

Survival Strategy, Victimless Crime or Challenge to Nation-states? Exploring Informality in Cross-Border Regions

Harlan Koff

To cite this article: Harlan Koff (2015) Survival Strategy, Victimless Crime or Challenge to Nation-states? Exploring Informality in Cross-Border Regions, Journal of Borderlands Studies, 30:4, 461-467, DOI: [10.1080/08865655.2016.1165134](https://doi.org/10.1080/08865655.2016.1165134)

To link to this article: <http://dx.doi.org/10.1080/08865655.2016.1165134>



Published online: 26 Apr 2016.



Submit your article to this journal [↗](#)



Article views: 196



View related articles [↗](#)



View Crossmark data [↗](#)

INTRODUCTION

Survival Strategy, Victimless Crime or Challenge to Nation-states? Exploring Informality in Cross-Border Regions

Harlan Koff

IPSE Research Unit, Université du Luxembourg, B.P. 2/Route de Diekirch, L-7220 Walferdange, Luxembourg

Informal sectors are prominent in cross-border regions throughout the world. Borderlands have traditionally been places of opportunity and contact between people. For this reason, spontaneous exchanges have led to the development of cross-border economies and societies in all world regions, and often these exchanges take place outside the reach of government regulatory agencies.

Despite the obvious relevance of borderlands to informal economies, these areas have taken a back seat to studies of informality in large capital cities or in relation to migration. In fact, the former is the main focus of most studies of informality. Since Keith Hart's (1973) groundbreaking study on informal economies in Ghana, there has been a distinct bias in this academic field towards capitals and megacities (Sassen 1988; Tripp 1997; Davis 2006; Fernández-Kelly and Shefner 2006). While migration-related studies maintain a transnational character (Baldwin-Edwards and Arango 1999; Freeman and Ögelman 2000), there is limited focus on borders and cross-border regions, with more attention given to sending and receiving communities.

There is a burgeoning literature on informality in cross-border regions, even if it does not have a cohesive character. In fact, this literature is quite disparate in nature as it is dominated by local, case-specific studies that are heavily influenced by distinct world regions and the region-building processes that characterize them.

Literature Review: Cross-regional Perspectives

Studies on informal cross-border economies in Africa are the most prominent in the literature because the weakness of many African nation-states has led to both porous borders and questions related to legitimacy. In many of these studies (Walther 2009), cross-border economies are viewed through the lens of survival strategies as inhabitants of these regions turn to informal trade for their livelihood because opportunities do not exist in weak formal markets. Scholars of these sectors also have identified a strong gender bias as many women are forced into informal employment due to discrimination in regular labor markets (Njikam and Tchouassi 2011).

These discussions have recently moved beyond simple “survival strategy” discourses. McGregor (1998) has shown that what began as survival strategies have now become key elements of identity formation in some African cross-border regions. Similarly, Peberdy (2000) has contended that cross-border informal trade is a means to protest

against weak state protection at the national level. Thus, she argues that what occurs in borderlands reflects weak governance at the center. Other scholars take this a step further by contending that growing informal sectors in border regions can be considered new forms of micro-regionalism that challenge the authority of the nation-state (Ackello-Ogutu 1996; Söderbaum and Taylor 2008).

The literature on informality in Asian border regions is quantitatively smaller than the body of literature that focuses on Africa. Works focusing on Southeast Asia often have analyzed informality as a companion to formal economic growth. Grundy-Warr, Peachey, and Perry (1999) focus less on center-periphery dynamics and more on disequilibria that exist within cross-border regions themselves. Specifically, these scholars have noted that informality in Malaysian regions bordering Singapore has contributed significantly to the latter country's economic growth by providing an ample supply of unskilled labor.

