



Lo Wu Commercial City, Shenzhen  
next to Lo Wu border crossing into Hong Kong

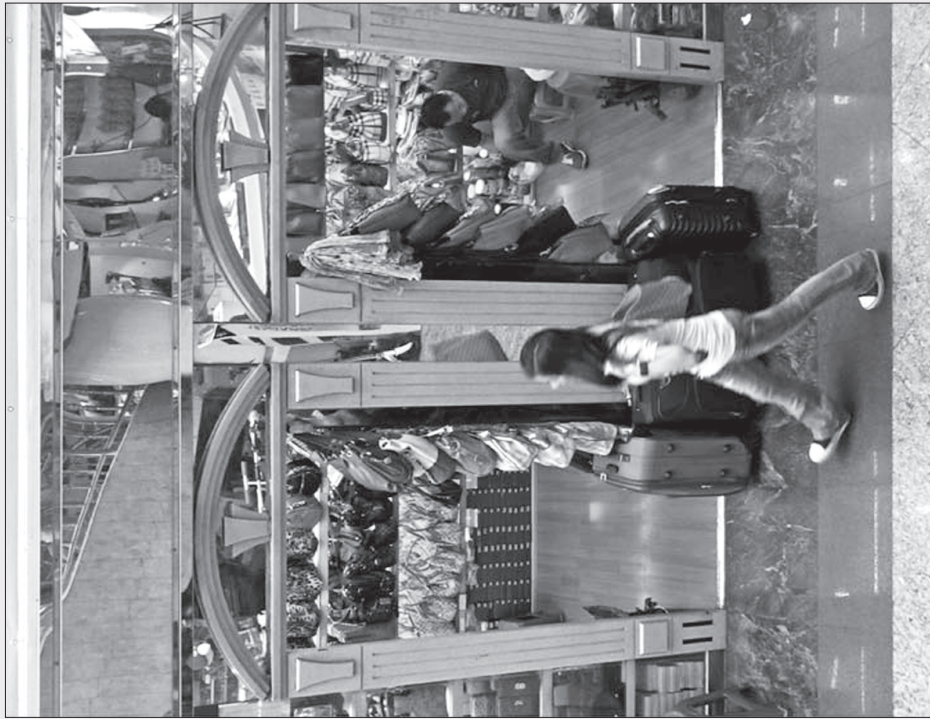


## Informal Market Worlds: Instruments of Change

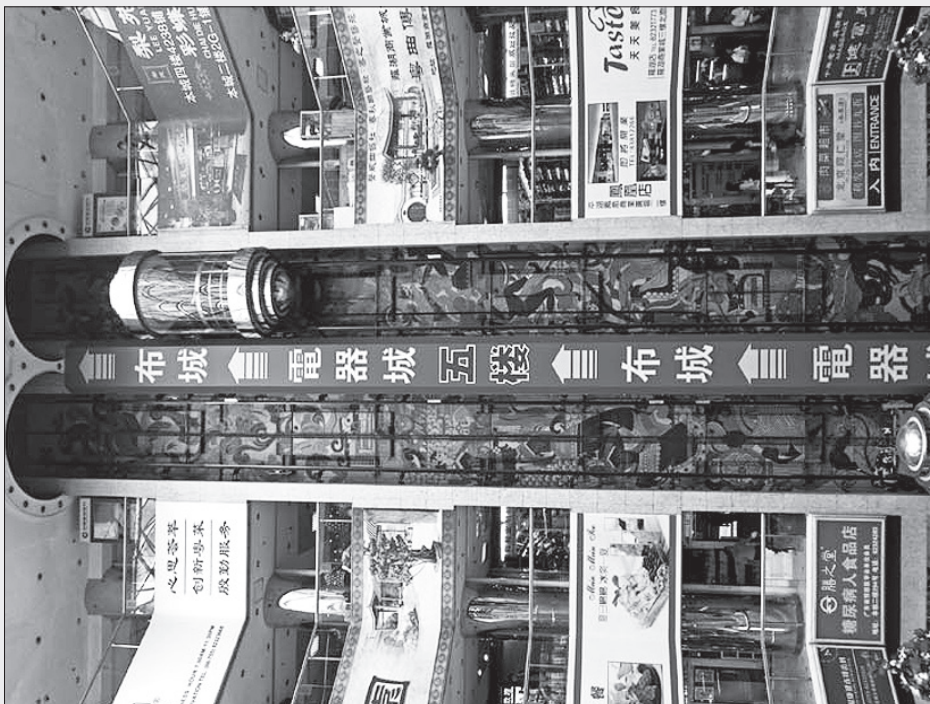
Peter Mörttenböck  
& Helge Mooshammer

With the Golden Lion for the Best Project of the International Exhibition at the Venice Architecture Biennale 2012 having been awarded to architects Urban-Think Tank (U-TT) and curator Justin McGuirk, it seems that urban informality has finally arrived in polite society. U-TT and McGuirk received the prestigious award for exploring the squatted, half-built Torre David office tower in Venezuela. In their own words, the installation at the Arsenale in Venice “takes the form of a Venezuelan arepa restaurant, creating—in the spirit of the Biennale’s theme, *Common Ground*—a genuinely social space rather than a didactic exhibition space.”<sup>1</sup> According to the official statement issued by the Biennale, the jury “praised the architects for recognizing the power of this transformational project. An informal community created a new home and a new identity by occupying Torre David and did so with flair and conviction. This initiative can be seen as an inspirational model acknowledging the strength of informal societies.” Spurred by the moment, U-TT issued “a call to arms to fellow architects to see in the informal settlements of the world a potential for innovation and experimentation, with the goal of putting design in the service of a more equitable and sustainable future.”<sup>2</sup> U-TT may well be preaching to the converted here. Recent practices in art and architecture reveal a widespread interest in informality, which is often praised for its resourcefulness and ingenuity, its flexibility and improvisation, as well as its colourful and creative appeal. However, when it comes to concrete forms of architectural intervention, the most common responses to informal urbanism tend to rely on terms like “improvement.” In this sense, the relationship between architecture and informality seems to be a more or less clearly defined one involving the offer of expert support to help raise the living standards of the world’s poor. But what is really at stake in the relation-





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ship between the profession of architecture and urban planning and the growing realm of informality? A commonly cited goal of current planning policies is to move people from the informal sector to the formal sector, based on the idea that what the informal provides is only provisional. It is merely an enabling mechanism whose energetic creativity can be tapped as a force for different types of transformation and exchange. Seen in this way, the informal has come to signify in the fields of architecture and urban planning, zones of neglect and potential in the urban fabric, or powerful challenges to and substitutes for the planned city. What is repressed in these discourses