Editorial: Urban livelihoods: reframing theory and policy

MARTHA CHEN, SALLY ROEVER AND CAROLINE SKINNER

I. INTRODUCTION

The ability of cities to generate more and better employment has become a major concern in the wake of the recent global financial crisis and continued jobless growth. This concern is made all the more urgent in the context of an increasingly urban global population and historically significant mobilizations against the concentration of global wealth. A central challenge for the New Urban Agenda is therefore to secure policy commitments that would enable greater economic inclusion. In turn, this will require a more just distribution of resources, including urban public space, and a more sustainable and inclusive approach to employment and local economic development. Civil society actors, including organizations of informal workers, are playing a central role in demanding such commitments.

Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global research–action–policy network founded in 1997 to improve the situation of the working poor, especially women, in the informal economy through stronger organizations and networks of informal workers, improved statistics and research, and more inclusive and equitable policies and practices. Since WIEGO’s founding, interest in – and research on – informal employment has grown considerably. WIEGO’s specific contribution has been to put statistics and research into the hands of informal workers and their organizations to bridge ground realities and mainstream policy debates; and to bring the voices of workers and their organizations to policy debates.

This paper, which also serves as an introduction to this special issue of Environment and Urbanization on urban livelihoods, draws on the WIEGO network’s experience to review the current state of knowledge on the urban informal economy and to identify critical policy issues in relation to the New Urban Agenda, several of which are highlighted in this issue. In Section II, it presents the latest available statistics on the size, composition and contribution of the informal economy in various regions, demonstrating that informal employment is the norm in the global South. Sections III and IV then review theoretical approaches to informality in the economic development and urban studies literatures, identifying important gaps and promising new directions suggested by the articles in this issue. The paper concludes by presenting a framework to think afresh about urban livelihoods and appropriate policy responses to them.

II. THE SIZE, COMPOSITION AND CONTRIBUTION OF THE (URBAN) INFORMAL ECONOMY

According to the United Nations, in 2014, 54 per cent of the world’s population was urban. Considering that in 1950, 30 per cent of the
world’s population was urban, and by 2050, 66 per cent of the world’s population is projected to be urban, what is remarkable is the rate of change.\(^6\)

Despite predictions to the contrary, recent urbanization in many countries has been neither driven nor accompanied by industrialization. Indeed, in some countries, cities are de-industrializing. The net result is that the majority of urban workers in low-income countries earn their livelihoods in the informal economy. As the International Labour Organization (ILO)\(^7\) notes, “contrary to expectations, informal activities, enterprises and jobs have not only persisted, but have also emerged in new guises and unexpected places”. The prevalence of informal employment, much of which takes place in either public space or informal settlements, is a critical issue for the urban development agenda.

Official labour force statistics show that informal employment\(^8\) comprises more than half of non-agricultural employment\(^9\) in most regions of the global South: specifically, 82 per cent in South Asia, 66 per cent in sub-Saharan Africa, 65 per cent in East and Southeast Asia, and 51 per cent in Latin America. In the Middle East and North Africa, informal employment is 45 per cent of non-agricultural employment. Estimates for six cities in China show that 33 per cent of non-agricultural employment is informal.

Outside of agriculture, a larger proportion of women workers are informally employed, compared to men, in three out of six regions: South Asia, sub-Saharan Africa, and Latin America and the Caribbean. Only in the Middle East and North Africa is there a higher percentage of men workers than women workers, outside agriculture, engaged in informal employment.\(^10\) However, because labour force participation rates are higher among men than women in most countries, the absolute number of men in informal employment generally exceeds the number of women.

Also critical to the urban employment agenda is the prevalence of self-employment relative to wage employment in the global South. In all five regions with data plus urban China, self-employment outweighs wage employment as a source of non-agricultural informal employment (Table 1). Self-employment is particularly dominant in sub-Saharan Africa. In sum, the present-day reality is that most non-agricultural jobs in the global South are now informal, and most of those are in self-employment.

