"On Informality & Considerations for Policy"

T. AbdouMaliq Simone
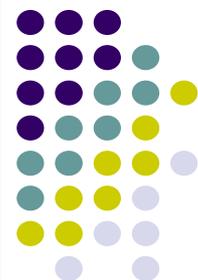
1. Introduction: The role of informality in localities of the developing world

The purpose of this discussion is to understand various kinds of informalities in development processes, and how they might be viewed as resources or impediments in local economic development. To adequately convey the complexities involved in the interaction of development institutions with these informalities, it is necessary to understand something about the *socio-psychological* parameters of contemporary community life which give rise to these various informalities and the multiple dimensions of informal economies. Therefore, the discussion will concentrate on reviewing, in very general terms, some of the dynamics being experienced by disadvantaged communities in the developing world, how these dynamics are giving rise to expanded domains of informality, and what development workers must keep in mind in terms of engaging them.

The emphasis adopted here also means that the discussion will go beyond notions of the "informal sector" that have tended to subsume the heterogeneity of informal processes to the myth of a well-cohered and coterminous domain of economic activities. The conventional tendency has been to describe economic activities which are unlicensed, operate with low levels of capitalisation, and have low levels of adherence to prevailing legal frameworks as informal. Such labelling tends to miss the often complex interactions between diverse economic activities and regulatory frameworks—as different local and national contexts have different licensing procedures, tax structures, and legal environments. The degree to which economic actors can comply with them has much to do with perceptions about their legitimacy, the extent to which formal rules and norms are viewed as facilitating survival and/or the possibility of accumulation, the degree to which they are viewed as linked to specific interests, and the degree to which compliance is possible--how much compliance costs versus the relative cost of non-compliance.

What is the relationship between the content of regulations and procedures employed to enforce them; what are the degrees of uniformity in this regard? What is the degree of fit

between the official regulatory environment and the prevailing cultures of entrepreneurship and economic cooperation? What are the normative characteristics and operational procedures of formal enterprises, and to what extent do specific informal economic activities facilitate, impede or complement their operations? To what extent are informal operations a typical precursor to eventual formalisation? In some countries most enterprises are officially registered, but rarely pay tax; whereas in other contexts, taxes are regularly paid, but few enterprises are officially registered.

An additional problematic ensues when larger degrees of economic informality become incumbent to the process of modifying and restructuring production in general—given the adoption of economic liberalisation programmes and globalisation. Therefore, when extralegality becomes the overarching defining feature of informality, "it becomes a tangled mess that mixes together capitalist activities that follow a capitalist strategy to confront crisis, and 'craft' workshops and informal 'enterprises'." (78)[1] Here, a single term, "the informal", conflates very different processes and motivations—i.e., those undertaken to maximise the generation of profits and those pursued to satisfy the immediate survival needs of households or extended families.

Once such ambiguity is opened-up in strictly economic domains, it becomes evident that notions of informality have broad applicability and convergence across a broad spectrum of social fields and changes taking place within them. The changing role and place of localities within regional, national and global systems has a profound affect on the ability of any single institution or sector to exert some overarching control over the political, economic and cultural transactions and processes which occur within the administrative or cultural boundaries defining a specific locality. Even the notion of locality—in terms of where a specific locality begins and ends—is one which is increasingly contested, as municipalities no longer hold territory in a continuous spatial network of contiguous interactions. From the exclusive neighbourhoods of the rich to the "excluded" peri-urban and rural domains of the poor, the scope of what has to be considered and referred to so as to put "bread on the table" becomes more extensive—as individuals and groups are more broadly aware of how the situations of disparate others actually or potentially impact upon their own. The situation has given rise to the normalisation of a wide range of informal processes in institutional decision-making and managing everyday life in general.[2]

Throughout the world, the internal structure of localities becomes more fragmented, while networks of collaboration and belonging extend across broader and more differentiated spaces. The capacity for sustained and coordinated actions among diverse populations and histories increases while at the same time the local foundations of solidarity and cooperation become more precarious and fragile. What such a dynamic clearly emphasises is that governance, discipline and control is no longer a function of subsuming diverse peoples and situations under the rubric of territorial proximity, overarching ideologies or belief systems,

or totalising institutions capable of having "something persuasive to say" about all facets of daily life, either through legislation or administration.

With accelerated population shifts occasioned by migration, demographic change, the dispersion of economic resources, and the relocation of growth, localities encounter heightened levels of instability. This instability is intensified by the proliferation of the more singular survival strategies pursued by local residents forced into more opportunistic and ad hoc behaviours. In the past, local solidarity and coherence had been conventionally achieved through a basically shared understanding about what the worlds exterior to the community were like and how they impacted on local life—rather than through the acknowledgement of or socialisation into some essential commonality. The ability of localities to exist with a measure of coherence derived largely from its constitution of a larger and different world in which it saw itself operating and from which it was able to set itself off as identifiably but never comprehensively distinct.[3] In this process, localities secured a specific internal logic that, in turn, "led" them to once again take into consideration larger references and points of view. But as that outside world is subject to increasingly differentiated local perceptions and is seen as growing more complex, the ability to sustain local solidarities has become problematic. Globalisation, economic deregulation, migration, and weakened political states all contribute to a growing uncertainty as to who people are, their motivations and likely courses of action—even in situations where people have lived together all of their lives.[4]

Local cohesiveness is also attained through relationships of reciprocity amongst networks of individuals and households who assume unequal social and material positions in relationship to each other. Within capitalist societies, such reciprocity is seen as a way of concretely demonstrating that all who operate within localities but who cannot satisfy legitimate social needs within the framework of the market are entitled to the generosity of the community. Whereas market mechanisms mediate social relationships through the exchange of material and symbolic objects accorded equal value, reciprocity implicitly acknowledges a social field of unequal power relations. As social relationships evolve in the formation of larger collectives, these relationships of reciprocity become incorporated as a feature of the society's overall obligations through formalised and institutionalised practices of redistribution—so as to reduce the possibility that prevailing inequity will pull the collective apart.[5] Thus, the coherence of the community is largely predicated on such a capacity to ensure that only a limited range of disparity in access to resources prevails.

The growth of informal processes related to the provision of basic needs, however, stems from the recognition by various social and national contexts that formal institutionalised structures are inadequate to the task of effectively redistributing resources and opportunities. In the South, the rapid growth of informal sector employment, shelter, and governance processes represents, in some cases, the unwillingness of those in power to invest in the overall cohesiveness of the national society. In others, the growth of the informal signals the

difficulties public sectors face in adequately developing mechanisms to address widening internal differentiation stemming from rapidly accelerating social change and thus guarantee national coherence in face of globalisation. While according space to informal processes is often an effective means of ensuring the generosity of the social collective, the fact that these processes are most often under-regulated opens them up to a series of manipulations capable of intensifying inequity and promoting the self-aggrandisement of the privileged.

For example, cities in Turkey have witnessed the enormous growth of the informal housing sector during the past decades—to such an extent where up to a quarter of all housing within the country's cities is provided for on an informal basis. Informality in shelter provision has been tolerated in lieu of the inability of successive national and municipal governments to reach a functional consensus regarding urban policy and urban services. At the same time, the official tolerance accorded to the development of informal urban areas has been used to cement a broad range of clientelist relationships that have increasingly become the core of urban politics. Property titles are exchanged for votes and a highly profitable relationship between municipal authorities and contractors of middle and upper-income housing ensues. Land developed by squatters is frequently sold "under the table" to major developers who realise enormous profits in the development of large apartment blocks within officially informal settlements. What is tolerated as a mechanism to ensure social balances and access to basic needs on the part of the poor becomes then a means to access enormous profits with a minimum of cost and responsibility. Most importantly, the Turkish situation demonstrates that these instances of "negative reciprocity" end-up deferring and making difficult subsequent attempts to institute appropriate formal mechanisms of redistribution and actually extend market relationships into new areas of social life. As a result the possibilities of sustaining reciprocal relationships in poor communities are diminished.[6]

Municipal authorities, having initially acquired increasing authority to regulate land transactions and housing development within informal settlements on the basis of preventing urban areas from being "overwhelmed" by squatters but then using this authority to cut deals with major developers, then find their ability to mobilise public funds for urban services curtailed because the majority of the electorate comes to believe that informal areas are sites of speculative gain rather than poverty.[7] This inability to configure formal redistribution mechanisms further intensifies the need for informal reciprocal relations--which now find themselves increasingly constrained as market mechanisms have penetrated further into everyday social relationships.

