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**The governance of informal street
vending:
Regulation, extortion and
marginality in Gamarra,
Lima - Peru**

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TABLE OF CONTENTS

p. 8

LIST OF TABLES

p. 10

ABSTRACT

p. 12

INTRODUCTION

CONCEPTUAL FRAMEWORK	p. 12
AIMS, SCOPE AND RESEARCH QUESTIONS	p. 15
METHODOLOGY Qualitative approach: semi-structured interviews, observations and documentary analysis Choice of case studies	p. 19
CHOICE OF CASE STUDY	p. 23
STRUCTURE: OVERVIEW OF PAPERS	p. 25
FUTURE RESEARCH	p. 27

p. 29

PAPER 1

Regulating the urban informal economy:
The management of informal street vending in Gamarra, Peru

ABSTRACT	p. 29
INTRODUCTION The regulation in the management of urban informal economies	p. 29
REGULATION AND THE MANAGEMENT OF INFORMAL STREET VENDING	p. 31
THE CONTEXT	p. 35
RESEARCH DESIGN AND METHODS	p. 38
REGULATING INFORMAL STREET VENDING IN GAMARRA	p. 38

Metropolitan regulation
Local regulation

DISCUSSION:

**MAINTENANCE AS A WAY OF MANAGING
INFORMAL STREET VENDING IN URBAN AREAS**

p. 43

Crime
Socioeconomic dependence
The creation of a system of deregulation through regulation

CONCLUDING REMARKS:

**RECOGNIZING THE ROLE OF REGULATION IN THE
MANAGEMENT OF INFORMAL STREET VENDING**

p. 50

p. 52

PAPER 2

The 'Legalized extortion' of informal street vendors at Lima's Gamarra market, Peru

ABSTRACT

p. 52

INTRODUCTION

p. 52

The governance of informal street vending at Lima's Gamarra market

**RECOGNIZING THE STATE'S FISCAL CAPACITY IN THE
GOVERNANCE OF INFORMALITY IN THE CITY**

p. 54

THE CONTEXT

p. 57

RESEARCH DESIGN AND METHODS

p. 59

**EXERCISING THE STATE'S FISCAL CAPACITY TO GOVERN
INFORMAL STREET VENDING IN GAMARRA**

p. 59

Taxation
Extortion

LEGALIZED EXTORTION:

GOVERNING INFORMAL STREET VENDING IN GAMARRA

p. 66

CONCLUDING REMARKS

p. 69

p. 71

PAPER 3

Between livelihood and health: The 'pandemic of the informals' at the Gamarra market in Lima, Peru

ABSTRACT

p. 71

INTRODUCTION

p. 71

The management of urban marginality

THE ROLE OF THE STATE IN THE MANAGEMENT

OF THOSE AT THE URBAN MARGINS	p.73
RESEARCH DESIGN AND METHODS	p. 77
THE CONTEXT: THE COVID-19 PANDEMIC CRISIS IN PERU	p. 78
BETWEEN LIVELIHOOD AND HEALTH: THE PUNITIVE MANAGEMENT OF INFORMAL STREET 7 VENDING IN GAMARRA DURING THE COVID-19 OUTBREAK	p. 81
DISCUSSION: THE CONSEQUENCES OF BEING MARGINAL DURING THE PANDEMIC	p. 86
CONCLUDING REMARKS: THE PANDEMIC OF THE INFORMALS IN GAMARRA	p. 91

p. 93

BIBLIOGRAPHY

LIST OF TABLES

PAPER 1

Regulating the urban informal economy: The management of informal street vending in Gamarra, Peru

p. 39, TABLE 1. Definitions established in the Municipal Ordinance No. 002-85 / MLM

p. 42, TABLE 2. Definitions added in Article 4 of Municipal Ordinance No. 044-08 / MDLV

PAPER 2

The ‘Legalized extortion’ of informal street vendors at Lima’s Gamarra market, Peru

p. 62, Table 1: Types of taxes paid by formal and informal commercial inhabitants of Gamarra

PAPER 3

Between livelihood and health: The ‘pandemic of the informals’ at the Gamarra market in Lima, Peru

p. 79, Table 1. Summary of commercial activities and rights suspended

ABSTRACT

Informal street vending has historically been a recurring phenomenon in various cities around the world, which has attracted the attention of academic research in the social sciences. Initially addressed from theoretical debates on political economy (Chen, 2006), in recent decades considerable attention has been given to studies on urban planning and governance (Devlin, 2011; Le Galès & Vitale, 2014; Roy & Roy, 2016; Yiftachel, 2009). In particular, this thesis aims to widen the existing scholarly knowledge on the governance of informal street vending in cities, by developing an exploratory analysis of the legal and extra-legal governing practices used to control this economic activity, with special emphasis on the power relations that govern public spaces and their configuration

For this purpose, the case study of the informal street vending in the textile cluster of Gamarra, the city of Lima, Peru, is presented. Several bodies of literature contribute to the conceptual framework of the thesis: regulation as a governing practice; extractive capacity of the state; and theories on urban marginality. I use qualitative methods to analyse the primary data collected through 84 semi-structured interviews in Spanish with state and non-state actors, plus participant observation and documentary analysis.

The thesis is composed of three academic papers investigating separate issues of the governance of informal street vending. In Paper 1, the research questions the role of regulation as a tool for governing informality. A fact that tends to be controversial due to the antithesis involved in regulating an economic activity that by definition operates outside the law. When delving into such relationship between regulation and informality, it was noted that both its development and its enforcement by local authorities were used on various occasions to maintain and strengthen the presence of informal street vendors in the area. The paper emphasizes then how regulation can also be used to create a system of deregulation through legal means. Paper 2 focuses on the analysis of the state's fiscal capacity to understand the governance of informal economic activities. This paper highlights the role of two governance mechanisms employed by the

local government to expand its extractive capacity towards informal street vendors: governance arrangements and extra-legal practices. Findings suggest that both were customized to the needs of the social structure over which the coercive power of the state is exercised. Finally, Paper 3 seeks to address the management of informal street vending based on its configuration as a form of marginalization. Specifically, the analysis presented in this paper addresses the effects of the condition of marginality in the livelihoods of informal street vendors under particular circumstances like the one of the COVID-19 outbreak. Through the analysis carried out, it was possible to notice the shortcomings of both market self-regulation and social control mechanisms oriented to deal with urban marginality. The importance of doing so lies in exposing the policy implications of choosing between livelihood and health when governing those at the urban margins.

INTRODUCTION

CONCEPTUALIZING THE GOVERNANCE OF INFORMAL STREET VENDING IN CITIES

Informal economic activities are an important source of employment in most cities around the world, either as a mechanism to ensure the livelihood of city dwellers or as an alternative economic developmental path (Castells, 2002). The significance of this urban phenomenon is reflected in the policy agenda at the local and national governmental levels, as it demands to be treated as a subject of policy (Linares, 2018). According to the World Labor Organization (ILO), the legal recognition of informal economies is one of the main tools available to the state to deal with its presence in cities (ILO, 2015). In the same vein, the United Nations (UN) Sustainable Development Goals (SDGs) advocate for cities that are more inclusive for informal workers, which represents economic, social and legal challenges for the public bureaucracy (Willis, 2018).

Such relationship between the state and the informal labor market has been widely advocated in the literature. Initially isolated in the field of political economy (De Soto, 1989; Hart, 1973; Maloney, 2004; Portes & Schauffler, 1993), debates about urban informal workers have permeated academic research in a multidisciplinary manner. For instance, contemporary critical urban research has managed to provide valuable insights based on case studies in cities in both the global north and south (Bromley, 2000; Graaff, 2015; Mackie et al., 2014; Roy, 2009). In particular, when it comes to informal workers in cities, street vending has become a benchmark. This, not only because of the impact it has on the configuration of urban economic structures, but mainly because it allows us to approach the role played by the state both in the control of public spaces and in urban planning (Huang et al., 2018; Roy, 2005; Devlin, 2018; Wu et al., 2013; Xue & Huang, 2015). Street vending, historically linked to urbanization processes, is often socially and politically conceived as unwanted and

misgoverned, associated with those at the urban margins. In this way, informal street vendors tend to be characterized as part of the dark economy that uses public spaces for its benefit. Reason why they live in uncertainty, are often persecuted and prosecuted, and work in precarious conditions with limited access to infrastructure and social programs (Devlin, 2018).

Understanding the governance of informal street vending starts from assuming that deregulation is not an intrinsic characteristic of it. By contrast, urban scholars have noticed that regulation is a control mechanism often employed by the state to govern informality (Roy, 2005; Yiftachel, 2009). Either directly or tangentially, law development and enforcement have become a tangible manifestation of the state's capacity to intervene in the market economy. Since regulation as a governing practice is affected by the political and economic interests of the stakeholders (Graaff, 2015; Haid, 2017; Roy, 2005), it tends to be characterized as a cyclical process (Crossa, 2018; Le Galès & Ugalde, 2018; S. Roeber, 2012). According to Tucker and Devlin, this materializes in negotiability, forbearance, and privatization of public spaces for street vending (Tucker & Devlin, 2019: 463). Namely, state-led governing practices might embody unpredictability and rule-breaking. From this, uncertainty stands out as a key variable to understand the regulation and law enforcement of informality in urban areas.

Under these circumstances, the feasibility of managing informal street vending through a specific regulatory framework calls into question the state's legitimacy to act. This, because of the oxymoron that means the regulation of an economic activity that by definition operates outside the law. By doing so, the analysis of the governance of informal street vending also implies the analysis of the economic motivations behind it. Particularly, considering that the non-inclusion of the informal labor market into the formal one also represents a benefit for the commercial dynamics of the market as a whole. In this way, the recognition of state legitimacy refers to its capacity to mobilize resources by establishing a taxation system (North, 1991). In other words, the understanding of the exercise of the fiscal capacity of the state for governing informal street vending involves

the analysis of the extractive capacity of the state. To approach this issue in the thesis I use the concept of 'legalized extortion', built upon the configuration of the state's extractive capacity by Charles Tilly, for whom the state behaves as a racketeer (Tilly, 1985).

Approaching the governance mechanisms and dynamics employed by the state to manage informal street vending is particularly relevant for understanding the spatial dimension of economic and social development in cities. However, despite the broad scholarly debate of this topic, so far little attention has been paid to the management of informal street vending as a form of urban marginalization. In particular, when it comes to the government of those at the urban margins, street vending tends to be inconspicuously unnoticed by urban policies and researchers. A fact that neglects the chance of contributing to the theoretical debate on urban marginality and its management in cities. To develop on this issue, Wacquant's relational approach about advanced urban marginality (Wacquant, 2010, 2014) is taken as an entry point.

AIMS, SCOPE AND RESEARCH QUESTIONS

The thesis investigates the governance of informal street vending in the textile cluster of Gamarra, in Lima, the capital city of Peru. To this end, I focus on the spatial dimension of street vending, by exploring the control mechanisms and arrangements employed by the state to manage informal trade in public spaces.

In this thesis, I seek to understand various aspects of the governance of informal street vending, considering legal and extra-legal control mechanisms as well as the impact they produce in the economic, political and social configuration of urban areas. By taking a critical approach regarding the role of the state in the governance of informal street vending, this investigation studies the different nuances that might emerge from the management of this urban issue driven by various motivations. Adopting this approach and from a multidimensional theoretical perspective, my overall aim is to stretch the research beyond the idea that the presence and expansion of informal economies in cities respond to the state's inability to manage them. Especially under neoliberal economic structures where the interventionist role of the state tends to be questioned. Rather, I argue that the fundamental role of the state in the management of urban informal economies is not only limited to their eradication, but also to the creation of an inclusive regulatory system capable of fostering and ensuring the presence of the informal in public spaces. In turn, this results in the consolidation of territorial stigmatization posed by the urban marginalization of those who rely on informal trade to secure their livelihoods (for more on urban marginality and informality, see Paper 3).

Furthermore, amid the premises for this research is the insufficient academic research focused on state-led co-governance arrangements and extra-legal practices for governing informal street vending. And yet, these features are crucial. On the one hand, they allow us to delve into the policy-making process, by exposing the interests of the different actors involved in their development and implementation. On the other hand, it brings out the power relations on which the political legitimacy of the state is woven in marginalized urban areas.

So far there is an ongoing debate about the prohibition or permissiveness of informal street vending in public spaces (Crossa, 2018; Graaff, 2015; Le Galès & Ugalde, 2018). Hence, it is important to explore both the causation and effects of the phenomenon in question in a transversal manner. As Bromley (2000) put it, ‘the lack of consensus on how much is enough, the highly uneven distribution of street vending across the city, and the near-impossibility of accurately monitoring the distribution and quantity of street vending in a large urban area, leads governments to mix seemingly contradictory policies.’ (p.23). Corresponding bodies of literature related to informal street vending are presented in each paper separately.

Based on a general question about, how informal street vending is governed in cities, I focus, particularly on three main questions. Following a relational analytical sequence, each of these research questions (RQ) is addressed in depth in the three papers that compound this thesis.

RQ1. How is regulation employed by local governments for the management of informal street vending?

The first research question intends to clarify how legal mechanisms are employed by local governments for maintaining and encouraging the presence of informal street vendors in public spaces. From this, crime and socioeconomic dependence are identified as the key factors that contribute to the production of regulatory frameworks that embody a system of deregulation itself. This considering that informal street vending represents an antithesis to the legality that can be granted by the creation of a specific regulatory framework that is far from including its transitory nature.

RQ2. How is the state’s fiscal capacity employed for governing informal street vending?

This question seeks to bring into the academic debate of the management of informal street vending, the construction of a state-led governance regime based

on taxation and extortion. Departing from the conceptualization of the state as a racketeer, the analysis delves into the governance arrangements and extra-legal practices employed by local governments to rent-seek from informal street vending through the leasing of public spaces. It also identifies the structural factors that sustain the legitimacy of state-led racketeering.

RQ3. How does the condition of marginality affect the livelihoods of informal street vendors under particular circumstances such as the one of the COVID-19 pandemic?

To answer this research question the thesis delves into the policy implications that the pandemic scenario meant for the management of the urban marginals. In particular, the flaws of both market self-regulation and of social control mechanisms oriented to deal with urban marginality were exposed during the first stage of the pandemic. This becomes relevant for the study of informal street vending, since it not only implied its transition towards illegality and social discredit but also the territorial stigmatization of Gamarra as a marginal urban area.

Regarding the originality of the thesis, the findings will contribute to the literature on the governance of informal economies in cities in multiple ways. In the first place, the thesis proposes a multi-dimensional perspective to address the problem of governance of informal street vending in Latin American cities. The relevance of this lies in the recognition of the complexity involved in the development and implementation of public policies in cities where informal street vending is scattered. Second, despite the emphasis placed on the state role, the analytical sequence of the thesis considers essential the role that non-state actors play in the governance process. In this way, the thesis moves forward this line of research by mapping and analyzing stakeholders and the different motivations that promote their participation in the management of informal street vending. From this, it is possible to understand the phenomenon in question concerning other political, economic and social phenomena in the same

geographical space. Third, the research contributes to extending the scope of cases on informal street vending research.

METHODOLOGY

QUALITATIVE APPROACH: SEMI-STRUCTURED INTERVIEWS, OBSERVATIONS AND DOCUMENTARY ANALYSIS

The research schedule for this project covered a time horizon of 30 months, starting in January 2018, divided into stages of fieldwork, academic visits and writing periods. The first 18 months were dedicated to the fieldwork, in which different qualitative techniques were used for data collection, including observations, documentary and visual analysis, and semi-structured interviews, both individual and group (Flyvbjerg, 2006; Yin, 2014). During this stage, it was possible to access valuable information because previous work was carried out to identify and analyze stakeholders. In addition to determining the role that each of the identified actors played in the governance of street vending in Gamarra, it was possible to access complementary information sources, such as classified documentation from the police and prosecution. Subsequently, in the first 6 months of the remaining 12 assigned to academic visits and writing, no major inconveniences were recorded, so that July 2020 was considered the scheduled date for the conclusion of the project. However, the last 6 months coincided with the emergence of the COVID 19 outbreak, a fact that opened the possibility of expanding the findings of the research project.

