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Urban Informality and Violence in Latin America: Case evidence from Mexico

Abstract

This paper explores the relationship between urban informality and violence in Latin America, and draws case evidence from Mexico to understand the relationship between the two. It establishes that there is a clear divide between the formal city and the informal city, wherein the informal city functions as its own autonomous region, with informal leaders assuming power through sheer capacity to enforce brute force and violence, to govern the city. Drawing from three examples: the case of illegal import of used cars from the United States into Mexico and the shadow licensing system in Mexico; the case of trade of counterfeit or pirated goods in Mexico and its association with organized crime; and the propensity of informal microentrepreneurs to resist entering the formal market, and to choose informality despite its association with crime and violence. Through case evidence illustrated in these examples, I substantiate my theory and conclude that there is a positive relationship between informality and violence.

Introduction

Urban informality is rapidly spreading across much of the developing world, with implications for the economic, political and social domains. This paper studies urban informality as a site for critical analysis to assess its relationship to increasing urban violence in Mexico. Informality is often perceived with a dichotomy: on one hand, it is an unorganized and unregulated sector that is rapidly spreading in a haphazard manner across urban areas, with increased burden on urban public goods; while on the other hand, it is perceived as an opportunity for the marginalized to break away from the social exclusion, and engage

economically and politically in urban life (Banks et al., 2020). Urban informality often refers to the urban poor, who live and work in urban areas, and access public services, rights and entitlements through informal channels (Banks et al., 2020). However, Herrle & Fokdal (2011) warn that informality, too often, has static categorizations as a sector, setting or outcome, that does not fully address its ever-changing formations and the implications on society as a consequence. This critical component of urban development must be closely observed to recognize its structural ambiguity and investigate how informality can serve as a ground for extraction, exploitation and exclusion (Banks et al., 2020). This will establish firm ground for identifying underlying tensions, analyzing their potential for causing violence in urban societies, and exploring the relationship between increased urban informality and increased violence. Banks et al (2020) explain that to understand formality requires a differential analysis of actors, and the informal ways in which they are connected to the means of making a living, to housing and to governance processes. This understanding is also critical to develop lines of enquiry into how groups exploit and sustain informal systems in the interest of power, profit or to avoid the cost of regulation and taxation. This paper is structured into four sections: the first section presents scholarly literature exploring the relationship between urban informality and violence in Latin America; the second section explains the case evidence from Mexico to understand the impact of increased urban informality on violence; the third section states the theory that urban informality has a positive relationship to violence in Mexico, and discusses the substantiated evidence; the fifth section concludes the paper.

Section 1: Literature review exploring the relationship between informality and violence

Economic liberalization and globalization have deeply impacted Latin America. Not only have employment opportunities reduced and income inequalities increased but the

government has had to scale back on social welfare programs and now take little responsibility for public goods (Ungar, 2011; Bergman & Whitehead, 2009; Davis, 2010). This creates a pre-condition of abject poverty, that would normally be a phenomenon that would occur only during intense political conflicts or in war-time scenarios (Davis, 2009). Violence in Latin America is found to be concentrated in cities where a history of informality combined with present day unemployment and underemployment have created socio spatial and economic inequality (Davis, 2016). As a result, wide distinctions exist between the informal city that is beset by squatter occupations, ambiguous property rights and lack of services, and the formal city (Koonings & Krujit, 2009). These distinctions between the formal and informal city reinforce inequality, and drive the cycle of violence that is especially prevalent in the informal settlements (Koonings & Krujit, 2009).

The failure of the state to create socially, spatially and economically inclusive policies, leads to further marginalization of the informal citizenry, that compels poor residents to resort to illicit activities to cater to their own shelter and livelihoods, and to access services and resources, that would normally be extended to them by the state (Davis, 2016). Scholars find that states further exacerbate the situation by engaging in a criminalization of marginality. This is at times asserted through penal actions, and at times through clientelistic coercion, that exacerbate citizens' social and economic vulnerability (Muller, 2011; Wacquant, 2009; Koonings & Krujit, 2009; Auyero, 2007). Citizens living under informality have to therefore either bear the brunt of being expelled from their shelters or are compelled to negotiate with state authorities to maintain their livelihoods (Davis, 2016). This creates deep spatial inequalities that only reinforce practices that undermine the rule of law, making violence and criminality more common.

