

**Street Trade in Latin America:
Demographic Trends, Legal Issues, and Vending Organizations in Six Cities**

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INTRODUCTION

Street commerce represents one of the most visible and dynamic segments of the informal economy in Latin America. Rapid rural-to-urban migration from the 1940s to the 1970s, economic crisis in the 1980s, and neoliberal reform in the 1990s combined to create a surplus of unemployed workers in the region's cities, so that by 2006 the region faced a formal employment deficit of 126 million jobs.¹ In the absence of formal wage employment, many workers have turned to the informal sector as a way to generate income. According to Tokman (2001: 20), six of every ten new jobs generated since 1990 in Latin America have been in the informal sector, and nearly fifty percent of workers in the region's cities engage in informal economic activity. Many of those workers, seeking an occupation with low barriers to entry, have taken to the streets to hawk merchandise for profit.

Street vendors' occupation of public space in crowded commercial areas has attracted the attention of local government authorities charged with maintaining order throughout the region. While vendors cite the constitutional right to work to justify their occupation of streets and sidewalks, city officials are faced with a choice between tolerating street trade, attempting to regulate it, or trying to eliminate it through the use of

¹ ILO Press Release, 2 May 2006 (available at <http://www.ilo.org/public/english/bureau/inf/pr/2006/14.htm>, accessed 23 May 2006).

force. The resulting interplay between vendors and governments has made street trade a major issue in Latin American urban governance.

This paper offers a review of street vending issues in six major Latin American cities: Bogotá, Colombia; Caracas, Venezuela; Lima, Peru; Mexico City, Mexico, Santiago, Chile; and São Paulo, Brazil. The paper examines three broad themes in each city. First, it explores demographic trends and working conditions among street traders, compiling available information on the size of the street vending population, its growth over time, gender and age breakdowns, and working conditions such as income stability and employment security. Second, it examines legal issues related to the governance of street trade in each city, including an analysis of laws, regulations and ordinances at the national, regional, and local levels. Where information is available, it adds an assessment of the effectiveness of those laws, the legal status of vendors, and the broader attitudes of the authorities toward street traders. Third, the paper compiles information on the extent of organization among street traders, with a focus on unions and other types of associations, and their strategies and effectiveness. The paper concludes by offering an outline of best practices emerging from the region. The analysis is based on data from national and international statistical agencies and secondary sources gathered through contacts with researchers in the region.²

² I am especially grateful for the contributions of Luciana Itikawa (University of São Paulo, Brazil); Maria Fernanda García (University of Cambridge, UK); Lissette Aliaga Linares (University of Texas at Austin, USA); and Caroline Stamm (Université Marne-La-Vallée, France), who helped compile data and secondary sources for this report. It should be noted that information on each theme is incomplete from country to country, as published academic research on the subject of street trade in Latin America remains relatively scarce despite the phenomenon's empirical importance in the region.

OVERVIEW OF REGIONAL TRENDS

The country studies reveal several interesting trends at the regional level. First, in terms of demographics and working conditions, available data indicate that the size of Latin America's street vending population has grown substantially over the past two decades, particularly in large urban centers where rural migrants have family members who can facilitate their entry into the sector. Contributors to this growth most likely include the regional economic crisis of the 1980s, neoliberal reforms in the 1990s that downsized or eliminated state owned enterprises and increased employers' flexibility with regard to hiring and firing workers, and sluggish economic growth that has failed to generate sufficient demand for low-skill workers.

While this trend is more or less universal in the region, working conditions among street traders vary substantially, both within countries and across them. Within countries, some street traders – particularly those who have occupied the same space over a long period of time, and who have thus established a regular clientele and informal 'rights' to their workspace – have established lucrative enterprises that generate a reasonably stable income and provide decent working conditions. Others remain on the margins of sustainability; this is especially the case with ambulatory vendors who have few entrepreneurial skills, who sell low-end merchandise such as candy and small trinkets, and who have been unable to establish a fixed, secure location from which to vend. Across countries, vendors who are subject to a clearer and more stable legal framework, as in Chile and Colombia, tend to have better working conditions than those in countries where their legal standing is muddled by conflicting policies, such as in Peru and Venezuela.

With regard to legal issues, two trends are notable. First, existing research suggests the presence of a continuum along which Latin American cases might be arrayed in terms of the extent to which written legislation and actual practice coincide. At one end, countries such as Chile and Colombia have relatively clear legal frameworks and jurisdictional mandates that facilitate the enforcement of and compliance with written law. At the other end, countries like Peru and Venezuela have legal frameworks that do not easily and clearly accommodate street traders, as well as overlapping jurisdictional mandates that produce confusion and conflict between vendors and governments, resulting in a lack of adequate enforcement and low levels of compliance with written law. As noted above, the clarity of the legal framework seems to have an important effect on working conditions, particularly security of workspace.

A second notable trend in the Latin American region is the diffusion of models for cleaning up the Historic Centers of capital cities. Historic Centers established during the Spanish colonial period attract hordes of street traders because of their centralized location and their high levels of tourist traffic. In several cases (most notably, Lima, Mexico City, Caracas, and Bogotá), the proliferation of street vending posts in historic areas created intolerable conditions of pedestrian and vehicular congestion, trash accumulation, noise, and other problems in the mid-1990s. In response, metropolitan or capital district governments engaged in large-scale campaigns to expel vendors from historic areas and relocate them to off-street commercial centers, sometimes resorting to the use of force in order to clear the streets. The positive effects of these projects, most importantly the restoration of order and cleanliness to historic areas, created a model that other local governments followed. However, their negative effects – particularly the

displacement of low-income vendors who could not afford to participate in relocation projects – have also been replicated, to the detriment of some of the most vulnerable workers in the region.

Finally, in terms of the extent of organization, street traders have formed thousands of associations in the region to facilitate their work and defend their interests in the political arena. This proliferation of associations indicates low barriers to collective action at the grassroots level, and at the same time a high potential for establishing a political voice. Typical functions of these associations include resolving conflicts among members (typically over the allocation of space in the streets), coordinating with other groups of vendors, and serving as interlocutors with local government officials. At the same time, however, these organizations tend to remain very small and relatively weak politically, so that the interests of street vendors rarely get channeled into national political agendas. When vendors have achieved some political clout, they have been aided by broader political circumstances, including transitions to democratic elections at the local level and the availability of political parties to serve as allies for vending organizations.

The case studies in the following section of the paper suggest that best practices emerge when two conditions are met. First, a clear legal and regulatory framework for street trade facilitates stability in the sector and encourages both vendors and governments to invest in long-term strategies for sustainable solutions to traditional problems related to street commerce. Second, sustainable solutions are more likely when street vending organizations are incorporated into the decision making process, particularly when they involve relocation projects. These conditions appear to be

associated with the successful governance of street commerce in countries with diverse economic, political, and social conditions (see Table 1).

Table 1. Economic and Social Indicators by Country, 2004

	Brazil	Chile	Colombia	Mexico	Peru	Venezuela
GDP (current US\$, millions)	603.9	94.1	97.7	676.5	68.6	110.1
Annual GDP growth	5%	6%	4%	4%	5%	18%*
GNI per capita	3,000	5,220	2,020	6,790	2,360	4,030
Industry, value added (% of GDP)	40%	45%	31%	26%	30%	**
Life expectancy	71	78	73	75	70	74
Literacy rate	89%	96%	93%	91%	88%	93%
Population (millions)	183.9	16.1	44.9	103.8	27.6	26.1

Source: World Bank, World Development Indicators 2006. *This anomalous rate of growth follows two years of negative growth (-9% in 2002 and -8% in 2003). **Missing data.