is the fact that informality is first and foremost linked to the economy. This correlation produces the rich tapestry of varying and contradictory framings of informality in general, and of informal marketplaces—the concurrence of economy and space—in particular. Informal markets are the spatial requisite for the informal economy. They create a conflict-ridden terrain of access without manifesting the principles of that accessibility. Informal markets do not provide us with a concept of space, but an expression of social praxis. At the level of spatial production, they refer to the rampant agglomerations of grey and black markets occupying the fringes of urban structures, the mobile and cross-border networks of the kiosk trade, or the uncontrolled activities and infrastructures instigated by travelling enterprises such as the so-called “suitcase trade.” Relying on individualized long-distance connections and adapting to diverse local situations, informal markets are producing novel and extreme material configurations, while providing habitats for millions of undocumented existences. In this context, the idea of the informal points towards a complex entanglement of neoliberal technologies of government and new forms of self-organization accompanying the incorporation of a “market mentality” into the organization of our socio-cultural matrix.<sup>3</sup>

Of late, enormous influence over informal urbanism has been exercised by means of banking, financialization, and fiscalization.<sup>4</sup> Finance economies have become a powerful motor

not only of urbanization in gentrified or segregated areas of major cities, but, more generally, of patterns of growth in the metropolitan fabric. Over the past five years our research has been tracing these changes by looking at the multifarious currencies of informal markets at locations across the globe: from illicit street vending in Bangkok's "red zones" and grass-hopper traders in North Korean underground markets to Vietnamese markets on the Czech border and the 7-kilometre container market outside Odessa, from Tijuana's sprawling *mercados sobre ruedas* and the cross-border trade between Haiti and the Dominican Republic to China's counterfeit markets and micro-retailing in Lima.<sup>5</sup> Focusing on architecture as an arena of negotiation between multiple political demands, social actors and environmental constraints, we are interested in the ways in which these spaces shape and are shaped by processes of transnationalization, transient and informal land use, and newly emerging regimes of governance. How does the accelerated marketization and segregation of land correlate with sprawling informal agglomerations that remain unamenable to planned urbanity? How can the flexible assets, capacities, and assemblages of informal markets prepare the ground for new forms of civic participation? How does the increasing virtualization of economic space relate to the hands-on immediacy of informal market places?