After assessing the risks associated with the data collection techniques to be employed under complex circumstances such as social distancing measures, movement restrictions, as well as the time horizon to be analyzed; the pandemic variable was incorporated into the research project. During the declaration of a COVID-19 pandemic in March 2020 (WHO, 2020), I was conducting a research visit at the Center for Latin American Research and Documentation (CEDLA) of the University of Amsterdam. Although the adoption of confinement measures in the Netherlands was much more flexible than those adopted by other governments of the European Union, the main drawback arose when managing the return to fieldwork.

In addition to the health risks posed by empirical research during the pandemic, throughout the fieldwork, the investigation of illegal and criminal phenomena presented particular challenges. A first aspect to note was the difficulty of weaving a network of contacts capable of introducing me to the world of illegality without posing a threat. This process demanded weeks of work where coexistence ended up demonstrating the neutrality of my research. A second point to consider is that my approach to illegality undermined my image in front of state authorities, especially at the street level, that is, law enforcement agents. This represented a problem during the crudest stages of repression against street vendors, where I witnessed violent episodes. Finally, such a trade-off between legal and illegal actors ended in the requirement of confidentiality of the information provided, which was respected in each of the papers that make up this thesis.

Semi-structured interviews

A total of 84 interviews were conducted, in person and remotely, with an average duration of 45 to 60 minutes. The preliminary analysis of stakeholders allowed to identify two large groups of actors: state (municipal employees, police officers, law enforcement agents) and non-state (informal street vendors, formal business owners, tax collectors, residents). The sampling was organized through the purposive and snowballing technique, where personal contacts were key for building a network of interviewees. Likewise, the analysis and interpretation of the information gathered was processed using Atlas T.I. The questions in the interviews revolved around three main topics:

- Management capacity and legitimacy
This topic seeks to address the trust and credibility of informal street vendors, both in legal and extra-legal governing practices, as well as to measure their perception of the efficiency and effectiveness of the mechanisms used to manage public spaces in the area.
- Commercial practices and networks.

This topic is aimed at understanding the commercial dynamics within the textile cluster. This, to explore the links between formal and informal traders, as well as the links between state and non-state actors.

- Embeddedness.

The purpose of this topic is to address the overlap of the social structure with the economic one, which is constructed from the definition of embeddedness by Mark Granovetter (1985).

Observations

The observations made it possible to delve into social interactions, experiences and the day-to-day life of people in their daily environments (Flick & Roulston, 2014). These were more fruitful concerning the group of non-state actors. Specifically, it was possible to identify certain patterns of both group and individual behavior of the street vendors, which were key to corroborating the information collected from the interviews carried out. Likewise, the observations of commercial dynamics in the streets made it possible to identify not only economic but also cultural links between formal entrepreneurs, informal street vendors and residents of the area. Although when starting the fieldwork, Gamarra was in the eye of the storm for the rest of the capital city, the commerce within it denoted patterns of dependence among all commercial actors to obtain the highest profitability from their business. This helped to clarify the paradox between the governance of the ungovernable, by understanding that the governance of informality in Gamarra is the governance of commerce in Gamarra as a whole. A fact that led to the use of different analytical perspectives in each of the papers that make up the thesis, capable of addressing the complexity of the phenomenon studied.

Documentary analysis

Three were the types of documentation processed in a complementary way to the other types of data collection tools used. The first was the media reports.

Gamarra has always been a trending topic for the Peruvian political and economic class, which is why it often tends to appear in the main written and televised media in the country. Since 2018, the information provided by the press played a transcendental role in the management of the informal street vending in the area, mainly because it was due to a television report that the scandals associated with this economic activity were "uncovered". If 2019 seemed to be the year of Gamarra's media coverage, due to the radical policies for the recovery of public spaces, 2020 was no exception. Gamarra's media coverage during the COVID-19 outbreak was consistent. Among the media content analyzed are: El Comercio, Peru 21, Gestion, Andina, Agencia EFE, El Peruano, Panorama (Panamericana Television), America Television, Frecuencia Latina, TV Peru, ATV.

The second type of documents were the more than 80 legal instruments (Municipal ordinances, Supreme Decrees, Legislative Decrees, Ministerial Resolutions) issued at both local and national levels, related to the governance of informal street vending. The nature and objectives of the revised regulation respond to two different contexts: pre-pandemic (tolerant and inclusive policies) and pandemic (zero-tolerance policies). Finally, the third type of documents are judicial and police reports (Preparatory investigation of the case of "Los Intocables Ediles"). Both of a classified nature, contain important information especially for the second paper of this thesis. Since they allow generating hypothesis regarding the governance of the streets of Gamarra. Access to this information was possible thanks to colleagues in Peru who were developing academic research on state capacity and corruption.

CHOICE OF CASE STUDY

The research design of this thesis considered the use of a case study approach. For this purpose, three aspects were taken into account for the selection of the case study: complexity, significance in the literature, accessibility to information. Regarding complexity, it was sought a case study that had a history of academic research from different disciplines. In addition to how beneficial this is for data collection; this also implies the existence of a greater diversity of research gaps. To some extent, this is consistent with significance in literature. However, knowing that correlation does not necessarily mean causation, the significance to which I refer in the literature is linked to its impact on the academic debate of the phenomenon in question. Finally, accessibility to the information is what ultimately ensures the credibility of the case studied. This being a methodology that is questioned due to its limitations in terms of generalizations, the use of various sources of information and their accessibility allowed triangulation.

Under these considerations, the case of the informal street vending in Gamarra was selected. The complexity in this case study is associated with two variables. On the one hand, it is captivating since street vending in Gamarra has more than 70 years of tradition, which shows its ability to adapt to adverse political and economic situations. Among these, the neoliberal transformations of the last 20 years of the last century stand out. While on the other hand, the complexity is also given by the participation of different actors in the governance of informal street vending and the power relations that arise from it. This can be seen in the analytical approach to address the research questions of each of the three papers that make up this thesis.

Regarding the significance in the literature, it is associated with the incidence of street vending in Latin American cities (Klaufus & Jaffe, 2015; Le Galès & Ugalde, 2018), and the relevance of studies on informality in Peru for the theoretical debate on the matter. This is due not only to the fact that De Soto's (1989) analysis started from a Peruvian case study, but also because in general the neoliberal transformations led to the Peruvian labour market having more

than 70% of workers immerse in the informal sector. Reason why there is a great variety of literature that addresses the subject from different disciplines, specifically based on case studies in Peru (Mackie et al., 2014). Regarding accessibility to information, this is given by prior knowledge of the problem and the area, as well as the availability of both public and classified sources of information.

STRUCTURE: OVERVIEW OF PAPERS

The thesis is written in the form of academic papers investigating separate issues under the umbrella of the governance of informal street vending. Following this introduction, the abstracts of the three papers are given below.

Paper 1. Regulating the urban informal economy: The management of street vending in Gamarra, Peru

The paper deals with the role of regulation in the management of informal street vending. It develops a comprehensive analysis of the case of Gamarra (Lima, Peru), where since 1985, regulation has been the predominant mechanism employed by local governments for managing the presence of street vendors in public spaces. The study emphasizes on the role play by the criminal and socioeconomic dependence in the production of such regulatory frameworks. In this sense, the study contributes to the theoretical debates about the management of informal economies in Latin American cities in the domain of urban studies, by providing evidence about how law-making and enforcement can be oriented to promote and maintain urban informal economies.

Paper 2. The 'legalized extortion' of informal street vendors at Lima's Gamarra Market, Peru

The paper develops the concept of 'legalized extortion' to understand the expansion of the state's fiscal capacity towards informal street vending. It presents an in-deep analysis of the case of the textile cluster of Gamarra (Lima, Peru), where the local government chose to profit from informal street vending by providing them labour security. The study reveals the construction of a state-led governance regime based on taxation and extortion. It delves into the co-governance arrangements, extra-legal practices and looks into the structural factors that sustain such governance regime. In this sense, the study contributes to theoretical debates about the governance of informal economies in Latin

American cities, by providing evidence about how the state's fiscal capacity is employed for governing informal street vending.

Paper 3. Between livelihood and health: The "pandemic of the informals" at the Gamarra market in Lima, Peru

The paper addresses the forms in which the condition of marginality affects the livelihoods of informal traders under the COVID-19 outbreak. It presents the case of the textile cluster of Gamarra (Lima, Peru), where since the beginning of the pandemic the government measures implemented to contain the spreading of infections, negatively impacted the economic and social dynamics of those that live at the urban margins. The analysis shows that through the legitimate use of force, the government set the path towards labor precarity and illegality of street vendors. In this sense, the study contributes to theoretical debates on the management and effects of urban marginality in Latin American cities.

FUTURE RESEARCH

The purpose of the collection of papers that make up this thesis is to expand the threshold of academic research on the governance of informal street vending in cities, with special emphasis on Latin American metropolises. In particular, what is sought to present in each of the papers is an exploratory and relational analysis that serves as a basis for developing new theoretical debates of a recurring phenomenon in large metropolises. This was motivated because, despite the extensive literature on informal street vending in the Latin American region, there is a need for more comprehensive exploratory research on state-led systems of deregulation through regulation. In this regard, one of the main arguments to highlight in the thesis is the emphasis placed on the recognition of informal street vending as a dynamic urban phenomenon, whose understanding requires a multidisciplinary approach.

Therefore, the analysis carried out across this thesis leaves the path open for further research in countries from the same region or with other urban phenomena in the city of Lima. On this issue, a research design that includes the use of cross-case studies would be especially relevant for enhancing the construction of the hypothesis. This, in addition to the policy implications, would also allow establishing a measurement of theoretical replication (Yin, 2014), and the knowledge about the role of non-state actors in the governance of economies that operate outside the law. Moreover, deeper analysis is needed concerning microfinance networks, protection rackets and spatial management, as part of the informal economic exchange process in urban areas. On the one hand, this will strengthen the existing research on the configuration of street markets and social policies aimed at reducing urban marginality. While on the other hand, this will introduce other social phenomena that have an impact on the configuration of urban economic structures within the same geographical area to the debate about urban informality. These include informal human settlements and agglomeration economies, as well as modern slavery, forced labor and human trafficking. For instance, the link between informal settlements and street vending in Gamarra becomes indelible to understand the informal commercial networks and, above all, to understand the territorial stigmatization

that characterizes urban marginal areas. In the same vein, further research on job insecurity will contribute to addressing the principal-agent relationship in this type of street market, where the invisibility and anonymity of informal employers hide their oppressive behavior. Indeed, there are informal entrepreneurs with a structured business model.

Due to the complexity that demands the analysis of informal street vending in a comparative manner with other regions or urban phenomena, access to qualitative and quantitative data is determinant. It is important to mention that, despite not being included in the final production of the papers, quantitative information played a key role in the research project. For instance, data regarding the economic impact of informal street vending as a commercial activity as well as demographic indicators were processed. Furthermore, economic indicators were also evaluated, linked to public spending by local governments during the time horizon set for the research project. Thus, following this analytical sequence, the use of mixed methods in future research will contribute to strengthening the findings of this study.

PAPER 1

Regulating the urban informal economy: The management of informal street vending in Gamarra, Peru

Abstract

The paper deals with the role of regulation in the management of informal street vending. It develops a comprehensive analysis in the case of Gamarra (Lima, Peru), where since 1985, regulation has been the predominant mechanism employed by local governments for managing the presence of street vendors in public spaces. The study emphasizes the role play by the criminal and socioeconomic dependence in the production of such regulatory frameworks. In this sense, the study contributes to theoretical debates about the informal street vendors in Latin American cities in the domain of urban studies, by providing evidence about how law-making and enforcement can be oriented to promote and maintain urban informal economies.

Keywords

regulation, street vending, informal economy, policy, crime

Introduction: The regulation in the management of urban informal economies

Although street vending has been portrayed in academic research as one of the most salient representations of informality in urban economic structures, a limited number of studies identify this phenomenon as an economic activity that does not necessarily operate at the margins of the law (Jennifer Lee Tucker & Devlin, 2019). Namely, studies about street vending that diverge from misunderstanding informality as an unregulated activity are still very limited. This fact is questionable, given the complexity of the phenomenon analyzed and the different schools of thought that have arisen from the field of political economy. However, critical urban research questions state incapacity in the face of

informality, demonstrating that state actors play an active role in shaping urban informality. For instance, several researchers focus on the state practices for governing informality in urban spaces, through the study of processes of negotiation (Roy, 2005), social practices (Haid, 2017), and gray spaces (Yiftachel, 2009). According to these scholars, urban informality is a social phenomenon that emerges as a linking device within the inhabitants of the city that are subjected to the spatial control of the state. Thus, the liaison between the informal and the urban is reflected in the political-economic transformations that directly affect the daily life of the city population (Frische, 2013). In this way, the state has the power and the tools to manage, according to context-based economic and political interests, informal economic activities in urban spaces. In particular, from this perspective, the management of informal street vending tends to be linked primarily to the production of state-led systems of deregulation, where it is possible to identify regulatory flaws and different nuances in law enforcement (Batréau & Bonnet, 2016; Holland, 2017).

The present paper is an effort to fill this research gap. It undertakes a comprehensive study of the regulation for the management of street vending in Gamarra, in the city of Lima, Peru. This, in addition to 18 months of fieldwork, where it was possible to conduct interviews with public officials and formal and informal businessmen in the area, as well as collect judicial investigation reports where the regulation of street vending is questioned. As a result, the analysis exposes how street vending is managed through legal means and the purposes behind such regulation. This makes it possible to uncover that local governments are also prone to sustain regulatory frameworks oriented to maintain and increase the presence of street vendors in the urban economic structures of big metropolises.

First, the role of regulation as a governing practice of informal economies and the main ways of how street vending is managed in Latin American cities are analyzed. Second, contextualization of the historical evolution of law-making and its enforcement for managing street vending in Gamarra is provided. Then, the research design and methods are presented, followed by a detailed analysis

of the specific metropolitan and district regulation of street vending under a timeframe between the years 1985 and 2019. The succeeding section discusses how regulation is employed by local governments for the management of street vending. It also delves into the main factors that influence and contribute to 'maintenance' as a way of regulating the phenomenon studied. The last section is dedicated to concluding remarks.

Regulation and the management of informal street vending

The purpose of this paper is not aimed at discussing the understanding of informality as a consequence of the absence of state or state over-regulation, nor it is aimed at configuring a new conceptualization of this phenomenon in urban contexts. It will therefore take for granted that academic research on informality tends to take the state as a pre-existing factor for certain economies that operate outside the law. This concerns, for instance, that informal economy is often defined as “income-generating activities operating outside the regulatory framework of the state” (Meagher, 2013: 2). On the contrary, departing from a critical urban research perspective this section focuses on the governing practices of informal economies by understanding it as a production of the state, denying the state incapacity in the creation of urban informality (Yiftachel, 2009). In this regard, Roy's argument about state capacity to formalize and informalize economic actors is key to “determine what is informal and what is not, and to determine which forms of informality will thrive and which will disappear” (Roy, 2005: 149). Thus, the state has the power to develop a “system of deregulation” that fundamentally becomes a “mode of regulation”, also understood as “calculated” informality (Roy, 2009; Varley, 2013).

From this perspective, governing practices are not linear and are prone to shifts depending on the political and economic interests of the stakeholders (Graaff, 2015; Haid, 2017; Roy, 2005). The exploration of this situation has been mainly addressed in academic research focused on street vending and informal housing (Huang et al., 2018; Roy, 2005; Devlin, 2018; Wu et al., 2013; Xue & Huang, 2015). In particular, the role of regulation for governing street vending takes on

special relevance for the argument of this paper. In cities of the Global South, most studies have emphasized a changing pattern in both, regulation development and enforcement (Bhowmik & Saha, 2012; Donovan, 2008; Fairbanks, 2011; Martínez et al., 2017). This has led to the characterization of such a relationship as a cyclical process where it is possible to identify periods of extreme tolerance, as well as zero-tolerance periods mainly sustained in urban and territorial reordering policies (Crossa, 2018; Le Galès & Ugalde, 2018; S. Roever, 2012). For instance, studies in cities like Mumbai (Anjaria, 2006), Cali (Martínez et al., 2017), Quito, and Guayaquil (Swanson, 2007), and Cusco (Mackie et al., 2014), provide an extensive and acute analysis of the mentioned trends of an alternation.