CASE STUDIES

BOGOTÁ, COLOMBIA

In the context of regional trends, Bogotá is an atypical case in several senses. First, armed conflict in the Colombian countryside in recent decades has been more severe and sustained over a longer period of time than in other countries, so that Bogotá has become refuge for a large population of internally displaced people (IDPs). Second, the economic recession that affected many Latin American countries in the second half of the 1990s hit Bogotá particularly hard, so that socioeconomic gains that had been made between the late 1970s and the mid-1990s were reversed (World Bank 2001: 14). These two conditions have most likely contributed to a sudden and relatively rapid growth trend in the informal economy in the past decade or so. On the other hand, Bogotá is also

exceptional in the sense that its urban governance structure facilitates relatively clear rules with regard to informal workers, in contrast to other cities in the region.

Demographics and Working Conditions. According to Colombia’s National Administrative Department for Statistics (Departamento Administrativo Nacional de Estadística, DANE), approximately 52.9% (1,659,237) of Bogotá’s 3,136,000 workers are informal.³ This figure is slightly higher than the country-wide figure, which was just under 47% in 1998, according to ILO estimates (see Table 2). Both estimates suggest that Bogotá ranks among the Latin American countries with larger informal sectors, partly a result of armed violence in the countryside in the 1980s and the economic crisis of the late 1990s.

Table 2. Informal Sector as a Percentage of Employment, Latin America

Country	% of Employment	Year of estimate
Argentina	47.7	1998
Bolivia	52.6	1997
Brazil	37.2	1998
Chile	32.4	1998
Colombia	46.9	1998
Ecuador	52.5	1998
Mexico	44.8	1998
Paraguay	57.9	1996
Peru	48.2	1998
Uruguay	33.7	1998
Venezuela	38.3	1998

Source: ILO (2002): 237-241. For each country (where possible), the series produced by the ILO regional office is presented for the year 1998. The table thus presents the most standardized data possible across countries.

³ Data collected in April-June 2005 (www.dane.gov.co).

Street traders appear to form a very large component of Bogotá's informal sector. Data from DANE show that in 1996, the total number of street traders in Bogotá was 220,344 (Donovan 2002: 89, fn. 221). This figure represented 19.8% of Bogotá's informal labor force in that year. A 2003 DANE estimate suggests that the street vending population increased dramatically after 1996, as the total number of people working in the streets or in stands or kiosks by 2003 was 521,606. That number continued to increase through 2005, when it totaled 557,934.

Table 3. Colombia: Informal workforce by place of work and sex, 2003-2005

Place of Work	2003		2004		2005	
	Men	Women	Men	Women	Men	Women
At home	282,591	731,183	238,858	109,113	256,847	731,174
In another's home	310,233	464,689	269,798	445,309	323,225	494,350
In a vehicle	448,827	18,554	452,036	26,833	501,597	20,417
From door to door	332,065	202,725	289,404	181,293	347,238	191,917
In a kiosk or stand	17,535	13,423	14,681	20,882	20,272	23,190
On the street	378,478	112,170	362,243	121,122	385,941	128,531
In a fixed establishment	2,315,334	1,964,959	2,438,378	2,097,822	2,459,766	2,149,658
In the countryside	66,400	7,921	75,735	13,884	81,734	13,779

Source: Departamento Administrativo Nacional de Estadística, www.dane.gov.co.

In terms of gender breakdowns, men and women form almost identical segments of the informal economy, as 49.7% of Bogotá's informal workers are women, while 50.3% as men. However, the balance among street traders is much more lopsided. While the number of women working in kiosks or stands overtook the number of men in that category in 2004 (20,882 vs. 14,681), men represented 75% of those working in the

streets by 2005 (see Table 3 above). However, the rate of increase among women in street trade outpaced that of men between 2003 and 2005.

Street vendors in Bogotá exhibit significant variation in terms of working conditions (FVP 2001a: 3). Those who permanently occupy stands, posts and kiosks tend to have relatively stable incomes, the capacity for specialization in the goods and services they offer, and some ability to generate savings. Some who lack permanent spaces, for example many clothing and food vendors, still exhibit some degree of business savvy; though they may lack stable incomes and savings, these vendors are capable of adjusting their commercial strategies to capture clients in multiple strategic locations. An intermediate category, the vast majority of Bogotá's vendors, has fluctuating incomes, unstable working conditions, and lack permanent stands from which to vend.⁴

Ambulatory vendors – those whose sales are dependent on the flow of pedestrian traffic – are the most vulnerable, as they sell low-cost goods (candy, fruit, juice, and newspapers, for example) and lack any capacity for savings.

In terms of income and education, a 2001 survey of 6,382 ambulatory and stationary vendors in Bogotá showed that 24% earned a monthly income between US\$80 and \$200, and another 13% earned between \$200 and \$285 (FVP 2001a: 6). Thus, although the majority generated incomes lower than \$80 a month, there is still a substantial proportion who have made street vending into a reasonably lucrative activity. In addition, 50.7% of vendors surveyed had basic education, and 41.8% had mid-level education. The survey also showed that 35% had been vending for less than five years.

⁴ These vendors are likely to have mobile stands, such as push carts, tents, or tarps. They are thus distinguished from fixed-post vendors who have permanent stands (such as kiosks or other types of fixed structures) and ambulatory vendors, who carry their merchandise as they walk through the streets.

At the same time, the available evidence suggests that average incomes among street traders may have declined during the 1990s. For example, a 1995 DANE study showed that informal traders earned an average income of US\$223, while a 1999 survey measured an average net income of US\$197 (Donovan 2002: 89). Although the two studies used different methodologies and therefore are not directly comparable, negative economic conditions (economic crisis in 1998-99, high unemployment, devaluation, and reverse GDP growth) and political conditions (terrorism, internal migration) have likely driven an increasing number of people into the informal sector, which in turn may have reduced incomes in the sector.

Legal Issues. In contrast to cities such as Lima and Caracas, Colombian law designates a single agency, the Fondo de Ventas Populares (FVP), as the entity responsible for governing street commerce in the capital. Created in 1972, the FVP is part of the Bogotá's mayor's office, and its board of directors consists of public officials appointed by the mayor (Donovan 2002: 9). The FVP is responsible for generating alternatives for the organization, training, formalization, and/or relocation of ambulatory and stationary vendors (FVP 2001b: 8). An FVP report (2001a) states that its relocation projects from 1998-2000 assisted more than 3,200 vendors. According to Donovan (2002: 8), the FVP invested a total of US\$16.5 million in relocation projects during the 1998-2000 period.

Colombia is also unusual in that its Constitution (1991, Article 82) elevates the protection of public space to a constitutionally guaranteed right enforced by mayors

(Donovan 2002: 10).⁵ Although the Constitution, like others in Latin America, also protects the individual right to work, it explicitly privileges collective rights over individual rights, and in doing so privileges the preservation of public space over the individual's right to work (FVP 2001b: 4). In addition, the country's Constitutional Court has issued a series of rulings clarifying the implications of those provisions for the governance of street commerce. In particular, those rulings state that streets, sidewalks, and other areas designated for vehicular or pedestrian transit may not be obstructed by vending stands; that when local authorities initiate projects to recuperate public space occupied by licensed or authorized vendors, they should design and execute adequate and reasonable relocation plans for the affected street vendors; and that such relocation projects should provide space in which vendors can work permanently, without fear of expulsion, with minimum guarantees of hygiene and security (FVP 2001b: 5-6).

The relative clarity of Colombian law with regard to street commerce has given vendors there a measure of security that does not exist in other countries where vending rights are less explicit. One example of a Constitutional Court ruling that explicitly recognizes the needs of street traders subject to relocation illustrates this point. It reads:

Although the general interest in preserving public space outweighs the particular interest of stationary and ambulatory vendors, it is necessary, according to jurisprudence, to reconcile appropriately and harmoniously the rights and responsibilities in conflict. Therefore, expulsions from public space are constitutionally permitted only when there exists a judicial process that authorizes it, in compliance with the rules established prior to the expulsion, and when policies that guarantee that the occupants will not be neglected are enacted.