In many instances, state policies, deployed to generate specific economic and labour objectives, directly influence the elaboration of informal economic activities and set in motion opportunities on the part of individual entrepreneurs, landowners, and workers to flout state regulations. In many parts of the developing world, the adherence of national governments to prevailing economic wisdom—e.g., the need to create an entrepreneurial class, small

businesses, commercial agriculture, etc.—has directly provided opportunities for land appropriation, the circumvention of rules regarding the hiring of labour, the proliferation of political clientelism into the provision of social welfare and technical assistance, and hiding assets from the state.[8] For the most part, such informalisation stems from opportunities for individuals to access multiple sources of income through securing niches in various sectors. These multiple positions are then used to cover up, divert, or circumvent scrutiny by regulatory agencies. In most of the developing world, no household is concretely fixed in any single economic position, often operating in-between several. This operating "in-between" then itself changes the ways in which economic positions are linked, constituted and remade as they evolve or dissipate over time.[9]

While the need to impose some sense of order on the relationship between the local and the larger world may not diminish, who and what has the authority to persuasively structure such a point of view becomes contested, giving rise to a multiple local "authorities" and multiple ways of talking and acting. While such heterogeneity is in some sense required for the sustainability of localities—in that it provides different links and modalities of engagement with that larger world, and thus maximises sites of opportunity and resources—it also can connote a falling away of the need for common practices of civility and a shared sense of belonging. For as links to the outside world are diversified, so are the range and kinds of inequities present within communities, with substantial disruptions in the way localities once understood, and perhaps tolerated, internal differences and disparities in wealth and power. Sudden and inexplicable accumulations, opportunities or losses generate additional confusions as to who is doing what to who, who has access to what, and to what extent these changes are attributable to things not being what they appear to be.[10]

If households, extended families, social networks or neighbourhoods are increasingly uncertain as to just what dynamics are constraining their life chances and, as a result, must now pay attention to other realities and situations with which they once co-existed at a "distance"—but which are now viewed as possibly salient—there is a concomitant narrowing of the field of social affiliation, loyalty, trust and cooperation. For the maintenance of such social capital is especially crucial for the poor, even if the price is an intensified parochialism in their behaviour and points of view.

Each group attached to a particular point of view, history, identity or placement must assume its rightness to the exclusion of others—and to a certain degree must be capable of insulating itself from counterfactuals or differing perspectives. But because different groups must often operate in close proximity and are forced to become competitors in what are, for the most part, shrinking economies and public domains, they must nevertheless pay attention to each other, acquiring a substantial measure of similarity by virtue of the fact that they feel the need to "keep each other in their gaze." Additionally, the legitimacy of a group attempting to secure a key or dominant position within the locality must usually not only take care of "its

own" but claim that it has the interest of the entire community in mind. In fact, even if the intention is to undermine the capacities of those seen as competitors or the opposition, the process of groups always scrutinising each other gives rise to an implicit, yet overtly denied, commonality. Instead of leading to greater harmony, such recognition can produce the opposite effect. For if groups who see themselves as fundamentally different suspect they are becoming like each other, then the potential threat of the other to one's preferred way of life is amplified. Subsequently, groups have to make continuous adjustments in how they deal with each other. At times, such regulation is best accomplished by not making things too clear, nor by subjecting different groups to specific roles and rights in terms of each other.[11] At best, such informal regulation gives rise to a "common sense"—a pool of local knowledge that is open to the contributions and use of all groups. At worst, the other simply does not exist with any form of human agency or validity.

These processes tend to promote a sense that all aspects of everyday life can be negotiated. Instead of adhering to an unequivocal set of rules and procedures, there is a broader sense that anything and everything can be negotiated. Such negotiability introduces greater flexibility and access to problem-solving, but also raises the issue of when do negotiations end. If everything can be negotiated, then predicting the outcomes of any given transaction are uncertain, and thus it is difficult for individuals to assess what implications their actions will have for others or to clearly ascertain what it is possible or feasible for them to do. As another instance in which uncertainty is maximised, there is a tendency to limit the range of social exchanges and narrow the field of those with whom one negotiates. The issue is not one of necessarily attempting to restore a sense of rules and thus curtail just what and with whom transactions are to be negotiated. Rather, the issue is to pay attention to how negotiations are witnessed, by whom and in what context. For negotiating a sense of stability and predictability necessitates that the outcomes of any particular negotiation be confirmed and applied to more than one transaction or situation.[12]

Since some local groupings can often not officially collaborate with each other in the formal public sphere nor leave each other alone, a series of informal processes comes into being in an effort to regulate exchanges of all kinds. Given the diminution of authority embodied by local public institutions—in part, occasioned through an inability to effectively apprehend the social changes underway, as well as their lack of capacity and resources—these informal processes increasingly take precedence. Increasingly, such public institutions are seen not as public but the domain of specific interest groups, and indeed they become sites for private accumulation and advantage.

As the management of the excluded becomes not an insignificant vehicle of rent-seeking and accumulation, nearly every locality is increasingly characterised by intensifying levels of inequality, further minimising the scope of autonomous actions and reliable forms of self-provisioning. The inability or unwillingness of public sectors to respond comprehensively to

social reproduction and welfare needs attenuates their legitimacy, as well as their capacity to support predictable practices of survival, affiliation and citizenship. The salience of individuals identifying with a specific place and culture is also weakened or, more precisely, is deterritorialised or narrowed, so that administrative and political domains correspond less precisely to the places where individuals or groups "feel" they belong. For the tenuous and the excluded, opportunity increasingly centres on a falling back on social capital assets themselves often depleted and problematic, circumventing rules and regulations, identifying and manipulating structural and personal vulnerabilities and, perhaps most importantly, manipulating the very status of being excluded and poor, and the concomitant measures of control applied by institutions to prevent the poor from "getting out of hand."

As localities are reasserted as a collection of parochial identities and lifestyles, often marked with extreme disparities in terms of access to opportunities and resources, there is also an intensifying sense of the cosmopolitan , especially in the large cities. In a globalised world, interpenetration of all kinds across economic, cultural and political territories throw into question the essential integrity of any identity. Any effort to achieve an unequivocal clarity to identities of race, religion, gender, nation, and ethnicity finds itself "interrupted" and intersected with influences, "pollution," and exceptions beyond its control. In a world of incessant mobility, travel, communication, and exposure, what any culture or grouping becomes has little choice but to take a vast range of "others" into consideration. By taking them into consideration, that culture or group implicitly becomes some of what those "others" are. Likewise, city life also becomes a process of continuous border crossing and hybridity, i.e., where the existence of social and cultural distinction becomes increasingly an occasion for mixture.

Urban life becomes a staging area where "one can be what one wants to be" and where individuals can put together many different aspects of themselves without the obligation for these different aspects to fit into a coherent whole. The borders which divide distinct sectors and areas within the city become landmarks in an incessant practice of crossing and mixing boundaries. Simultaneously, the former function of boundaries as dividing lines representing clear demarcations in forms of life disappear, while at the same time, become more rigidly drawn. As a result, the city becomes a place where there are at one and the same time more and more places where particular identities can go, and more and more places where particular identities cannot go. In other words, the city becomes simultaneously more open-ended and more narrow.

2. The implications of increasing informalisation on localities

What we have in the situations of diverse localities, from the exhausted rural villages to the large cities veering off in contradictory directions, is a range of uncertainties: There is an uncertainty regarding the sustenance of communities which is born out of the nearly certain conviction that many localities are essentially doomed to decline and death. There is the uncertainty incumbent in contemporary urban residence where it seemingly doesn't matter who you are or what you do; that there is an endless capacity to absorb anyone's particular difference so that it "acts" no differently from any other.

Apparent social and spatial divides also obscure processes of complicity which occur between them.. There appear to be a larger number of zones which functionally operate outside the control of any formal or legitimate arm of the state, with the exception of periodic incursions to "clean-up" or to tip the balance in favour of one of the many competing "informal" groupings trying to exert actual control over local economies. As access to "official" life becomes increasingly inaccessible to larger numbers of urban residents, so do the domains in which they operate become increasingly impenetrable to "official" administrative functions. Thus a large pool of urban labour is amenable to doing anything to survive. A thickly cultivated array of networks, practices, scams, and dependencies becomes available to "official" economies and politics with which to secure competitive advantages over rivals or to work out impediments imposed by the rules and policies which prevail over them. As a result, a system of complicity evolves which links the increasingly cut-throat search for investment, the consolidation of privilege, and access to networks of influence on the part of "formal" economic actors to the murky, violent and "unconventional" domains of informal economies through which the bulk of third world urban residents survive.

