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### **Comments on “Informal Urban Economies -A Model of Transition?”**

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This session is on the **transition of informal urban economies**. Throughout the six years of the Megacities Programme we have been discussing **informality**, a concept that has turned out to be multifaceted. We might not agree on a definition of informality, but I think it has become clear that neither people nor sectors are ‘informal’. It is arrangements that may lack sufficient formalization so that they can be labelled as ‘informal’. Formal and informal arrangements are usually intertwined. Working for a manpower contractor in an export oriented factory would be a good example.

It also would not be easy to define an **informal urban economy** and I shall not try to do so. But certainly most labour and other arrangements in the cities and towns under review can be classified as being informal.

As for **transition** the question would be: From where to where? And from what to what?

**Four papers** deal with such transitions of informal urban economies. *Daniel Schiller* looked at it in the context of the **electronics industry** in the Pearl River Delta. *Rüdiger Schollwedel* discussed the survey of students in HK and in the PRC and their **expectations and ambitions** (‘intention’). *Christine Hobelsberger* looked at the **emerging supermarkets** in Dhaka and *Shafique uz Zaman* discussed **urbanization and economic development** in Bangladesh.

All the four papers focus on structural changes in the areas of industrial production, of perceptions of a group of stakeholders, of retail trade and of the spatial distribution of economic forces on the national level.

Before we enter the general discussion a word of warning might be appropriate: Quantitative studies as were presented suffer from the fact that what we want to measure usually cannot be measured directly, like growth, income, poverty or satisfaction, and we have to rely on **proxy variables**, i.e. we measure what we can measure. This especially applies to the so called informal economy.

After the micro studies we, thus, finally, come to the **role of cities**, more specifically of the big city, in economy and society. We have not discussed so far, whether and how megacities present a new class of problems and solutions with regard to economy, society or ecology. As we know from the discussion of economies of scale and agglomeration, we know that size requires different modes of information and control and this would lead to more formalization, maybe only in the form of formal informalities; there is also the danger of an informalization of formality; governance would be a good example. This would be quite clear in the fields of industrial production and retail trade, maybe also in the field of employment. And Professor Shafique uz Zaman has a point, that such a transition needs some regulation and a more active role of the the government and a shift of attention to secondary centres of population.