The ruling also states that measures such as training for vendors and improved access to credit are permissible alternatives to relocation. The Court thus plays a critical role in

⁵ Law 388 reinforces this principle; see FVP (2001b: 3).

calling on local authorities to consider the needs of vendors, rather than treating them as a public nuisance.

Experiences with licensing. Licensing was the primary mechanism for governing street commerce in the pre-1988 era in Bogotá. Street vendors who held licenses to vend in public space during this time were more likely to obtain credit and less likely to face police harassment than unlicensed vendors. However, according to Donovan (2002: 29), the process by which licenses were obtained was less than transparent; vendors needed intermediaries with influence or political connections in order to obtain them, and many found such intermediaries in street vendors' unions. Thus, clientelistic behavior underpinned street governance; vending unions facilitated the distribution of licenses to their members, and in exchange provided political backing for local politicians, primarily city council representatives. Commercial wholesalers also performed the role of intermediary on behalf of client vendors who sold their products. After democratic elections were introduced in the Bogotá mayor's office in 1988, the licensing process was decentralized, which in turn undermined the patron-client relations that predominated during the pre-1988 period.

Experiences with relocations. According to Donovan (2002), relocation projects headed by the FVP before 1988 tended to be unsuccessful, for two reasons: first, the Bogotá mayor's office lacked the financial resources for conducting them successfully; and second, the public did not hold presidentially appointed mayors accountable for protecting public space, so the political incentives for long-term solutions to public space

problems were insufficient. Reforms during the 1988-1991 period, including political and fiscal decentralization, the democratization of the mayor's office, and the elevation of public space as a guaranteed collective right in the new 1991 constitution, provided the groundwork for more successful relocation projects in subsequent years. As Donovan explains (2002: 49), these reforms made three specific contributions to the legal framework that facilitated the governance of public space in the Colombian capital: (1) they enabled the mayor's office to make binding decisions regarding the protection of public space; (2) they legally institutionalized agencies that were explicitly responsible for recovering and protecting public space (such as the Defensoría del Espacio Público), and (3) they granted the mayor's office expenditure and revenue-raising powers to undertake public space recovery projects.⁶

In terms of the working conditions of relocated vendors, Donovan's research shows that relocated vendors experienced "significant gains in the quality of the environmental conditions in their work place" (Donovan 2002: 96-97). These environmental conditions included the quality of air, cleanliness, dust, garbage removal, light, noise, odor, space, temperature, and water. The greatest benefits of moving to off-street locations were in the areas of cleanliness, garbage removal, and noise levels. Relocated vendors also reported safer conditions in official markets than in the streets, and reported a drastic reduction in police harassment. On the other hand, half of the relocated vendors surveyed for the Donovan study reported that they were earning lower incomes in off-street markets than they had in the streets. A separate study found that 93% of relocated vendors surveyed had lower incomes in markets than on the streets

⁶ The Urban Reform Law of 1989 and Presidential Decree 1421 of 1993 form an important part of this legal framework.

(Olea and Huertas 1997, cited in Donovan 2002: 100). Higher administrative costs, including rent, utility payments, and fees, most likely account for the reduced incomes. However, vendors relocated to markets that specialize in a single product, such as books or flowers, reported wider clienteles and increased incomes in the off-street markets (Donovan 2002: 103).

Organization. A 1995 ILO-commissioned study found that in 1995 the rate of unionization among informal workers was below one percent. Within the informal workforce, street vendors appear to have a higher rate of unionization than other types of informal workers. For example, a survey conducted by Donovan (2002: 72) showed that among vendors occupying eight principal thoroughfares in the city, 22.4% belonged to unions, associations, or cooperatives.

According to Donovan, street vending unions in Bogotá were relatively powerful in the pre-1988 era, when licensing was the primary mechanism for governing street commerce and vending unions acted as intermediaries between individual street traders and city councilors. At that time, mayors were appointed by the president rather than elected, and so mayors' failures to keep public space in order were viewed as failures of the central government. Because mayors were not held accountable by the voters, local officials saw little reason to antagonize vending unions. In addition, the overall number of vending unions during this period was relatively low because of stringent labor laws that allowed the central government to easily deny legal status to unions. With few legal vending unions in existence, those that did gain legal status had large membership numbers and held considerable sway in the political arena.

These conditions were reversed during the reform period of 1988-1991. The new public space laws made newly-elected mayors responsible for protecting public space, which in turn created a powerful constituency for mayoral candidates: residents and formal business owners who wished to control the proliferation of vendors. The decentralization of licensing programs and the new emphasis on relocations removed the vote-buying mechanism on which city councilors previously relied, which in turn hindered unions' ability to recruit members on the basis of their ability to provide aid in obtaining licenses. Additionally, a 1990 Labor Law Reform reduced the barriers to entry for unions, and as a result the number of street vending unions proliferated. At the same time, their political power waned, as many of the new unions consisted only of a dozen or so vendors and few maintained formal relations with national political parties or labor federations. As is the case in Peru and Venezuela, many Colombian vending associations now encompass vendors only on a certain city block, or only vendors who sell a certain product in a certain part of the city. Associations of relocated vendors who have received support from the mayor's office to become 'formalized' have also broken alliances with associations of vendors remaining on the streets. This sort of atomization among vending associations has reduced the political leverage of the sector.

CARACAS, VENEZUELA

Caracas is the chaotic capital of one of the region's most politically polarized countries. After almost thirty years of relatively stable democratic governance, a popular revolt among the country's marginalized poor in 1989 undermined the power of the two dominant political parties, Acción Democrática (AD) and the Social Christian Party

(COPEI), and led to the election of Lieutenant Colonel Hugo Chávez in 1998. Chávez and his supporters wrote and passed a new Constitution in 1999 that dismantled the country's long-standing representative democracy and envisioned instead a more direct democracy with power centralized in Caracas (Ellner and Myers 2002: 96). Though Chávez has remained popular among the urban poor, his extremism has alienated the moderate middle class and his anti-capitalist rhetoric has destabilized the financial sector and increased risk for foreign investors. The consequences of political and economic upheaval are evident in the unruly capital; "Caracas as a whole," as one journalist put it, "seems to be falling apart."⁷ The uncontrolled proliferation of street vending is a central part of the chaos that reigns in the city's public spaces; as Kaste reports, "the subway is arguably the most pleasant public space left," as *buhoneros*, or street traders, are prohibited from vending on platforms so that passengers can make their way unimpeded.

Demographics and Working Conditions. According to 2004 data from the National Statistical Institute (INE), 53% of the Venezuelan workforce is informal, equaling 5.25 million workers. While Venezuela is atypical of the region in that a relatively stable democracy and vibrant economy based on the petroleum sector helped provide formal jobs and keep unemployment low in the 1970s and early 1980s, both the country's oil income and its democratic political consensus began to collapse in the late 1980s, and continued instability since then has fostered a rise in informality. According to Zanoni (2005: 27), economic recession, inflation, and the absence of a legal framework to protect property rights effectively have reduced private sector investment, eroded

⁷ Martin Kaste, "Latin American Cities: Caracas," aired March 24, 2004, National Public Radio (<http://www.npr.org/templates/story/story.php?storyId=1787749>, accessed 31 May 2006).

household purchasing power, and increased unemployment. Moreover, a large and inefficient bureaucracy constructed around the petroleum sector in previous decades has created similar legal and administrative obstacles to operating small businesses as those De Soto (1989) encountered in Peru. Finally, Venezuela labor legislation makes the country's workers among the most expensive in the region, which in turn provides incentives for employers to hire informally (Zanoni 2005: 30).

Within the informal sector, vendors form the largest single occupational category (Zanoni 2005: 41). In the Metropolitan District of Caracas, consisting of five municipalities, over 48,000 people work as street vendors (García 2006a: 1). When those who work in markets (8,156) or in kiosks (4,603) are included as well as those who vend in the streets (48,675), the total documented street vending population in Metropolitan Caracas forms about 5.3% of the city's economically active population, or over 61,000 people (García 2006a: 1). According to Zanoni (2005: 42), the Capital District houses a total of about 18,000 vending posts.