According to Tucker and Devlin, in Latin American cities where public spaces are a "key site of work", local governments manage street vendors through negotiability, forbearance, and privatization (Tucker & Devlin, 2019: 463). About negotiability, the use of urban spaces is the variable at stake between public authorities and street vendors, determining its use as the root of a negotiation process. For Tucker, it is the consequence of a governance practice where there is contingent enforcement of the law, which can be understood as "regulation by ambiguity" (Tucker, 2017). This situation usually occurs in scenarios where the concessions granted by specific regulatory frameworks oriented to manage street vendors, place them into a category on the edge of illegality. That is, under formalization processes where street vendors obtain and maintain a regularized status through the payment of a tax for the use of public spaces as the only legal barrier to let them work.

Forbearance in law enforcement, centers on the electoral usefulness of street vendors, either as part of a political campaign or as part of the overall voting population. It explains the subjacent reasons why public authorities might intentionally allow informal trade when assessing the electoral costs of law enforcement (Ronconi, 2012). In this regard, law enforcement can affect the political support from sectors of the population that might be demographically significant during an electoral campaign (Holland, 2015). Under this electoral

logic, politicians are prone to intentionally exercise different degrees of law enforcement, to benefit their current and future voters. Also, this perspective exposes a negative relationship between poverty and enforcement at the local level, since higher degrees of poverty affect enforcement by municipal officials. In short, forbearance towards street vendors implies lower degrees of law enforcement to gain and maintain political support (Amengual, 2016).

The privatization of public spaces serves to discourage street vending and attract private investment as part of planning policies (Crossa, 2016). Indeed, regulation is aimed at displacing and restricting street vending to specific areas that do not affect the idealized urban image. This situation materializes the cultural turn in Latin American cities that emerged from the adoption of neoliberal reforms that followed the debt crisis of the 1980s. For instance, several studies in the region sustain the fact that due to such reforms the reduction of state apparatus led to the privatization of public services (Klaufus & Jaffe, 2015), and a new configuration for the management of public spaces (Graaff, 2015). Thus, when subjected to the market dynamics, public authorities tend to prioritize gentrification and to neglect urban poverty (Del Casino & Jocoy, 2008), such as individuals that live from informal trade on the streets.

These three ways of managing street vending in Latin American cities emphasize different objectives pursued by public officials when developing and enforcing the law; however, they are not incompatible and show how state power also embodies unpredictability and rule-breaking. For instance, according to Tucker and Devlin (2019), the management of informal street vendors is rooted in uncertainty as a mode of governing. To be feasible, there are two sources of uncertainty identified: "complex, contradictory laws, on the one hand, and the discretionary powers claimed by frontline state officials at the moment of enforcement, on the other" (Tucker and Devlin, 2019: 461). This approach is particularly appealing concerning research on the management of informal economies in urban studies for several reasons.

From dualistic (Hart, 1973) and structuralist analysis (Castells & Portes, 1989), to legalists (De Soto, 1989) and voluntarists (Maloney, 2004), research on informal street vending in Peru has been mainly addressed from a political-economic point of view. Among these, De Soto's research on informal street vending in the capital of Peru stands out as one of the most influential. From his perspective, the imaginary of informality implies a contentious alliance amid supply, demand and the regulatory framework in the market (Chen, 2007). Thus, the arising of the informal street vending is liaised to governance failures captured in regulations enacted by the public sector (De Soto, 1989). Namely, the legal framework bounds the economic growth of incipient economies, bringing into debate the tangible meaning of illegality in a scenario that positions it in the causal relationship between formality and informality. For Ghersi, this debate is founded on the recognition of the means and ends of the informal and formal sector, taking into account that both pursue the same ends but through different means, the ones that because of the institutional framework collide with illegality (Ghersi, 1997).

Under these considerations, an economic transaction becomes informal when the public regulation is transgressed without harming the social structure. In this way, it is assumed that the cost of formality is the key factor to understand the incidence of informal economies in urban areas (De Soto, 2001). This fact does not necessarily imply the inexistence of a regulatory framework, but regulatory gaps that allow government officials to take advantage of their power. For instance, the research of Bromley (2000) in Peru highlights the impact that planning policies tangentially have on informal traders of the city center, while Roever (2005) delves into how municipal officials develop informal practices for governing street vending. Despite the emphasis put on the role played by state actors in building the informal identity of street vendors, studies of the Peruvian case have been unable to establish a precise and concrete linkage between regulation and the management of informal street vending in the field of urban studies.

Conversely, this paper presents empirical evidence of a real and sound case in the capital city of the country, unveiling the key role that the specific regulation of informal street vending plays in its management, and features of the law-making and its enforcement that favors the prevalence of street vendors in public spaces. In this sense, the paper contributes to theoretical debates on the management of informal street vending in the domain of urban studies by testing hypotheses formulated about both regulation development and enforcement.

The context

Since the 1950s, the relevance of street trade was acknowledged by several local governments in the city of Lima¹ as an effective economic developmental mechanism (INEI, 2017). For instance, Agustín Gamarra street in the district of La Victoria was the location for one of those street bazaars that were forged by migrants who sought to satisfy the demand for low-cost clothing of the new inhabitants of Lima (Ponce Monteza, 1994). The particular case of Gamarra is especially relevant since it managed to become in a short period one of the most important street markets in the capital city. This was reflected at the policy level, when in 1972 a new zoning plan was implemented at the local level, allowing the construction and functioning of commercial galleries on this street. This was the turning point for the commercial dynamics of Gamarra, considering that it was previously conceived for residential purposes, projected to houses and small multi-family buildings, where it was only possible to carry out commercial activities on a smaller scale (INEI, 2017).

As a consequence, during the 80s and 90s street vendors took possession and control of public spaces in the textile cluster. Two important facts marked both decades: an exponential growth of the internal migration to the capital city and the transition to a neoliberal economic model. Regarding the migration, it was

¹ At the administrative level, the Lima metropolitan area is distributed over 50 districts, made up of the urban center of the provinces of Lima and Callao. This being the most extensive and populated metropolitan area in Peru. In fact, Lima is one of the cities with the largest population in Latin America, with more than 12 million inhabitants (INEI 2019), which represents approximately 32% of the country's population.

mainly propelled by an internal civil war and economic stagnation. As a result, since the entire commercial movement of the textile industry started on Gamarra street, the name of Gamarra was employed by local authorities and city dwellers to refer to the set of streets that comprehended the textile cluster in the district of La Victoria. Moreover, during this period it was already possible to notice a relationship of complementarity between street vendors and business owners within commercial galleries, which turned more visible with the years configuring a path dependence relationship. Before the implementation of the new zoning plan, houses on this street comply with a dual function, being used as warehouses, garment workshops, as well as housing (Ponce Monteza, 1994). Once the new zoning plan was implemented, the streets maintained the same commercial function for selling garments. In other words, the streets became the marketplace by prevalence, where contact between producers and consumers was ensured. At this stage, the zoning change was not accompanied by public space management policy-oriented to controlling street trade in the area. Mainly because street trade was not considered a problem for the area, on the contrary, it was positioned as the key driver for economic development in the district.

However, it was not until the early 1990s that the country's transition towards a neoliberal economic model impacted local policies for the management of public spaces. The structural reforms that led to the reduction of the state apparatus, through the privatization of public companies, affected urban commercial dynamics (Klaufus & Jaffe, 2015) and Gamarra was no exception. The purpose of the neoliberal program was to lay the foundations for a new pattern of growth and capital accumulation (Jiménez, 2010). In this context, fiscal discipline was one of the key tools to sustain the functioning of the government apparatus (*ibid*). The mechanisms that served as the basis for sustaining such discipline was property rights, which in turn became the axis of the debate about informal economies in urban areas (De Soto, 1989). At the local level, this implied greater empowerment of the municipalities in the control of the businesses that operated in their districts. For instance, in Gamarra the implementation of policies to control public spaces through processes of formalization mainly

focused on street vending. This meant a turning point in the policy strategy towards managing informal economies, where street vending became the representation of labor informality in the district.

By 1999, the area was plagued by street vendors, illegal textile workshops, in addition to a high rate of criminal activity (Sulmont, 1999). All this, under the patronage of an inefficient and corrupt local government characterized by the absence of taxpayer records, commercial licenses, and district cadastral plans (ibid). With new authorities in charge, in January 1999 a municipal ordinance was issued, setting the path for the process of formalization of informal street vending in the district (Municipalidad Distrital de La Victoria, 1999b). Also, the denomination 'Dameró de Gamarra'² was established, referring to the set of streets that made up the textile cluster. As a result, on March 15, 1999, almost 6 thousand informal street vendors were evicted from the 'Dameró de Gamarra'. Subsequently, a complementary municipal ordinance was issued to regulate the new uses of public spaces, the prohibition of informal street vending, and the promotion of textile production in the productive cluster (Municipalidad Distrital de La Victoria, 1999c).

Since this first major eviction to date, regulation has taken an essential role in managing street vending in the textile cluster. Within the following 20 years, to be precise by 2019, it was possible to identify an average of twelve regulatory mechanisms associated with the management of street vending at both national and district levels. Therefrom, more than 60% were developed and implemented by the district municipality of La Victoria. It can be noticed that during these two decades, both the regulation development and its enforcement show the ambivalent trends indicated in the literature on street vending management in Latin American cities (Crossa, 2016; Le Galès & Ugalde, 2018; Mackie et al., 2014). In this context, the incidence of street vendors in the area always pointed to the upside, something that was pursued by most municipal governments, not only because street trade was embedded in the urban economic structures of

² The literal translation to English would be 'checkerboard of Gamarra'.

Gamarra, but also because of the capacity of government officials to profit from informal economic activities (C.A.N., councilor of the municipality of La Victoria from 2008 to 2018, personal communication, August 3, 2018).

Research design and methods

Different qualitative data collection techniques were applied following a methodological design based on a single case study approach (Flyvbjerg, 2006; Yin, 2014). After eighteen months of fieldwork that started in January 2018, 60 semi-structured interviews in Spanish were conducted, based on a stakeholder analysis that allowed to classify interviewees in two large groups. The first group of 30 interviewees was composed of former municipality officials and law enforcement agents. And the second group was composed of 30 commercial inhabitants (15 formal business owners and 15 street vendors located in the 4 most agglomerated streets of the textile cluster). The need of including both former municipality officials and former street vendors in the methodological design was an important factor, due to the timeframe identified. This made it possible to contrast the information processed from the interviews with the data gathered from a total of 12 regulatory mechanisms enacted at the national, metropolitan, and district levels for the control of street vending. Thus, the triangulation of different data sources was applied to enhance the validity of the findings (Lambert & Loiselle, 2008) and the understanding of the phenomenon studied (Patton, 2002).

Regulating informal street vending in Gamarra

Metropolitan regulation

Lima metropolitan area is distributed over 50 districts, each administered by a municipal government. According to the municipal law, there are certain competencies of these local governments that need to consider the guidelines issued by the Metropolitan Municipality of Lima (Congreso de la República, 2003). This is due to a special regime that grants the Metropolitan Municipality

jurisdiction at local and regional levels, which allows it to approve metropolitan plans and programs in territorial, urban planning, and commerce. Thus, the origin of street vending regulation in Gamarra comes from a metropolitan legal framework, on which the district municipality can legislate on certain issues. In April 1985 the Metropolitan Municipality issued the first regulation regarding street vending in the city of Lima. In this metropolitan law the definitions of street trade, street vendors, authorized areas for street trade, prohibited areas, and even the creation of the municipal assistance fund for street vendors were established (Municipalidad de Lima Metropolitana, 1985). Likewise, a licensing regime was set and the responsibility was given to the district municipalities where the commercial activity was carried out. This determined the use of public spaces for street vending as part of an urban policy-oriented to promote local economic development without building a discourse on informality. This novel regulation treated street vending as a temporary economic activity capable to ensure the livelihood of the inhabitants of the city (see table 1).

Table 1. Definitions established in the Municipal Ordinance No. 002-85 /
MLM

Street vending	The economic activity takes place in fairgrounds or regulated areas on public spaces and on a small scale.
Street vendor	A worker whose capital does not exceed 2 tax units (UIT) ³ per year, which lacks labor ties with his or her suppliers, and who exercises street vending individually, directly, and on a small scale.
Authorized areas for street trade	Closed or open places expressly authorized by the Municipalities temporarily, to exercise street vending. They can be of two types: 1. Fairgrounds, are areas specially equipped by the Municipalities for the exercise of street trade. These must have the essential public services for their proper functioning.

³ The Tax Unit (UIT) is the national currency value established by the state to determine taxes, infractions, fines and other tax aspects (www.gob.pe).

	2. Regulated areas, are specific areas in public spaces in which the Municipalities have authorized the exercise of street trade.
Prohibited areas	Public spaces in which, for reasons of urban planning, the Municipalities do not authorize street trade.
Municipal assistance fund for street vendors	Public funds are constituted by each Municipality to provide social assistance to the street vendor and develop productive or commercial projects to promote and redirect street trade.

Source: Municipal Ordinance No. 002-85 / MLM.

In 2014 and 2016 the metropolitan government updated the 1985 regulation (Municipalidad Metropolitana de Lima, 2014, 2016). The most important regulatory shift was the treatment that should be given to street vendors in public spaces in the city of Lima. Since in addition to having as its primary objective to regulate the procedure for obtaining temporary authorizations for street trade, Article 2 establishes as a purpose “... to promote mechanisms of economic development of street trade and formalization of vendors in establishments, through concerted programs” (p. 1). That is, the informal character is added to the definition of a street vendor and with this implicitly they can fall within the definition of “unregulated street vendor.”

Local regulation

After almost 15 years of the issuance of the metropolitan regulation on-street trade, the prevalence of street vending in the urban economic structures of Gamarra was noticeable. Streets were plagued by vendors that fulfilled the role of distributors of garments produced in illegal textile workshops, under a hostile social and political context (Sulmont, 1999). High rates of criminal activity, complemented by periods of inefficient and corrupt local governments, characterized Gamarra as a misgoverned urban area (ibid). In this scenario, a new municipal government sought to regain control in the area, identifying street trade as the root of the problem, but with an additional component in its

conceptualization, which is informality. Thus, in 1999 the municipal government issued the first legal framework that incorporates the informality variable into the definition of street trade (Municipalidad Distrital de La Victoria, 1999c). This allowed local authorities not only to deal with what Schneider and Enste conceptualize as a legal economic activity that generates added value through a monetary exchange but that does not pay taxes or is not licensed by the municipality (2002). But also, allowed to reduce the chance of ambivalent interpretations for the management of public spaces. As a result, during that same year, two regulatory mechanisms were issued, for the “new uses of public spaces, the prohibition of informal street trade and the promotion of textile production in the productive cluster” and the creation of the “Dameró de Gamarra” (Municipalidad Distrital de La Victoria, 1999b, 1999a). Particularly what was sought with both regulatory mechanisms was the prohibition of street trade in public spaces as well as a new zoning plan for Gamarra. On March 15th, 1999, the implementation of this regulation meant the eviction of street vendors from the “Dameró de Gamarra”.

A year later, at the national level, the Peruvian government began a decentralization process that sought to empower subnational governments by transferring functions and resources. As part of this process in 2003, the Organic Law of Municipalities Law was issued. This national legal framework reaffirmed the municipal responsibility for organizing, regulating, controlling, and suspending street trade in public spaces. In this case, the policy objective was to provide the legal support needed by local municipalities to exercise real control over their jurisdictions. Based on this regulatory framework, in 2008, the municipality of La Victoria issued a regulatory mechanism allowing street trade in certain situations but maintaining the informal status of street vendors (Municipalidad Distrital de La Victoria, 2008). Specifically, the regulation issued amended an article of the one issued in 1993, establishing that “the Municipality may, as it chooses, authorize the operation or sign lease, concession or similar contracts for the installation of modules of goods, services, entertainment, and food in public areas, under the locations and conditions approved by Municipal Decree” (see table 2).