In cities where these two worlds both have nothing to do with each other and everything to do with each other, it becomes exceedingly difficult to envision policy instruments and political tools capable of providing formal employment to the bulk of the economically marginalised **and** breaking the implicit complicity which exists among the privileged and the poor. Because this kind of "unconventional" integration of worlds can exist as a reflection of the inadequacy of conventional forms of local governance and economic management, or as a readily available means of circumventing rules and responsibilities on the part of all urban actors, there is often little motivation to think about the "formal" ways of bringing diverse groups together to form new kinds of institutional realities and capacities. Nevertheless, the key objective of this discussion is to discuss possible ways in which such informalities can be more effectively mobilised to piece together more dynamic institutional mechanisms for local change and development.

Because the mobilisation of economic resources in poor communities still largely relies on the convergence of familial, entrepreneurial, religious, and ethnic networks—as well as broad range of improvised and provisional exchanges—local economic competition usually assumes an overdetermined character. That is, individual economic choices and actions continue to be

largely made in reference to their effects on networks to which the individual or household is related. Such reference produces numerous scenarios depending on the nature of the ties and the position of the immediate social network within a larger social field—e.g., from the overcrowding of specific economic activities, such as hawking, the sustenance of inefficient or non-innovating enterprises, and the availability of large pools of unregulated cheap labour. In some instances, there is a generalised ambiguity of how activities are categorised, i.e., religious activities merge into business activities merge into family activities. Accordingly, efforts to "wean" people away from seemingly non-profitable activities may be construed as threats to the integrity of extended families or religious institutions.

At a global level, the economic success of firms and their command functions rely on mechanisms for processing vast amounts of information, engagements, sites, fiscal instruments, and localised particularities into deployable knowledge which does not easily adhere to conventional modalities of rationality. In other words, there are so many places and situations with which firms are involved that new forms of "understanding" are required. Opportunity and comparative advantage are derived from the intersection of vastly different ways of life and processes of reasoning which may have largely been deemed unintelligible in the past. The production of useful knowledge frequently proceeds through practices of deliberation and social exchange that don't have clear guidelines. Cultivating spaces of open-ended exchange among persons occupying diverse positions within different firms, sectors and walks of life becomes critical to productive reflection and analysis.[13] Formulaic pathways to success cannot be generalised as what works in one situation is not readily transposed to another—and thus the present premium placed on the production of knowledge.[14] In contrast, LED has tended to embody standardised sets of prescriptions to enhance local competitiveness—a process often unaware of just how localities are situated in successively larger spheres of operation and power, production cycles and networks, and conflicts over the prevailing definitions concerning what localities actually are, and whose interests, histories and perspectives are the most salient.

Within contemporary analytical frameworks, localities are increasingly being understood as a convergence between "spaces of dependence" and "spaces of engagement." The former refers to usually highly localised social relations on which specific interests, communities and institutions depend, and for which there are no substitutes in other locations. The latter refers to the spaces in which any manifestation of locality is situated and in which a diverse politics of securing "spaces of dependence" takes place—sometimes at broader spatial scales, i.e., the region, the nation, etc. and sometimes at more smaller scales.[15]

Localities thus become sites of contestation over the appropriate economical, political and cultural boundaries which give functional definition to specific local spaces. For the domains and levels of locality vary according to the interests and constituencies of specific local actors: utilities have their service areas; local governments their jurisdictions, developers their

housing markets, firms their labour markets, and "citizens" their spaces of belonging. The spaces are drawn differently, yet all overlap, and thus configuring spaces of immobility and diverse interests. Local firms may seek the expansion of local economies through the attraction of inward investment and through broader articulations with the larger world based on new business formation and the capacitation of indigenous resources. Residents of certain communities may be more concerned over the subsequent changes in taxation, the provision of public services and emphasise more neighbourhood specific impacts of such developments.[16]

Each of these interests attempts to control the actions and interactions of others through mobilising networks of association—both at larger and smaller scales—in order to exercise leverage over decision-making at various levels of power. Such actions are taken in order to consolidate a specific notion of locality and secure a freer hand at operating as one wants within it. Increasingly, local government is put in the position, not of defending local interests, but of "advancing the interests of agents that have an ability to substitute particular sites or location at much larger geographic scales," (20) given the mobility of capital and the capacity of sites of production to be located in a wider variety of places. [17] Locality thus assumes a precarious balance between one, the reproduction of community life through mobility and, two, the reproduction of community through the reduction of movement—of bodies, information, goods, capital, decisions, etc. As such, localisation of governance may promote a greater accessibility of democracy, opportunities and material welfare, at the same time, as it opens up a space for external economic and political power to be exercised with fewer restrictions.[18]

Especially in cities, local government is moving quite comprehensively beyond its role as a provider of public services and the guarantor of social reproduction to a coordinator of new forms of economic intervention and institutional relations. Service provision is increasingly the purview of various forms of public-private partnership and third sector work. Public moneys are increasingly directed toward enhancing the capacities of local economies, attracting investor capital, and promoting innovations and growth alliances among different interests and actors. "Since the specific conditions of production and reproduction can be orchestrated only by local political systems, (the local state's) skills in negotiating with supraregional and multinational capital, and the effectiveness with which they tailor the particular set of local conditions of production, have become decisive factors in shaping a city's profile." (232) [19]

The shift from service provision to enabling local economic growth and development de-centres the role of local government into being one of multiple actors in a broadened network of governance—where policy-making and implementation entails a wide range of private sectors, social welfare agencies, unions, churches, consultants, educational institutions, community organisations, chambers of commerce, and research centres. This shift has been

generated, in part, by a cross-the-board recognition of the need to make connections between different policy areas; it also stems from the recognition that progress within a single sector requires cross-cutting relationships among discrete sectors. Multiple and varied partnerships among these players constitute the locus of decision-making, enlarging the space of local political action, and at best, adding greater flexibility, creativity and efficiency to provisioning and planning. Local governance ensues from a wide range of transactions among varied interests, where functional compromises are negotiated and re-negotiated.

Such bargaining provides new opportunities for the marginalised in society to have a more significant role in local development, as it also threatens to subsume such development to the agendas of those with more substantial resources and power. The strength of grassroots organisations in these dispersed processes of governance is contingent upon the strength of their associations with similar groupings across distinct localities. These associations can collectively exert solidarity at broader geographic scales that can be brought to bear at local levels. Additionally, the effective participation of the poor in such bargaining or transaction-centred approaches to local governance require the dedicated interventions of technical assistants and service organisations which can assist the poor to "cross the borders" into proficient bargaining positions. This approach to governance tacitly recognises the disparities in power of various actors and a general drift toward social polarisation configured as a by-product of global economic forces. This approach sees localities, not as some coherent whole, but rather as a convergence of diverse situations and actors who grow more diverse by virtue of the nature of actions necessary in order to "remain in place", i.e. to remain operational in a given locality.[20]

The use of informalities in local economic development

Part One: Conceptual prerequisites

It is crucial to emphasise that informalisation assumes multiple forms which stem from distinct social and economic processes. To collapse these informalities into an overarching "informal sector" would be to misunderstand not only their differences but the highly particularistic ways in which different forms of the informal are articulated in different local contexts. Below is a rough attempt at identifying some of these differences—not only in the nature of informalisation but also the divergent scales at which informalisation occurs.

Informalities connote:

a. The modus operandi of economic and political activities largely configured as a **compensation** for the absence of adequate or appropriate formal institutions, mechanisms and opportunities related to the sustenance of everyday life.

b. That space which exists as a necessary correlate, counterfactual, or aspect of any or all formal processes. The consolidation of all institutions gives rise to informal spaces, and these spaces constitute an arena through which the disparities, problems, and power conflicts which arise during the operation of formal institutions can be mediated, ignored, circumvented or worked-out.

c. A designation for locally produced ways of doing things, adaptations, and knowledge production embodied as the "defining" characteristic of specific social spaces and localities.

d. An increasingly recognised process of institutional operation and production within globalisation which relies upon under-codified, under-regulated, and under-prescribed mechanisms of assessment, decision-making, transaction, alliance-making, and networking as a strategic response to the complexity of the information and tasks and the multiplicity of different sites and factors to be considered in attempting to coordinate economic activities at a global level.

e. A function of the increasingly divergent trajectories of development, interaction, social balance and cohesion embodied within and structuring of local communities. As local communities become subject to greater levels of internal differentiation and conflict and engage with more diverse and wide-spread external networks, the ability of formal

institutions—largely based on the assumption of a social commonality and coherence now dissipating—to regulate exchanges among local groups or between local and external groups becomes problematic, and thus a range of more informal processes come to the fore.