As in many other countries, there are no reliable estimates of the growth of the street vending population over time. However, newspaper accounts and academic studies suggest that street commerce in Caracas is a relatively recent phenomenon in comparison to other Latin American capitals, such as Santiago and Lima. Street vendors did not appear in large numbers in Caracas until the 1970s, and it was not until the 1980s that street commerce became problematic for city officials (García 2006a: 4). Thus, the first ordinance to govern street commerce in Caracas was issued in 1985, whereas similar ordinances date back several centuries in Lima and São Paulo and almost a century in Santiago.

Table 4. Estimates of Street Vending Population, Caracas, 1988-2002

Year	Estimated Number of Street Vendors
1988	12,000
1996	28,950
2000	20,000
2001	48,000
2002	74,000

Source: Garcia 2006a: 4.

Table 4 presents estimates of the size of the street vending population in Caracas from different sources gathered by García (2006a). The data indicate an upward trend in the number of street vendors that began gradually in the late 1980s and early 1990s and then increased rapidly after 2000. However, in each case estimates were derived from different methods, so that the over-time estimates are not methodologically comparable.

Recent data from a municipal census indicate substantial heterogeneity within the street vending sector with regard to products sold. As Table 5 below shows, the largest group of vendors in Caracas sells clothing, followed by pirated electronic goods and other assorted products. According to data from CEDICE, women in the street vending population outnumber men (58% to 42%, respectively). Roughly a third of street vendors are between 30 and 39 years of age; another third are between 15 and 29 years of age, and the remainder are 40 and above (García 2006a: 5).

Table 5. Street Vendors by Product Sold, Caracas, 2002/2003*

Product	% of Street Vendors
Clothing	26
CDs, DVDs, Music, Software	17
Various Products	10
Jewelry, Accessories, Sunglasses	9
Food, Fruits, Vegetables	6
Shoes, Sandals	6
Books	6
Other	6
Mobile Phones, Accessories	4
Arts & Crafts	4
Purses, Belts, Leather Products	3
Religious Articles	3

Source: Municipal census. *Average Nov/Dec 2002 and Feb/March 2003.

Legal Issues. Two national-level laws, the Ley Orgánica de Ordenación Urbanística (Art.10) and the Ley Orgánica del Régimen Municipal (Art. 36), assign municipalities the responsibility for governing public space (Zanoni 2005: 64). The legal instrument with which municipalities are to do so is the Municipal Ordinance. In the case of Metropolitan Caracas, however, the Special Law for the Caracas Metropolitan District states that the Metropolitan Mayor is responsible for urban planning within the metropolitan region, which encompasses five municipalities: Libertador, Baruta, Chacao, Hatillo, and Sucre. At the same time, national legislation also states that urban planning in the Caracas Metropolitan District is the responsibility of the Libertador mayor's office. This legal ambiguity creates a jurisdictional conflict between the metropolitan and municipal mayors' offices, as each can claim authority for managing issues relating to street vending and the use of public space.

The overlapping jurisdiction for urban planning can only be resolved through political negotiation between the two offices, and consensus has been difficult to reach in recent years. As Zanoni (2005: 43) puts it, the legal infrastructure that encompasses street vending in Venezuela is “complex and unclear, to the point that it leaves many aspects open to interpretation – sometimes arbitrary – for legislators or those who are expected to comply.”⁸ “In addition,” he argues, “the capacity of the state to elicit compliance with these norms is generally very low, a consequence of deficiencies in service delivery on the part of the public administration and the judiciary, as well as the absence of political incentives for public servants to institute the rule of law.” One important disincentive for politicians, for example, is the ease with which public officials may extract bribes, called *matracas* in Venezuela, from street vendors in exchange for their occupation of public space. The absence of a clear legal framework, in turn, encourages the formation of a parallel set of rules to govern exchanges among vendors, their suppliers, clients, and other actors.

The jurisdictional conflict between metropolitan and municipal mayors’ offices in the area of urban planning has constrained the ability of public officials and street vendors to establish a stable set of rules to effectively govern street markets. The case of Sabana Grande, one of Caracas’ most important thoroughfares, is illustrative. At the metropolitan level, the Secretariat of Urban Planning (part of the Metropolitan Mayor’s Office) is responsible for identifying public spaces in need of recuperation by the city of Caracas. Such spaces are designated “Metropolitan Public Spaces” and are subject to metropolitan regulations. In 2002, Sabana Grande was designated a Metropolitan Public Space, and the metropolitan government set out to develop a package of public policies,

⁸ My translation.

via consensus with residents, formal shopkeepers, informal street traders, government agencies and non-governmental organizations. Nine months of negotiation produced a plan to govern the area, but on the day the agreement was to be signed, the Libertador Mayor's Office withdrew its support in order to avoid ceding jurisdiction over the area to the Metropolitan Mayor's Office. Though the two mayors were political opponents at the time, similar jurisdictional battles have continued even though a new Metropolitan Mayor from the Libertador Mayor's own party was elected in 2004 (see García 2006a: 3).

The absence of a clear legal framework encourages street vendors in Caracas to privately appropriate space through strategies of negotiation and confrontation with city governments. As García (2006b: 10) argues, a 1998 ordinance issued by the Municipality of Libertador to regulate street commerce is ignored by both government officials and street vendors, and instead the municipality has followed a decree published in 2004. While some street vending leaders were consulted in the development of the decree, there was no general participation by the sector, and consequently most vendors also ignore it and instead develop everyday methods of resistance and negotiation to establish and defend their space in the streets.

Persistent 'geopolitical feudalism'⁹ between levels of government adds to the ineffective governance of the sector. For example, repeated efforts by Caracas Mayor Antonio Ledezma to establish order in the street vending sector after his election in 1995 resulted in some successful relocation projects in areas where markets had degenerated into crime-ridden areas. However, at the same time that Ledezma's office undertook efforts to clear problem areas of vendors, the Governor's Office of Caracas was issuing permits to vendors for the holiday season. Once Chávez was elected president, he joined

⁹ The term of Ellner and Myers (2002).

the fray by declaring that street vendors ‘not be touched,’ part of his political strategy to garner the loyalty of the popular sectors. This declaration derailed the efforts of subsequent mayors, as opposition to relocation projects sparked popular resentment. Current policy toward street vendors in Caracas is relatively tolerant as a result of President Chavez’s intervention.

Organization. Zanoni (2005: 42) argues that vendors in Caracas have exhibited substantial innovation in organizational forms, most fundamentally in order to establish some stability in terms of the informal property rights that they develop in public space. However, Caracas’ *buhoneros* also use their organizations to develop new ways of accessing credit and to improve their ability to lobby politically. Zanoni characterizes street traders and their organizations in terms of the degree to which their activities coincide with the formal rules of the game, which can vary substantially from one group of traders to the next. He finds that organizations also serve as informational networks through which innovations are diffused, both in terms of products offered and in terms of strategies to secure space in the streets.

The intersection between formal labor unions and street vending associations has become stronger in recent years in Venezuela. A major achievement of the country’s Federation of Non-Dependent Workers of Venezuela, or FUTRAND, was to have the 1999 constitution recognize non-dependent workers. As García (2006b: 8-9) explains, FUTRAND was created in 1992 and now encompasses five labor unions, four guild associations, and 10,000 workers. Its foundation was made possible by Article 40 of the Organic Labor Law, which explicitly recognized informal workers, street vending, and

the right to organize. Since then, the federation has engaged in efforts to further secure the rights of informal workers as non-dependent workers. Nonetheless, these workers, including street vendors, have not made substantial gains as a result of formal recognition, as they are still victims of harassment, bribes, and manipulation, both by the state and by their own leaders. Interestingly, vendors may have benefited more from Chavez's proclamation that they "not be touched" by local authorities than from the formal recognition they achieved in the latest constitution. That contradiction illustrates the extent to which written law and actual practice fail to intersect in Caracas.