Complicity of state actors

The situation is further worsened by exploitative state actors who exercise their discretion at the frontlines of surveillance to tolerate informality and illegality in exchange for an extortion (Davis, 2008; Davis, 2009; Uldriks, 2009). The police are therefore a part of the problem – they are institutionally deployed to assert spatial and social order but instead they exploit the vulnerability of informal workers (Davis, 2016). There is a cyclical nature to the issue of violence and informality observed in Latin America. As Davis (2016) notes, the greater the assertion of a social and physical distance between the formal and the informal city, the greater will be the backlash that will emerge from the excluded communities. Both urban planning and police segregation are reinforcing each other to result in greater violence in urban cities. The origins as well as the responses to urban violence in Latin America are calling for a redressal and can be attributed to urban planning practices and police segregation. According to Davis (2016), urban violence can be largely attributed to urban planning failures that have caused social, political and spatial exclusion, in addition to imposing coercive policing and human rights abuses on informal communities.

Urban planning failures

The issue of urban violence is common to many Latin American cities, and it points to a shared history rooted in prioritizing strategic industrial development that led the national urban planning authorities to impose a new spatial order in cities (Davis, 2016). Dating back to the 1930s, urban planners in Latin American cities made urban investment decisions that catered to housing for workers and sited factories to accelerate industrial development, that

caused socio-spatial segregation that is now responsible for contemporary patterns of urban violence (Davis, 2016). In the race for modernization and economic expansion, a colonization of national space began in the interest of infrastructure projects that integrated people, places and natural resources into larger projects of employment and industrial growth (Davis, 2016). This meant that there was little room to accommodate informal activities in the cities, that were strictly designated for modern economic and political order, and most citizens were re-directed to the margins of the city, where informality would be tolerated. This resulted in the development of a divided city where a majority of the urban population shifted outside the social, spatial and political confines of the city (Davis, 2016).

According to Goldstein (2003), urban planners' failure to recognize the population that was forced outside the city, as central to the modern project, further exacerbated the explosion of neighborhoods at the periphery that had no formal property rights, access to services, lacked political recognition and had limited access to the goods and services provided to those in the modern city. Such practices led to segregation as opposed to integration, and citizens in marginalized neighborhoods began to feel like second class citizens, unworthy of inclusion in the modernization projects.

Furthermore, as marginalized neighborhoods increasingly became fearful of being bulldozed, new forms of political clientelism arose, where citizens looked to informal community leaders to protect them against the threat of displacement (McIlwaine and Moser, 2001). This sense of community instability, exaggerated by the threat of coercive tactics imposed by the state, led to power being built around vertical networks of authority – formal and informal, that had the capacity to protect residents in marginalized areas, especially in low-income neighborhoods (McIlwaine and Moser, 2001). This resulted in the rise of a cohort of informal and illicit community leaders, who enforced their legitimacy by their ability to safeguard the communities on the fringes of the modern projects and to reinforce control over

such neighborhoods, including the activities that took place within them (Davis, 2016). In this manner, the local leaders offered an alternative form of sovereignty, that constrained capacity of the formal state to integrate informal urbanism into urban planning (Davis, 2016). This resulted in formal state authorities accommodating to the needs of the middle and upper-class residents in the formal city, while informal political leaders strengthened their foothold over low-income neighborhoods (Davis, 2016). This meant that urban planning practice in Latin America became consumed by physical planning, instead of social planning as the state became less concerned about the informal settlements at the periphery (Davis, 2016).

Failure of targeted policies

Similarly, when targeted policies were implemented, the investments were prioritized towards housing and transport for the labor employed by the industrial formal cities, and fewer efforts were focused on housing, transport and infrastructure of informal cities at the periphery. Therefore, urban residents who were displaced from the cities as a result of industrial development, remained excluded from targeted policies and the informal settlements remained under-developed and under-invested – reinforcing continued poverty (Roy & Al-Sayyad, 2004). It was not only political and social neglect on the part of planners but also that the established state economic priorities were aligned with effective land use that offered economies of scale and value for money (Davis, 2016). As economic priorities mandated, the commercial activities generating employment were to be located in accessible downtown areas, while the industrial manufacturing plants came to be located in the peripheral locations where the land was cheaper (Davis, 2016).