#### THE CAPITAL OF INFORMAL MARKETS

What has become evident through an ever-wider range of interventions in informal spaces by urban practitioners, researchers, and policy-makers in recent years is the degree to which value systems attached to the informal are a matter of framing and perspective, interest and intention. Depending on political motivations, long-term economic calculation or immediate profitability, informality can be represented as an asset or an evil. It is this conceptual elasticity that allows Western think tanks, for instance, to hail people trading in informal markets in North Korea as "little revolutionaries," while condemning

similar activities in countries like Paraguay, Mexico, or China as criminal. This inconsistency of institutional framings is clearly informed by the premise that economic engagement with external actors can have transformative effects on a particular politico-economic system and that in the long run this transformation can open up possibilities for the development of favourable economic foreign relations.<sup>6</sup> The Washington-based Peterson Institute for International Economics, for instance, has a particular stake in the marketization of North Korea, endorsing the growth of a "second economy" that produces new grassroots capitalists to address the country's widespread poverty and food insecurity but also to manage political and economic change in a developing market. Recent years have seen the emergence of black markets all over the country, especially in Pyongyang and in the Northern provinces bordering China, which have become the major hub for smuggling and black market trade. This development has accelerated since November 2009, when the government devalued the state currency at a rate of 100 to 1, aiming to wipe out informal marketplaces and the infrastructure that had emerged to support black market activity: private food stalls, roadside inns, sewing workshops, and financial services such as private lending and currency exchange businesses. However, despite government efforts to curb black marketeering, the markets have survived, largely because people had already begun trading in foreign currency instead of the state currency. Ironically, those who benefited most from the devaluation were people engaged in underground markets, while strictly law-abiding citizens, who were not holding large sums of foreign cash, ultimately suffered the most. According to US military reports, informal markets in North Korea have evolved into a mature and complex network, becoming an important part of people's everyday lives and presenting an opportunity to extract valuable information about the changing political situation in the country.<sup>7</sup> Access to this dense fabric of political and socio-economic relations is therefore seen as crucial for US policy makers.





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But accessing informal markets to reveal opportunities for policy improvement is not about legality or illegality per se. Neither is it about eliminating bad practices, nor righting wrongs. It is also not about acknowledging the economic effort to sustain local communities in disadvantaged areas of the world or about endorsing a process of globalization from below. Strategic access to the complexity of informal markets is most often linked to the exercise of power in the form of an economy, i.e. to the administration of things, practices, individuals, infrastructure, and wealth according to economic principles. This kind of access entails what Giorgio Agamben calls the division between a “general” and a “particular” economy, the split between intellectual knowledge and praxis, remote authority, and governmental action.<sup>8</sup> In his recent book *The Kingdom and the Glory*, Agamben uses this distinction to analyze the hegemonic logics of the great Western powers and their paradoxical attempt to govern the world by remaining fully extraneous to it. The governmental rationality driving much of Western policy to focus on informal markets is targeting particular spheres of action by means of well-placed interventions. This is the global economy of government in which informal markets are embedded. In the case of North Korea, the introduction of economy into political practice and the collateral effects produced by the economic paradigm are best exemplified by a video clip posted on YouTube earlier this year, which shows a pizza restaurant in Pyongyang serving cans of Coca-Cola to foreign customers. While this piece of evidence may seem to confirm rumours about improving North Korea’s ties with Washington by introducing Coca-Cola to the country, the soft drink giant itself has denied doing business in North Korea, since this would contravene certain laws and regulations currently governing US relations with North Korea. Instead, the blame is laid on local “grasshopper traders” and unauthorized third parties who may have imported the product into the country.