LIMA, PERU

Residents of Lima view their city as the "capital of informality" in the Latin American region, in part because an enormous percentage of its land is occupied by squatter settlements formed in the middle of the twentieth century, and in part because a vast number of its workers engage in informal economic activity. Though publicly available official statistics do not provide estimates of the size of the informal sector in Lima, they do measure the size of the workforce engaged in small and micro enterprises. According to INEI, Peru's national statistical agency, by June 2006, 74.7% of Metropolitan Lima's economically active population worked in small and micro enterprises, and 33% worked independently, i.e. as self-employed or own-account workers.¹⁰ ILO estimates from 1998 indicate that Peru has the fourth largest informal sector on the South American continent, behind Bolivia, Ecuador and Paraguay.

¹⁰ INEI 2006: 58-60. INEI does not publish estimates of the size of the informal sector from its employment surveys, but rather publishes estimates of the size of the economically active population in small and micro enterprises. Though some small and micro enterprises are undoubtedly registered, we can

Like Bogotá and Caracas, Lima experienced political and economic instability during the 1980s and 1990s, along with continued rural-to-urban migration. However, unlike those cities, Lima has had a large informal sector for many decades, as it never developed a robust industrial sector during the period of import substitution industrialization (ISI) or a large petroleum sector to absorb the growing population of unemployed workers. Street vendors are likewise nothing new to the Peruvian capital, as Lima's Historic Center has featured informal traders since the sixteenth century.¹¹ Despite centuries of efforts to regulate street trade, however, the sector remains chaotic and unevenly governed, partly because of an unclear legal and institutional framework that to some extent resembles that of Caracas.

Demographics and Working Conditions. Although street traders form an important part of the local economy in Lima, no government agencies or non-governmental institutions have attempted to measure the size of the street vending population over time. The Metropolitan Government of Lima (Municipalidad Metropolitana de Lima, MML) conducted the first census of street vendors in the modern period in 1976. This census produced an estimate of 58,284 vendors in 29 municipal districts within the metropolitan area, of which about 55% were women. Nine years later, the Institute for Liberty and Democracy in Peru, headed by Hernando de Soto, carried out a second census in Metropolitan Lima. This effort focused on parts of the city that were home to known concentrations of vendors, and in these areas census takers counted 84,135 vendors. A survey of municipalities conducted in 1994, which combined

assume that a significant percentage of those working in micro enterprises would be considered 'informal' by standard definitions.

¹¹ See Chavez and de la Flor 1998 and De Soto 1989.

headcounts and estimates produced by local municipal authorities, generated an estimate of 182,167 street vendors. As in other cities, therefore, the available estimates show an upward trend in the street vending population over the past few decades, although these estimates were all produced using different methodologies. Current estimates suggest that the number of street vendors at present may be as high as 360,000 (Roever 2005: 200).

In terms of gender and age breakdowns, two surveys conducted in the past five years suggest that women outnumber men both in the peripheral areas of the city near the squatter settlements where many vendors live, and in central-city commercial areas to which vendors commute in order to reach larger and more diverse customer bases. In Aliaga's 2002 study of street traders in Independencia, in Lima's Northern Cone, 73% of market vendors surveyed were women, while just 27% were men. Among women included in the study, the majority (70%) were married and therefore likely used street vending to supplement the head of household's income, but another 9% were heads of household themselves, and thus dependent on the income generated through street sales to sustain their families (Aliaga 2002: 41). Roever's 2005 study of street vendors in central-city areas suggests more gender balance, as 59% of garment district vendors were women and 41% were men, and 51% of vendors in Caquetá were women vs. 49% men.¹² The two studies also found that the vending population is relatively young, as 60% of vendors in Independencia were between ages 25 and 45 (Aliaga 2002: 41, fn. 30), as were 53% of vendors in the central-city locations.

¹² Caquetá is a "commercial conglomerate" located in the heart of Lima where the country's principal north-south and east-west highways intersect.

In terms of products sold, the two surveys showed substantial differences across the various research sites. In Independencia, the majority (77%) of those surveyed sold food, most commonly fruits and vegetables, meat, dairy, and grocery items. Of the 33% who sold non-perishables, most sold electronics, clothing and shoes (Aliaga 2002: 46). In the garment district of Gamarra, not surprisingly, the largest group (52%) sold textiles; yet vendors in that part of the city also hawk a variety of other goods, including footwear, fruits and vegetables, prepared food, and beverages. Vendors in Caquetá exhibited more diversity in terms of products sold, as an equal percentage offered produce and clothing (20% each), and others hawked prepared food, footwear, household goods, and other items (see Table 6).

Table 6. Street Vendors by Area and Product Sold, Central Lima, 2003

Product	% of Street Vendors in Gamarra	% of Street Vendors in Caquetá
Clothing	52	20
CDs, DVDs, Music, Software	0	3
Prepared Food	7	9
Fruits & Vegetables	6	20
Shoes, Sandals	5	4
School Supplies	0	1
Household Goods	2	4
Arts & Crafts	3	2
Beverages	4	1
Electronics	1	1
Other / Various	26	41

Source: Roeber, 2003 Microbusiness Survey. Totals are slightly higher than 100% because some vendors offered multiple responses.

Legal Issues. Peru is typical of many Latin American countries in that its national level laws are designed to promote the small enterprise sector and help micro entrepreneurs grow their businesses, while local level ordinances are designed to restrict the activities of street traders as petty entrepreneurs (UN-HABITAT 2006). Comprehensive national laws from 1991, 2000, and 2003 aimed to promote the formalization, growth, development, and job-creating capacity of small-scale enterprises through tax incentives, simplified registration procedures, and state-sponsored programs.¹³ Street vendors operate small-scale enterprises and therefore in theory are subject to these laws. At the same time, however, local ordinances tend to heavily regulate street vendors' activities, most commonly by designating certain areas as *zonas rígidas* (restricted zones where vending is prohibited) and requiring vendors to pay fees, purchase licenses, maintain their posts at a certain size, and comply with health and safety regulations. The vast majority of vendors are more directly affected by local ordinances that are enforced by local security services, whereas off-street vendors are more likely to enjoy the benefits of the national promotional measures.

Lima's Metropolitan Government enacted one of the most visible projects in the region to address problems associated with street vending in 1996. By that time, street vendors had overrun many of the city's downtown thoroughfares, causing hopeless traffic gridlock on the streets surrounding the main plazas in the Historic Center. Alberto Andrade, one of the candidates for mayor in the 1995 election, made the recuperation of the Historic Center an explicit part of his successful campaign. Shortly after taking office

¹³ These are Decreto Legislativo 705 (Law of Micro and Small Enterprise Promotion, 1991); Ley 27268 / Decreto Supremo 030-2000-MITINCI (General Law of Small and Micro Enterprises, 2000); and Ley 28015 / Decreto Supremo 009-2003-TR, Law of Micro and Small Enterprise Promotion and Formalization, 2003).

in January 1996, Andrade enacted the most sweeping relocation project in the city's history. Its aim was to completely 'eradicate' all but a handful of street vendors in the Historic Center proper, to relocate those with viable businesses to off-street commercial centers in other parts of the city, and to 'formalize' those who were relocated. In many respects, the project was a tremendous success, as the Historic Center became transitable once again and some relocated vendors saw their sales and job security increase. However, the diffusion of the Andrade model caused problems at the local level. Municipal mayors adopted his rhetoric of 'eradicating' the street vending problem, but lacked the resources to successfully relocate and formalize vendors who were removed from the streets.