The diversity of informalities have several implications. First, reference to an informal sector cannot simply be to an area of economic activity which falls outside of regulation, taxation or formal labour markets. The enhanced proficiency of formal firms and economic activities at all levels increasingly requires varying degrees of internal informality and engagement of the enterprises and activities—through subcontracting, sourcing, etc.--which have conventionally made up an informal sector. Second, as a new domain of informality is being increasingly elaborated, and with great power, at the level of transnational firms and global command functions, the former advantages assumed by smaller scales of informality tend to contract. Alternately, they find new uses and "alliances" with often sophisticated networks of resource accumulation and political influence. These relationships substantially alter the role of local informal sectors so that they are not simply compensations for weak formal institutions and processes. Thus, strengthening formal local economies, as well economic and governmental institutions, will not necessarily retract local informalities.

Any effort to incorporate informal processes as strategic resources in local economic development must keep in mind the diversity of informalisation, as well the fact that any such endeavour hovers close to the attenuating those very aspects of informality which make them potentially useful in any LED strategy. First, there must be a commitment to institutional development focused on understanding and consolidating the collective and social foundations of specific localities as an economic resource—no matter what their character or apparent relevance to the prevailing wisdom concerning economic efficacy. In other words, whatever seems to provide a locality a specific consolidating character, it is that which must be engaged as the primary basis of development—and not what the locality could be if only it either "imported" certain orientations and capacities, or made certain changes that would enable it to act in greater concert with the outside world.

In an overarching climate of uncertainty, actors put together a series of habits, routines and norms which provide a measure of stability, and local institutions reflect an often uneasy convergence of both these local sensibilities and the prevailing political rationality that is embodied in processes of formalisation, i.e., how institutions are supposed to behave to meet the criteria of good governance, efficacy and well-functioning structures. This latter rationality is often quite different from the logic at work in local realities.

Thus the local economy becomes "a composition of networks and collective influences which shape individual action; a highly diversified set of activities owing to the salient influence of culture and context; and subject to path-dependent change due to the contribution of inherited

socio-institutional influences." (4)[21] Increasingly , the predominant resource for local economic development is knowledge: What is going on in a particular community; what do residents think about their situation and about others with whom they "share" the local space? Who is doing what to whom, and who is capable of doing what in different ways? How does the particular character of formal institutional behaviours facilitate or constrain specific local economic activities? What impact do these local activities, both formal and informal, have on the ability of public, civil and private institutions to function or alter the characteristics of their operations? What kinds of networks are operative within the community; to what extent to local citizens participate in overlapping networks; what is the reach of these networks into the locality and beyond it? In all of these considerations, the critical question is what social arrangements are viewed as capable of providing salient knowledge and information in terms of growing local economies.

Knowledge about localities is accessible through specific data bases, the applications of varying research methodologies, oral histories, and narratives which are formulated by different segments of a community. Such knowledge is by definition plural and is generated to accomplish various functions—i.e., to define and defend specific interests and opportunities, to legitimate particular courses of action and constitute specific ways of interpreting what takes place. Given these functions, a critical area of generating local knowledge is not only what a locality does in the present, but what it could do in the future. Such an assessment requires new forms of proactive engagement among various sectors of the community, for such knowledge is generated only by establishing situations where people are compelled to do things in different ways.

The present global environment is characterised by increasingly ubiquitous access to codified and standardised knowledge--where normative ideas concerning good governance, economic development, social change and institutional arrangements are availed to larger numbers of localities and citizens. Given this situations, it is the consolidation of local knowledge, i.e., more singular ways of doing, making and exchanging things, which offers specific localities the possibility of achieving a series of competitive advantages. Such benefits may intervene directly in terms of the costs entailed in productive activities—both monetary, transaction, human resource and labour costs. Benefits may be attained through the enhancement of flexibility in responses and adaptations to fluid and rapidly changing macropolitical and macroeconomic conditions. Additionally, the effective deployment of local knowledge may give rise to a process of innovation in delivering alternative approaches to the sustainability of production arrangements, service delivery and conflict resolution.

Many of these notions have been incorporated in the approach of community economic development (CED) which attempts to adapt notions such as flexible specialisation to local environments. Here, the emphasis is on factors such as interfirm relations, innovative capacity, and the importance of clusters and networks. Researchers in the developing world

have found that informal enterprises working in clusters and entrepreneurs with networks are generally doing better than operating individually—as working in networks avails individual entrepreneurs to new technologies, markets and opportunities for subcontracting.[22] But these efforts are not without strong limitations. The urgency to make local economic activities effective and profitable often compromise the values necessary for alternative production and governance mechanisms. New approaches don't necessarily cultivate cultures of innovation and trust, but rather often only work when localities embody a substantial history of innovation and trust and demonstrate strong place and network attributes[23]. The import-substitution strategies often the basis for CED—the use of local resources to produce locally consumed products—are often unable to break-up the artificial association between perceived power and status and the purchasing of specific consumption goods.[24] A hybridisation of productive relations is possible at local levels but is necessarily unstable given globalisation and macroeconomic trends, as well as the relative "resistance" of informal economic processes to be encapsulated as self-contained, coherent spheres.[25]

A "first generation" of problems in CED work was reflected by the experiences of community development corporations (CDC's) in the United States. Initiated over thirty years ago, CDC's have been characterised by a non-profit tax-exempt status and an emphasis on physical redevelopment in urban areas hard hit by capital dis-investment. Most CDC's have adopted a narrow specialisation in housing construction and rehabilitation, and became a significant instrument in changing the focus of community organising from political mobilisation to the forging of multisectoral partnerships aimed at maximising inflows of external resources. Such a transition was based on a conceptual shift in terms of seeing poor communities as "weak markets" rather than as the sites of excluded or oppressed communities.[26] Accordingly, CDC's straddled a difficult conceptual divide; on the one hand they had to organise their work and internal operations in ways similar to that of for-profit enterprises as a means of attracting capital investment. On the other hand, they had to deliver a development product capable addressing specific local needs and mobilising popular support. Such a structural position often forced CDC's to leave the various social dimensions related to successful housing development, like employment, education, and family life, unaddressed. Without such a comprehensive approach, housing and job production brought about by CDC's frequently led to the overproduction of affordable rental units and the cultivation of economically empowered individuals who then left the community to look for long-term investment opportunities. These outcomes, in concert, often further destabilised already unstable communities.[27]

While CDC's attempted to use the process of physical redevelopment as a means of strengthening local social capital and community organisation, their dependence on the corporate sector for funds often meant that community participation was limited to providing assent to already elaborated plans and processes. When communities concluded that their participation was meaningless or manipulated, they often adopted populist oppositional

strategies which slowed-down project development. In a fundamental way, CDC's mistakenly assumed that development would create strong communities, rather than recognising that "development is the product of strong communities." (14)[28]

Efforts have been made to rectify these difficulties through the development of comprehensive community initiatives (CCI's) which emphasise citizen participation at all levels of the development process, a concentrated holistic approach at local levels, public-private partnerships and coordination among multiple service agencies.[29] Here, efforts are made to elaborate context-specific development approaches which integrate the provision of housing, job creation, training, day-care, family support and community empowerment. Through such an integrated approach CCI's seek to broaden the involvement of the corporate sector beyond that of financier to include capacity-building for local organisations, small business services, and other volunteer actions thought to strengthen working relationships between the community and the private sector. Through intensifying participation at all levels of programme development, these initiatives also seek to strengthen the political role of specific localities within the overall urban system, thus fostering a heightened sense of responsiveness on the part of public institutions. By concentrating multiple resources and projects within highly circumscribed neighbourhoods, this approach attempts to go beyond providing "a bare minimum" and give rise to strong and stable communities capable of eliciting a high degree of resident commitment to the long-term growth of the area and involvement in the management of the community's everyday affairs. By generating secure, attractive and well-serviced districts within larger domains of impoverishment, the aim is to build highly concentrated, critically-massed zones of "well-being" capable of generating spill-over and multiplier effects into surrounding areas.[30]

Despite the important advancement of CCI's over the previous generation of CDC's, several problems come to the fore related to the discussion concerning informalities. Considerable effort has been placed on ensuring that such local development work operationalises an integration of shelter, education, work, household and community life. In many instances, eligibility for housing requires job training, family counselling, job placement, participation in local management structures, and training in community organisation. Clearly, living in impoverished neighbourhoods depletes social capital and induces debilitating social traumas. Incentives for solidarity are weakened and desperation sets in. Development must build up confidence, not only in the viability of localities but in the capacity of residents to believe that their perceptions and actions are important. Yet, integration of the various facets of everyday day is often more of a "hit and miss" process rather than the product of intentional planning and regulation.

