redistribution; and Holland, “Forbearance.”


Cross, Informal Politics.

See, for example, Paris, At War’s End.

Young, “De-Democratisation.”


Eaton, Schurman and Chen eds., Informal Workers; and Kabeer, Sudarshan and Milward eds., Organizing Women Workers.

See, for example: Meagher, Identity Economics, 105-120; Lindell, “Informality and Collective Organising”; Meagher, Kate, “The Politics of Vulnerability”; Rizzo, “‘Life is War’”; and Sanyal, “Organizing the Self-Employed.”

Brown and Lyons, “Seen but Not Heard.”

Theories of collective action that focus on political opportunity structures are particularly relevant. See: McAdam, Political Process; Tarrow, Strangers at the Gates; and Tilly, From Mobilization to Revolution.