Compounding the problems associated with efforts to replicate the Andrade model at the local level is the contradictory legal framework to govern street commerce in Metropolitan Lima. Lima is similar to Caracas (and unlike Bogotá) in that its urban governance structure produces overlapping jurisdictions that have complicated the implementation of street vending regulations at the local level. At the national level, the Constitution grants all citizens the right to work, and the Law of Municipalities states that municipal districts are responsible for governing street commerce. At the metropolitan level, Metropolitan Ordinance 002 of 1985 establishes the regulatory framework for street commerce in the metropolitan region's 43 municipal districts. That measure calls on district governments to charge a daily tax, called the *sisá*, in exchange for the right to use public space for street vending; issue licenses to vendors; and establish a social fund and a consultative commission through which vendors could participate in policy design in each district municipality. In exchange, vendors are to comply with a series of

regulations, including vending only in designated areas, wearing uniforms, maintaining their posts at a certain size, and complying with health and safety measures. In practice, however, no municipal district has effectively enforced the ordinance over time. Instead, district governments selectively implement the parts of the ordinance that serve their interests at any given time. Vendors likewise selectively comply with only certain parts of the ordinance, arguing that local governments are not holding up their end of the bargain (Roever 2006).

The legal status of vendors in Lima is ambiguous, particularly in comparison to their counterparts in Bogotá. Without the weight of clear rulings issued by a high court, vendors and governments in Lima engage in endless disputes over vendors' occupation of public space, and most commonly individual vendors or vending organizations negotiate their own agreements with the authorities, as in Caracas.¹⁴

Vendors in Lima also have a negative public image, for two reasons. First, the media often associate street vendors with urban problems such as crime, noise, congestion, and the accumulation of garbage. Second, street vending organizations were associated with the political left in the 1980s, whose radical elements brought the Shining Path terrorist movement to Lima late in that decade. Though vending organizations were not overt supporters of the guerrilla movement, their association with leftist parties left them politically isolated after 1990.

Organization. Street vendors in Lima have formed thousands of organizations since the 1960s. Organization is most common among vendors with fixed posts, while

¹⁴ Lima also lacks a single agency to govern street commerce, as the FVP does in Bogotá, and it has not undergone a similar experience of fiscal decentralization, so local mayors are left with few resources to deal with the problem effectively.

mobile-post and ambulatory vendors are less likely to belong to organizations.

Membership in organizations is common in central-city areas where dense commercial areas attract high numbers of vendors; for example, Roever's 2005 study found that 54.5% of vendors in Gamarra and 73.5% of those in Caquetá belonged to associations. At the same time, however, vending associations in Lima are weakly institutionalized.

Formal rules established to govern the internal activities of organizations are rarely followed; many associations do not keep up-to-date paperwork on their membership or activities; and loyalty to these organizations among members tends to be fairly low, so that disagreements between leaders and members often lead to the organization's dissolution. As in Bogotá and Caracas, Lima's street vending organizations are mostly small, encompassing vendors on a block or a single street, and have just a few dozen members.

Nonetheless, organizations serve an important purpose for Lima's street traders. As Sulmont (1999: 68) argues, base-level organizations, which operate at the level of blocks and half-blocks in Lima, perform the critical role of mediating disputes among members, primarily over the allocation of space on the streets and sidewalks. These base level associations also promote cohesion among vendors, absorb pressure from formal merchants and neighbors, and negotiate with lower-level authorities. A higher level of organization includes federations, 'fronts,' and 'centrals,' which mediate disputes among base associations and negotiate with higher-level authorities. Though leadership tends to be dominated by men and elections tend to be infrequent, these federations have made some important gains for the sector over the years. For example, FEDEVAL, a Lima-wide federation, was relatively successful in the 1980s, when left-oriented parties offered

a powerful political ally. However, that power waned in the late 1980s and early 1990s, and vending federations remain weak at present.

MEXICO CITY, MEXICO

Mexico has the largest GDP and GNI per capita of any country included in this study, and in some senses it also has one of the most evolved political-legal infrastructures for street vending in the region. The PRI, Mexico's dominant political party for seventy years, incorporated street vendors into its organizational structure, and in doing so brought the governance of street commerce to the national policy table. Nonetheless, familiar patterns of patron-client relations and regulatory invasion persist in different local spaces within Mexico City. Despite major differences in political and economic structures, both Mexico City and Lima enacted Historic Center clean-up campaigns in the early- to mid-1990s designed to limit street commerce in downtown areas, with similar results.¹⁵

Demographics and Working Conditions. According to the Population and Housing Census for Mexico City's Federal District, 73,154 street vendors worked in the federal district in the year 2000.¹⁶ Street selling in Mexico City employs more people than any single branch of industry (Williams 2006: 1). Moreover, street vendors represent one of the largest categories of workers in retail trade, along with food, drink and tobacco vendors in specialized retail shops, and workers in non-food specialized

¹⁵ See Stamm (2006) for a comparison of the Historic Centers in Lima and Mexico City.

¹⁶ This figure does not include street vendors who live outside the Federal District. See Williams 2006: 1.

retail shops. Mexico City has more street sellers than workers in supermarkets, department stores, gas stations, and car sales (Williams 2006: 1).

Available statistics suggest that informal sector activities in Mexico, however defined,¹⁷ grew steadily between 1993 and 1998. Growth in informal activities accompanied both negative growth in formal employment from 1993 to 1995 and positive growth in formal employment between 1995 and 1998, showing that informality is not only an outcome of poor economic conditions (Williams 2006: 5). In the Federal District, while the total number of sellers without an establishment fell between 1998 and 2000, the number of those selling house to house or in the streets (as ambulatory vendors) rose 12% in that time period, and the number of those selling in street stalls or in market stalls also rose (1%). The reason for the overall decline in vending without fixed establishments was a decrease in the number of those vending from vehicles or from one's own home (Williams 2006: 8).

In terms of gender breakdowns, the balance between men and women in trading (with or without an establishment) remained the same from 1998 to 2000, at about 60% men and 40% women. Though the total number of women traders without an establishment declined, the number of women selling from house to house or in the streets rose 5% from 34,639 in 1998 to 36,299 in 2000. Meanwhile, the number of women selling from home and selling from street stalls or market stalls declined during that period. The increase of women selling in the street paired with a decrease in women selling from home is significant in that the most common strategy for providing child care among women street vendors is to watch them personally at their place of work, and children are more exposed to health risks in the streets than at home (Hernandez et al.

¹⁷ An analysis of definitions and available statistics in Mexico is presented in Williams (2006).

1996). Meanwhile, the number of men in every category (with or without a fixed establishment) grew over the same time period (Williams 2006: 9). In terms of age breakdowns, 1990 data show that more than 95% of street vendors are in their prime productive years, between the ages of 15 and 60, and 50% are between ages 21 and 35 (Cross 1998: 89-90).

In terms of products sold, the 1998 ENAMIN survey estimated that the most frequently traded goods among micro enterprises without a fixed establishment are clothing and footwear (22%), sweets, chocolates, soft drinks and ice cream (15%), general foods (10%), and fresh fruit and vegetables (10%). However, these results are country-wide and do not include the Federal District, so they do not necessarily reflect categories of products sold in the streets of Mexico's capital.¹⁸

In terms of street vendors' working conditions in Mexico City's Federal District, data are available on two indicators: income and working hours. Income data suggest that incomes among street workers fell between 1990 and 2000 in comparison to the total occupied population, and the percentage of street workers earning no regular income (but rather commissions, tips, irregular payments, etc.) grew 100% over that decade (Williams 2006: 15). Despite the "earnings gap" between street vendors and the overall occupied population, the percentage of street sellers earning between one and two "minimum salaries" increased from 36% in 1990 to 43% in 2000, while the percentage of street sellers earning up to one minimum salary dropped 9 percentage points in that time frame. However, earnings for women street sellers are lower than those for men in street trade. In terms of hours of work, from 1990-2000 the percentage of vendors who worked only

¹⁸ See Williams (2006: 12).

part-time – that is, between 9 and 24 hours a week – rose from 13% in 1990 to 18% in 2000, while the proportion working a full work-week fell (Williams 2006: 16).