Table 2. Definitions added in Article 4 of Municipal Ordinance No. 044-08 / MDLV

Street vending	Temporary economic activity, which is carried out by street vendors in regulated public areas, whose capital does not exceed 2 annual Tax Units, and lacks a working relationship with their suppliers, in addition to being their only income source.
Regulated street vendor	Natural person of legal age, registered in the District Municipality. This condition will allow the start and renewal of the temporary municipal authorization for the development of commercial activities in public spaces, before compliance with the requirements established in the ordinance.
Authorized street vendor	A regulated street vendor who has a valid municipal authorization, to dedicate himself individually, directly, exceptionally, and temporarily to the exercise of an authorized business, in a specific and regulated location of the public space.
Unregulated street vendor	Natural person or economic organization that is not registered in the municipality and is developing a commercial activity in an itinerant way, generally walking through public spaces or that has a module, without authorization.

Source: Article 4 - Municipal Ordinance No. 044-08 / MDLV.

These new definitions about the informality of street vending were maintained by the municipal government until 2018. Since 2015 a 'tax regime for the public cleaning services, parks, gardens and municipal police' was introduced and applicable to informal street vendors (Municipalidad Distrital de La Victoria, 2015a, 2015b, 2016, 2017, 2018). As a consequence, the management of street vendors implies the collection of a daily fee for the 'solid waste collection service'. Finally, in 2019, under a local policy oriented to the recovery and reordering of public spaces, a new municipal government prohibits street

vending, tagging it as an illegal economic activity in the streets of Gamarra (Municipalidad Distrital de La Victoria, 2019c, 2019b).

Discussion: Maintenance as a way of managing informal street vending in urban areas

When analyzing metropolitan and district regulation it is possible to identify two differentiated stages in the management of street vending. The first stage between 1985 and 1998, where street vending was conceived in the regulation as the engine for local economic development. This by being considered an economic activity capable of ensuring the livelihood of city inhabitants and boosting trade in the area. And a second stage, between 1999 and 2018, where street vending was defined as an informal economic activity, not necessarily prohibited but that needs to be formalized. In both stages, the way of managing street vending by local authorities is consistent with what academic research has shown in several Latin American cities. Then, uncertainty in law development and enforcement is also present.

What emerges from the study of Gamarra is that ‘maintenance’, as well as negotiation, forbearance, and privatization is also a way of managing street vending in urban areas. This occurs when crime and socioeconomic dependence contribute to the production of regulatory frameworks that embody a system of deregulation itself.

Crime

Commercial dynamics in Gamarra that involve street vending have been constantly related to the existence of criminal organizations (M.C.C., a police officer working in the Police Station of La Victoria since 2014, personal communication, 12 May 2019). During the years 1985 and 1999, the incidence of these organizations did not transcend the political sphere, so it remained at the street level. That is, no networks were woven with local political authorities, on the contrary, in line with what the literature indicates, forbearance towards street vending was the main characteristic (Jennifer Lee Tucker & Devlin, 2019).

At this stage, the evolutive pattern towards organized crime for the control of public spaces was almost a fact (M.R., former public officer from the municipality of La Victoria from 1995 to 1998, personal communication, July 15, 2019). Initially, there were independent "collectors" who looked after the street in exchange for a fee. Their progression towards the conformation of criminal organizations responds to the diversification of services that they could provide as well as the best amount of area that they had to control (C.P., former police officer working in the Police Station of La Victoria in 1999, personal communication, 12 October 2019). For instance, the reference to 'the streets have a name' was used by street vendors as a way to organize themselves and to be able to determine, even, the functioning costs related to the trade of their products. This, since depending on the owner of the street, the fee to pay for space was variable (J.Q., a street vendor in Gamarra since 2014, personal communication, July 23, 2018).

During this initial period, criminal organizations that controlled the streets managed to position themselves as those in charge of distributing them, as well as those in charge of protecting the commercial inhabitants of the textile cluster. This situation was emphasized by one of the leaders of Gamarra's formal business owners: "I have been working in Gamarra for more than 40 years. Since my family and I started as street vendors, quotas were charged to be able to work on streets ... once we left the streets, the relationship we had with the collectors (members of the criminal organization) was not lost, on the contrary, now they also charge for taking care of formal business" (personal communication, August 12, 2019).

The transition to the second regulatory stage meant, in addition to the end of political tolerance towards street vending, also a turning point in the behavior of criminal organizations for the control of public spaces. This took place gradually through the construction of networks with public officials from the local government. Initially, attention was placed on law enforcement agents who, faced with a regulation that banned street vending, tended to negotiate with 'street owners' the renting of public spaces (R.M.O, a public officer from the

municipality of La Victoria from 2014 to 2018, personal communication, August 15, 2019). Specifically, "street owners" were embedded in the value chain associated with the distribution of public spaces for commercial activities, thus acting as intermediaries between law enforcement agents and street vendors. For instance, most of the evictions took place on those street vendors who did not build a relationship or refused to negotiate with the owners of the streets. As this scheme became a profitable business, it did not take long to become a source of financing for political campaigns whose campaign slogan was the protection of street vendors and the democratization of the use of public spaces. (L.P., a street vendor in Gamarra since 1995, personal communication, July 03, 2018). Consequently, networks were extended, reaching higher levels of government, from municipal managers to councilors, to finally end up involving the mayor of the district as the political wing of the criminal organization (Confidential Judicial Report). This allowed what began as a street-level negotiation, to end up being reflected in a specific regulatory framework that gave street vending the status of informal economic activity.

Investigations by the attorney general's office ended up revealing that the legal basis for renting public spaces was based on conflicting normative criteria (Confidential Judicial Report). This investigation emphasized how the use of regulatory mechanisms became the main tool for criminal organizations to profit from the control of the streets. Likewise, this situation caught the attention of the main media in the country, revealing a series of reports that argued the existence of a mafia type organization in charge of the governance of the streets of Gamarra (El Comercio, 2018). (V. Tokman, 2003)

Socioeconomic dependence

In both stages, the regulation of street vending helped to position it within the distribution channels of the textile industry in Gamarra. The proximity of street vendors to the final consumers facilitated the distribution and diversification of the garments produced. The distribution channels where street vendors participated were both direct and indirect (M.R., representative of street vendors in Gamarra since 2002, personal communication, June 23, 2018). When they

functioned as a direct distribution channel, street vendors were even supported by formal companies. In this case, they acted as the informal commercial arm of the formal sector (ibid). There were two reasons why formal companies used informal distribution channels (J.L.V., a public officer from the economic development office from the Municipality of La Victoria from 2014 to 2018, personal communication, 13 March 2019). The first one is the cash-flow provided by direct sales without paying sales taxes, in addition to the possibility of selling products that are out of season. The second reason is the competitive advantage of using an additional distribution channel endorsed by the municipality. In turn, there was also the case of informal producers who dispatched their products through street vending. The latter for them was a win-win situation, since tax evasion was present in both the production and distribution chain, allowing them to offer products at a lower price. Meanwhile, when street vendors were part of indirect distribution channels, they fulfilled the role of intermediaries supplied by both formal and informal producers. Regardless of the supplier, tax evasion was also present when acquiring the products to be offered on the streets (L.M.T., a public officer from the urban development office from the Municipality of La Victoria from 2014 to 2018, personal communication, 22 September 2019).

The existence of commercial liaisons between formal and informal commercial inhabitants ended up affecting the transition process towards formality that had been institutionalized in Gamarra. Before being regulated, street vending was configured as a stage in the business development process of the textile entrepreneur (M.F.H., a public officer from the urban development office from the Municipality of La Victoria from 2008 to 2012, personal communication, 24 August 2019). A fact that was linked to the agency capacity of the migrants who began their commercial participation in Gamarra as street vendors in a hostile urban environment under a neoliberal economic system. In this context, street vendors became part of the urban discourse that characterized the migrant as an entrepreneur, who sought to legitimize his informal behavior as a form of liberation that generates wealth (ibid). This role of the migrant population became plausible in the economic revitalization of the city, the rapid

urbanization, and the decrease in unemployment (Matos Mar, 1986). Thus, in Gamarra street vendors are conceived as self-employed individuals who, by generating their source of income in a competitive market, reproduce the capitalist dream of setting up their own company. For instance, in the formation of the textile cluster it is possible to find many success stories of street vendors who managed to forge a profitable business as formal entrepreneurs, currently owning commercial galleries and textile corporations (D.A., representative of former business owners in Gamarra since 2003, personal communication, 27 August 2019). However, once street vending was regulated, it went from being a stage of the traditional formalization process to becoming an additional commercialization channel.

Given these facts, the new economic role of street vending endorsed by local governments through regulation allowed the consolidation of old and new commercial alliances in Gamarra. Many street vendor's families who managed to achieve formality did not renounce informality on the streets, so they forged commercial networks between the two ways of 'doing businesses' (J.C.R., a formal business owner in Gamarra since 1995, personal communication, 17 March 2019). When walking on the streets of Gamarra, it was possible to notice street vendors who used the paved ways not just to sell their products but also to 'pull' customers. Therefore, given the demand for more products from potential customers, street vendors had a formal store where it was possible to find a greater diversity of products. In case of lack of products, they established commercial links with other stores to be able to commission for this concept. From these networks, others with different nuances were formed. In this way, new types of jobs that depended commercially on street vending emerged. This meant greater resistance from street vendors to policy attempts oriented to ban their commercial activities, at the same time that strengthened the socioeconomic ties in the area.

The creation of a system of deregulation through regulation

The production of specific regulatory frameworks oriented to maintain and spread informal street vending in Gamarra ended up turning it into a "gray area"

(Allum et al., 2019; Mete & Sciarrone, 2017). In this scenario, of deregulation through regulation, three are the pillars identified over which such spatial governance of Gamarra is sustained.

First, over-regulation. Before 1985, street vending appeared tangentially in municipal legislation within local economic development initiatives. Then, as it was treated as a policy subject, the regulation of street vending was affected by the political interests of the different municipal governments. This fact became visible in 1999 when the informal status was institutionalized as a point of reference from which street vending needs to be managed. In this regard, given that in municipal legislation the conceptualization of informality there is a temporariness component, municipal governments took advantage of it for pursuing specific political and economic objectives. In other words, the discretion to legislate on the matter was consistent with the temporality of the municipal government itself (J.L.V., a public officer from the economic development office from the Municipality of La Victoria from 2014 to 2018, personal communication, 13 March 2019). In this manner, uncertainty present in the large number of specific regulations issued in the last 20 years shows that the management of street vending in Gamarra was always legitimized through legal tools.

Second, free market. Gamarra's commercial dynamics were not alien to the neoliberal economic transition that took place in the 1990s in the country. In a free market, "allowing the commercialization of legal goods is not questionable under any point of view" (M.F.H., a public officer from the urban development office from the Municipality of La Victoria from 2008 to 2012, personal communication, 24 August 2019). It is not surprising that due to the commercial opening, the Gamarra labor market has been affected. This was reflected in the regulation of street vending, always being oriented to economic development at the cost of maintaining its presence in public spaces. For Mario, a resident of the area, "mayors have always thrown the ball between them when it comes to managing street vendors ... mayors know that people have the right to work and earn money without hurting anyone." As a result, most municipal governments

sought to implement urban policies that at the same time promoted and controlled the presence of street vendors. Specifically, under this premise, local authorities sought to maintain the commercial dynamics that allowed the expansion of the textile cluster, as well as managing the use of public spaces. The strategy was quite clear and policies pointed out to facilitate the formalization of street vendors while managing the use of public spaces. The underlying objectives of this strategy were to secure trade flows and municipal revenues, as well as to recover the 'principle of authority' (M.G.L., representative of formal business owners in Gamarra since 1994, personal communication, 25 July 2019). This latter was key for the residents of the district to regain confidence in their local authorities.

Third, the economic unsustainability of banning street vending. In Gamarra, informal street vendors enjoyed the security provided by regulation, but at the same time, they were prone to regulatory shifts that may make them being evicted. A possibility that had already been materialized on several occasions, but which could never be sustained in the short term, since the repeated unsuccessful attempts to formalize Gamarra ended up being economically unsustainable. This is also the result of two factors inherent to the economic development of the textile cluster. The first one was the commercial networks between street vendors, formal business owners, and garments consumers. For instance, the last eviction of street vendors carried out in early 2019, resulted in the recovery of public spaces, but under significant economic losses. In this regard, it is estimated that after the eviction, the textile cluster did not recover its usual commercial flows, estimating a drop in sales of 30% (Ramírez, 2019). This, due to the decrease in consumption and the fact that for formal entrepreneurs, street vendors represented wholesale sales. Therefore, their eviction has also affected the earnings of Gamarra as a whole. The second factor is related to municipal revenues, since the lower the sales, the lower is the tax collection. This is a district where most revenues come from Gamarra.

In this way, a system of deregulation through regulation became a solution and a problem for the governance of street vending in Gamarra. A solution in the

sense that it allowed to maintain and enhance local economic development and a problem in the sense that instead of creating incentives to achieve formalization, turned into a tool for deviance. This sustains the hypothesis and explains how the regulation of informal street vending can be employed by local authorities to create a comfort zone for street vending without losing legitimacy (Judicial report).

Concluding remarks: recognizing the role of regulation in the management of informal street vending

Law-making and enforcement have been usually tied to the management of informal street vending in studies from cities of the Global South. For instance, recent studies focused on Latin American metropolises indicate that local governments, under consistent urban policies, tend to manage street vending in three ways: negotiability (Tucker, 2017), forbearance (Holland, 2015), and privatization (Crossa, 2016). In this regard, Tucker and Devlin (2019) argue that, despite the differences between these ways of managing informal street vending, uncertainty is a common characteristic when developing and enforcing the law. With this in mind, the present paper studies the case of informal street vending in Gamarra, Peru, to bring to light a different perspective of how this urban phenomenon is managed by local governments. The importance of doing so falls in the need for more empirical studies about the management of informal economies through the production and maintenance of a system of deregulation through legal means. In particular, the Gamarra case allows us to identify key factors that feed uncertainty in law-making and enforcement, exposes which are the pillars in which local governments sustain their regulatory frameworks, and incorporates 'maintenance' into academic debates on informal street vending as a way of managing it.

Overall, the analysis of street vending in Gamarra shows that crime and socioeconomic dependence are major factors that contribute to the

development of regulatory frameworks characterized by incorporating conflictive normative criteria and discretionally in law enforcement. This is, for instance, the case of the conceptualization of informality in the regulation, which granted legality to an economic activity that in itself is supposed to function at the margins of the law. At the same time, the findings indicate a positive relationship between regulatory frameworks influenced by the mentioned factors and the prevalence and maintenance of informal street vendors. To be generalized, this hypothesis demands further research in different contexts, not necessarily based on a single case study. Nonetheless, this does not detract from the significance of the findings made in the present case studied (Flyvbjerg, 2006). Indeed, we want to stress the pillars that make maintenance a way to manage informal street vending.

The first pillar is over-regulation, which is a direct consequence of the discretionality with which the phenomenon in question is legislated. This is closely related to the temporary nature of both informal economic activity and the municipal government in power. In this way, the management of street vending was treated by municipal governments as a short-term issue, where political and economic interests are the ones that set the policy agenda. The second pillar is the free market, specifically concerning the application of the neoliberal program of the Washington Consensus since the '90s. This implied the impact that the commercial opening of the country and the consequent elimination of the state's economic intervention in the market had on the commercial dynamics of the textile cluster. Finally, a third pillar is an economic unsustainability of banning street vending, which is associated with two factors: commercial networks and municipal revenues. On the one hand, the existence of commercial networks between the formal and informal sectors, sustained by a constant demand for the products offered, means that any attempt to ban street vending has a direct impact on the economic growth of Gamarra as a whole. On the other hand, the economic relevance of street vending is also reflected in municipal income from taxes.