This is not to diminish the need for comprehensive development approaches, but rather to indicate that overly regulated approaches often given rise to a range of informal processes which fall outside what is intended. These informal processes represent efforts to find

alternative or more situationally-appropriate mechanisms of adapting to new circumstances, or create opportunities to circumvent emerging norms and power relations. Comprehensive approaches require a great deal of money, human resources, and patience since the substantive changes often take a long time to reach fruition. Such work is a tall order for nascent, often grassroots organisations, who are often forced to incessantly find various "short-cuts" and ways to make things happen. In addition, the success of new project initiatives often require periods of gestation where nothing specific happens. For example, in one Boston district, the implementation of a neighbourhood watch programme was held in abeyance until residents could learn to trust each other—a process facilitated through various community assemblies and festivals.[31]

Extensive community participation still remains problematic in many of these initiatives, with communities manifesting high degrees of institutional dependency and institutions being reluctant to accord community residents substantive control over decision-making processes. Corporate interests, while increasingly flexible and more committed to real change, remain largely defined by criteria which vary from those employed by community residents. The need to work by consensus, a pre-requisite of multisectoral partnerships, means that constituent groups must spend considerable effort acting as if their respective interests are not different, masking points of contention, and then relying on informal channels to make such disparities known—especially in a situation where partners are not equal in terms of their access to financial and political resources.

No matter what a community does, there may be strong limits to what it is able to do to change its role and status within larger urban or regional systems, as the functional identity of particular districts and neighbourhoods follow from the needs of the accumulation process.[32] Additionally, there are often marked disparities among prevailing modalities of informal collaboration that tend to crowd out the proliferation of local initiative from the grassroots. Such a dynamic has been particularly prevalent in communities where a coalition of development professionals, politicians, media, and place-bound elements of capital rentiers, who wish to enhance the exchange value of their holdings by intensifying the uses to which they are put, form "informal regimes" to access and mobilise the power of key public and private institutions to accomplish specific development agendas.[33] Informalisation is also increasingly a preliminary practice in the invention and consolidation of new regional structures which attempt to focus on the articulation of localities and subsequent assigning to localities specific roles in a regionalised division of labour.[34]

Efforts to draw upon informal economic resources and activities as aspects of more formalised development agendas have often had the effect of diminishing the returns of informal activities. The prevailing notion had been that formalisation could take the basic logic inherent in informal arrangements and make it more effective and broader, or at least bring it under effective control. It would do this by generating greater security for poor

residents, greater local investments in upgrading as resources went to production instead of protection, wider leadership in a more heterogeneous civil society, greater local revenues, and reduced transactions costs which would keep prices down.[35]

But in the small number of cases where formalisation has been examined, it rarely has had the intended effect. Instead of decreasing vulnerability it tended to expand it in significant ways. Civil society tended to contract as there was greater monopolisation over representation to the government by fewer local organisations. Public goods that appeared indivisible can turn out to be a divisible goods which split communities apart as formalisation does not necessarily institutionalise relationships of solidarity. Formalisation may imbue residence with rights, but also with charges, e.g., taxes, utility and credit payments and, the poor, who must hedge their bets and spread their limited investments around, may seldom put together the sums of money necessary for significant upgrading.[36] In sum, the provisional breeds its own needs and interdependencies which formalisation tends to break apart so that people are left more to fend for themselves or base cooperation on payment rather than addressing mutual vulnerabilities.

Given these constraints, the question concerning what local social arrangements best give rise to useful knowledge becomes particularly important and raises a series of other questions related to how development interventions should take place: Do dominant institutions enforce a series of procedures through which local experiences are deemed appropriate or inappropriate, legitimate or illegitimate, effective or ineffective, thus compelling behavioural conformity on the part of local actors? What is the most strategic deployment of local relational assets—i.e., the ways in which residents of a given locality support each other, exchange information and organise social life? Is the priority to subsume individual and collective experiences, perspectives and skills to an overarching development agenda, either one externally imposed or determined by consensus at a local level? Or is the priority to negotiate a series of provisional collaborations among different actors who largely attempt to put together spaces of autonomous actions for themselves and who, in the process of pursuing their own individual or group interests based on their interpretations of what is necessary or what works, seek out complementary relationships with other individuals and groups on a volunteer basis? What kinds of working relationships and institutional arrangements best facilitate continuous interchange and networking among differentially positioned economic actors?

Here, the issue is not how to adapt local environments to the norms and practices entailed in pursuing some normative notion of LED. Rather, the issue is how best localities can cultivate their particular histories, local knowledge, cultural values and practices as productive instruments. Such cultivation requires thinking about ways facilitating connections among local resources, skills, and institutions—both as a means of assessing what kind of supply-side upgrading (e.g., skills development, external resource inputs, technical services) are

appropriate **and** laying the foundations for building external relationships with larger markets, political and regional contexts.

The promotion of reciprocity and exchange required for such connections to work is facilitated in contexts where there is a supplement of incentives but a minimum of judgements and exclusions. Accordingly, the potential significance of the contributions of diverse actors and sectors cannot be determined or assessed in advance, but rather should be subject to a process where there is room for multiple interpretations. In other words, the task of assemblies, meetings and fora which might be organised to bring different actors together should not focus on trying to fit in the diverse and potential contributions of different segments of the community to a specific objective, but rather to sustain an ongoing discussion of what different actors might accomplish through working together with the idea of exploring how different backgrounds and skills might find different ways of expressing themselves. Just because a farmer farms, or a taxi driver drives does not mean that they have to represent or carry out those activities within a larger development agenda.

To a large extent such a process requires a more "mobile" framework of evaluation capable of assessing what actors have what kinds of networks both within and across different localities, and which may be capable of drawing in public participation. Such a task is not to be done in an abstract way or in terms of mobilising a mass-based "citizenry." Rather, the focus is on identifying local citizens which are "known" to have specific skills, perspectives, and connections, and not on the basis of their position, or lack of one, in formal organisations or because they are officially sanctioned as "representatives" of specific bodies. Fora which involve such organisational designations will be required, but more to review plans rather than to make or carry out them.

4. **The use of informalities in local economic development**

Part B: Strategic Orientations

Given the socio-cultural and psychological dynamics at work in localities and the past history of local economic development efforts internationally, the following points are to be considered in terms of incorporating informalities into local economic development agendas:

4. 1   The primary focus should be to assess the interest and capacities of discrete local sectors, not only in their present formations, activities, and aspirations, but in their attitude towards and practices of experimentation. The issue is how best to maximise the space available to local groupings to pursue new activities according to their own interpretations and skills. As groups try to find ways of enlarging the efficacy and scope of their aspirations and practices, the extension of such activities is more likely to lead to concrete intersections,

and thus potential collaboration with the activities of others. Such extension leads to greater complexity and diversity within groups themselves, making them more amenable to consider and engage the points of view of others. Such a process is not facilitated by having different parties deliberate an overall local economic development agenda, where the working out of who does what with what authority often simply forces different actors to defend their interests in more narrow ways. At the same time, the assignation of such space cannot be done in a piecemeal fashion; it must be deliberated and witnessed through the mutual negotiation of various parties.

For this purpose, the implementation of an "iterative approach" could be appropriate. Such an approach is based on trying out small interventions, seeing what happens, and incorporating the results into large-scale interventions. It is basically a process of progressively consolidating a methodological approach and a field of analysis based on raising some questions, bringing some actors together, or observing a context from different angles or positions. Such an approach provides the opportunity to establish more general guidelines for strategic and programmatic actions by simultaneously appraising different types of information in terms of the other and by using the different competencies and positions of a broad range of different appraisers.

Different social groups and institutions have different kinds of access to different social processes and resources. As such, each has some kind of leverage and some kind of experimental possibilities available to them, some kinds of opportunities to make something different happen. These actors can be assembled to implement those small-scale alterations most accessible and feasible to them.

These initiatives will generate certain results which can be compared in terms of each other. Additionally, knowledge is gained about how different actors, groupings and institutions deal with each other in this process. Providing each grouping is able to act with a certain measure of autonomy, as well as has access to the thinking, practices and activities of other players, a coordinated formulation of operations and interventions, progressively organised into a coherent strategy can ensue. It is a continuous process, whereby understanding is increased over time, substantiated step by step, and conclusions revised in light of new knowledge and changing conditions.