Legal Issues. Cross (1998: 91-101) identifies two broad categories of street vendors in Mexico City: vendors who are “tolerated” according to government policies, and vendors “without tolerances” from the authorities. Among the first category are four sub-groups: concentrations of vendors in residential areas that provide the same services as a public market; ‘*tianguis*,’ or weekly rotating street markets; markets on wheels, which are similar to *tianguis* except that they were set up by a federal government agency and in general are better run and better supervised; and ambulatory vendors with fixed or semi-fixed stalls. Of these groups, according to Cross, the first is the most stable, as they are tolerated by government officials because they are generally in the process of moving off the streets. Those without tolerances include independent neighborhood vendors; *toreros*, or vendors who dodge the authorities by vending from plastic tarps on the pavement that are easily removable; and metro vendors.

The evolution of street commerce in Mexico City’s Historic Center illustrates the difficulty of governing street commerce even in a country in which vendors have been long recognized as a legitimate political constituency. A 1993 program launched under Manuel Camacho Solís called the Popular Commerce Improvement Program (Programa de Mejoramiento del Comercio Popular) prohibited street vending in the Historic Center and prompted the relocation of thousands of vendors to off-street commercial centers. However, vendors were relocated to commercial centers in the Historic Center and quite close to their previous markets, and when their sales dropped these vendors simply

moved back into the streets (Stamm 2006: 6). Vending organizations continued negotiating with the authorities over the years, and high concentrations of vendors were slowly displaced toward the east of the Historic Center, a popular-class zone. Two other programs followed the 1993 program: the Street Commerce Reorganization Program (Programa de Reordenamiento del Comercio en la Vía Pública) in 1998, and the Commercial Plaza Program for the Relocation of Street Commerce (Programa de Plazas Comerciales para la Reubicación del Comercio en la Vía Pública) in 2003 (Stamm 2006: 4). Notwithstanding the development of these programs and both sides' willingness to engage in negotiations, familiar problems with the governance of street commerce persist in the Mexican capital.

Organization. According to Peña (1999), street vending organizations in Mexico City perform two central functions. The first is an intermediary role; vending organizations negotiate with the authorities on behalf of individual vendors, so that a primary incentive for joining an organization is to get help overcoming red tape and navigating complex bureaucratic procedures. The second is a managerial role; vending organizations manage conflicts among members and mediate access to informal markets. Peña's (1999) study of vending organizations in Mexico City produced similar results to Aliaga's (2002) study of vending organizations in Lima, in that both revealed the importance of social networks and social capital to the day-to-day functioning of street markets.

The vast majority of regular street vendors in Mexico City belong to associations, which range in size from a few dozen to 7,000 members (Cross 1998: 120). In 1993,

Mexico City's Historic Center featured 60 street vending organizations with a total of 10,000 members (Guillén 1994, cited in Stamm 2006). The high level of association membership among Mexico City's street vendors is, according to Cross (1998: 120), "a direct result of administrative procedures requiring individuals to form part of a 'recognized association' before being allowed to sell in the street."

Cross further argues that the development of street vending organizations in Mexico is closely tied to party politics, and in particular the strategies of the PRI, the dominant party in Mexico for seventy years. Though vendors themselves "appear little concerned about the political allegiance of the street vendor association they belong to" (Cross 1998: 123), organizations affiliated with the PRI have been shown favoritism by the political system, and the PRI has likewise benefited by organizing vendors. Thus, vendors were, at least through the early 1990s, part of a mutually beneficial system of clientelism with the dominant party. This relationship between vending organizations and a single political party is an important contrast with other countries, above all in terms of the longevity of that relationship.

SANTIAGO, CHILE

Of the countries included in this study, Chile has been the most politically and economically stable for the past quarter century. Though poverty remains an important problem, its small population and advanced level of economic development have helped it avoid some of the problems of overpopulation and unemployment experienced in other countries, and as a result the Chilean informal economy is the smallest in the region (see Table 2 above). Equally as important, the rule of law in Chile is more institutionalized

than in other countries in the region, and property rights are well protected. These conditions have combined to make the governance of informal street traders relatively stable.

Street markets in Santiago are for the most part planned and regulated by the government. According to Salazar (2003), the Municipality of Santiago created the city's first planned street market (*feria libre*) in 1915, following the formation of private markets in the two preceding decades. Street markets were granted formal institutional status, including the formally recognized right to operate in public space, in 1938 as part of the leftist Frente Popular's political strategy to appeal to the urban poor (Aliaga 2004: 4). By mid-century, street vending in Santiago had achieved full recognition as a legitimate economic activity, and vendors had become a permanent fixture in the city (Salazar 2003: 76-84). This achievement of recognition for street vendors relatively early in the century precluded the sort of large-scale invasions of streets that have characterized other cities in the region.

Demographics and Working Conditions. The number of legal street markets in Santiago grew rapidly in the second half of the twentieth century. The 1938 law legalized four street markets, and by 1955 the number of legal markets in the metropolitan region had grown to 87. Fifty years later, in 2005, the total number of street markets in Chile had reached 657, of which 401 were located in Metropolitan Santiago.¹⁹ According to the Chilean Association of Organizations of Street Markets (Asociación

¹⁹ These figures are presented as part of the Information System for Street Markets (Sistema de Información Feria Libre, SIFL), created by the NGO Espacio y Fomento and presented on the ASOF website (<http://www.feriaslibresdechile.cl>).

Chilena de Organizaciones de Ferias Libres, ASOF), Santiago is home to about 40,000 market vendors, of a total of roughly 80,000 in the country.

Ferias libres originally developed around the distribution of agricultural products and consequently house mostly food vendors, although vendors of household products, arts and crafts, electronics, and other goods can also be found. According to ASOF's president, *ferias libres* sustain 300,000 small farmers who distribute their produce via street markets; the same leader estimated that street vendors currently control 80% of sales in fruits and vegetables (Aliaga 2006: 60). The predominance of food vendors in Chile also reflects the country's broader position as one of the region's leading agricultural producers.

Working conditions in Santiago's street markets are relatively good in that the use of public space for vending is officially sanctioned and, relatively speaking, effectively regulated. This means that security of workspace, the most important problem for vendors in other countries, is a less pressing issue for Santiago's vendors; although public authorities have the ultimate say in whether a street market may continue to operate, vendors generally are not subject to the type of arbitrary expulsions that occur in other countries. Nonetheless, there are vendors in Santiago who are unable to secure a market stall and a license, and their only option is often to gather around the periphery of the established markets and dodge the authorities as vendors in other countries do.

Legal Issues. Street vending in Santiago is regulated by local governments. Metropolitan Santiago consists of 32 political-administrative units called *comunas*, which are governed by mayors and are equivalent to local municipalities in other capital cities in

the region. Local officials in the *comunas* primarily regulate two aspects of street commerce: first, the place and time in which street markets are authorized to operate; and second, the issuance of licenses which authorize individual vendors to occupy market space. In terms of the first aspect, most markets are open from 8am to 3pm, so that investments in lighting and security for nighttime vending are unnecessary. Though vending associations and residential associations are given input into the public space allocated for official street markets, local officials ultimately determine market regulations (Aliaga 2005: 11).