PAPER 2

The 'legalized' extortion of informal street vendors at Lima's Gamarra market, Peru

Abstract

The paper develops the concept of 'legalized extortion' to understand the expansion of the state's fiscal capacity towards informal street vending. It presents an in-deep analysis of the case of the textile cluster of Gamarra (Lima, Peru), where the local government chose to profit from informal street vending by providing them labor security. The study reveals the construction of a state-led governance regime based on taxation and extortion. It delves into the co-governance arrangements, extra-legal practices and looks into the structural factors that sustain such governance regimes. In this sense, the study contributes to theoretical debates about the governance of informal economies in Latin American cities, by providing evidence about how the state's fiscal capacity is employed for governing informal street vending.

Keywords

informality, street vending, extra-legality, governance

Introduction: The governance of informal street vending at Lima's Gamarra market

Addressing the problem of the informal economy in Peru is to unravel the livelihoods of more than 70% of the economically active population (EAP) of the country. Especially since this situation puts in the eye of the storm not only the insecurity of the Peruvian labor market but also the basis of the sustained economic growth of the country in the last 20 years. It should be noted that the Peruvian economy has been characterized by having significant periods of economic growth (between 4 and 5% per year), which has positioned it as one of the most dynamic countries in Latin America.

In this scenario, among the different nuances that informal workers might take, street vending managed to consolidate itself as one of the main manifestations of labor precariousness in the city of Lima, Peru. Nowadays, it is possible to find throughout Lima metropolitan area different urban spaces used by street vendors as selling points. Among them, the textile cluster of Gamarra has gained great significance, due to its impact at the economic, political, and social level, both locally and nationally. At the economic level, this cluster concentrates the largest number of commercial transactions linked to the country's textile industry, which becomes plausible on the generation of jobs. Specifically, by 2019 Gamarra had a workforce of more than 71 thousand people (INEI, 2017). On the other hand, being geographically located less than 3 km from the center of the country's capital, Gamarra's political agenda has been influenced by the political interests of the metropolitan government and even the national government (El Comercio, 2018). Furthermore, at the social level, one of the main characteristics of Gamarra's population is related to its migrant origins, being considered an example of entrepreneurship for the country's capital population.

Faced with these facts, the governance of informal street vending turned to be a policy issue for most local governments during the last 30 years. Among the most salient state-led strategies developed to govern this economic activity are formalization policies. However, the political and economic interests of the power groups behind its implementation ended up making them fail (R.M.O, a public officer from the municipality of La Victoria from 2014 to 2018, personal communication, August 15, 2019). In this sense, this paper presents a different perspective regarding the governance mechanisms employed by local governments to control informal street vending. Specifically, the concept of 'legalized' extortion is developed to answer, how the state's fiscal capacity is employed for governing informal street vending in Gamarra? This 'type' of extortion responds to the construction of a governance structure oriented to legitimately seek profit from informal street vending.

To this end, the main theoretical debates about the governance of informal economies, as well as those related to the state behaving as a racketeer are considered for building the analytical framework. Subsequently, the qualitative methodological tools used for data collection are detailed, highlighting the access to confidential judicial reports as additional documentary data sources. The succeeding section discusses how governance arrangements and extra-legal practices are employed by local governments to rent-seek from informal street vending. It also presents three structural factors on which the legitimacy of state-led racketeering is sustained.

Recognizing the state's fiscal capacity in the governance of informality in the city

Dominant scholarly debates on informality have attempted to recognize its existence and expansion across economic, spatial, and political domains (De Soto, 1989; Hart, 1973; Maloney, 2004; Roy, 2005; Tokman, 2007). For instance, labor markets, over-regulation or housing, are recurrent issues liaised to the study of this phenomenon (Chen, 2007). However, despite academic research has crossed the boundaries of multidisciplinary, informality is often analyzed and discussed in a reductionist manner (Hernández et al., 2009). The purpose of this paper is aimed at approaching informality from a cross-cutting dimension. Particularly, this concerns acknowledging the state's fiscal capacity in the governance of informal labor markets in urban areas. In this sense, the reasoning followed throughout this paper demands to assume that informal economic activities are not ungoverned (Centeno & Portes, 2006; Ogando et al., 2017) nor disassociated from the existence of a legitimate state and non-state institutional arrangements (Titeca & Flynn, 2014).

The state's fiscal capacity has been often liaised to the control of the means of violence to govern. However, most academic research on informal street vending only refers to the legitimate use of violence to explain the principal-

agent relationship that emerges from enforcing the law. (Banks et al., 2020; Crossa, 2016; Goldstein, 1997; Graaff, 2015; Le Galès & Ugalde, 2018; Jennifer L. Tucker, 2017). In this regard, since violence is commonly used by the state in strategic ways to access resources (Justino, 2018), such a relationship exposes the fact that, when subjected to the free-market dynamics, states are in the capacity to mobilize resources by establishing a taxation system (North, 1991). Thus, whether in terms of the fiscal state of Schumpeter (1918) or the conceptualization of the fiscal-military state coined by Brewer (1989), the fiscal capacity of the state determines its political-economic bond with the governed social structures. Despite this being the state's main tool to intervene in the market, the fulfillment of this role often leads to the emergence of conflicts in the urban governance process and the violation of citizen rights (Harvey, 1996; Lefebvre, 1996). That is socio-spatial segregation and exclusion as part of the political building process.

According to Tilly such advent of the state's fiscal capacity, under the monopoly of the use of violence, configures a behavior that he describes as racketeering (Tilly, 1985). In light of this, the state is an organization that exercises its coercive power to control its population. Namely, as 'someone who creates a threat and then charges for its reduction. Governments' provision of protection, by this standard, often qualifies as racketeering. To the extent that the threats against which a given government protects its citizens are imaginary or are consequences of its activities, the government has organized a protection racket' (ibid, 171). Thus, states' performance exhibits an oppressive relationship of domination, where the existence of a regulatory framework is justified to provide recognition for government actions. Controlling the means of violence demands intense institutional change and enforcement of law (Olson, 1993). Therefore, violence and politics feed each other, being present in the definition of a state as argued by Tilly. Although this debate has been forged as part of the historical analysis of the conformation of modern European nation-states, it has been used as a point of departure to analyze the violent relationship between citizens and government authorities in Latin American countries (John Bailey, 2008).

Violence and coercion in state building in the Latin American region have been usually conceived as complex and multidimensional issues (Pansters, 2018). Essentially, the production of violence, including its criminal manifestations, implies continuous negotiation processes between state and non-state actors (Arias, 2006; Auyero, 2010). According to Pearce, the latter occurs because Latin American political elites tend to benefit from the possibility of building extra-legal alliances as a way of reaching their economic and political interests (Pearce, 2010). This has led to the imposition of social norms that favor informal and illegal activities, under a context characterized by neoliberal political and economic transformations (Auyero et al., 2014). In turn, the growth of this type of informal and illegal activities accounts for a new composition of actors with the ability to exercise economic and political violence over a certain population (Arias & Goldstein, 2010). For instance, Auyero employs the concepts of ‘specialists in violence’ and ‘invisible elbows’ to approach the authoritarian behavior of the state under democratic government structures (Auyero, 2011). Thus, in Latin America, the coexistence of violence and democracy becomes visible in co-governance agreements between stakeholders that impose control mechanisms over society in competition and often in complementarity with the state (Weegels, 2020).

Under these considerations, the control of the means of violence becomes a key variable to analyze the exercise of the fiscal capacity of the state in the governance of informal labor markets. Thus, the empirical evidence presented in this paper seeks to address the governance structures that sustain the extension of the state’s fiscal capacity over informal street vending in Latin American cities. A region where at least 50% of the economically active population (EAP) is part of the informal labor market (OIT, 2016).

The context

January 1st, 2019, the new mayor of La Victoria, George Forsyth, washed the district flag outside the municipal building. According to a publication on the Twitter account of the Municipality, Forsyth arrived at the building minutes before midnight on December 31st, 2018, and washed the flag as a symbolic act against corruption before taking office as district's mayor (Municipalidad Distrital de La Victoria, 2019a). A fact with which he sought to distance himself from the traditional political class that, according to public opinion, 'dedicates their time to steal money' (M.R., representative of street vendors in Gamarra since 2002, personal communication, June 23, 2018). Reaffirming in this way his commitment to a zero-tolerance campaign against corruption, "from the first day, we are going to carry out audits, we are going to open the door of the controller's office and we will ask him to investigate and convict, together with the prosecution. I will be focused on moving the district forward, but I am not going to allow any misruling inside the municipality. The first to come with acts of corruption will be decapitated (a rhetorical way of saying fired), because they are representing my government and I am not going to harm my government or my name by a corrupt person" (Redacción EC, 2019), said the elected mayor at that time. Months before, on August 3rd, 2018, the then-mayor of La Victoria, Elías Cuba Bautista, alias 'El Uno' (the one), was imprisoned as the leader of 'Los Intocables Ediles', a criminal organization that controlled the streets of the district.

Further investigations revealed that the leadership of the criminal organization was based on a shared governance structure, where the mayor co-governed with the 'financista' (investor), to obtain greater profitability from the leasing of public spaces. According to police reports, the presence of the 'financista' on the streets of the district dates back to 2012, when the first extortions were carried out by non-state actors in coordination with officials from the municipality (Ministerio Público, 2018). The search for the maintenance of such

criminal activities led to the financing of the candidacy of Elías Cuba Bautista in 2014. What the 'financista' sought through the investment in electoral campaigns, was obtaining two types of favors once his 'candidate' wins the elections: economic revenues from the leasing of public spaces and the overvaluation of public works and services. This set the tone for what would be the political agenda of the criminal organization and the human resource management inside the municipality. In this latter aspect, the *modus operandi* behind municipal doors was characterized by the appointment of members of the criminal organization as government officials, to support the law enforcement actions from the non-state members of the organization.

Although the existence of these arrangements between state and non-state actors was labeled as a great 'uncovering of corruption' by the local press, coexistence between them is not something new in research on street markets in Latin American metropolises (Dewey, 2020; Hummel, 2018). Indeed, a critical look at the labor market of this textile cluster shows that such 'great uncovering' is only the tip of the iceberg that is hidden behind its political, economic, and social dynamics. Specifically, when analyzing the factors that allowed Gamarra's economic growth since its establishment as a benchmark for the national textile industry in Peru, it is possible to find that street trade played a key role. For instance, De Soto's research on street vendors in Lima exposed the economic value of their businesses for the capital city, bringing to the political agenda the need of empowerment of informal entrepreneurs through legal recognition (De Soto, 1989). In Gamarra, this resulted in the granting of certain regulatory benefits to this type of economic activity, materialized in specific regulations that were intended to promote economic development without losing control of public spaces. For this reason, the management of street vending became an intrinsic part of the political agenda for the different local governments.

Research design and methods

The research in this paper follows a case-study approach, having as main data sources observations, semi-structured interviews, and documentary analysis. A total of 40 interviews in Spanish were conducted during 18 months, starting on January 2018, with different groups of state and non-state actors, which were composed of representatives of business associations, representatives of street vendors, street vendors, municipal officials, and state and non-state law enforcement agents. The selection of the interviewees was based on the role they played in the governance of public spaces, either as rulers or ruled. Understanding rulers as state and non-state actors that are capable of legitimately exercise violence over informal street vendors. This differentiation is key since it brings out co-governance schemes where power relations ultimately legitimize law enforcement on the streets. On the other hand, ruled belong to both formal and informal commercial inhabitants. At the same time, documentary data sources were employed to contrast the information processed from the interviews and observations. Notably, access to confidential judicial reports allowed corroborating the existence of extra-legal practices to enforce the law.

Exercising the state's fiscal capacity to govern informal street vending in Gamarra

At the beginning of 2018, the life in Gamarra can be described by divided quadrants, occupied sidewalks and people jostling everywhere. When inquiring about the agglomeration on the streets, the response was similar to formal and informal vendors, 'this is the mayor's business' (R.M.A., representative of street vendors in Gamarra since 2008, personal communication, July 3, 2018). But what specifically did they mean when referring to such business? Marco, a street vendor, went a little beyond and mentioned that "the streets have always been a place of work in Gamarra before we collaborated with the serenazgos (municipal

police) so they let us work, we collaborated with what we could... You know, in the streets it is impossible to have a fixed income and the serenazgos knew that. Now the situation is different, we have a legal fee to respect, whether you sell or not ... the good thing is that you know that if you pay it, you can work and nobody has the right to take your place” (M.R., a street vendor in Gamarra since 2002, personal communication, July 17, 2018). On the other side, for Monica, who works in a commercial gallery, “the mayor is a scoundrel, before we (the people inside the gallery) understood that people need to work and somehow we were able to handle this issue of street vendors. Today the mayor sends his thugs to collect money and they even claim to respect their job” (M.I., formal vendor in Gamarra since 2008, personal communication, August 2, 2018). This fact became vox populi even for the media that, since 2016, gave signs of the existence of a ‘mafia’ that governed the streets of Gamarra (El Comercio, 2018). Under these circumstances, a twofold legitimate way of governing informal street vendors in Gamarra was noticed: taxation and extortion. Both were employed in a complementary way and the success of one depended on the other.

Taxation

“You don’t come to Gamarra for a walk, you come to shop or to work,” says Juan, a street vendor who has been on the streets for more than ten years (J.C., street vendor in Gamarra since 2003, personal communication, 19 July 2018). For him, the streets of Gamarra are a ‘concrete jungle’, where you have to be very creative to survive because the competition is predatory. While explaining to me how his business works, he claims that he has seen many of his colleagues fail, but he has also seen many grow and manage to get off the streets. Specifically, for the commercial inhabitants of Gamarra, the streets represent a beginning and an end. On the one hand, a beginning, in the sense that this is the starting point to ‘forge your destiny, to make a name for yourself in the textile industry. Julio, a businessman belonging to that generation of entrepreneurs who saw the light’ in Gamarra, asserts that “all of us, who have commercial stands and even galleries, have started on the streets, we know what it is to make our

way in the capital as migrants” (J.C.R., a formal business owner in Gamarra since 1998, personal communication, 13 August 2018). On the other hand, these streets are also the end of life as ‘ambulante’ (street vendor), to evolve as entrepreneurs.

In this scenario, the achievement of legal status is what ultimately provided security to a labor market characterized by precariousness. There are two ways for reaching such status: political support and payment of taxes. Political support was the broadest and most biased way of obtaining legality in the textile cluster. Under this patronage model, in addition to the discretionary distribution of public positions, it was possible to benefit from the public administration through certain concessions. In both cases, this turned into a win-win situation for all political supporters who sought to benefit financially from the commercial activities that took place in Gamarra. On the other hand, regarding the payment of taxes, there is the general national tax framework to which all commercialization activities are subject to, except those that are considered informal. It is precisely in this last aspect where the establishment of a tax system capable of shaping the obtaining of economic revenues from the leasing of public spaces, allowed informal economic activities, such as street vending, to reach the legality that was denied to them by not being part of the formal sector.

A valid tax ID and being up to date with the payment of sales-related taxes are the standardized requirements for being considered part of the formal sector. On the contrary, the tributary system applied to informal workers differs from the nature of the economic activity they perform. For instance, municipal authorities included the SISA (Sistema Impositivo al Servicio Ambulatorio - Tax system for street trade) as part of the taxation for cleaning services, municipal police, parks, and gardens. This was not a novel issue in the municipal regulation since this tax system was first recognized in the metropolitan regulation in 1985 (Municipalidad de Lima Metropolitana, 1985). Specifically, in this municipal ordinance that regulates street trade in Lima metropolitan area, all street vendors must pay to the municipality where they carry out their commercial activities for

municipal license or authorization and for SISA or use of the public space they occupy. It should be pointed out that when this local regulation was implemented street trade was not considered an informal economic activity. However, when the municipality of La Victoria implemented the SISA, street trade was already considered an informal activity, with which the taxation became questionable. As a consequence, to provide legality, the municipality linked the collection of SISA with the concept of ‘solid waste collection for informal trade’. The following table summarizes the taxation system applicable to both formal and informal economic activities in Gamarra:

Table 1: Types of taxes paid by formal and informal commercial inhabitants of Gamarra

LEVEL	TYPE OF TAX	FORMAL	INFORMAL
NATIONAL	Income tax	Taxes all the profits obtained from a job or the exploitation of capital. Workers and business owners are required to pay this tax. ⁴	No
	General sales tax	Taxes all phases of the production and distribution cycle, it is oriented to be assumed by the final consumer, normally included in the purchase price of the products. ⁵	No
LOCAL	Property tax	The annual tax that taxes the value of properties. ⁶	No
	City services	Taxes paid for the provision of public services such as public cleaning, municipal	No

⁴ Retrieved from: <http://www.sunat.gob.pe/legislacion/renta/index.html>

⁵ Retrieved from: <http://www.sunat.gob.pe/legislacion/igv/index.html>

⁶ Retrieved from: <https://www.munilavictoria.gob.pe/index.php/tributos-municipales?v=legislacion>

		police, parks, and gardens. ⁷	
	SISA	No	Tax paid for solid waste collection from informal trade. ⁸

Source: Authors' elaboration.