Self-employed workers include employers, own account workers, and contributing family workers. Across the regions own account workers are the largest category of non-agricultural informal employment, comprising from 53 per cent of informal employment in sub-Saharan Africa to 33 per cent in East and Southeast Asia (excluding China). The second largest category is contributing family workers, who represent between 5 per cent in Central Asia and 12 per cent in South Asia. Very few informal workers

<table>
<thead>
<tr>
<th>Region</th>
<th>Wage Employment</th>
<th>Self-Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America and the Caribbean</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>South Asia</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>East and Southeast Asia</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Asia (excluding China)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban China</td>
<td>47%</td>
<td>51%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>33%</td>
<td>67%</td>
</tr>
</tbody>
</table>


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8. These statistics are based on international statistical norms according to which the “informal sector” refers to employment and production that takes place in unincorporated, unregistered or small enterprises, while “informal employment” refers to employment without social protection through work both inside and outside the informal sector. The “informal economy” refers to all units, activities, and workers so defined and the output from them.
9. Due to differences in the way countries define urban, non-agricultural employment is used as a proxy for urban employment.
are employers: only 2 per cent in sub-Saharan Africa and South Asia and 9 per cent in East and Southeast Asia (excluding China), but as high as 16 per cent in urban China.\(^{11}\)

Due to the way national statistical agencies collect labour force survey data, city-level labour force estimates are rare. The French research institute DIAL, however, constructed city-level estimates for 11 cities, presented in Table 2. Again these figures demonstrate significant variation between cities but also highlight the predominance of informal work and its importance as a source of employment, especially for women.

Although earnings of informal workers are low on average, cumulatively their activities contribute substantially to gross domestic product (GDP) (Table 3),\(^ {12}\) meaning these activities are a central, not marginal, part of the economy in many countries.

Within informal employment, there is considerable diversity in terms of occupational groups and activities. The urban informal workforce is comprised primarily of construction workers, domestic workers, home-based producers, street vendors, transport workers and waste pickers, with many additional occupations. There have been recent advances in quantifying specific worker groups.\(^ {13}\) Analysis of national data in Nepal (2008) and India (2011–12), for example, found that 30 per cent and 15 per cent, respectively, of total non-agricultural workers were home-based, carrying out remunerative work in their own homes or on adjacent grounds.\(^ {14}\) Street vendors, who provide goods or services in public space, were found to be 5 per cent of urban informal employment in India and between 12 and 24 per cent of urban informal employment in the eight African cities included in Herrera et al.’s analysis.\(^ {15}\) Waste pickers, who

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**TABLE 2**

Informal employment as a percentage of non-agricultural employment in a selection of cities

<table>
<thead>
<tr>
<th>Cities</th>
<th>Total</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hanoi (Vietnam)</td>
<td>46.2</td>
<td>48.3</td>
<td>44.4</td>
</tr>
<tr>
<td>Ho Chi Minh City (Vietnam)</td>
<td>53.4</td>
<td>55.1</td>
<td>52.0</td>
</tr>
<tr>
<td>Lima (Peru)</td>
<td>58.9</td>
<td>63.9</td>
<td>53.8</td>
</tr>
<tr>
<td>Antananarivo (Madagascar)</td>
<td>63.0</td>
<td>67.1</td>
<td>59.5</td>
</tr>
<tr>
<td>Niamey (Niger)</td>
<td>76.2</td>
<td>83.4</td>
<td>71.9</td>
</tr>
<tr>
<td>Abidjan (Côte d’Ivoire)</td>
<td>79.0</td>
<td>89.7</td>
<td>69.8</td>
</tr>
<tr>
<td>Dakar (Senegal)</td>
<td>79.8</td>
<td>88.0</td>
<td>73.9</td>
</tr>
<tr>
<td>Ouagadougou (Burkina Faso)</td>
<td>80.2</td>
<td>86.9</td>
<td>75.4</td>
</tr>
<tr>
<td>Cotonou (Benin)</td>
<td>81.2</td>
<td>89.3</td>
<td>72.1</td>
</tr>
<tr>
<td>Bamako (Mali)</td>
<td>82.1</td>
<td>91.1</td>
<td>74.9</td>
</tr>
<tr>
<td>Lomé (Togo)</td>
<td>83.1</td>
<td>90.3</td>
<td>75.1</td>
</tr>
</tbody>
</table>


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12. Note that this is the contribution from informal enterprises rather than informal employment.
collect and sort waste either directly from the source (households, businesses), moving through public space, or from municipal dumps, are a smaller proportion of total employment – less than 1 per cent of the urban workforce on average. However, they contribute significantly to climate change mitigation by reclaiming and recycling waste.