In terms of the second issue, local officials attempt to control access to vending space in Santiago's *ferias libres* by issuing a limited number of licenses. By limiting the quantity of licenses available, local authorities attempt to diminish the negative effects of street markets, such as noise, congestion, and the accumulation of garbage in public space. Nonetheless, limitations on the number of licenses issued in low-income areas where formal employment is scarce have led to increases in unlicensed vendors, or *coleros*. Although local authorities have developed a transparent process for licensing applications, that process is sometimes circumvented by vendors who have privileged connections in the area.²⁰

Organization. Vendors who hold licenses and work in Santiago's *ferias libres* are organized into base-level associations, which in turn belong to the Chilean Association of Organizations of Street Markets (Asociación Chilena de Organizaciones

²⁰ For example, local governments typically require an application, proof of residence, payment of a tax, and a letter from the relevant street vending organization designating a particular space to the applicant in order for a license to be issued. However, applicants sometimes circumvent these rules by borrowing the address of a relative or using a connection in the organization to get the letter, for example (see Aliaga 2006).

de Ferias Libres, ASOF). ASOF was formed in 2001 in response to the growing threat posed by multinational supermarket chains and the generalized opinion that street markets were destined to become extinct as an outmoded commercial model.

Chile's street vending organizations play two primary roles. First, they serve as gatekeepers to officially sanctioned market spaces; for example, a newcomer to a market must have a letter from that market's organization sanctioning their application for a license to vend in one of the market's spaces. In this way, vending organizations provide a method of internal governance that helps promote order within each *feria libre*.

Second, these associations promote the interests of vendors in the political system. One of the major activities of vending organizations at present, for example, is to promote a new law of street markets that gives vendors more rights and brings more order to established markets. According to ASOF, the new law is currently under review in the National Commission for Small and Micro Enterprises.

SÃO PAULO, BRAZIL

Brazil is both the largest and most unequal country in the Latin American region. Despite some macroeconomic and political instability in the past two decades, it has not experienced the sort of political crises that drove large numbers of the unemployed into other urban centers (such as Lima and Bogotá) in the 1990s. Nonetheless, street vending is a common occupation in urban areas. Brazil's largest city, São Paulo, is host to more than 18 million people – nearly 10% of the country's population (United Nations 2006) – and street vendors represent about 11% of its economically active population.

Demographics and Working Conditions. According to Itikawa (2006a), 54.9% of the Brazilian workforce is in the informal sector, and within that sector, roughly 7% work as street vendors. Not surprisingly, as the continent's largest country, Brazil is also host to its largest total population of documented street vendors, at 711,825. In the metropolitan region of São Paulo, the largest city in Brazil and one of the largest in the world, approximately 42% of workers are in the informal economy, and according to a 2001 estimate the city was home to approximately 73,000 street vendors.²¹ In three of the five largest cities in Brazil – São Paulo, Rio de Janeiro, and Puerto Alegre – street vendors represent more than seven percent of the economically active population (11.0%, 8.6%, and 7.1%, respectively).

According to Pamplona (2004),²² nearly three fourths (73.3%) of São Paulo's street vendors are women, and more than half (52%) are heads of household. Compared to the city's overall labor force, in which 56% are women and 46% are heads of household, these figures reflect the importance of street vending as a means of generating household income. Many women traders work for 12-14 hours a day, and the lack of day care facilities means that those with children often must bring their children with them to their posts in the streets. São Paulo's street vending population appears to be racially mixed (58% white, 7% black, 32% *pardo* (mixed), and 3% Asian), but predominantly composed of people from either the country's Northeast and Southeast regions. Just 2.5% of the city's vendors are from outside the country. In the downtown area, the ratio of men to women was the reverse of the citywide rate, with nearly three fourths men and

²¹ The source of this estimate is the São Paulo Province Data Research Agency and Foundation (Itikawa 2006b). The informal sector wing of one of the country's major trade union confederations, SINTEIN-CUT (Sindicato dos Trabalhadores na Economia Informal-CUT) produced an estimate of about 100,000 street vendors in the city of São Paulo in 2006.

²² Cited in Itikawa (2006b).

one fourth women. That trend is likely a consequence of the dangerous working conditions downtown (Itikawa 2006a).

In terms of working conditions, São Paulo's vendors face a wide variety of circumstances, as is the case in other urban centers in the region. Income levels and stability among traders vary from one street to the next; as Itikawa's research (2006b) shows, for example, monthly income among street vendors in downtown São Paulo can range from 300 *reais* (roughly US\$140) to 5,000 *reais*, depending on the advantages offered by each trader's location. Among all street traders, just 10% reported that their income was stable. São Paulo's vendors also face precarious working conditions as a result of violence (in particular police repression), patronage relations with officials who control access to licenses, and corruption, in the form of requests for bribes that allow unlicensed vendors to occupy space illegally (Itikawa 2004). In terms of products sold, Itikawa's survey in downtown São Paulo revealed that most vendors sell goods from China, which are illegally imported via neighboring Paraguay, and that the most common products sold are electronics, clothing, jewelry, food, and trinkets. Interestingly, some entrepreneurial vendors have also set up services next to buildings housing government offices, including helping clients fill out forms, taking passport photos, and so on.

Legal Issues. Though there is no national legislation on street vending in Brazil, legislation related to street commerce in São Paulo dates back three centuries (Itikawa 2004). However, as in Lima, the accumulation of legislation over time has done little to produce an effective governance regime for street commerce. According to Itikawa, patron-client relations between street traders and public officials in São Paulo, as well as

corruption within local bureaucracies and police forces, have resulted from an absence of clear legal definitions and a tendency among local authorities to oscillate between tolerance and repression of street trade. One City Hall investigation into bribery revealed that in August 2002 alone, more than 1,000,000 *reais* were collected in bribes (Itikawa 2004: 7). The city does issue licenses that grant permission to vendors for the occupation of public space, but that licensing program encompasses only 30% of all vendors occupying public space, and only 20% of those vendors located in the downtown area.

The last legal decision regarding street trade, sanctioned by City Hall in 2002, established controls over street vending near certain public assets, such as schools, hospitals, and railway stations. According to Itikawa, only those vendors who are able to negotiate favors with the authorities are granted access to those restricted zones, which tend to be more profitable because of their high levels of pedestrian traffic. Those who cannot secure licenses must pay bribes in order to enjoy the commercial advantages of these locations. Relocation efforts, such as those of mayor Celso Pitta (1996-2000), established off-street centers for vendors, but many were located away from pedestrian traffic, offering few opportunities for vendors to maintain incomes earned on the street. As in other cases, the off-street locations were eventually used for storage or abandoned.

Organization. São Paulo is host to 770 associations of street vendors (Horn 2004). Most of these organizations lack democratic leadership practices, as is the case in many other Latin American countries. However, the electoral success of the country's political left has generated new interest in organizing informal workers among trade union federations, in particular the CUT. According to StreetNet (2005), SINTEIN-CUT

is the only central union of workers with its headquarters in São Paulo, where the informal economy has experienced rapid growth in recent years.

CONCLUSION

The case studies above have highlighted both the empirical importance of street vending as a major issue in Latin American urban governance and the need for more systematic research on the topic across the region. Available studies differ in their geographic scope, methodological approaches, and analytic foci, making it difficult to draw broader inferences about the street vending population as a whole. The need for cross-nationally comparable, longitudinal data on the sector is clear; without good descriptive data on street traders, policy toward them will remain inadequate.

Nonetheless, the case studies do suggest some commonalities across a broad range of political, economic, and social conditions. Where the legal status of street vendors is clearly addressed in national law, and where high courts can provide rulings that resolve jurisdictional disputes and prioritize among conflicting rights and responsibilities, local governments can more effectively govern the sector. Support for street vending organizations to aggregate interests in the sector through democratic, representative procedures is also more likely to produce good policy, as long as those interests are incorporated into the policy making process. Relocation projects are a common strategy for coping with overcrowded street markets, and those can provide more workplace security and better working conditions for some vendors. However, they must also provide income security in order to prevent a return to the streets. Producing good descriptive data on vendors, clearly stating their rights and responsibilities in

legislation, and assuring that the input of some of the most vulnerable vendors – including women, heads of household, and those without entrepreneurial training – is incorporated into the policy process can help overcome some of the sector’s most pressing problems.

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