For Mario, a formal businessman, "in the eyes of the government, we are all equal, the payment of taxes does not entitle me to anything. The truth, there are no incentives to continue paying taxes, more than the fact that if you do not pay, they (the government) might close your business" (M.M., formal business owner in Gamarra, personal communication, 17 July 2018) Thus, the informality of the labor market creates the streets as another opportunity for those who need to generate an income to survive. An opportunity for local governments to get revenues through taxation. In this context, the intervention of the local government in Gamarra is classified as 'predatory' by commercial inhabitants, "we know that mayors come to steal, but at least we expect they do something for us, like letting us work, I think this is the easiest thing they can do ... now the streets of Gamarra are full of 'ambulantes', that means two things, that people have money to buy clothes or that the mayor is eager to earn more" (R. G., formal business owner in Gamarra since 1998, personal communication, 24 July 2018).

Extortion

"Taxation is not successful if you don't have a way to ensure that the law is enforced" (J.C., the former public officer of the Municipality of La Victoria, personal communication, 19 September 2018). Precisely, what emerges from the study of the governance of informal street vending in Gamarra is that the

⁷ Retrieved from: <https://www.munilavictoria.gob.pe/index.php/tributos-municipales?v=legislacion>

⁸ Retrieved from: <https://www.munilavictoria.gob.pe/index.php/tributos-municipales?v=legislacion>

expansion of the state's fiscal capacity towards informal economic activities required the establishment of co-governance arrangements and extra-legal practices to enforce the law.

Co-governance arrangements

The implementation of a tax system oriented to getting revenues from informal street vending demanded the local government to develop co-governance arrangements with three groups of partners: formal entrepreneurs, informal entrepreneurs, and criminals. The latter is considered part of the commercial universe of Gamarra, given that "crime is a business that is inevitably present in areas where money flows" (racketeer, personal communication, August 21, 2018). On the side of formal entrepreneurs, permissiveness towards informal street vendors meant for them the possibility of accessing a selling plaza in the streets and the chance of being favored during municipal control actions (M.F.H., a public officer from the urban development office from the Municipality of La Victoria from 2008 to 2012, personal communication, 24 August 2019). In the case of informal entrepreneurs, on the one hand, the public space distribution scheme allowed them to leave the nomad behavior characteristic of street vending and thereby develop and consolidate commercial ties with clients (ibid). While on the other, it facilitated them to ensure greater profitability and, consequently, a greater competitive advantage compared to their formal counterparts. This was basically since the only cost they had to assume to operate was the payment of the SISA, which, in percentage terms, represented a minimal fraction of what it would imply to assume the payment of income and sales tax. About arrangements with criminal partners, these were aimed at maximizing the profitability of the leasing of public spaces, that is, diverting the collection out of the municipal coffers.

Extra-legal practices

Particularly, the co-governance arrangements pointed out the construction of a value chain tied to the expansion of the state's fiscal capacity. The responsibility for its functioning was rooted in extra-legal practices in which the empowerment of criminal partners and investment funds were crucial. For instance, two extra-

legal practices contributed to the achievement of the arrangements: extra-legal financing among commercial inhabitants and extra-legal law enforcement. On the one hand, knowing that the search for higher profitability implied greater investment, the partners of the local government sought to diversify their investments. Thus, during the SISA period, capital flows among formal and informal entrepreneurs in the textile cluster increased (M.C.C., a police officer working in the Police Station of La Victoria since 2014, personal communication, 12 May 2019). This is not a new practice in Gamarra, on the contrary, the most successful entrepreneurs have the habit of financing small businesses, that is, those that sell garments, so that they can commercialize their products and thus expand their markets (Instituto Libertad y Democracia, 2016). In general, this type of financing took different forms, either through the granting of credit for the purchase of supplies or merchandise and even cash loans.

Once the streets were divided into quadrants for the selling of textile products, services, food, and vehicle parking by the municipality, extra-legal law enforcement came into action. To this end, criminal partners were empowered by municipal authorities to comply the function of non-state law enforcement agents. Despite not having a contractual relationship with the municipality, such agents had an established procedure to carry out their functions under the supervision of municipal authorities. For instance, before collecting the SISA, street vendors were required to make a first payment to "register" and being able to occupy a space where they could offer their products (El Comercio, 2018). After this first payment, the collection of the SISA started in the mode of a daily fee to work. However, no legal payment receipt was issued and therefore there were no records of the collection of this tax (racketeer, personal communication, August 28, 2018). Likewise, the management of public toilets was also captured by them (Ministerio Público, 2018).

In short, extra-legal practices sought to guarantee the satisfaction of all the needs that arose from informal street vendors. Thus, when you align with what the 'man' commands things work, "finally, we all want to work and the man only

cares about receiving his daily quota... we try to develop a good relation with street vendors, because, after all, they are our customers, we are aware that the fairer you are, people will continue to collaborate” (racketeer, personal communication, August 28, 2018).

Legalized extortion: governing informal street vending in Gamarra

The exercise of the state's fiscal capacity over informal street vending in Gamarra evidences the construction of a state-led deviant governance scheme that enjoys legitimacy. This situation can be understood as a sort of ‘legalized extortion’. Taking Charles Tilly’s analogy of state-making and racketeering (1985), the convergence between political power and commercial capital in Gamarra turned it into the perfect scenario for negotiating and struggling for rent-seeking. However, the success of this governance scheme is not limited to the control of means of violence, on the contrary, there are structural factors that condition it: crisis of representative democracy, non-state control of public spaces, labor instability within municipal human resources.

Crisis of representative democracy. The collapse of the representative system in Peru during the 1990s marked a breaking point in the ties between state and society (Tanaka, 1995). In this scenario, political representation in Gamarra fell into the hands of informal institutions, where power relations set the standard to follow. This was evidenced mainly in the drastic reduction in electoral support for political parties and in the general discrediting of political activity (J.L.V., a public officer from the economic development office from the Municipality of La Victoria from 2014 to 2018, personal communication, 13 March 2019). Likewise, the repercussions of this representativeness crisis were reflected on an economic level. For instance, the informal sector managed to establish itself not only as an alternative to ensure livelihood in the face of non-inclusive local economic development policies but also as the most effective and efficient way to

commercialize products in the face of the increased administrative burden that formality implies (M.F.H., a public officer from the urban development office from the Municipality of La Victoria from 2008 to 2012, personal communication, 24 August 2019). In other words, economic informality normalized, to the point of being present both in the production and commercialization chains of the textile industry in Gamarra. In this way, street vending was positioned as a legitimate way of doing business.

Non-state control of public spaces. Rent-seeking liaised to the use of public spaces is not an exclusive behavior of street vending in the capital city. For instance, informal economic activities that make use of public spaces range from collecting tips for parking and washing cars to specialized legal and accounting advice. In this sense, given the existing demand for public spaces, the non-state control of them did not wait. Like the phenomenon observed by Goldstein in Bolivia (Goldstein, 2016), staying or roaming on the streets is linked to the payment of a fee. In the case of Gamarra, this normalized behavior was not considered illegal, until the economic interests of local governments were at risk (R.M.O, a public officer from the municipality of La Victoria from 2014 to 2018, personal communication, August 15, 2019). The legitimacy of non-state actors as law-enforcement agents for the collection of the SISA is one example of this. For the 'chato', his work (as enforcement agent - racketeer) was successful because he already knew how to relate to his people, "You know, people have to collaborate, one says ... papi, let us work, we respect your work, you respect ours" (racketeer, personal communication, August 21, 2018). For him, the key to success lies in his ability to protect the people who work in his area. This protection is not only against the possibility of theft or eviction but also of confrontations with other commercial inhabitants of Gamarra.

In this particular case, he makes explicit reference to the formal ones' who work within the commercial galleries. His explanation in this regard says a lot about his new role, "there is bread for everyone here, papi, we all have to eat, we all have to look for bread ... they (the formal ones) know that they cannot complain too much ... they will have the right to complain once the people (racketeers) go

to adjust (threaten) them” (ibid). In response, ‘the formal ones’ also opted for the leasing of public spaces. For Malena, who has worked in a commercial gallery for 6 years, “clients are no longer prone to visit the galleries as much, they prefer to stay on the first floors (galleries usually have more than 6 floors). It is not profitable for us to continue paying rent here” (M.P., a formal business owner in Gamarra, personal communication, 25 July 2018).

Labor instability within municipal human resources. In Peru, municipal government periods have a duration of 4 years and since 2014 the re-election of mayors is forbidden (Congreso de la República, 1997). On the one hand, the short duration of the municipal government is not consistent with medium- and long-term planning, so most of the government policies implemented are short-term. On the other hand, this situation directly affects the development of a public career at the municipal level. This is reinforced by a 'clean slate' political tradition each time a new municipal government takes office (C.A.N., councilor of the municipality of La Victoria from 2008 to 2018, personal communication, August 3, 2018). In other words, municipal human resources are transitory and there are a series of disincentives for wages and political identification that limit the hiring of qualified public servants. As a consequence, municipal human resources tend to be used in a clientelist manner. For instance, municipal authorities in La Victoria took advantage of this situation by deviating the money collected from the SISA through non-state law enforcement agents.

For informal street vendors, the distinction between state and non-state agents was almost absent for two reasons. The first was the camouflage of these non-state agents within municipal human resources, and the second was the recognition by street vendors of the criminal networks that co-governed the streets of Gamarra. Indeed, non-state law enforcement agents were known in the area as former inmates or retired criminals who, because of their liaison with local authorities, were able to obtain a ‘decent’ job. This, since in the eyes of street vendors, the job performed by such agents was consistent with the legitimacy of the SISA collection. For Armando, street vendor and neighbor of the district, “many of the collectors are stoners and criminals from the area, here

in La Victoria they are well known... I prefer to know how they are robbing me than being caught unaware, at least in this way they do not steal from us without giving us anything in return” (A.M., a street vendor in Gamarra since 2005, personal communication, July 13, 2018)

Concluding remarks

Informal economic activities have gone hand in hand with urbanization processes in Latin American cities, representing an important source of employment within a capitalist labor market (Rosenbluth, 1994). Most theoretical debates about this phenomenon in the region tend to approach it from a political-economic perspective. For instance, some approaches conceptualize informality concerning its marginal character, explaining it as a survival mechanism that obeys the exclusive dynamics of the market economy (Hart, 1973). On the other hand, informality is also configured as part of a decision based on the search for competitiveness, that is, as a favorable employment alternative that allows increasing profitability compared to the commitments involved in belonging to the formal sector (Maloney, 2004). Particularly, case studies carried out in Peruvian cities point to the impact of excessive regulation from the state, which represents an access barrier to participate in formal markets (De Soto, 1989). Overall, despite the different perspectives, there is a consensus in the literature about the political and economic role of the state in governing informality.

This consensus about the intervention of the state in the market dynamics points out to the state’s fiscal capacity, that is, to the coercive power of the state to extract resources from the social structure that it governs. In this regard, Charles Tilly argues that the extractive capacity of the state is particularly relevant since the state behaves as a racketeer (Tilly, 1985). From this, informal economic activities might be subjected to a type of state control that would not necessarily be aligned to legal control, but whose legitimacy is justified as long as it is taxable. If this was the case, which mechanisms would be necessary to exercise legitimate

control over an economic sector that by definition is outside the law? Or, is it possible to regulate informality? If so, how would it be possible to materialize it and under which circumstances?

In this paper, I suggest the use of the concept of legalized extortion as a way of understanding the governance of informal street vending in Latin American metropolises. For this, the case study of the textile cluster of Gamarra, in the city of Lima - Peru is presented. The analysis exposes the construction of a state-led governance scheme oriented to manage informal street vending through the leasing of public spaces. It highlights the complementarity of taxation and extortion as a twofold legitimate way for governing. It was noticed that both were tailor-made to the needs of the social structure over which the local government exercises its coercive power. Particularly, this becomes visible in the local policies aimed at providing labor security to informal street vendors. Thus, we find ourselves in a scenario where government legitimacy is manifested in the state's capacity to build alliances and co-govern with non-state actors to profiting from the leasing of public spaces. Likewise, the study brings into the debates about violence and coercion in city-making, the need of looking into the structural factors that feed deviance in state-led urban governance regimes.

PAPER 3

Between livelihood and health: The “pandemic of the informals” at the Gamarra market in Lima, Peru

Abstract

The paper addresses the forms in which the condition of marginality affects the livelihoods of informal traders under the COVID-19 outbreak. It presents the case of the textile cluster of Gamarra (Lima, Peru), where since the beginning of the pandemic the government measures implemented to contain the spreading of infections, negatively impacted the economic and social dynamics of those that live at the urban margins. The analysis shows that through the legitimate use of force, the government set the path towards labor precarity and illegality of street vendors. In this sense, the study contributes to theoretical debates on the management and effects of urban marginality in Latin American cities.

Keywords

urban marginality, street vending, informal economy, penal state

Introduction: The management of urban marginality

On January 30, 2020, the World Health Organization (WHO) declared the epidemic outbreak of COVID-19 a public health emergency of international magnitude (World Health Organization, 2020). After registering more than 118,000 cases in 114 countries and the death of 4,291 people, on March 11, 2020, the virus originated in the city of Wuhan (Hubei province, China) officially became a pandemic (ibid). WHO Director-General's remarks on COVID-19 on that date, summarize the challenges posed by the management of the pandemic around the world, "this is the first pandemic caused by a coronavirus. And we have never before seen a pandemic that can be controlled, at the same time "(Ghebreyesus, 2020). The closing of borders, accompanied by confinement

measures, were the first signs of what was to come. In short, the COVID-19 pandemic not only entered the global political agenda as a public health problem but also as an economic one, "the COVID-19 recession has seen the fastest, steepest downgrades in consensus growth projections among all global recessions since 1990" (World Bank, 2020b). In this complex scenario, social disparities increased dramatically. For instance, in urban areas, the pandemic accelerated socio-economic stress through marginalization (United Nations, 2020). Due to the constant growth of cities in the recent decades, the latter created a research gap that demands special attention.

The literature on urban marginality embraces a wide range of social issues from labor insecurity to systemic inequality (Auyero et al., 2014; Giglia, 2016; J. E. Perlman, 1979; Wacquant, 2008). In particular, case studies carried out in different cities around the world have not only managed to approach the forms and meanings that marginality acquires in diverse urban contexts but have also managed to find commonalities among the manifestations of this phenomenon (De Lomnitz, 1998; Standing, 2013; Wacquant, 2015). However, scholars still diverge on the nuances that the condition of marginality takes on when managed as a policy issue under the current neoliberal governance schemes, especially in cities of the global South (de la Rocha et al., 2004; O'Donnell & Tokman, 1999). More concretely, how the state management of this urban phenomenon affects the livelihood of those at the urban margins. For instance, case studies in several Latin American metropolises stress the solid and accelerated social transformations in the region (Germani, 1977; Quijano, 1977), where marginality has consistently been a subject of debate, given the conditions generated by growing socio-spatial inequalities and labor insecurity (J. Perlman, 2002).

The present paper is an attempt to address the effects of marginality in the livelihoods of urban residents under particular economic and political processes like the ones from the COVID-19 outbreak. It undertakes a thorough study of the social control mechanisms implemented at both national and local levels, for the management of street vending in Gamarra, in the city of Lima, Peru, during the first months of the pandemic. To this end, a relational approach is taken,

based on the analytical perspective developed by Loïc Wacquant, on the spatiality of margins (Wacquant, 2015). This, under a methodological design that considered in person and virtual interviews with public officials, residents and commercial businessmen in the area, as well as the analysis of legal documents and press reports where street vending was treated as a public health issue that diminishes the government efforts for controlling the spread of the virus. As a result, the study presents the forms in which the state performance to control the pandemic directly affects the livelihood of street vendors, putting them in a situation of labor precarity and illegality.