This created two challenges for the residents of the informal city: that of income generation and housing infrastructure (Davies, 2016). The first was solved through seeking

employment in factory work or domestic work outside the informal city, while the second was solved through self-construction (Davies, 2016). Many residents therefore became employed with providing services like water, electricity, transport and housing – defined as privileged services for those in the informal city (Gilbert & Ward, 1986). This developed an environment where employment and livelihood of the poorest and the most marginalized largely rested on the control over and occupation of the physical environment (Castells, 1983). The culture of violence and illicit exchanges thus became a popular means of livelihood and infrastructure protection, and residents of the informal city and their appointed informal leaders, came to share alternative reciprocities that not only distanced the formal city from the informal one, but also created a social and territorial space for violence (Davies, 2016).

Institutional fragmentation between local leaders and national authorities

By the 1960's and 70's urban planners began to realize the cost of exclusion of the informal city from the formal one. Larger urban development goals were being constrained by the increased burden of urban growth on land, infrastructure and services (Davies, 2016). The informal city became a prime target for real estate developers with its vast availability of land. However, spatially integrating the informal city into the formal one, would not be possible simply by building infrastructure grids but would require extensive cooperation from and support of informal leaders and illicit actors who had come to control much of the informal city (Davies, 2016). Careful political negotiation between planning authorities and informal local leaders became essential to such integration efforts (Davies, 2016). But, even if and when the negotiations would turn successful, the government budgets were so limited, that the amount of investment needed to ensure infrastructure services and property rights for all in the informal city, would be far beyond what the state budget could afford (Davies, 2016). The

fragmented political authority and planning capacity meant that there was an institutional split between local and national authorities, which resulted in low-income residents remaining marginalized and economically disadvantaged (Davies, 2016). A lack of coordination between the national and the local authorities, remained a fundamental reason why many of the subsequent efforts by multi-lateral agencies and policy initiatives failed to serve the informal settlements (Davies, 2016).

Complicity of police in crime

According to Hinton (2006), it was not just informal leaders who drew their legitimacy from acting as mediators between citizens and planning officials, but also the police's involvement in informal communities that continued the spatial, social and economic divisions between the formal and the informal city. While initially, the police were tasked with imposing order and monitoring illicit and nefarious activities, they eventually began to reinforce the informal order and used their coercive authority to negotiate and extort vulnerable residents for their own personal gains (Rogers, 2006). As Dewey (2012) points out, the police acted in the same vein as the informal leaders, such that, they would offer residents protection from urban regulations in exchange for private gains. Such were the widespread pressures for rent-seeking, that both the police and the informal leaders stood in competition with each other, in the market for extortion (Koonings & Krujit, 2005). As the informal economy expanded and the goods traded through the illicit supply chains grew, the networks of complicity between the police and the informal community leaders also grew (Davis, 2016). The extent of this complicity was so deep, that the police came to protect criminals over residents, therefore giving violence, legitimacy.

Section 2: Case evidence from Mexico

Insecurity, organized crime and criminality are pervasive in Mexico, even though a decline has been observed since its peak in 2011 (Sabet, 2015). Property crimes in particular have been found to be most concerning (Bergman, 2010). This increased crime has been attributed by Bergman (2010) to a fragmentation of deterrence through democratization and decentralization, as well as to a dramatic growth in the appetite for cheap goods. Sabet (2015) interrogates the latter. It has been observed that an increase in criminality coincides with the scope of the informal economy (Sabet, 2015). As Sanchez (2006) argues neoliberal economic policies have contracted the formal economic opportunities, thereby leaving no choice for citizens but to look towards informal and illicit economies for their livelihoods. According to the International Federation of the Phonographic industry (2004), it is the avoidance of tax and regulations as well as the increase in the sale of counterfeit and pirated goods that have contributed the expansion of the informal economy and encourage an environment that incentivizes crime and organized crime.

Sabet (2015) investigates to what extent the informal sector facilitates criminality and investigates it by testing three hypotheses: one, if the opportunity costs of operating outside the formal economy are a lucrative business opportunity for organized crime; two, if the intermediaries who are tasked with enforcement of law and order exploit their institutional positions for personal gains; three, if the environment of illegality is mutually beneficial for criminals and organized crime. Drawing from the example of the informal market for used cars, that are illegally imported from the US as well as the business of counterfeited goods in Mexico's northern border communities, Sabet (2015) explores the validity of the above hypotheses.