4.2 Whereas the South African context has tended to privilege the need for deliberations based on the representative participation of different sectoral and political structures, there is probably no way to avoid establishing such a fora in terms of local economic development planning and decision-making. But as indicated above, such structures must be complemented by more open-ended public activities—both those devoted to the experimental processes necessary to generate local knowledge and those which simply open up and extend the space of the public domain—i.e., where people can observe and talk to each other without

the pressures of an agenda, without feeling that their actions will be necessarily picked apart and judged, where people are accorded greater room to interact with others without feeling that such interactions will be necessarily judged as manipulations or betrayals. Operative in former understandings of the public sphere was the notion that it was the place to interact with strangers, where one could act as stranger. Even if individuals knew who each other was, in terms of their family, ethnic, economic, political identity, they would be under no obligation to perform or represent such identities within this sphere. The public domain would be the place through which individuals and groups could try on or invent new "social performances" which could then be deployed only in this context or of which elements could be incorporated into other aspects of the individual's life. In this way, a multiplicity of varying impressions and information is produced that makes the judgements different sectors of the community may have about the other more varied. The boundaries or divides which may impede information exchange and cooperation in other areas are "softened", while the conviction on the part of more people that they have useful contributions to make to the community is strengthened.

4.3   No matter what formats of participation and decision-making are adopted, there will continue to be ongoing conflicts between various forms of rationality, legitimacy and ways of doing things. Elected politicians will be concerned about the status of their authority under circumstances where broad-based participation in decision-making processes is being fostered, and where a practice of incessant consultation may be construed as a reluctance to assume the responsibilities to which they are charged. Development professionals will worry about the dilution of their expertise and the implications of popularly assumed but potentially negative solutions. Local citizens will be concerned that there needs are not being addressed, or that their involvement in planning and decision-making is simply to rubber-stamp externally imposed agendas. As every such sector may be well aware of these varying concerns and anxieties, there is a lot of room for manipulation and opportunism. Efforts on the part of one sector to allay another's concern may simply be construed as manipulation. In such circumstances, trust and cooperation are difficult to institutionalise. The inevitability of conflict among such competing principles of legitimacy must be recognised, as well as the fact that the only resolution is an ongoing negotiation of "pragmatic compromises acceptable to equally legitimate actors." (294)[37] The effectiveness of such negotiations may require a concerted effort to keep local citizens informed, explain complex economic processes and offer technical assistance in terms of strengthening their negotiating positions.[38]

4.4   As local economic development strategies largely rely upon fostering networks of cooperation among discrete and potentially complementary groups and activities, it is crucial that some systematic evaluation be made on the nature, anchorage, reach and content of local networks. Often, apparent categorical divides within a community—in terms of sectors, varying political allegiances, cultural groupings—are maintained as markers around which local personal, household and extended family networks are organised.[39] In other words,

such larger social groupings become ways of institutionalising different perspectives, positions, experiences, and access to resources which are then incorporated as differentiated resources within social networks.[40]   There is limited usefulness in having networks where everyone is doing the same thing, comes from the same place, or has access to the same resources and institutions. Networks work because they are made up of differences. Even in many of the poorest communities, individual social networks consist of participants from different walks of life, different allegiances, identities and points

A focus on social networks starts to provide some understanding about how claims are made on people's time and resources secured; as well as the varying forms of reciprocity, who they include, and how extensive they are. While formal network analysis is quite time consuming, through intensive data collection within a highly circumscribed sample of informants within target neighbourhoods, it is possible to generate a sense of what the identities and behaviours of specific households mean to a net of other households. Although such procedures entail a complexity of cross-referencing that necessitate a small sample within neighbourhoods, such network analysis can constitute a vital tool in calibrating the focus of broader observations, interviews, and focus groups.

4.5   No matter what interventions are undertaken, any effort to incorporate informal economic activities within purposeful local economic development work, will inevitably generate new forms of informality. Given the pressures incumbent upon community leaders, patrons or power-brokers to provide various opportunities and resources for their respective support networks, and the tendency of the disadvantaged to use their explicit professions of loyalty, and the concomitant threat to withdraw such loyalty, as an economic resource, configurations of interest and social action will continue to prove quite fluid.   Local government faces a dilemma not easily rectified: Given the inherent limitations placed on any centralisation of power, authority and efficacy within single institutional structures, the ability of local governments to govern increasingly depends on its ability to concretely engage and incorporate a broad range of more informal decision-making, economic, and local patronage systems.   It simply does not have access to the resources to ensure the formation of a homogenous citizenry consolidated within its ambit.

At the same time, once local government acknowledges the salience of these informal systems, this acknowledgement becomes an affirmation of their power and, thus, the potential importance of generating new modalities of such informality. While enjoining prevailing informal systems as co-collaborators in the pursuit of specific development agendas may harness such informal systems to new responsibilities and behaviours, such collaboration makes it more difficult for any single actor or network to claim that their contributions were the most significant. Making such claims has been an important features of local politics in most places.   For this reason, the specific identities of participating groups must be maintained, even when it is not clear just what distinctive contributions they may bring to the

process besides their willingness not to obstruct it. At the same time, such collaboration can also be used to make more ambiguous the defining features of distinct groups so that local residents may find it easier to "loosen" the strength of their affiliation to a specific group, and rather come to identify more with a process of interchange among groupings.

4.6 The introduction of modest elements of information and communications technologies have a potentially significant affect on the implications of what are otherwise "face-to-face" local development politics. The scope of independent action in many poor communities is constrained by the overlapping systems of personal accountability in which individuals and households are embedded. In tightly drawn support networks, individuals are required to assess the potential and variegated implications of their actions on distinct sets of connections. This is a responsibility which often limits the parameters of what any particular individual construes as possible. Social relations are thus a means of monitoring the extent to which individuals demonstrate responsibility in this regard. Accordingly, there can be a marked disjunction between what an individual actually believes and is capable of doing and the beliefs and actions which they display. Certain ideas and capacities then may actually be immanent within communities that are never voiced or acted upon.

While who gives voice to a certain opinion and acts in a particular way may at times supersede just what gets said or done, it is also important that certain ideas and proposals are stated explicitly for witnessing by a larger community no matter the identity of the person who does it. In this regard, electronic village halls, telecentres, and public information points become contexts where individuals can access specific kinds of information without necessarily being known in the community as the "seekers" or "bearers" of that information. They can make specific opinions, ideas and proposals known without individuals having to initially assume responsibility as the "authors" of such ideas. In this way, information, belief, ideas and proposals can circulate throughout a community without the intervening mediation of interpretations based on identifying the location of where those ideas are coming from. Thus, ideas and proposals can be "discussed" in broader ways. A range of hypothetical positions and circumstances under which specific actions might be acceptable to certain sectors of the community can be elaborated in advance of individuals and groups indicating their concrete support.

These processes do not preclude the identification of authorship at any point in the process, as such information and communication systems also enable clearly indicated identities to forge relationships with similarly designated individuals both inside and outside the community. In fact, the widening of external networks of communication and information exchange could potentially have the effect of breaching apparent internal divides. For example, when a district in Abidjan was attempting a major overhaul of an important market, the process turned quite contentious, with many competing interests holding up the project. The local authority, then, put together an electronic listserve which enabled them to discuss issues of

market rehabilitation with a range of other actors across the world who had been involved in such projects. Every week, the local authority mimeographed and widely distributed a summary of these discussions. With an expanded frame of reference availed to various local actors, their opinions began to change, and they began to work more closely with each other.[41]

It is important to keep in mind that access to information in many communities is largely mediated by social status. Therefore, certain actual and potential entrepreneurs find themselves in difficult positions because their identity status within a community circumscribes what they are legitimately allowed to know and do. With the introduction of community-based information and communications centres, an expanded universe of knowledge resources is made available to individuals regardless of their identities. Access to such services has proved increasingly important to, for example, African women entrepreneurs, who in some contexts would otherwise face significant obstacles in accessing the requisite information needed for their initiatives.