Keeping track of such violations is the task of those preparing the so-called Special 301 reports, documents released an-





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nually by the Office of the United States Trade Representative under Section 301 of the Trade Act of 1974. Since 1989, these reports have identified countries that “deny adequate and effective protection of intellectual property rights, or deny fair and equitable market access to United States persons who rely upon intellectual property protection.”<sup>9</sup> These documents are basically country reports that describe piracy and counterfeiting activities and make specific recommendations on how to improve copyright law enforcement, implement penalties, and lift existing barriers to global market access. The reports can be used to convey recommendations for changes in domestic law and signal US conditions for accession to international agreements such as the WTO. In fact, the entries on the list play a significant role in foreign trade policy, since they often signal US intentions to pursue sanctions or other measures if demands are not met. For this reason, governments all over the world pay close attention to their status in these reports and especially to whether they have been included in or removed from the annual “Watch List” or “Priority Watch List.”<sup>10</sup>

The influential status of these reports is based in part on the annual input they receive from several hundred lobby groups, NGOs, and individuals (information can be submitted by any interested party, but most contributors are large industry groups such as Oxfam, Time Warner, the Motion Picture Association, and the IAAC), all of whom are heavily invested in research into informal markets around the world. The annual report may be a centrally organized fact-finding exercise, but its operations are grounded in a network of globally distributed channels of information gathering and industry-based research departments. As a result, the size and depth of entries have increased dramatically since the report’s inception, resulting in an increasingly elaborate process of gathering consumer data across multiple countries. The motivation behind such efforts has also become more specific. In recent years in particular, the Special 301 has become a highly controversial instrument. The initial idea of establishing the legal grounds for sanctions against

particular countries has faded into the background, and the Special 301 process has been transformed into what is predominantly a surveillance and warnings regime. Thus, the report has not only expanded in terms of the quantity of information fed into it and the number of countries placed on its watch list (currently around 40), but it has also become a much more flexible instrument that combines US trade policies and law enforcement. It is now quite effectively pursuing a dual agenda of policy-making and jurisdiction.<sup>11</sup>

In line with this increased elasticity, the annual reports have begun to include painstakingly detailed worldwide accounts of physical marketplaces that are deemed “notorious” for violating the intellectual property rights of US companies and individuals. Since 2005, these accounts have no longer formed part of the country reports but are now grouped together in a strategic and deliberately “non-exhaustive” section of its own entitled “Notorious Markets.” This move has added even more flexibility to the criteria of inclusion. For an informal market to gain notoriety it merely has to be perceived as “failing to address one’s own conduct in facilitating the theft of intellectual property and therefore deserving to be identified as notorious.”<sup>12</sup> But perhaps the single most significant phase in the development of the Special 301 involves the current effort to amplify the harm attributed to “notorious markets” by denouncing a smaller number of informal markets as exemplary cases in an independent and periodical out-of-cycle review released to the press a few months prior to the report itself, and consisting of no more than six pages. It is a US hitlist of informal market activity and includes marketplaces as diverse as La Salada in Buenos Aires, Petrivka Market in Kyiv, Harco Glodok in Jakarta, and the Lo Wu Commercial Center in Shenzhen. Due to its lack of detail and straightforward message, this shortlist has proven to be a key source for media reports on illegal economic activities worldwide. Without needing to substantiate its claims and demands, it contains just the right amount of information for twitter feeds and newsflashes, and is the perfect

governance tool for state and industry actors to set the mood for interfering in marketplaces outside the US.

There is a clear pattern in these framings of “informal markets” that centres on corporate interests and is driven by a combined effort of industry-sponsored research and state institutions, adding up to a much larger enterprise of remote control over and access to markets. While informal markets in particular regions such as Paraguay’s Tri-Border area of Ciudad del Este and Bangkok’s so called “red zones” are regularly placed on the USTR’s notorious markets list, North Korea’s booming underground markets and other selected shadow economies are not targeted by this instrument. What is striking about this development is that it facilitates the entanglement of two different sets of protocols. First, there are the social and economic protocols of informal trade that include various forms of self-organization, transborder movements, bargaining, deal-making, clandestine distribution, cottage industries, and so on. Second, there is another set of protocols pertaining to technologies of permeation and disclosure: these are the protocols of confiscation, prosecution, sanctioning, selective enforcement, surveillance, indexing, monitoring, and industry research. What ensues from these two intersecting lines, and the ways in which they are brought together through instruments such as the Special 301, is the construction of informal markets as enemy territory, with clear benchmarks for victory or defeat, progress or backsliding. This global architecture of informal markets—its contentious “evidentiary standards” and imposed sense of righteousness or wrongdoing—opens up a theatre of activities that extends the realm of informal deals from the economic sphere to all sorts of political claims and speculations. In this way, the activity of government, in which ontology and practice are divided and co-ordinated “economically,” yields an uncontrollable range of concomitant effects on the emergence and disappearance of large-scale informal trading hubs around the world, effects that are brought into existence by the skilful division and subsequent intersection of