Case 1: Informal auto licensing market and violence

Contraband goods from the United States have been a linchpin of the Mexican informal economy (Staudt, 1998; Barraza 2009). However, the North American Free Trade Agreement (NAFTA) eliminated much of the contraband trade with exceptions – prohibitions, restrictions and tariffs on goods of national importance were kept in place (Sabet, 2015). The Mexican auto industry is critical to Mexico's economy, and in 2009, NAFTA prohibited the importation of used vehicles from the United States, to help Mexico protect its auto industry. Chu & Delgado (2009) find that the importation of cheap used cars is a legitimate threat to Mexico's auto industry that is likely to impact Mexico's domestic auto manufacturing. Cerda (2013) finds that the existing imports have reduced growth of new car sales – even while the middle class in Mexico has expanded. Despite the fears, in 2015, the ban on importing used vehicles that are four-year-old and older was lifted, with certain verification limitations being imposed – the individuals importing had to prove that the car was manufactured in the United States or else pay a 10% tax. However, even without an outright formal prohibition on the legal import of used cars, illegal import of used cars into Mexico, continues. As of 2011, close to 2 million unregistered vehicles were illegally imported into Mexico to meet the demand for cheap auto (Gavina, 2011).

Such high was the demand for cheap auto imports, that a powerful organized constituency emerged that had a systematic strategy for supporting the illegal import of vehicles (Sabet, 2015). These membership organizations facilitated the exchange of stickers resembling license plates, each with a unique license number that could be displayed on the front and rear window, and the license plate – for a nominal fee. The consumer groups became popular and organized enough that the police and political leaders alike, began to ignore the

rule of law and decided to not take any action (Sabet, 2015). Consequently, the organizations became de facto licensing authorities (Sabet, 2015).

The combination of high demand for cheap vehicles, and the sustained efforts of the membership organizations, promoted the legitimacy of illegal importation of used vehicles from the United States into Mexico. Ramirez (2008) finds that the illegality was not just popular among consumer groups but municipal police officers were also seen as driving cars without plates or with US plates. This informal market had severe implications and fostered further illegality and criminality. Sabet (2015) points out that with the licensing process being overtaken by consumer organizations, the state acceded their regulatory authority. This meant that not only were the illegal imports taking place with impunity, there were no checks being imposed on whether the cars were stolen or if the drivers were licensed to drive and if they had any prior traffic or other violations.

Sabet (2015) finds that the issue was further exaggerated by the disposition of the leaders of the consumer groups, who were seeking fees only to make personal profits, instead of contributing to tax revenue that would normally be used to improve roads and to ensure road safety. There were also instances where the leaders were defrauding members of their own group. Furthermore, it was also observed that the informal market exacerbated criminality and organized crime violence. According to investigations by Sabet (2015) it was found that on numerous occasions, unlicensed vehicles were being driven by organized crime assassins and criminals with license stickers issued by the consumer group. The situation was exaggerated by the fact that the police had no access to data on such vehicles that went through the consumer groups to seek the licenses – hindering police investigations. On occasions when the federal authority seized such vehicles at military checkpoints, a violent backlash would ensue, and the authorities would be forced to return the vehicles (Observador, 2009).

In an attempt to prevent the flow of illegal imports, the Calderon administration decided to grant exceptions to residents and allowed younger cars to be imported and taxed at a lower rate (Sabet, 2015). This was met with resistance. Political patrons and judicial rulings continued to protect the consumer groups' interests until 2012, when the Supreme court commanded the lower courts to desist and the consumer groups were forced to stop issuing new registrations (Sabet, 2015). Robles (2015) finds that even though there has been a decline in the imports of used vehicles, the issue remains far from resolved. Despite the enforcement efforts by the state, there is still a formidable threat that the status quo could reverse.

Case 2: Trading counterfeit goods and its association with organized crime

In a similar vein, Sabet (2015) finds that the trade of pirated and counterfeit goods across Mexico's markets take place in the same spectrum of illegality. Not only do entrepreneurs steer clear of taxes and regulations, they also violate intellectual property and copyright laws. High demand for cheap goods is fueling the market for counterfeit goods that has gained legitimacy and acceptance (Sabet, 2015). Proponents of the informal market argue that the high price of the goods in the formal market, primarily benefits foreign companies (Cross, 2011). Using this rationale, they consider their activities as legitimate.