These three occupations (home-based workers, street vendors and waste pickers) take place in a diversity of workplaces well beyond private commercial spaces. Particularly relevant is that homes often double as workplaces, and public space is an important place of work for the urban working poor. Urban policymakers and practitioners, in other words, can no longer assume that people strictly live in private residential space and work in private commercial space. A related fact is that many of the homes that double as workplaces are located in slum or squatter settlements, sites of significant economic activity.

### III. CONCEPTUAL FRAMEWORKS I: DEVELOPMENT STUDIES

The urban informal economy has been a field of enquiry for over four decades. Keith Hart’s seminal analysis first countered the commonly held view that “traditional” activities would disappear by being absorbed into the modern capitalist economy with industrialization. He argued that informal activities possessed some autonomous capacity for generating growth in the incomes of the urban poor. Since Hart’s study sparked research and policy attention on the informal economy, the concept has been hotly debated. These debates however focus less on the informal economy’s potential and contributions, and informal settlements if their settlement is recognized officially as a “slum”, indeed, the residents may lobby to get their settlement classified as a “notified slum”. Where the term is used in this journal, it refers to settlements characterized by at least some of the following features: a lack of formal recognition on the part of local government of the settlement and its residents; the absence of secure tenure for residents; inadequacies in provision for infrastructure and services; overcrowded and sub-standard dwellings; and location on land less than suitable for occupation. For a discussion of more precise ways to classify the range of housing sub-markets through which those with limited incomes buy, rent or build accommodation, see Environment and Urbanization Vol 1, No 2 (1989), available at http://eau.sagepub.com/content/1/2.toc.

17. The term “slum” usually has derogatory connotations and can suggest that a settlement needs replacement or can legitimate the eviction of its residents. However, it is a difficult term to avoid for at least three reasons. First, some networks of neighbourhood organizations choose to identify themselves with a positive use of the term, partly to neutralize these negative connotations; one of the most successful is the National Slum Dwellers Federation in India. Second, the only global estimates for housing deficiencies, collected by the United Nations, are for what they term “slums”. And third, in some nations, there are advantages for residents of

<table>
<thead>
<tr>
<th>Sub-Saharan Africa</th>
<th>Middle East and North Africa</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>61.8</td>
<td>30.4</td>
<td>46.3</td>
</tr>
<tr>
<td>36.2</td>
<td>16.9</td>
<td></td>
</tr>
<tr>
<td>46.3</td>
<td>31.1</td>
<td>32.2</td>
</tr>
<tr>
<td>51.5</td>
<td>34.1</td>
<td>34.0</td>
</tr>
<tr>
<td>48.8</td>
<td>33.4</td>
<td>18.1</td>
</tr>
<tr>
<td>56.4</td>
<td></td>
<td>16.3</td>
</tr>
</tbody>
</table>

Chen (19) categorizes the academic and policy debates on the informal economy since Hart’s study into four schools of thought. The **Dualist** school, first promoted by the International Labour Organization, sees the informal sector as comprising marginal activities – distinct from and not related to the formal sector – that provide income for the poor and a safety net in times of crisis. The **Structuralist** school, a critique from the left, views the informal economy as consisting of subordinated economic units and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms. The **Legalist** school, championed by de Soto, sees the informal sector as comprised of “pluck[ful]” micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration, and who need property rights to convert their assets into legally recognized assets. The **Voluntarist** school, a variant on the legalist school, holds that the informal economy is comprised of (mainly) self-employed entrepreneurs who volunteer to work informally, not due to cumbersome regulations but as a strategic choice.

Based on its analysis of national data and field research, the WIEGO network has developed an integrated framework – a multi-segmented model of informal employment defined in terms of status in employment. This model has been tested using data from 11 countries and is graphically presented in Figure 1.

Although there are regional differences, on average the data suggest that informal employers, while relatively few in number, enjoy the highest average earnings and are predominantly men. Own account operators, casual wage workers and industrial outworkers (many of whom are homeworkers) tend to earn less than employers and reflect more of a balance of “pluck[ful]” micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration, and who need property rights to convert their assets into legally recognized assets. The **Voluntarist** school, a variant on the legalist school, holds that the informal economy is comprised of (mainly) self-employed entrepreneurs who volunteer to work informally, not due to cumbersome regulations but as a strategic choice.