The literature on cross-border informal economies in South Asia similarly focuses on how informality contributes to development in the region. For example, Pohit and Taneja write:

The study suggests that informal traders in India, Bangladesh and Nepal have developed efficient mechanisms for information flows, risk sharing and risk mitigation. Further, informal traders prefer to trade through the informal channel due to the inefficient institutional framework in the formal channel and not due to trade policy barriers. (Pohit and Taneja 2000, 3)

In another study, Taneja (2002) contends that informal trade between India and Sri Lanka represents one third of the amount of formal trade between these two countries. This indicates how much potential exists for the creation of regional economies in the area. A study conducted by Kahn et al. (2007) estimated that there is US\$545 million worth of informal trade between India and Pakistan which is a direct result of border closings and obstacles to formal trade. Consequently, unlike the literature on Africa where informality is viewed as a challenge to state development, scholars working on Asian cases tend to view informal economies as parallel systems that accompany and contribute to trade liberalization and development processes.

The literature on cross-border informal markets in Europe and the Americas tends to be much more limited in scope. In Europe, most studies of borderlands are highly institutionalized due to the organizational structure of border integration which has been dictated by policy strategies implemented by both the European Union and the Council of Europe. Studies of informality tend to be quite local. Scholars focusing on Eastern (Krätke 2002; Bruns et al. 2013) and Southern Europe (Ancona 1990; Baldwin-Edwards and Arango 1999; Koff 2008), generally document processes of widespread informal cross-border exchanges that are neither survival strategies nor motors for further economic development. These informal sectors are often viewed by local populations as “victimless crimes” as inhabitants of these communities do not enjoy positive cultural relationships with local and/or national authorities so they do not voluntarily pay taxes or obey regulations.

In the Americas, studies remain local in nature but they indicate socio-economic processes that are quite distinct as well. In North America, particularly along the US–Mexico border, studies of informality often focus on the segmentation of cross-border markets. Scholars such as Richardson and Pisani (2012) clearly show that these borderlands have

historically been characterized by the simultaneous presence of formal, informal and illegal markets. Recently, however, the emergence of multinational corporations related to the North American Free Trade Agreement (NAFTA) and organized crime in response to the improved controls at the US–Mexico border has forced many unskilled workers into the informal sector because they are closed out of formal and criminal markets that have separately become resource intensive and specialized (Alarcon 2005; Alegría 2009).

The literature on cross-border informal economies in South America provides a mix of elements related to the dynamic histories of South American border regions. Some scholars (such as Ceballos Medina 2011) have studied the relationships between informal and illegal sectors in South American cross-border communities. Others have documented the traditional importance of informal economies in South American borderlands due to the weakness of formal economies and states in these regions (Carballo 2007). Finally, scholars of the so-called “new regionalism” have concentrated their analyses of cross-border informality on the presence of ethnic identities where ethnic groups engage in informal trade as a means to reject modern states and reinforce their own authority in a specific territory (Ramirez and Cadenas 2006).

Informal economies are by nature difficult to grasp due to their subterranean nature. However, clear regional patterns seem to exist in the analysis of the nature and scope of cross-border informal economies. These trends indicate that cross-regional research can shed light on the nature and impacts of informal sectors in cross-border communities. This is the objective of this special section.

The Case for Comparative Cross-Regional Studies of Cross-Border Informality

This thematic section has been organized by the Consortium for Comparative Research on Regional Integration and Social Cohesion’s working group on Comparative Border and Migration Studies (www.risc.lu). It includes five articles focusing on various informal markets in different regional settings. The first three contributions are comparative in nature. Harlan Koff presents a comparative cross-regional study of informality in European (the Eurométropole and Bari, Italy–Durrës, Albania) and continental American (San-Diego, USA–Tijuana, Mexico and Cúcuta, Colombia–San Cristóbal, Venezuela) cases. Through comparative research, he aims to create models that explain the nature of informality in cross-border metropolitan areas in relation to formal and criminal economies. This is followed by Travis Du Bry’s cross-regional study of informal sectors created by agribusiness along the Spain–Morocco and US–Mexico borders and their social impacts on farm laborers and their families. Du Bry contends that establishing and maintaining social networks are keys to overcoming negative social consequences that arise from agribusiness practices. The third article in this thematic section, by Christopher Changwe Nshimbi, examines informal economies in cross-border regions in Southeast Asia and Southern Africa with the purpose of analyzing the impact of grassroots networks on regional integration processes, especially in relation to Growth Triangles.