4.7   By now a significant body of evidence has been generated concerning the dynamics of popular participation in community development activities. One of the most systematic of such assessments has been completed under the auspices of the United Nations Volunteers/United Nations Research Institute on Social Development project entitled, "Volunteer Contributions to Social Integration at the Grassroots: the Urban Dimension."[42] The key conclusions of this work have particular salience for consideration of the use of local informalities in local economic development:

- Broad-based community participation is most effective when it draws upon a balance of participation motivated by both an extension of obligations incumbent upon an individual's membership in specific organisations or social networks, or upon an organisation's efforts to solidify its status within a community, and a sense of volunteerism. For the latter, the more action is voluntary, the more opportunities there are for independent action and new forms of social solidarity. Additionally, solidarity is constructed not by adherence to consensual obligations but through the perceived need of interdependency among different forms of independent action—where enhancing the proximity of distinct community initiatives strengthens the autonomy of each while availing each initiative to a wider scope of effects and influence. The proliferation of small volunteer actions—whether it be taking care of children, feeding the homeless, providing literacy training, marketing home-made goods, etc.,-- allow individuals to be active within their felt areas of expertise, take on tasks which don't necessarily threaten their performance of other household or work obligations, and identify areas of commitment which are freely chosen. At the same time, aspects of everyday life which may have been considered distinct or unrelated begin to be seen as aspects of each other, requiring new processes of cooperation which can complement existing networks of social

support or even pose concrete and available alternatives to them. This process occurs through elaborating forms of interaction and organisation which put these efforts "in touch with each other" or begin to build forms of coordination from the ground up. New organisational forms may be implicitly construed as a response to the ineffectiveness of other conventional support networks and local organisations, and they may have little choice but to put together a strong oppositional stance to customary social relationships and the behaviour of formal institutions. Nevertheless, where possible, new organisations identify ways of credibly making the case that their efforts are ways of strengthening the viability and effectiveness of customary associations and networks.

- Community mobilisation works best if it is able to forge cooperation across prevailing social categories such as gender, class, region, ethnicity and race, but where the distinctiveness of identities is viewed as a resource to the overall effort of activities undertaken.

- Failures are defined heuristically; that is, actions that produce only limited gains are viewed as investigations which promote greater understanding about how the community, the political or economic system works.

- While community efforts on the part of a volunteer and/or community based organisation work best when they limit their focus of intervention and try not to do everything, they are sufficiently flexible to shift focus given pressing needs, the accumulated history of the organisation and the availability of opportunities to demonstrate concrete relationships between distinct issues.

- Local efficacy is strongly correlated with the ability of local community organisations to forge links with organisations in other communities, not only for exchanges of information and experience, but to strengthen the political position of the organisation within a given locality.

4.8 The attenuation of internal conflicts entailed by development processes in general and the accessing of concrete opportunities for local economic development require an extension and diversification of networks external to individual localities. Accordingly, local economic development means developing the networks a locality has with the larger world.

The availability of larger numbers of and a greater heterogeneity in external networks has many different implications. On the one hand, if sectors, interests, populations and groups don't get along, the availability of an expanded range of external linkages reduces their need to deal with each other, with the exception when access to contacts, opportunities and resources explicitly mandate specific levels of local cooperation. This diminution of contact does not necessarily spell out a good or a bad outcome. Just because distinct groups share

what has administratively or politically been designated as a common locality, does not necessarily mean that they have to deal which each other or that dealing with each other at some point will produce benefits for all. The strength of any community is not only reflected in the degree of interchange among differences or social harmony, but its ability to be indifferent to different groups acting on their differences. Local conflicts usually ensue, as indicated previously, when groups feel undo obligation to have to take what the other is doing into consideration; where the actions of others are necessarily interpreted as having something inevitably to do with one's life chances or situation.

The availability of external networks increasingly provides a locus of solidarity that does not rely upon concepts of territoriality, and is, therefore, much more flexible. If a group can be convinced that they are rooted in the world, that they have a sense of belonging no matter where they might be located in space, then it is more possible for groups to share space with those who are construed as different from them. Without such a sense of "rootedness" that goes beyond a specific locality or territory, those differences have a greater chance of becoming an incessant source of threat.[43]

In some circumstances, groups limit what they do because they know that they have to deal with another group with whom they share interests, territory, membership or common location. While negative actions, such as violence and manipulation, may thus be constrained, enterprise, initiative and creativity may also find themselves diminished. On the other hand, the availability of external linkages supportive of the interests, agendas, and operations of local groups may harden their "negotiating" position when dealing with other local groups, lessen their ability to take the other's experience and viewpoint into consideration, and prompt attitudes where one group will refuse to "play" if they don't get their way.

Furthermore, actors may assume one point of view or position within a local context, but then take a very different position outside the locality, thus maintaining sources of local support which may be unwarranted given their role in external networks. It is quite common in urban African politics for elite actors to assume either positions of common affiliation or opposition in a local context, and then do completely the opposite in dealings with economic and political processes outside the local community. While such "versatility" can potentially be a strategic manoeuvre to strengthen the position of localities within diverse external networks, it can also impede community participation and confound important understandings of local dynamics on the part of community residents. Especially where community leaders or patrons claim to be operating in the interest of specific constituencies, complicity among these elites in external networks for the purpose of their own self-aggrandisement or enrichment tends to foster antagonisms which are expressed as a matter of inter-group conflict rather than as a recognition of elite duplicity.

In general, however, the cultivation of external networks requires substantial informality in order to explore possible niche markets, affiliations, alliances, resource and knowledge inputs. The critical challenge is how to recognise the identity of a single locality in many different localities. Alliances with finance capital in one locality does not rule out alliances to popular citizens movements in another locality; investing in business in a "foreign" city does not necessarily mean a diversion of funds away from businesses at "home." With all the different things going on in all the different localities of the world to which any one locality has an increasing number of possibilities and ways of affiliating, what are all the various things a locality can "say" about itself which can be used to explore a wide range of productive relationships. Instead of a locality looking at where it is and how it got there, strategic attitudes attempt to use all available pathways and networks out as vehicles through which to project highly variegated identities and capabilities of a locality to wider audiences. It is a strategy which goes beyond contemporary notions of fiscal performance—which tend to reduce social production diversities to the homogenising calculus of monetary indicators—but uses the de-materialisation represented by global financial markets (derivatives of money making derivatives of money) and flows to carve out multiple "re-locations" of the locality throughout the wider world. Globalisation is not about what localities can attract, but where they can go; where they can "find" themselves. As Borja indicates, it is the ability of cities to act on information regarding international markets, the flexibility of commercial and productive structures and the capacity to enter networks of various dimensions and complexities which constitute the criteria for viability, over and beyond the factors of geographical location, past positions within national or international economies, accumulated capital or natural resources.[44]

The elaboration of leading edge strategies is not to subsume all aspects of local economies to the predominance of securing a specific niche in an internationalised urban hierarchy, but to have a "ticket" of access to broader international processes, availing localities opportunities to establish footholds in others, engage in diverse markets and investments, and secure points of articulation and "breakthroughs" for an equally differentiating local economy. In other words, local economic development proceeds from rethinking local resources in new ways as a means of engineering context-specific articulations to global urbanising and economic trends. This is a very different orientation than the prevailing tendency of generating high and medium technology and small and medium scale enterprises as some standardised panacea.

This sense of reaching far beyond the locality in order to achieve the locality is also a different way of thinking about local democracy. Local politics usually entails who gets what under what circumstances—with efforts directed to lessening the social distance among different identities, groups and circumstances. Often development is slowed down by virtue of the uncertainty is raises as to who will benefit or who might gain undo advantage over another. When an important task becomes cultivating external networks, no member of a

locality can be theoretically excluded. While vast disparities exist in terms of the kinds of networks and resources to which specific groups and individuals have access, and the kinds of leverage mobilising those networks potentially have over local everyday life, it is rare that any member is without some kind of external network that can be plied or mobilised in some way. Throughout urban Africa, in fact, apparent disparities between districts are often re-balanced through the differences of investment placed in external ties. Whereas more "middle-class" districts may have a more solid anchorage in local power and accumulation structures, poorer communities, often by necessity, possess a greater and more diverse range of external contacts that accrue particular benefits and advantages to them in the overall urban system. It is clear during the recent history of economic crisis and structural adjustment that middle class families often confronted greater difficulties feeding themselves than did apparently poor districts.

African cities would be hard pressed to survive if such a sense of local democracy through the cultivation of external networks did not prevail. While such cultivation is not a sufficient grounds for local viability and does increasingly enjoin the fate of localities to those with whom networks are solidified, it does open up an enlarged space for the a wide range of local initiatives that can be undertaken at "home." While the enlargement of such a space of initiative can potentially be appropriated by public authorities as an excuse to withdraw from certain responsibilities and threatens to privatise an increasing number of public relationships, an intensified activism on the part of local populations enhances the possibility of a greater synergy among local capacities and a process of institution building better suited to local realities.