First, the production and management of urban marginality by the state are analyzed to understand the inception and allocation of the condition of marginality across social and tangible spaces. Second, an overview of the government measures to contain the COVID-19 outbreak during the first quarter of 2020 in Peru and the economic and social impact of these in the informal sector is provided. Then, research design and methods are explained, followed by an in-depth analysis of the control mechanisms implemented for the national and local governments to eradicate informal trade from the streets of Gamarra. The following section examines how the condition of marginality affects the livelihoods of street vendors within the context of pandemic. It also explores the construction of social imaginaries that support the marginalization of informal economic actors. Finally, the last section presents the conclusions of the research.

The role of the state in the management of those at the urban margins

The existence of urban areas identified as clusters of marginality and social degradation is a recurring phenomenon in several cities around the world. For instance, academic research has been quite extensive in cities of the global north and south, such as the "favelas" in Brazil (Perlman, 2010), "ghettos" in the United States (Wacquant, 2008), "banlieues" in France (Castel, 1997) or "migrant barrios" in Bolivia (Goldstein, 1997). Despite the different nuances attributed to

the phenomenon studied, there is a tendency in the literature to use the metaphor of the dual city to associate the analysis of this phenomenon with the urban marginalization that arises from economic polarization (Auyero, 2011; Auyero et al., 2014; Smith, 1996). In Latin American cities, this situation has become particularly evident since the 1960s, where the debate on marginality was built up as a way of understanding social inequalities that arise from industrialization and development processes in urban areas (Bennholdt-Thomsen & Garrido, 1981; Quijano, 1977; Vink, 1976). In this scenario of changes in the configuration of urban economic structures, the transmutation of job security towards self-employment and precarious work is condensed in labor informality, such as street trade (Donovan, 2008).

In light of this, this paper is intended to address how the condition of marginality affects the livelihoods of informal street vendors in Latin American cities under particular circumstances such as the one of the COVID-19 pandemic. For this purpose, the analytical framework developed by Loic Wacquant (Wacquant, 2008, 2010; Wacquant et al., 2014) will be taken into consideration to address the management of new forms of urban marginality associated with the rise of capitalism and the implementation of cross-cutting neoliberal policies in metropolitan areas. Wacquant's relational approach, such as Charles Tilly and Pierre Bourdieu (Bourdieu & Wacquant, 2005; Emirbayer, 1997; Tilly, 1998), allows sustaining that the maintenance and growth of urban marginal areas are closely tied with the degree of embeddedness of the market economy in society. In particular, such emphasis put on the positive relationship between economic growth and urban poverty, called "advanced urban marginality", that directly affects the most precarious sectors of the working class is a key entry point (Wacquant, 2010).

To understand the management of urban marginality, Wacquant centres his attention on the four structural logics that feed a new regime of marginality: macrosocial, economic, political and spatial (Wacquant, 2008). Although the structural logics correspond to regimes of marginality in countries of the global

North, such as France and the United States, Wacquant invites us to re-examine how do such regimes display in Latin American metropolises (Wacquant, 2014). Thus, when analyzing the region, it is possible to notice that there are mainly two differences. Considering that the emergence of the notion of marginality in Latin America having both, a relational and a territorial perspective (Delfino, 2012). On the one hand, neoliberal reforms that date back to the late 1980s took place in an economic and political context that was completely different from that of North America and Europe. The transition towards the free market was characterized by the non-existence of a welfare state, rather, under a similar model to a corporate state (Chong & López-de-Silanes, 2007; Haslam, 2004). While on the other hand, marginalization in Latin America is not an isolated phenomenon concentrated in specific urban spaces, on the contrary, it is quite dispersed throughout large metropolises (de la Rocha et al., 2004). Nonetheless, there are two particularly relevant elements for this paper in Wacquant's proposal: territorial stigmatization of marginal urban areas, which fosters social distancing and mistrust among residents, undermining the possibility of responding to state repression; and economic informalization as a survival mechanism (Wacquant, 2010). This, since the new relationship between the state and residents of marginal urban areas responds to the complementarity between both elements. For instance, the criminalization of unregulated economic activities within ghettos in the United States (Wacquant, 2015), social-control strategies applied in economically deprived metropolitan areas in Buenos Aires and Mexico City (Campesi, 2010), spatial stigmatization of informal street vendors in Latin American cities (Betancur, 2014; Linares, 2018; Roever, 2012). Hence, the punitive role of the state is configured as a core feature of the neoliberal government of urban marginality (Müller, 2012).

Developed on Bourdieu's notion of symbolic capital (Bourdieu, 1986; Bourdieu & Wacquant, 2013), the state response to urban marginality translates into the inception and implementation of repressive policies aimed at neutralizing threats to the status quo, imposing a precarious labor model, and reaffirming state authority (Wacquant, 2009). In this regard, Foucault's analysis of institutions and the fundamentally organizational role they acquire in modern society is

particularly relevant, especially in the construction of a surveillance system aimed at social control (Foucault, 2012). Like the disciplinary institutions, the punitive state is exerted on the body of the citizens to subjugate and dominate them.

Specifically, Wacquant distinguishes three stages in the widespread diffusion of this neoliberal management model of urban marginality (Wacquant, 2003). A first stage is the development and implementation of the zero-tolerance policy, which legally protects the use of police force. In this scenario, neoconservative think tanks play a key role both in the conception and in the transversal dissemination of the new criminal neoliberal framework from North American cities, particularly New York. The second stage known as that of import-export is characterized by the spreading of the criminal policy to the European and Latin American continent, through political and academic contacts. According to the promoters of the policy, the institution of the penal state implies substantial economic improvements for the treasury, since it would lead to a reduction in expenditures on social policies oriented to residents of marginal urban areas. Finally, the third stage focuses on providing scientific support to public managers, with which academic-political alliances that approve the implemented policies emerge. In this last stage, the media broadcasting of individualism that blames the crime only on the subject and not on the associated social causes plays a major role.

In general, the criminalization of urban marginals by the establishment of a punitive and incarceration system is the central axis of the penal state for Wacquant. This is materialized through the decrease in social participation and economic intervention of the state in marginal urban areas. The objective of this social control system is not the prevention of criminal activities, nor to work towards social reintegration, but rather social isolation aimed at reducing fiscal spending (Wacquant, 2010). In this way, considering that poverty in cities is governed by the invisible hand of the market and the iron fist of the state, Wacquant's fundamental proposal seeks to address the causes of marginality and exclusion systems at a global level. For instance, it is possible to find the implementation of control policies in countries such as Mexico (Lomnitz, 1998),

Brazil (Perlman, 1977), Ecuador (Swanson, 2007), Chile (Cortés, 2014), El Salvador (Holland, 2013), Colombia (Galvis, 2014), Guatemala (Swanson, 2013) among others. Under these considerations, the present research aims to address the different forms that repressive management of poverty in marginalized urban areas can take in unexpected circumstances such as the COVID-19 pandemic. In this sense, this paper will contribute to the theoretical debate on urban marginality and its management in Latin American cities.

Research design and methods

The findings presented in this paper are part of a research project aimed at analyzing the dynamics of governance of informal street vending in the textile cluster of Gamarra⁹, in the city of Lima - Peru. To this end, different qualitative techniques were used for data collection, including observations, documentary and visual analysis, and semi-structured interviews, both individual and group (Flyvbjerg, 2006; Yin, 2014). In this regard, it should be noted that due to the complexity required by the fieldwork during the COVID-19 outbreak, the interviews conducted were both virtual and face-to-face. This was possible since a segmentation of target audiences to interview was carried out, between public officials and street vendors. In total, of the 24 interviews carried out, 8 were virtual and 16 face-to-face (all to street vendors). Likewise, observations in the field were key in determining the effectiveness of control policies applied in public spaces. Specifically, coexistence with street vendors made it possible to identify the new commercial dynamics and the different coping mechanisms used by them to deal with evictions and sanctions. Finally, media content analysis was used to evaluate the discursive impact of the zero-tolerance policies implemented.

⁹ Known as the 'Commercial Emporium of Gamarra', in the district of La Victoria in the capital city of Peru, this cluster concentrates the largest number of economic transactions related to the fashion industry and the manufacture of garments in the country (INEI, 2017).

The context: The COVID-19 pandemic crisis in Peru

On March 6, 2020, the first case of a Peruvian carrier of the new coronavirus SARS-CoV-2 (Ministerio de Salud, 2020a) was confirmed. Since then, the Peruvian government has implemented cross-cutting policies to fight against the foreign virus that did immobilize Wuhan, the seventh-largest city in China, with around 11 million inhabitants. The worst was yet to come, especially in a country where only 100 Intensive Care Unit (ICU) beds were reserved for the more than 32 million inhabitants, which meant one respirator for every 320,000 people (Agencia EFE, 2020b). In this scenario, both slowing down the number of infections and ensuring the continued functioning of the health system became the main initial challenges for the Peruvian government. Thus, on March 16, 2020, the President of the Republic, Martín Vizcarra, announced the state of emergency. This included the closure of borders, suspension of school activities, and mandatory confinement for 15 calendar days (Presidencia del Consejo de Ministros, 2020c). The extension of these measures occurred on several occasions until June 26, 2020, the date on which the government announced the targeted social confinement, after 285,213 infections and 9,677 deaths (Ministerio de Salud, 2020b).

More specifically, from mid-March to the end of August 2020, the legal instruments issued by the government of Peru to handle the COVID-19 outbreak throughout the national territory counted at more than 50 (Presidencia del Consejo de Ministros, 2020d). Among them, the starting point was given by the declaration of "State of National Emergency due to the serious circumstances that affect the life of the Nation as a result of the COVID-19 outbreak" (Presidencia del Consejo de Ministros, 2020c). Initially, the government set the goal of controlling the spread of infections while ensuring the supply of basic services, food, and medicine in 15 calendar days. However, the economic and social impact of the pandemic would end up proving otherwise. Within the guidelines outlined in the declaration of a state of emergency, three are those that directly affected the livelihoods of the country's

inhabitants: "suspension of the exercise of constitutional rights", "limitation of the exercise of the right to freedom of movement of people", "restrictions in the field of commercial activity, cultural activities, establishments, and recreational activities, hotels and restaurants"(see Table 1).

Table 1. Summary of commercial activities and rights suspended

Guidelines	Commercial activities and rights suspended
Suspension of the exercise of constitutional rights.	<ul style="list-style-type: none"> - Inviolability of the home. - Freedom of assembly. - Freedom of transit.
Limitation of the exercise of the right to freedom of movement of people.	<p>All, except:</p> <ul style="list-style-type: none"> - Acquisition, production, and supply of food, fuel, pharmaceutical products and necessities. - Assisting health centers, financial entities, call centers and the media - Returning to the place of residence - Caring for people in vulnerable situations.
Restrictions in the field of commercial activity, cultural activities, establishments and recreational activities, hotels and restaurants.	<p>All, except:</p> <ul style="list-style-type: none"> - Retail establishments of food, beverages, products and essential goods. - Pharmaceutical, medical, optical and orthopedic establishments. - Fuel sales establishments.

	<ul style="list-style-type: none"> - Hotels and accommodation centers, only to comply with the quarantine established.
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Source: Supreme Decree No. 044- 2020-PCM

To comply with the established guidelines, the government granted discretionary powers to the National Police of Peru and the Armed Forces to enforce people, goods, vehicles and establishments. During the following weeks, the government enacted complementary regulatory mechanisms aimed at "guaranteeing compulsory social isolation", that is, avoiding crowds, and ensuring the necessary social distancing to limit the number of infections. For instance, a "Protocol for the implementation of measures that guarantee the exceptional exercise of the right to freedom of transit" was issued (Ministerio del Interior, 2020). In this protocol, the "special transit pass" was established as a control mechanism to be able to move on public roads. It should be noted that in the event of non-compliance with the established norm, offenders may be detained and even criminally denounced, under the grounds of violation of sanitary measures, established in the Penal Code of Peru: "Whoever violates the measures imposed by law or by the authority for the introduction into the country or the spread of a disease or epidemic or an epizootic or plague, it will be punished with a custodial sentence of not less than six months nor more than three years and with a fine of ninety to one hundred and eighty days" (ibid, article 292). Likewise, the Penal Code also establishes that: "Anyone who knowingly spreads a dangerous or contagious disease for the health of people will be punished with a custodial sentence between 3 to 10 years. In case of serious injuries or death or if the agent could foresee these results, the penalty will be no less than ten and no more than twenty years" (ibid, article 289).

The economic effects of the aforementioned restrictive measures were immediate, especially in a country where a representative percentage of the informal labor market has street vending as its main source of income (Agencia EFE, 2020a). In short, the policy to slow the advance of the pandemic directly affected the livelihoods of a large percentage of the economically active

population (EAP). Faced with this situation, the national government soon issued a series of bonds aimed at covering the basic needs of citizens in a precarious situation. Complementary to this measure, four phases were established for the progressive resumption of economic activities, always under the prerogative of preventing the capacities of the National Health System from being overwhelmed (Presidencia del Consejo de Ministros, 2020a). Although the government initially set a timeframe of 8 months for the implementation of the phases, these ended up being implemented in less time than expected, in May, June, July and October correspondingly (Presidencia del Consejo de Ministros, 2020b). The analysis of the data regarding unemployment rates during the lockdown sheds light on the motivations for the shortening of deadlines for the implementation of the economic reactivation policy in the country. The more than 60 days of strict quarantine in Peru left an average of 6.7 million people without employment, with June the worst month, registered a 55% unemployment (Agencia EFE, 2020a).

Between livelihood and health: The punitive management of informal street vending in Gamarra during the COVID-19 outbreak

At the beginning of April, the newspaper El País titled in its economy section "Peru applies the most ambitious economic plan in the region to face the pandemic"(Fowks, 2020). A statement that was supported by an initial stimulus of 26,000 million dollars, about 12% of the country's GDP, aimed at preventing the collapse of the country's economy in the face of the health emergency. This measure set the tone for an unfinished history of subsidies, loans to inject liquidity into small and micro-enterprises, and the so-called pandemic bonds. At the same time, this allowed the spread of the slogan to "stay at home" since the state was taking charge of the lives of all Peruvians. Since the beginning of the state of emergency, it became customary to wait for the daily report of the President of the Republic. The President's words sought to emulate the dialogue from a father to a son, whose main advice is to stay at home to protect your

beloved ones: "we have to change. Before we weren't like that before we liked to be around with friends, with family. Now, because I want to hug you later, I take my distance" (Europapress, 2020).

With the passing of the weeks, the situation on the streets gave signals that the possibility of keeping all the inhabitants of the country in their homes was becoming increasingly remote, especially in a country where around 70% of the EAP belongs to the informal labor market (Gamero & Pérez, 2020). By the end of May, "the pandemic of the informals" in Gamarra (Macera, 2020), faced a government that was suffering the ravages of decades of trust given to the invisible hand of the market. This time, the combined effect of everyone seeking his or her interests in the free market would not benefit the collective. The complexity of the situation seemed to indicate that the persistence of informal street vending in the textile cluster did not respond to legal barriers associated with the costs of legality, or to the search for competitive advantage granted by the informal status. The situation became so complex that by mid-June, the mayor of La Victoria district, where the Gamarra market is located, mentioned the existence of a new "mafia" known as the "camionetas ambulantes", which combined with the huge number of street vendors in the area, generated more unwanted conglomerations of people (León, 2020). Interestingly, this "mafia" appeared to be composed by those formal entrepreneurs who, unable to open their businesses, chose to offer their products on the streets. In light of this, the reopening of the textile cluster was maturing not only as a measure to reduce the number of street vendors to control, but also to ensure the livelihood of thousands of families that depended on the textile industry. In this manner, the reopening of commercial activities in Gamarra began to take place under the argument that conglomerations of people that occur as a result of the informal trade have become an "infectious focus" that diminishes government efforts to stop the exponential growth of infections in the capital city.