### Out-of-Cycle Review of Notorious Markets

December 20, 2011

- 1 Bahia Market (Guayaquil, Ecuador)
- 2 China Small Commodities Market (Yiwu, China)
- 3 Ciudad del Este (Paraguay)
- 4 Harco Glodok (Jakarta, Indonesia)
- 5 La Salada (Buenos Aires, Argentina)
- 6 Lo Wu Commercial Center (Shenzhen, China)
- 7 Nehru Place (New Delhi, India)
- 8 Buynow PC Malls (across China)
- 9 Petrivka Market (Kyiv, Ukraine)
- 10 Quiapo Shopping District (Manila, Philippines)
- 11 Red Zones (Panthip Plaza, Klong Thom, Saphan Lek and Baan Mor, Thailand)
- 12 San Andresitos (across Colombia, including Bogotá and Cali)
- 13 Silk Market (Beijing, China)
- 14 Tepito (Mexico City)
- 15 Urdu Bazaars (Karachi and Lahore, Pakistan)

source: USTR



a general economy with particular ones. Despite its legal definition as a merely “informal adjudication,” the Special 301 is thus the single most influential industry research enterprise involved in the clamp-down on hundreds of large-scale informal markets and their disappearance or transformation into shopping malls or economic hubs for global businesses.

#### A NEW POLITICAL ECONOMY OF INFORMALITY

What emerges from mapping the typologies and conditions of informal markets is not only a cartography of the distribution of global poverty, but a map of the world that renders the frontlines of late capitalism visible. As Ananya Roy has demonstrated in her extensive study of the struggles around policy agendas in microfinance, an engagement with the informal sector on behalf of centres of power is always also a question of managing the truth about our economic and social system.<sup>13</sup> The professionalization of microfinance investments indicates the tensions around the appropriation of the microcredit model—originally conceived as an attempt to alleviate poverty by NGOs in developing countries—into the capital markets of the West. It is one of the key theatres for effectively integrating the productivity of the poor into global economic circuits. Where microcredit operations once aimed, for instance, to improve the livelihoods of women in patriarchal societies, criteria of human development such as access to education, child mortality, and self-sustainability in crisis situations are now being replaced by benchmarks based on operational costs, investment returns, and transferability. The establishment of such codes of best practice shifts the focus of engagement to the bottom of the economic pyramid. In this context, social capital is less valued as an intrinsic capacity of informal communities; rather, it is framed as a potential asset for financial speculation. Simultaneously, these measures also shape public opinion of the motivation, potential, and prospect of economic activities of the poorest billion. While hard financial facts and parameters are given precedence when it comes to assessing and calculating

engagement with the world's poor, this approach also establishes the moral and ethical imperatives of a “natural” market economy. In a combination of allegedly unquestionable financial fact and ethical legitimization, the emerging narrative of microfinance's expertise provides the basis for external actors in informal economies and for turning the social capital of the world's poor into the finance capital of global investors.

When reflecting on the engagement of architecture with informality, it thus becomes pivotal to address both the practicalities of informal spatial production and the knowledge regimes that underpin the wider political economy of informality. There is growing recognition of the significance of the informal in the organization of human co-existence, both in terms of social relations on the ground and, increasingly, on the level of global interaction, with the informal sector estimated to account for half of the world's economic activities.<sup>14</sup> There is also growing interest in the creative power of informality, an interest that is often geared toward its capacity to mitigate the crisis-ridden logic of the capitalist system.<sup>15</sup> As outlined above, the area of microfinance is currently being targeted as a prime emerging market by the financial industry following the collapse of the real estate bubble and the debt-mongering associated with it. In this situation, an integration of informality exclusively geared to hegemonic economic and political paradigms raises the dual threat of augmenting the exploitative dimensions of informality, while eroding the social and cultural wealth of informal relations. Any endeavour to develop a more critical, as well as more productive, approach toward the problematics of informality will have to take into account a multitude of different perspectives well beyond the narrow framework of official state and industry actors. First and foremost, this involves recognition of the fact that the parameters of informality are not a given but a matter of definition, that the value system attached to the informal is an issue of framing and perspective, of interest and intention. Challenging the standard response to informality—the necessity of external



expert intervention—involves recognizing that the reference points for analyzing as well as for engaging in informality originate not only in the realities on the ground, but also in distant sites of decision-making such as multinational trade associations, global nodes of the financial industry, and elite forums of institutional politics. ○