In the end, a systematic approach to local level informalities must face these informalities as incommensurable realities. On the one hand , it is through the informal that claims of the authenticity of development interventions are staked—i.e., the sense that any intervention is taking into consideration and building upon the "real" economic and social processes taking place in a given locality. On the other hand, informalities are also specific spaces and processes within localities which often lose their specificity as soon as they are identified as having a surfeit of authenticity or reality beyond the operations of formal institutions or economies. Additionally, such informalities are those operations, practices and spaces forged by communities as a way to open-up its relationships to the outside world and among different actors and ways of life within a given locality and, at the same time, a means of circumscribing notions of citizenship, local identity and responsibility within narrower, more parochial, and often more defensive registers. The same mechanisms and spaces can, therefore, be used for very different agendas—and there is often no precise way of negotiating clear divisions between them.

Engaging informalities thus cannot be conceptualised as the most appropriate technique or institutional form for managing and influencing community processes based on some clear

understanding of what is taking place. For local actors at all levels are increasingly compelled to decide and act with a reflective judgement that is unable to depend on either an unequivocal set of guidelines or understanding that might provide a clear view of what is going on. But at the same time, such judgement is affected by what is going on and in turn affects the course of events. Institutions thus have to take risks; they have to continuously try out new things, especially in terms of their relationships with other institutions. Their ability to function effectively within their own informal processes and to elaborate broader and more experimental ways of exchanging information, reflecting on and charting possible courses of action may be the key mechanism for their better grasp and engagement of informal processes at a local level. At the same time, it must be reaffirmed that such flexibility can also lead to an abuse of power, a manipulation of constituencies and resources. For this reason, the proliferation of more formal local institutions is important, if for no other reason than to consolidate peoples' energies in order to effective enter "the game," i.e. to operate as a force capable of interacting with other institutions, and through that interaction begin to influence what they do.

It is important to go beyond rudimentary divisions of formal and informal, the cosmopolitan and the parochial. Rather, it is crucial to look at the interweaving of potentials and constraints which activate and delimit specific initiatives of local communities to maintain a sense of cohesion, exceed how such cohesion is put together at anyone time, take advantage of unforeseen opportunities, and mitigate the negative effects of being as opportunistic as possible.

---

[1] F. Cortes, 1997, "The Metamorphosis of the Marginal: The Debate over the Informal Sector in Latin America." Current Sociology 45, 1: 71-90.

[2] E. Mingione, 1991, Fragmented Societies: a sociology of economic life beyond the market paradigm. Oxford: Basil Blackwell.

[3] A. Appadurai, 1996, Modernity at Large: Cultural Dimensions of Globalisation. Minneapolis: University of Minnesota Press.

[4] Z. Bauman, 1997, Postmodernity and its Discontents. London: Polity

[5] M. Sahlins, 1972, Stone Age Economics. Chicago: Aldine.

[6] A. Bugra, 1998, "The Immoral Economy of Housing in Turkey." International Journal of Urban and Regional Research 22, 2: 303-318.

[7] ibid

[8] M. Chrichlow, 1998, "Reconfiguring the "Informal Economy" Divide: State, Capitalism, and Struggle in Trinidad and Tobago." Latin American Perspectives 25, 2: 62-84.

[9] H. de Soto, 1989, The Other Path: The Invisible Revolution in the Third World. New York: Harper and Row.

[10] A. Appadurai, 1998, "Dead Certainty: Ethnic Violence in the Era of Globalization" Public Culture 10, 2: 225-247.

[11] D. Smith and M. Blanc, "Grassroots democracy and participation: a new analytical and practical approach." <u>Environment and Planning D: Society and Space</u> 15: 281-303.

[12] G. Simmel, 1950, <u>The Sociology of Georg Simmel</u>. London: Collier MacMillan.

[13] S. Sassen, 1995 <u>Cities in a World Economy</u>. Melbourne: Pine Forge; L-A. Gerard Varet, 1996, "Decentralising Public Action" <u>Courrier du CNRS</u>. Special Issue for Habitat II, Paris.

[14] M. Castells, 1996, "The Net and the Self: Working Notes for a Critical Theory of Information Society." <u>Critical Anthropology</u> 16, 1: 9-38.

[15] K. Cox, 1998, "Spaces of dependence, spaces of engagement and the politics of scale, or: looking for local politics." <u>Political Geography</u> 17, 1: 1-23.

[16] Ibid

[17] Ibid

[18] G. Becko, 1997, "Introduction: Modernity, Postmodernity and the Social Sciences," in G. Becko and U. Strohmeyer (eds.), <u>Space and Social Theory: Interpreting Modernity and Postmodernity</u>. Oxford; Malden, Mass.: Blackwell.

[19] M. Mayer, 1995, "Urban Governance in the Post-Fordist City," in P. Healy et al, <u>Managing Cities: The New Urban Context</u>. New York: John Wiley and Sons.

[20] A. Portes, 1995, "Transnational Communities: Their Emergence and Significance in the Contemporary World System." <u>Keynote address delivered at the conference, Political Economy of the World-System: Latin America in the World-Economy, University of Miami, April 21, 1995</u>.

[21] A. Amin, 1998, "An Institutionalist Perspective on Regional Economic Development." Unpublished paper.

[22] M.P. Van Dijk, 1996, "The Urban Informal Sector as New Engine for Development: Theoretical Developments Since 1972." <u>Asien afrika lateinamerka</u> 24: 177-192.

[23] P. Filion, 1998, "Potential and Limitation of Community Economic Development: individual initiative and collective action in a post-Fordist context." <u>Environment and Planning A</u> 30, 6: 975-996.

[24] D. Clarke and M. Bradford, 1998, "Public and Private Consumption and the City." <u>Urban Studies</u> 35, 5-6: 865-888.

[25] J. Lambooy and F. Moulaert, 1996, "The Economic Organisation of Cities: An Institutional Perspective." <u>International Journal of Urban and Regional Research</u> 20, 2: 217-237.

[26] A.C. Vidal, 1992, <u>Rebuilding Communities: A National Study of Urban Community Development Corporations</u>. New York: Community Development Research Center, Graduate School of Management and Urban Policy, New School for Social Research.

[27] R. H. Taub, 1990, <u>Nuance and Meaning in Community Development: Finding Community Development</u>. New York: Community Development Research Center, Graduate School of Management and Urban Policy, New School of Social Research; B. Marquez, 1993, "Mexican American Community Development Corporations and the Limits of Directed Capitalism." <u>Economic Development Quarterly</u> 7: 287-295.

[28] R. Stoecker, 1996, "The Community Development Corporation Model of Urban Redevelopment: A Political Economy Critique and an Alternative." Toledo: Papers in Community Development Series, University of Toledo.

[29] K. Smock, 1997, "Comprehensive Community Initiatives: A New Generation of Urban Revitalization Strategies." Toledo: Papers in Community Development Series, University of Toledo.

[30] A. Eisen, 1994, "Survey of Neighborhood-Based, Comprehensive Community Empowerment Initiatives." <u>Health Education Quarterly</u> 21: 235-252.

[31] R. Halpern, 1995, <u>Rebuilding the Inner City: A History of Neighborhood Initiatives to Address Poverty in the United States</u>. New York: Columbia University Press.

[32] H. Molotch, 1979, "Capital and Neighborhood in the United States." <u>Urban Affairs Quarterly</u> 14: 289-312.

[33] H. Molotch, 1993, "The Political Economy of Growth Machines." <u>Journal of Urban Affairs</u> 15: 29-53.

[34] C. Lefevre, 1998, "Metropolitan Government and Governanace in Western Countries: A critical review." <u>International Journal of Urban and Regional Research</u> 22, 1: 9-25.

[35] B. Sanyal, 1996, "Intention and Outcome: Formalization and its Consequences." <u>Regional Development Dialogue</u> 17: 161-178.

[36] ibid

[37] D. Smith and M. Blanc, 1997, "Grass-roots democracy and participation: a new analytical and practical approach." <u>Environment and Planning D: Society and Space</u> 15: 281-303.

[38] ibid

[39] J.C.Mitchell (ed.), 1969, <u>Social Networks in Urban Situations: Analysis of Personal Relationships in Central African Towns</u>. Manchester: Manchester University Press.

[40] G. Bridge, 1993, <u>People, Places and Networks</u>. Bristol: School for Advanced Urban Studies Publications, University of Bristol.

[41] Based on reports from the Association for the Improvement of Living Conditions (AMCAV) in Abidjan.

[42] K. Dey and D. Westendorff (eds.) 1996, <u>Their Choice or Yours:Global Forces or Local Voices?</u> Geneva: United Nations Research Institute on Social Development.

[43] P. Marsden, 1997, "Geographies of dissent: globalization, identity and the nation." <u>Political Geography</u> 16, 1: 37-64.

[44] J. Borja, 1996, "Cities: New Roles and Forms of Governing," in M. Cohen et al (eds.)