As enforcing intellectual property rights falls under the federal mandate, most local officials and police deflect responsibility and do not interfere in the trade of counterfeit goods (Sabet, 2015). Until recently, federal police officials were unable to conduct seizures and arrests without a warrant, despite the trade being pervasive across Mexico (Sabet, 2015). Even while the federal government has been enforcing crack downs on the trade of counterfeit goods, little has been achieved in terms of arrests and convictions. This is a planned federal strategy

that allows the police to pacify both, the intellectual property lobby and the associations of informal workers (Aguiar, 2009).

The piracy business is also closely linked to organized crime (Sabet, 2015). An IFPI report (2004) finds that individuals arrested for conducting piracy, were also found to be in possession of illegal arms and large amounts of drugs. According to La Cronica (2008), Chavez (2008) and Davila (2012), there is sufficient evidence confirming that the production of pirated goods is controlled by organized crime groups. However Cross (2011) finds that this trend may differ based on geography. Gomez (2009) finds that as with the membership groups of the Mexican auto industry, the organized crime groups support the counterfeit goods industry, and extort vendors in exchange for protection and insurance. The informal industry is also beneficial to the organized crime groups to launder money (Jimenez, 2010). The police in this case too, is seen as extorting bribes from the informal workers, under the pretext of the threat of a government crackdown (Milenio, 2011).

Sabet (2015) concludes that informality does foster greater criminality. Informality creates an environment of vulnerability for the informal workers, who in an attempt to mitigate the opportunity costs of operating in the formal market, easily fall prey to the control of organized groups, that claim to extend credit, insurance and protection from state enforcement. In exchange, organized groups benefit from laundering money and exploiting forced dependency of informal workers. Furthermore, a lackadaisical state enforcement regime, that itself falls prey to private profit-making through extorting informal workers, only reinforces greater criminality in informal markets. Sabet (2015) argues that the state's vacillation between enforcement and tolerance, is fundamentally responsible for the pervasive nature of informality and its relationship to criminality.

Case 3: Propensity of microentrepreneurs to choose informality despite violence

Further exploring the relationship between property crime, informality and growth among microenterprises in Mexico, Yishay and Peralman (2010) find that higher rates of property crimes are associated with those enterprises that have a significantly lower probability to be formally registered or propensity to be registered in the following 12 months. These effects were found to be unique to property crimes in particular. Nationally representative surveys of microenterprises in Mexico reveal that informality among urban microentrepreneurs remains high, despite efforts made to lower the requirements needed for registration, both at the municipal and the federal level (Bruhn, 2010). It has been estimated that between 2001 and 2008, the number of enterprises that were informal changed from 66% to 65.6% - an insignificant change (Yishay & Peralman, 2010). Weak property rights have been found to play a key role in disincentivizing microentrepreneurs from growing in firm size and the absence of formal and informal institutions to protect property, limits their investment in productive assets (De Soto, 1989). Furthermore, firms find it optimal to stay small to reduce their exposure to high taxes, fees and bribes, and other forms of rent extraction (De Soto, 1989).

Robbery in particular, is most threatening to microentrepreneurs, more than fines and bribes. A 2008 survey revealed that the incidence of robbery in Mexico is higher than fines and bribes and the loss at the hands of such robberies is three times as high (Yishay & Peralman, 2010). This asserts that the impact of crime on microenterprise behavior is tremendous, with a higher propensity to face property and personal violence. Not only does crime affect enterprise growth but it also influences microenterprise formality (Yishay & Peralman, 2010). Formal registration of firms makes them more visible, and more susceptible to violence and crime. In Mexico, it has been found that “the incidence of and losses from robbery are two times higher for formal firms than informal ones” (Yishay & Peralman, 2010). Given the higher robbery

rates, evidence suggests that the probability of enterprises to expand operations is reduced drastically, and even while the enterprises operate in a high-crime environment, their growth and formality is dependent on the threat of asset loss due to robbery. As per the findings of Yishay and Peralman (2010), there is a strong causal relationship between property crimes and microenterprise expansion and formalization. Entrepreneurs tend to respond to risk in the environment, and find lesser risk in informality in the face of lack of reliable state protection of private property and personal protection (Yishay & Peralman, 2010).

