

# THE CREDIBILITY OF INFORMALITY

*Impressions from the Triple Special Session at PLPR*



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Hong Kong

**What ultimately determines the performance of institutions is not their form in terms of formality, privatization, or security, but their spatially and temporally defined function.**

**Peter Ho (2014)**

Cover design: Ben Davy



## Impressions from the session

Due to great interest of the session's topic the PLPR organizers decided to allocate three slots for the session 'Credibility of Informality'. This allowed for three inspiring sessions – chaired by Peter Ho, Rachelle Alterman and Benjamin Davy – with presentations on the related topics of planning, land and housing in a variety of contexts, including Israel, Serbia, China and Hong Kong.

Erez Tzfadia's presentation on the divide between customary law and modern state law on property rights in Bedouin municipalities sparked a discussion that was maintained throughout all sessions: when can we dub something as 'illegal' and when 'informal'? While we did not arrive at a definite answer during the session, Micheal Kolocek coined that "settlements that are illegal, but credible, are likely to be called informal".

The credibility perspective would however argue that it may be more insightful to shift our attention to institutional function first. This became particularly clear in the empirical studies on China presented by Sun Li ("Small Property Rights' Housing" certainly fulfil a highly credible function) and Ying Zheng (despite institutional ambiguities inherent in proper rights, they are still perceived as credible by urban dwellers). In elaborating on 'the mystery of informality', it was argued by Benjamin Davy that informality may coexist with formality. This argument was empirically motivated by the presentations of Shen Lu (price discounts prompted by informality have attracted buyers despite 'formal' shortcomings) and Ka Man Leung (sub-divided housing units have become an increasingly popular accommodation option for the urban poor).

Another reoccurring topic during the sessions was that of the process of planning, i.e. is that originally intended at the 'top' always realized at the 'bottom'? The obvious answer seems no, and Michael Kolocek demonstrated with the case of ICESCR that slowly a new discourse has emerged with a more considerate approach to informality. Moving to such an approach, presentations by Slavka Zekovic and Tamara Maricic (on Serbia's urban context) and Dorit Garfunkel (on condominium ownership) have demonstrated that planning is furthermore



### Organized by

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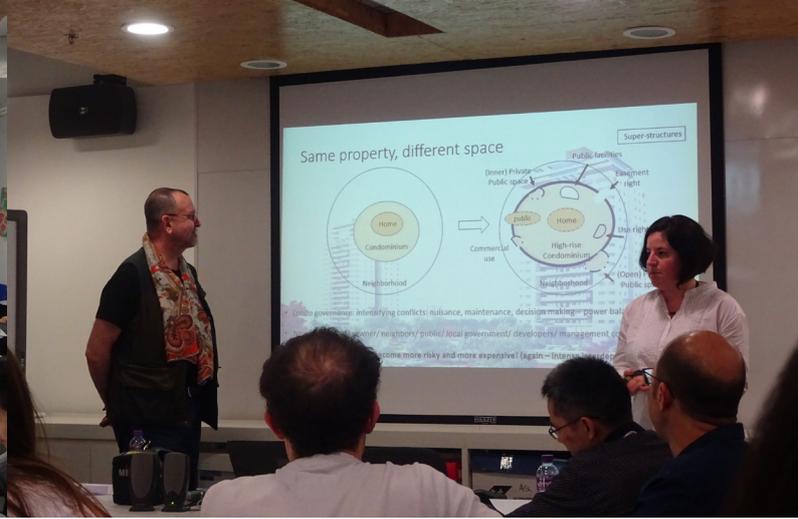
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a complicated process that involves much interaction, bargaining, conflicts, and even ‘informality at the top’.

Indeed, when we start to open the ‘black box of institutions’, we can see that the planning process is usually much more complicated than that what is intended or envisioned. In most cases, implementation will cause a chain reaction and inevitably change the original intention of what was planned for. Planning itself thus becomes part of the institutional game. It may therefore be more valuable and credible to regard the planning process as an ‘endogenous game’, and acknowledge that (as exemplified by Geng Huizhi and Peter Ho) institutions and its credibility are always subject to temporal and spatial change. This realization can help planners move towards solutions that are more credible, dignified, and suited to the local context.

The three sessions have allowed for a closer understanding of what it takes to make institutions more credible, and provided us with more guidance of opening the ‘black box of institutions’. The sessions have also highlighted that informality, despite being accused of being ‘inefficient’ or ‘second-best’, holds an important function and should therefore not be neglected.

On a final note, as many research gaps on this important topic prevail, a follow-up of the session is already in the make! Further announcements will follow soon on the website of RECOLAND: [www.recoland.eu](http://www.recoland.eu).