These comparative articles are followed by two case-specific contributions focusing on the Americas. First, Daniel Sabet investigates the relationship between informal and criminal economies along the US–Mexico border specifically examining the illegal importation of used cars from the US to Mexico and the role of organized crime in the organization of

markets for pirated goods. Second, Gerardo Ardila and Marcela Ceballos examine the relationship between illegal and informal economies in the Colombia–Ecuador border region. The article specifically aims to differentiate these markets and study their different impacts on human security in this area.

Power, Context and Mobilization

Like the literature on informality in cross-border regions described above, this interdisciplinary cross-regional collection of articles is characterized by different approaches, methods and viewpoints. Some of the contributions like those written by Du Bry and Ardila and Ceballos focus on social impacts. Others like those written by Changwe Nshimbi and Sabet, present in-depth studies of internal market mechanisms. Finally, a number of the pieces, namely those by Koff, Sabet, and Ardila and Ceballos, investigate the scope of informality and how it affects/is affected by formal and criminal markets.

There are a number of questions that are pertinent to informal markets that rise from the collective body of analysis presented in this thematic section: How do informal economies affect populations in cross-border regions in both the short- and long-term? What relationships exist between informal markets and development processes in cross-border regions? How fluid are the relationships between informal, formal and criminal markets in different borderlands? The body of work presented here indicates three important variables that significantly affect responses to these questions.

Power

Power is often fluid in cross-border regions (Gilles et al. 2013). The nature of power significantly affects both the importance of informality in a region as well as its impact on inhabitants. Informal sectors represent survival strategies when they are characterized by activities in which actors lack control over their own life courses. Koff's contribution to this thematic section discusses “primary” and “secondary” sectors in relation to an actor's position *vis-à-vis* power in informal markets. On one hand, power is structural. The size and scope of informal markets plays an important role in their nature. Sabet's analysis indicates that informal sectors along the US–Mexico border are growing and because they are becoming more lucrative, criminal organizations have begun participating and establishing resource-intensive activities. Ardila and Ceballos show how the links between informal and illegal economies in the Colombia–Ecuador border region have established important cross-border threats to human security. Like Sabet's work, this article sheds light on the mechanisms that relate informal activities to criminal economies. In the Colombian borderlands with Ecuador, armed groups control informal markets because they are significant both economically and politically (as a parallel authority to State structures which aim to exert control over border territories). These distinctions obviously affect the impacts of informality as power also reflects an actor's positional relationship to informal sectors. Du Bry shows how the shift from local farming to agribusiness changed power in rural communities and this in turn, affected farm laborers and their families. Changwe Nshimbi's contribution indicates how non-State actors and informal mechanisms explain the differences between successful Growth Triangle experiences

in Southeast Asia and less successful replications in Southern Africa where grassroots networks are more related to survival strategies.

Context

The articles presented here also show how important context is to understanding the significance of informal economies. They also suggest that scholars of informality must study processes of cross-border integration in order to properly examine the impact of these economies on local communities, States, and regions. In order for participation in informal economies to be viewed as a “victimless crime,” then cross-border regions need to demonstrate a significant amount of stability. In Europe, this has been achieved because of the wealth of most populations living in cross-border regions and the institutional nature of European border integration processes. Koff’s focus on two European cases shows that different types of informality exist and some have more significant consequences than others because they can lead to crime and reinforce social stigmatization. However, in neither of the European cases was informality viewed as a significant challenge to the nation-state. In contrast, the studies presented by Sabet and Ardila and Ceballos show how informal sectors in the Americas can undermine the legitimacy of local and even national authorities to the point where local cross-border communities become destabilized. Changwe Nshimbi’s comparative study also indicates that Growth Triangles have succeeded in Southeast Asia in part because governments nurtured grassroots networks and complementary informal economic activities whereas success has been limited in Southern Africa because States have failed to implement such nurturing strategies to these networks.