**FIGURE 1**

Model of informal employment: hierarchy of earnings and poverty risk by employment status and sex


NOTE: The pyramid model is not designed to precisely reflect the relative sizes of the different segments, because data breakdowns are not available for all segments.


between men and women. Unpaid contributing family workers, whose poverty risks are highest, are predominantly women.

This model draws attention to the gendered nature of these activities, as well as the existence of a continuum from survivalist to more profitable entrepreneurial activities. Researchers, policymakers and practitioners thus should be acutely aware of which segment of the informal economy they are engaging with. As Chen (23) notes, most causal theories are valid, but only for certain segments of informal employment; and no single causal theory can explain each segment of informal employment. Further, the four dominant explanations – exit from, exclusion from, entry barriers to formal regulations, and subordination to or exploitation by formal firms – are not sufficient. Systemic drivers also shape the ways in which people develop livelihoods and the extent to which those livelihoods are linked to formal and informal enterprises and institutions.

For example, recent research, including papers in this volume as well as WIEGO’s 10-city Informal Economy Monitoring Study (IEMS), has found that macroeconomic trends, the legal regulatory environment, and value chain dynamics have major impacts on informal livelihoods. (24) In today’s global economy, trends in trade and technology have led to reductions in the employment intensity of growth. Fewer formal jobs are being created and more production is being outsourced through value chains, leading to changes in the nature of work and the structure of labour markets as well as an increase in informal employment. (25)

In today’s urbanizing world, the policies and practices of local government have an increasing impact on the urban informal workforce. The article by Chen in this issue explores the ways in which urban governance affects technology choices among informal workers in three cities, while Alfors, Dobson and Xulu show how local government in Durban, South Africa impacts the occupational health and safety of informal workers whose workplace is urban public space. Thara’s contribution shows how interactions between representative associations and local government elites in Mangaluru, India shape livelihood opportunities in important ways. And Banks’ article calls attention to the role of police harassment in the “multiple vulnerabilities” associated with livelihood insecurity among young people in Arusha, Tanzania.

IV. CONCEPTUAL FRAMEWORKS II: URBAN STUDIES

There is also growing interest among urban planners, designers, architects and scholars in various aspects of urban informality. (26) Informality in the urban disciplines was once associated with squatter settlements but, as Roy (27) argues, it is increasingly recognized as a more generalized mode of metropolitan urbanization, with many components. The term “informality” is commonly used to describe a range of behaviours and practices that are not regulated or controlled by the state or formal institutions, including those related to income generation, service provision, and settlements. For example, Tranberg Hansen and Vaa (28) “consider extra-legal housing and unregistered economic activities as constituting the informal city”.

The term “informal planning” is also used to refer to unoffical planning processes by the state that happen outside regulatory procedures and are not formally sanctioned, notably quasi-lega land transfers. (29)

These analyses of different modes of urban informality expose two underlying structural tensions. First, Watson (30) identifies a tension that she calls “the clash of rationalities between technomanagerial and market-driven systems of urban governance, services and planning and the marginalized urban populations surviving largely under conditions of informality”. Kamete (31) similarly argues that the technicalization and de-politicization of urban planning lead to the exclusion and marginalization of urban informality in its various forms. In some cities, the tension manifests itself when municipal governments abandon comprehensive planning and increasingly resort to ad-hoc “sanitizing” measures of various kinds. (32) Whether planned or ad-hoc, the state seeks to sweep away informality. Many make the case for refocusing urban planning on poverty, inequality, informality, and spatial fragmentation by adding a perspective from the global South. (33)

The second structural tension exposed by urban specialists is between two modes of informality within cities: informality created from below and informality created from above.

In her analysis of land markets and settlements in Indian cities, Roy (34) distinguishes between informal settlements created by the urban poor (“subaltern informality”) and informal settlements created by the state in collusion with rich residents, housing authorities and private real estate developers (“elite informality”). Mehrotra (35) likewise argues that cities in India today are dualistic, comprised of two components that occupy – and compete for – the same physical space: the formal or Static City (of architecture and the elite) and the informal or Kinetic City (of motion and the subaltern).