Luzmila, an "ambulante" with more than 25 years working in Gamarra, summarizes the strategy of the Peruvian government to fight the pandemic in

“respecting social distancing to stop the advance of COVID-19, while we starve to death in the eyes of a government from which we have never received anything” (personal communication, June 12th, 2020). At her side is Juan Jose, another veteran street vendor from the area who asserts that “neither terrorism, nor the economic changes of the '90s, not even the last mayor of the district could bring us down, but I cannot expect the same from this COVID pandemic” (personal communication, June 12th, 2020). When trying to start a conversation with the “ambulantes” (street vendors) about the effects of the pandemic on their livelihoods, the responses were repetitive and accompanied by faces of hopelessness, helplessness and frustration at their imminent eviction by police officers and members of the armed forces. This time was different, they knew. Under the protection of the Supreme Decree that declares the "State of National Emergency for the serious circumstances that affect the life of the Nation as a result of the outbreak of COVID-19", on March 15, 2020, the prohibition of informal street vending went on to become a government policy. Months before, the management of this type of economic activity was completely attributed to the local government. Moreover, the incidence of street vending in the largest textile cluster in Latin America was usually understood as part of episodes of corruption associated with a fragile political system that has sought to consolidate itself in the shadows of neoliberal economic policies (Ponce Monteza, 1994). However, in a scenario marked by the uncertainty that characterizes an invisible enemy, the presence of informal street vendors in Gamarra suddenly became a public health issue.

On May 25th, the date on which the first phase of economic reactivation began, the streets of the textile cluster of Gamarra were clumped with street vendors. The immediate response of the mayor of the district was "to put all the fines both on street vendors and on customers. They will be fined because they are not respecting social distancing" (Cervantes, 2020). Unlike the extensive number of regulatory mechanisms issued by the national government, the response at the local level was quite limited. Thus, the role played by local governments occurred more through concrete actions, than through the issuance of regulatory mechanisms. In general, the scope of action at the local level was aimed at

controlling agglomerations in food markets and formal shops under the veil of "COVID ordinances" and intersectoral coordination. For instance, the district municipality of La Victoria issued only two ordinances: "Technical specifications for the prevention and containment of COVID-19 in the food markets located in the district of La Victoria" (Municipalidad Distrital de La Victoria, 2020b) and "Technical specifications for the prevention and containment of Covid-19 in public and private establishments located in the district of La Victoria" (Municipalidad Distrital de La Victoria, 2020a). The technical specifications contained in both are associated with the use of masks, control of the maximum capacity, implementation of disinfection systems and the assurance of a minimum distance of 1.50 meters between people.

In addition to determining the actions to preserve health within formal commercial establishments, the municipal ordinances established sanction mechanisms, mainly oriented to empower municipal law enforcement agents. Hence, the municipal inspectors gained greater discretionary capacity, being able to coerce and sanction even clients who did not comply with the sanitary measures imposed. It is precisely in the sanction of clients where street vending sought to be controlled tangentially by local authorities. It is possible to note that the client factor incorporated in the COVID ordinances was the missing factor in the pre-existing strategy against street vending in Gamarra. Before the pandemic outbreak, municipal control of the streets was repressive and conciliatory at the same time (R.M.P., public officer from the economic development office from the Municipality of La Victoria since 2019, personal communication, July 8th, 2020). On the one hand, the *de iure* street vending ban imposed since 2019 by a new municipal government (Municipalidad Distrital de La Victoria, 2019c), had ended not only a commercial tradition of more than 50 years in the area, but also undermined the economic interests of criminal networks that controlled the streets of the district (Confidential Judicial Report). In this context, the repressive mechanisms used to evict street vendors implied the participation of different state agencies in charge of ensuring internal order. Nonetheless, the repression went hand in hand with the implementation of a

policy to facilitate access to formality that allowed street vendors to be relocated to shopping malls.

In times of COVID, the strategy of repression and conciliation to control street vendors became even more complex after the incorporation of the client factor. Considering that shopping malls were no longer a viable option, as these were not categorized as safe establishments in the first phase of the country's economic reactivation, the solution came from the use of open spaces capable of avoiding crowds. Thus, the "zonal parks" located in different parts of Lima metropolitan area became the new location for street vendors. In the words of the Minister of Defense, Walter Martos: "Street vendors are being given every opportunity to be relocated, to carry out their activities in order and being tested so that they do not infect other people. I urge street vendors to register. If after having given them all the facilities they continue trading on the streets, we will definitely have to act so that they are no longer on the streets " (Ministerio de Defensa, 2020).

In all, the impacts of the pandemic in Gamarra became one of the greatest signs of the precariousness of the labor market in Peru, bringing to light the shortcomings of an urban economic structure sustained in a false formality. Thus, in this extreme scenario of suspended rights, informal street vending management trespassed the threshold of regulation, to become a policy dilemma that exacerbates the choice between the livelihood and the health of the city inhabitants.

Discussion: The consequences of being marginal during the pandemic

"Gamarra is a time bomb that explodes every so often but does not kill, it always manages to be controlled because eventually everyone eats from it"

(D.A., entrepreneur in Gamarra since 1993, personal communication, July 7th, 2020)

After analyzing the state management of street vending in Gamarra during the first phase of the COVID-19 outbreak, it is possible to notice a shift in the performance of the state characterized by a recrudescence of the repressive stance towards this commercial activity. Indeed, two conditions for this to happen were in place long before the pandemic crisis: territorial stigmatization and labor informality. This indicates the existence of a regime of marginality that, coinciding with what Wacquant (2008) suggested, implies that what was experienced in Gamarra before the pandemic already reflected the ravages of the neoliberal management of urban marginals. In the pre-pandemic scenario, the power of the penal state was not fully manifested, since there was a certain degree of tolerance towards street vending. This, considering that it not only represented an important source of income for the population of Gamarra, but was also used as a rent-seeking mechanism by local authorities. It should be noted that in the last 20 years the presence of street vendors on public spaces of the textile cluster has tended to be linked to acts of corruption and even the formation of extra-legal co-governance schemes. Thus, street vending was never meant to be taken as a problem, but rather a consequence of the municipal mismanagement of Gamarra's public spaces. However, the situation changed completely with the pandemic, where street vending became a problem of national magnitude due to its role in spreading infections. Thus, emerging the paradigm of transformation from a political problem to a problem of the penal state, which arises from social insecurity and economic inequality (Wacquant, 2010). In this context, the great leap in street vending management was

materialized in two ways: the criminalization of informality and commercial isolation.

Criminalization of informality

In Peru, the Penal Code does not consider street vending a criminal activity, which is why its prohibition was always linked to administrative sanctions by local governments before the COVID-19 outbreak. However, there are two "crimes against public health" associated with this informal economic activity that marked its transition towards illegality in the pandemic scenario: the spread of dangerous or contagious disease and violation of sanitary measures (Ministerio de Justicia, 1990). Thus, the control applied in the streets of Gamarra was characterized by the application of both criminal offenses in a complementary manner. On the one hand, the containment of the "spread" was aimed at people who, without necessarily suffering from the disease could spread it. The crime is configured under the premise that people are necessarily aware that their behavior on the streets effectively causes the spread of disease among other people. This conditional knowledge of the agent prevented the application of this article of the Penal Code from not being sufficient grounds to punish street vendors. For this reason, the application of the "violation of sanitary measures" played a key role in shaping the crime. For instance, the street vendors detained in the state of emergency were forced to go through a COVID-19 discard test, if they were positive, their legal status worsened, falling to the interpretation of the competent authority the possibility of incarceration.

Nonetheless, it should be noted that, despite the possibility of imprisonment, the sanctions imposed on street vendors by law enforcement agents did not transcend beyond monetary fines. This, because both prison overcrowding and the economic crisis prevented effective imprisonment from taking place. According to the National Penitentiary Institute, the situation of the penitentiary system in Peru was already collapsed by 2020. In total, of the 68 penitentiary establishments enabled nationwide with a housing capacity of 40,137 people, in March 2020 there were 97,493 inmates registered in prison (INPE, 2020). This translates into the existence of overcrowding of 143% of the established

maximum capacity. Faced with this situation, the government of Peru chose to follow the recommendation of the Inter-American Commission on Human Rights, which issued a statement urging member states to "guarantee the health and integrity of persons deprived of liberty and their families facing the COVID-19 pandemic". Specifically, the government decided: "to evaluate as a priority the possibility of granting alternative measures such as probation, house arrest, or early release for people considered in the risk group such as the elderly, people with chronic diseases, pregnant women or with children. in his charge and for those who are ready to serve sentences" (CIDH, 2020). In this way, the possibility of increasing the prison population was no longer a viable option (M.C., police officer, personal communication, July 14th, 2020).

On the other hand, the strict lockdown led to a decrease in GDP of 17.4% during the first half of 2020 (World Bank, 2020a). This led to Peruvian households experiencing one of the greatest jobs and income losses in all of Latin America (ibid). The adaptive strategy of this unemployed sector was to turn to the streets to ensure their livelihood: "The streets became my only alternative to survive after the strict lockdown imposed by the government. I was an employee of a company, but due to the pandemic I lost my job and by pooling my savings I was able to buy my merchandise and start my business on the street" (J.S., street vendor in Gamarra because of the pandemic, personal communication, July 14th, 2020). In fact, the crossroads between catching COVID-19 or starvation became a trend among street vendors. As this was a problem that covered more and more sectors of the country's population, which were not necessarily engaged in informal commerce, the extreme measures to control street vending gradually lost legitimacy (P.V.Q., public officer from the municipality of La Victoria, personal communication, August 11th, 2020).

Because the combination of both factors prevented the criminalization of informal commerce from taking radical nuances at the penitentiary level, evictions accompanied by monetary fines became the main manifestation of the repressive power of the state. However, far from stopping the presence of street vendors, they ended up encouraging their participation in the market. This gave

rise to an unusual behavior in informal commerce before the pandemic, the hourly commuting from street to street throughout the working day to avoid being punished, also known as the "caravans of street vendors" (Buenos Días Perú, 2020). Under these circumstances, and when weighing the consequences of being fined or evicted for working on the streets versus the option of staying home without generating income, street vendors opted for the only option that would allow them to survive (C.C., street vendor in Gamarra since 2014, personal communication, July 20th, 2020). However, despite the failure of the zero-tolerance policy, it came to permeate the configuration and the social imaginary of urban poverty. Specifically, this materialized in the construction of a negative imaginary towards the urban poor who sought to secure their livelihoods through street vending, summarized by the press as the "pandemic of the informals" (Macera, 2020).

Commercial isolation

The commercial ties between formal and informal inhabitants in Gamarra played a key role in the economic growth of the textile cluster since the middle of the last century (Ponce Monteza, 1994). However, after decades of consolidation of such ties, the political and economic reforms of the 1990s in Peru brought the debate about the formal/informal dichotomy to the public arena (Hernando de Soto, 2001). This led to the development and implementation of local policies aimed at the formalization of informal trade. Gamarra was no exception and at the end of the 90s there was one of the first major evictions of street vendors, aimed at the recovery of public spaces and the formalization of the street trade (Municipalidad Distrital de La Victoria, 1999c). This action led by the local government would set the standard for the relationship between street vendors and local urban development policies. Thus, the history of urban development in Gamarra is characterized by dynamic periods of maintenance, negotiation, forbearance towards street vending, where it is even possible to find extra-legal governing practices employed by local authorities to manage public spaces. During the first months of 2020, the local government, under a policy of recovery of public spaces that began in 2019, had managed to control the presence of street vendors in Gamarra, which did not necessarily mean cutting

off commercial networks with their formal counterparts. The latter was only possible with the new government measures adopted to stop the advance of COVID -19.

The new commercial scheme that emerged in Gamarra from the economic reactivation policy proposed by the government during the state of emergency, was characterized by focusing on SMEs, electronic commerce, and ensuring social distancing. After weeks of the complete closure of the textile cluster, the commercial survival of formal companies became a real challenge, for which a large part of them were forced to go bankrupt and liquidate their assets (Sánchez, 2020). In response to this situation, the initial government strategy was oriented towards the injection of liquidity and the facilitation of operations mainly of SMEs (Ministerio de Comercio Exterior y Turismo, 2020). This without neglecting the strict control of public spaces, establishing checkpoints and perimeter fences under the command of the armed forces and police. The establishment of this "state of siege" was characterized by allowing only the entry of workers who had a COVID-19 discard test. Thus, given the impossibility of reaching clients, electronic commerce became the only alternative to sell products. It was not until the end of June that clients were allowed to enter under new sanitary protocols, among which was, in addition to random COVID-19 discard tests, the impossibility of passing the checkpoints with packages. The reason for this restriction was the camouflage that street vendors could use to sell their products in the streets of Gamarra (M.A.S., police officer, personal communication, July 6th, 2020).

Under these circumstances, the government managed to commercially isolate street vendors, ensuring that public spaces within the more than 30 blocks that make up the textile cluster were not used to sell products. While on the one hand, this isolation allowed the economic reactivation to take place gradually, by ensuring the absence of street vendors within the textile cluster, a parallel informal market was formed in the surroundings. This was made up of both commercial residents dedicated to street vending since before the pandemic scenario, as well as former formal businessmen who were bankrupt or did not

yet have the authorization to reopen their businesses (P.Q., public officer from the economic development office from the Municipality of La Victoria since 2019, personal communication, July 8th, 2020). For the mayor of La Victoria district at that time, George Forsyth, "this is a result of the fact that all the stores are closed, this is the reality, while Gamarra is closed for commerce to the public, all the streets are being taken" (Forsyth, 2020). The reality of this statement was accompanied by the high rates of infected merchants in the area, which facilitated the approval and legitimacy of the application of the state's punitive power against informal trade.

Concluding remarks: The pandemic of the informals in Gamarra

The condition of marginality, associated with the management of public spaces has been the object of study in several metropolises around the world. In this regard, academic research tends to be focused on both, the causes of this urban phenomenon and the effects of state policies to control those at the urban margins. Recent studies approach marginality by delving into spaces and social relations in the era of hegemonic neoliberalism. For instance, for Loïc Wacquant (2008) marginality is a product of social insecurity caused by deregulation of the economy and the reduction of social protection in urban settings characterized by the self-regulation granted by the invisible hand of the market. In other words, it is a phenomenon that is linked to the very development of the most advanced sectors of the economy, in which the confinement and criminalization of the urban poor become the coping mechanisms that materialize the punitive control of the neoliberal state. While this analytical perspective from Wacquant emerged from case studies developed in cities from the Global North, the implications for urban theory and research and public action demand its application to different social and political contexts.

The analysis presented in this paper focuses on the management of urban marginals in the context of the COVID-19 outbreak in Peru. This, to elucidate how the condition of marginality affects the livelihoods of informal street vendors in Gamarra. In particular, the control of street vendors in Gamarra during the pandemic scenario exposed the limits of the state's punitive policy when applied to the control of informal economic activities. On the one hand, since social security is not an informal labor market feature, the penalization of this commercial activity does not represent a shift in its interrelation with state actors. Meanwhile, the effectiveness of zero-tolerance policies is undermined by the absence of social policies that allow ensuring the livelihoods of those affected. Moreover, the ineffectiveness of this type of policies exacerbates the resistance power of street vendors regardless of their organizational capacities.

Overall, the relevance of the case study lies, in addition to contributing to the theoretical debate on the forms of marginalization in Latin American cities, in exposing the policy implications that the pandemic scenario presented for the management of urban marginals. Concretely, this situation exhibits the shortcomings of both market self-regulation and the effectiveness of social control mechanisms oriented to deal with urban marginality. In a region where marginal areas are geographically scattered throughout the cities, their management is not a linear process. For instance, in the case of Gamarra, the criminalization of informality and commercial isolation show the threshold of the zero-tolerance policy implemented by the state to manage urban marginals during the first stage of the COVID-19 outbreak. The impact of both in the livelihoods of street vendors not only implied their transition towards illegality and social discredit, but also new dynamics of coexistence between formal and informal commercial counterparts, as well as the configuration of new spaces of marginalization.

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