Mobilization

Finally, this thematic section indicates that mobilization is an important factor in informal economies. Changwe Nshimbi illustrates how the mobilization of local informal networks contributes to regional economic growth that includes formal and informal markets. Du Bry discusses the importance of mobilization and social networks amongst cross-border farm laborers and their families aimed at mitigating the negative impacts of informal sectors in agribusiness. In both of these cases, social networks are viewed as key resources for actors in informal and formal economies. Koff’s cross-regional analysis shows that the presence and nature of these networks can determine actors’ decision-making processes. When these networks are concentrated in specific activities and geographic areas, then the options that are presented to individuals are limited. Conversely, when networks are geographically dispersed and involved in various economic activities, then the behavior of economic actors becomes more fluid as they can move between formal, informal and criminal economies quite easily. Ardila and Ceballos also indicate that criminal organizations mobilize local populations active in informal cross-border markets through the regulation of these sectors due to the absence/weakness of state authorities in the territories.

Cross-border informal economies exist throughout the world and they hold different meanings in different places. It is surprising that so little cross-regional comparative research exists on this topic given its importance to cross-border integration and region-building processes. Such research perspectives can help identify and examine the

mechanisms that determine both the nature and impact of informal sectors in borderlands. The analysis presented here can be considered a first step in this direction.