In analysing this second structural tension, urban specialists describe how the urban poor create informal settlements or pursue informal livelihoods by operating in the gaps in formal rules (de jure and/or de facto) and the gaps in the use of urban space (temporal and/or spatial). Meanwhile, the state both defines the formal rules (who and what is considered legal/illegal or formal/informal) and creates authorized exceptions to them, including the use of public space, often in collusion with powerful vested interests. Put another way, there are exceptions authorized by the state that the elite take advantage of, and unauthorized exceptions that the non-elite create on their own for survival.

a. Informality from below: operating in the gaps

Informality from below is associated with the strategies of the urban poor, referred to by Rao and Diwadkar (36) as “a calculus for charting and dealing with uncertainty” due not only to legal or policy restrictions and ambiguities but also to market dynamics and economic trends. The urban poor create informal settlements by occupying private land or public space at a particular point in time, or incrementally over time, with the hope of permanent occupation. And they pursue their livelihoods by appropriating available space and resources, often on a daily basis.

Consider street vending, the most visible of urban informal livelihoods. Street vendors appropriate available space in areas with heavy

34. See reference 27.
pedestrian flows, usually in central business districts or near transport nodes. They often do so intermittently – at particular times in the day, week or month – when the space becomes available or when the pedestrian flows are at their peak. Over time, incrementally, some areas occupied by street vendors develop into permanent open-air markets. These traditional street markets create “a unique common good, the establishment of a market environment”.37

b. Informality from above: making rules and exceptions

While informality from below is associated with the urban poor, informality from above is associated with the state: specifically, the ways in which local governments set the rules of the game but also promote deregulation or legal ambiguity and make exceptions to their own rules. In Roy’s38 words, “The planning and legal apparatus of the state has the power to determine… what is informal and what is not, and to determine which forms of informality will thrive and which will disappear. State power is reproduced through the capacity to construct and reconstruct categories of legitimacy and illegitimacy.”

City governments are thus involved in destroying informal livelihoods by defining what activities are legal/formal and illegal/informal and criminalizing those activities they deem to be illegal/informal. By designating informal activities and the urban spaces they occupy as “pathologies”, observes Kamete,39 the state feels justified in taking corrective measures to “normalize” urban spaces and, in so doing, to exclude and marginalize informal activities. Rao and Diwadkar40 explain that, to do so, city governments portray informal activities “as disorderly, chaotic, anarchic, unruly and un governable”, noting that city governments are applying this representation to “an ever-expanding and shifting universe of practices”.41 They conclude that marking processes or activities as “informal” allows the state to eliminate them through displacement or criminalization.42

In sum, the urbanists politicize the discourse on informality – a contribution that is often missing in the development economics literature, and that is reflected in the papers in this volume. Chen and Sinha, for example, discuss how slum relocations to flood-prone areas affect home-based workers’ working conditions; and Roever and Skinner analyse the impact of street vendor evictions on their mode of work, showing that vendors turn to more informal ways of vending when the state threatens their ability to work in public space. These perspectives highlight the power imbalances between different urban actors.43

c. Clash of informalities

Access to and use of public space, public services and public procurement represent a domain where informality from above and from below is contested, often to the disadvantage of the urban poor. Street vendors are an iconic example of such contestation.44 Recent case studies of policy responses towards street vending and street vendors’ responses to policy changes illustrate the complex political dynamics when city governments decide to restrict the use of public space in central business districts by street vendors, who they associate with crime and grime. For example, government-led relocations can lead to declining incomes, as in Bogotá, Colombia;45 further exclusion of the poorest traders, as in Cusco, Peru;46 and the destruction of sites where different socioeconomic groups have historically mixed, as in Istanbul, Turkey47.


and Mexico City, Mexico. Membership-based organizations (MBOs) of street vendors in the WIEGO network have also faced relocations with mixed consequences; for example, the 2013 relocation of the wholesale market in Lima, Peru benefited market traders and porters with better working conditions, but left street vendors without the economic linkages upon which they depended for decades.