#### ENDNOTES

- 1 Urban-Think Tank, “Torre David/Gran Horizonte” press release, August 21, 2012.
- 2 Ibid.
- 3 Karl Polanyi, “Our Obsolete Market Mentality: Civilization Must Find a New Thought Pattern,” *Commentary* 3 (1947): 109–117.
- 4 Gordon Mathews, Gustavo Lins Ribeiro, and Carlos Alba Vega, *Globalization from Below: The World’s Other Economy* (London: Routledge, 2012), 10.
- 5 The *Informal Market Worlds* atlas is in part an outcome and in part a working tool of the Other Markets international research project, which is investigating the architectures and cultural logics of informal markets: <http://www.othermarkets.org>.
- 6 Stephan Haggard and Marcus Noland, *Witness to Transformation: Refugee Insights into North Korea* (Washington, DC: Peterson Institute for International Economics, 2011), 125.
- 7 Andrew Chack, John V. Farr, and James H. Schreiner, “A Systems Perspective of Foreign Intervention with Regards to the Democratic People’s Republic of Korea” (US Center for Nation Reconstruction and Capacity Development White Paper, June 2012), 14.
- 8 Giorgio Agamben, *The Kingdom and the Glory: For a Theological Genealogy of Economy and Government* (Stanford, CA: Stanford University Press, 2011), 141.
- 9 United States Code, 2011 Edition, Title 19—Customs Duties, Chapter 12—Trade Act of 1974, Subchapter 1—Negotiating and Other Authority, Part 8—Identification of Market Barriers and Certain Unfair Trade Actions, Sec. 2242—Identification of countries that deny adequate protection, or market access, for intellectual property rights.
- 10 For a full version of the most recent Special 301 report, released in April 2012, see: <http://www.ustr.gov/about-us/press-office/reports-and-publications/2012-2>.
- 11 For a detailed explanation of the Special 301 process, see Kim Newby, “The Effectiveness of Special 301 in Creating Long Term Copyright Protection for U.S. Companies Overseas,” *Syracuse Journal of International Law* 21 (1995): 29–62. The most up-to-date critical account of procedural complexities in relation to the Special 301 can be found in Joe Karaganis and Sean Flynn, “Networked Governance and the USTR,” in *Media Piracy*

- in *Emerging Economies*, ed. Joe Karaganis (Social Science Research Council, March 2011), 75–98.
- 12 Neil Turkewitz, Executive Vice President of the Recording Industry Association of America, letter to the USTR, November 4, 2010.
- 13 Ananya Roy, *Poverty Capital: Microfinance and the Making of Development* (London: Routledge, 2010).
- 14 See, for instance, Sharit Bhowmik, ed., *Street Vendors in the Global Urban Economy* (London: Routledge, 2010); Ananya Roy and Nezar Alsayyad, eds., *Urban Informality: Transnational Perspectives from the Middle East, Latin America, and South Asia* (Lanham, MD: Lexington Books, 2004); AbdouMaliq Simone, *City Life from Jakarta to Dakar: Movements at the Crossroads* (London: Routledge, 2010).
- 15 See, for instance, Robert Neuwirth, *Stealth of Nations: The Global Rise of the Informal Economy* (New York: Pantheon Books, 2011).

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BIOS Peter Mörténböck is Research Fellow in the Department of Visual Cultures at Goldsmiths, University of London. He is also Professor of Visual Culture at the Vienna University of Technology. His recent books include *Networked Cultures: Parallel Architectures and the Politics of Space* (2008), *Space (Re)Solutions* (2011), and *OCCUPY* (2012). [www.thinkarchitecture.net](http://www.thinkarchitecture.net)

Helge Mooshammer is a theorist of visual and spatial culture, whose research is concerned with changing forms of urban sociality, processes of transnationalisation, and newly emerging regimes of governance. Based at Goldsmiths, London, and TU Vienna, his current research *Other Markets* engages a worldwide collaboration on an atlas of informal markets. [www.othermarkets.org](http://www.othermarkets.org)