References

- Ackello-Ogutu, Chris. 1996. *Methodologies for Estimating Informal Cross-border Trade in Eastern and Southern Africa*. Technical Paper 29. Washington, DC: Office of Sustainable Development Bureau for Africa.
- Alarcon, Rafael. 2005. Mexican Migration Flows in Tijuana-San Diego in a Context of Economic Uncertainty. In *The Ties that Bind us*, eds. Richard Kiy and Chris Woodruff, 99–122. La Jolla: Center for US-Mexico Studies.
- Alegria, Tito. 2009. *Metropolis transfronteriza*. Tijuana: Colegio de la Frontera Norte.
- Ancona, Giovanni. 1990. *Migrazioni mediterranee e mercato del lavoro*. Bari: Cacucci.
- Baldwin-Edwards, Martin, and Joaquín Arango. 1999. *Immigrants and the Informal Economy in Southern Europe*. London: Frank Cass.
- Bruns, Bettina, Judith Miggelbrink, Bernd Belina, Kristine Müller, Andreas Wust, and Helga Zichner. 2013. Making a Living on the Edges of a Security Border: Everyday Tactics and Strategies at the Eastern Border of the European Union. In *Theorizing Borders Through Analyses of Power Relationships*, eds. Peter Gilles, Harlan Koff, Carmen Maganda, and Christian Schulz, 109–131. Brussels: P.I.E.-Peter Lang.
- Caraballo, Leonardo Javier. 2007. Mecanismos imprescindibles para la integración laboral en la zona de integración fronteriza Táchira-Norte de Santander. *Aldea Mundo* 12, no. 24: 51–64.
- Ceballos Medina, Marcela. 2011. La política migratoria de Ecuador hacia Colombia Entre la integración y la ‘contención’. *Regions & Cohesion* 1, no. 2: 45–77.
- Davis, Mike. 2006. Planet of Slums. *New Perspectives Quarterly* 23: 6–11.
- Fernández-Kelly, Patricia, and Jon Shefner. 2006. *Out of the Shadows: Political Action and the Informal Economy in Latin America*. State College: Penn State Press.
- Freeman, Gary P., and Nedim Ögelman. 2000. State Regulatory Regimes and Immigrants’ Informal Economic Activity, in Immigrant Business. *The economic, Political and Social Environment*, ed. Jan Rath, 107–23. Houndmills, Basingstoke: Macmillan Press.
- Gilles, Peter, Harlan Koff, Carmen Maganda, and Christian Schulz, eds. 2013. *Theorizing Borders through Analyses of Power Relationships*. Brussels: P.I.E.-Peter Lang.
- Grundy-Warr, Carl, Karen Peachey, and Martin Perry. 1999. Fragmented Integration in the Singapore-Indonesian Border Zone: Southeast Asia’s ‘Growth Triangle’ Against the Global Economy. *International Journal of Urban and Regional Research* 23, no. 2: 304–28.
- Hart, Keith. 1973. Informal Income Opportunities and Urban Employment in Ghana. *The Journal of Modern African Studies* 11, 61–89.
- Kahn, Shaheen Rafi, Moeed Yusuf, Shahbaz Bohkari, and Shoaib Aziz. 2007. Quantifying Informal Trade between Pakistan and India. In *The Challenges and Potential of Pakistan-India Trade*, eds. Zareen Fatima Naqvi and Philip Schuler, 87–104. Washington, DC: The World Bank.
- Koff, Harlan. 2008. *Fortress Europe or a Europe of Fortresses?: The Integration of Non-European Union Immigrants in Western Europe*. Brussels: P.I.E.-Peter Lang.
- Krätke, Stefan. 2002. Cross-border Co-operation and Regional Development in the German-Polish Border Area. In *Globalization, Regionalization and Cross-border Regions*, eds. Markus Perkmann and Ngai-Ling Sum, 125–49. London: Palgrave.
- McGregor, JoAnn. 1998. Violence and Social Change in a Border Economy: War in the Maputo Hinterland, 1984–1992. *Journal of Southern African Studies* 24, no. 1: 37–60.
- Njikam, Ousmanou, and Gérard Tchouassi. 2011. Women in Informal Cross-border Trade: Empirical Evidence from Cameroon. *International Journal of Economics and Finance* 3, no. 3: 190–201.
- Peberdy, Sally. 2000. Border Crossings: Small Entrepreneurs and Cross-border Trade between South Africa and Mozambique. *Tijdschrift voor Economische en Sociale Geografie/Journal of Economic & Social Geography* 91, no. 4: 361–78.

- Pohit, Sanjib, and Nisha Taneja. 2000. *India's Informal Trade with Bangladesh and Nepal: A Qualitative Assessment*. Working Paper 58. New Delhi: Indian Council for Research on International Economic Relations.
- Ramirez, Socorro, and José Maria Cadenas. 2006. *Colombia Venezuela: Retos de la Convivencia*. Bogota: Universidad Nacional de Colombia.
- Richardson, Chad, and Michael J. Pisani. 2012. *The Informal and Underground Economy of the South Texas Border*. Austin, TX: University of Texas Press.
- Sassen, Saskia. 1988. New York City's Informal Economy. Paper presented at Conference on Comparative Ethnicity, June, in Institute for Social Science Research, UC Los Angeles.
- Söderbaum, Fredrik, and Ian Taylor. 2008. *Afro-regions: The Dynamics of Cross-border Micro-regionalism in Africa*. Uppsala: Nordiska Afrikainstitutet.
- Taneja, Nisha. 2002. *India's Informal Trade with Sri Lanka*. Working Paper 82. New Delhi: Indian Council for Research on International Economic Relations.
- Tripp, Aili Mari. 1997. *Changing the Rules: The Politics of Trade Liberalization and the Urban Informal Economy in Tanzania*. Berkeley: The University of California Press.
- Walther, Olivier. 2009. A Mobile Idea of Space. Traders, Patrons and the Cross-border Economy in Sahelian Africa. *Journal of Borderlands Studies* 24, no. 1: 34–46.