Section 3: Theory and Discussion

In this paper, I theorize that there is a positive relationship between informality and violence. Drawing from the example of Latin America, I investigate the undercurrents of urban informality, to understand its implications for urban violence. I find that in the race towards industrial development, Latin America's urban planning decisions played a key role in separating the formal city from the informal one. The modernization project undertaken by the state pushed low income residents to the periphery of the cities in the interest of industrial development and economic progress. The formal city came to become a hub of all industrial activity, and housing, transport and other public goods were accommodated for labor in those industries. As a result, low income residents were excluded from urban planning and left to their own means – to find shelter and means to a livelihood. Therefore, low income residents began self-housing and building employment around provision of public goods and services in the informal city. The threat from state authority, led the informal communities to ascertain leaders who would not only have the capacity to protect them from state enforcement but also strengthen their stronghold over the informal city.

As the formal cities grew in infrastructure, housing, transport and overall industrial development, the informal city grew steeped in clientelism with informal leaders assuming tremendous power. This only strengthened the divided line of inequality and poverty between the formal and the informal city. Eventually, when the state did grow conscious of the gaping divide in society and began efforts to integrate, they realized that the power of informal leaders couldn't be neutralized. Then began a culture of negotiation of the state with the informal leaders. State enforcement through the police has continued to be weak. The police authorities oscillate between law enforcement and crime tolerance, depending on the private gains they achieve out of it. This complicity of the police officials with informal workers meant that an understated competition emerged between informal leaders and the police officials wherein informal workers were to choose sides depending on who could offer the greatest protection. As a result, informality and crime became self-reinforcing – those who were meant to enforce the rule of law, themselves became complicit in expanding criminality through extorting informal workers for private gains. Given the oscillation of the state between enforcement and tolerance, a large trust deficit shaped the relationship between citizens and the state, and crime became a legitimate status quo of the informal city.

Drawing on the evidence from Mexico, I substantiate my theory through three examples – the illegal import of used vehicles from the United States into Mexico and its subsequent impact on the relationship between the informal licensing market and violence; the trade of counterfeit and pirated goods in the informal market, and its relationship to organized crime and violence; and the relationship between formalization of microenterprises, and crime and violence.

The first example explains that the pervasive illegal import of used vehicles from the United States into Mexico created a shadow licensing authority led by consumer groups, that not only dictated the licensing of used vehicles entering Mexico, but also stripped the state off

its critical regulatory function. This led to used vehicles being imported illegally, without background checks on the car or the driver. State authorities, instead of enforcing the law, were seen as complicit in the crime, and themselves owned vehicles licensed through consumer groups. This displays a positive relationship between urban informality and criminality leading to violence.

The second example presents the issue of trading counterfeit goods. In this instance, it can be noted that protecting intellectual property is seen as a federal responsibility. As a result, the local police and state authorities not only dismiss the issue of trading counterfeit or pirated goods but are seen as complicit in the crime, extorting informal workers for their own private gains, under the pretext of protecting their livelihoods from state enforcement. It was also observed that the sale of counterfeit goods were linked to organized crime groups, who find this trade as a means to launder their money. Again, in this example we find that there is a positive relationship between urban informality and crime, leading to violence.

The third example finds that microenterprises in Mexico are disincentivized to formally register their enterprises due to lack of sufficient state support for private property rights and protection. Survey data suggests that entering the formal market and registering the enterprises, gives the enterprises more visibility, and makes them more prone to crime and violence. Even when the state authorities made it easier to register the enterprises, the opportunity cost of doing business in the informal market is comparatively lower to the formal market. Consequently, most microentrepreneurs choose informality over formality, even when their enterprises have a higher risk of being exposed to crime and violence.

The three examples substantiate my theory that there is a positive relation between urban informality and violence.

Section 4: Conclusion

This study brings into focus three key concerns: the first concern relates to urban planning efforts that isolate the informal community and incite the creation of a separate state outside the state, with informal figures of authority assuming illegitimate power and enforcing it through brute force. The second concern is that of a lackadaisical state apparatus that can enforce the rule of law and earn the trust of their citizens, but choose not to do so. The complicity of police officials in crime, only widens the trust deficit between citizens and the state, and informal workers may find it more comforting to depend on informal leaders, who may be able to extend greater protection, even if through violent means. The third concern is that the incentives for informal workers to enter the formal market are few and far between. By entering the formal market, not only are informal workers liable for taxes and regulation fees, but they also do not benefit from state protection of their private property and personnel. I conclude this study by suggesting that there is a positive relationship between urban informality and violence, and as long as the state will continue to vacillate between enforcement of the law and tolerance of crime, the reinforcing cycle between informality and violence will continue.

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