To address such clashes, workers' organizations in the WIEGO network have developed methodologies for engaging with local governments to address their needs for access to public space, public services and public procurement processes. One such methodology is the development of multi-stakeholder platforms that bridge the interests of multiple organizations within a single occupational sector, of multiple organizations across occupational sectors, and of multiple organizations plus government and non-government stakeholders. For instance, several organizations in Lima, Peru formed a Self-Employed Workers' Platform to aggregate their proposals for social dialogue, finance, training, social protection and enterprise management to present to municipal governments. A second methodology involves sustained policy dialogues, as in the case of HomeNet Thailand, which has used this method to advocate for better public services, including water, health care and transportation.

V. CONCLUSIONS: NEW POLICY DIRECTIONS

While the urban planning literature has usefully re-politicized informality by asking fundamental questions about how practices are identified as informal, its broad pessimism around the possibilities of more inclusive practices stands in contrast to the efforts of workers' organizations to advocate around specific demands at both local and global levels. These efforts often fall into one of three broad categories that together represent an emerging framework for policy and practice related to urban informal work.

First, many organizations are engaged in efforts to "reduce the negatives". For instance, while conventional approaches to enterprise growth emphasize the productivity and size of enterprises, MBOs are engaged in efforts to make visible the risks and costs associated with working in public space, such as policy uncertainty, harassment and evictions by local authorities, and occupational health and safety risks, in order to create a more stable and predictable work environment. This is a critical area for policy reform given that informal workers lack basic social and legal protections unless they make efforts to claim them.

MBOs are also engaged in efforts to "increase the positives". But these tend to focus on establishing their legal identity as workers and pushing for regulatory reforms that recognize, validate and support their work, rather than problematize their informal status. These efforts take place at local and global levels. Locally, street vendors and waste pickers have engaged in legal struggles to establish their right to work, for example as with street traders in South Africa and India and home-based workers have advocated successfully for new ILO conventions.

Leaders of organizations of home-based workers, street vendors and waste pickers from around the world have made efforts to claim them.

have actively engaged in the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) process, pushing for the inclusion of urban livelihoods in the New Urban Agenda.\textsuperscript{(54)}

A key area of positive intervention is access to infrastructure and basic services for informal workers at their workplaces, whether in public space or in their homes. The IEMS results identified infrastructure deficits as a key driver of working conditions for all three occupational groups studied,\textsuperscript{(55)} and many MBO partners in that study have used the findings to advocate for improved access. Challenges related to infrastructure also include high costs and poor quality. These challenges are highlighted in advocacy efforts that link informal livelihoods and informal settlements, such as the joint response to the Habitat III Zero Draft presented by the Grassroots Partner Constituency of the World Urban Campaign’s General Assembly of Partners.\textsuperscript{(56)}

Third, as a key enabling condition, organizations of informal workers are making efforts to institutionalize their voice in rule setting and policymaking forums. Though collective bargaining is traditionally understood as the domain of formal sector trade unions, collective bargaining by informal worker organizations, with both the state and market actors, is quite common and increasing in scale and impact.\textsuperscript{(57)} HomeNet Thailand has facilitated collective negotiations with municipal authorities by home-based workers (relocated from central Bangkok to the periphery of the city) for additional bus routes and a pedestrian over-bridge at a dangerous traffic junction. StreetNet International has taken a particular interest in working with its affiliates to establish statutory bargaining forums between street traders and local governments. Organizations of waste pickers in Brazil, Colombia and India have negotiated contracts and infrastructure (e.g. sheds and equipment) from local government.\textsuperscript{(58)}

Considered together, the papers in this volume challenge common assumptions about the informal workforce and the state. The first such assumption is that informal workers operate outside the reach of the state because they seek to avoid regulation. The reality is more complex: informal workers are often inside the punitive arm, but outside the protective arm, of the state; and informal workers regularly engage with the state to seek protection and support. The second assumption is that employment consists mostly of wage employment in privately owned commercial spaces. In cities across the world, households are the major site of production and public space is the major site of exchange. Yet city governments and urban planners do not recognize homes as workplaces or slums and squatter settlements as hubs of production; nor do they recognize street vendors for their contribution to exchange and trade in the city. Most importantly, the three policy priorities identified in this paper (reducing the negatives, increasing the positives and inviting informal workers to the policy table) represent a significant innovation – a proposed shift – in the relationship between informal workers and local governments.

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