

# Programming Peacebuilding: Knowledge Production, Conflicting Representations and Intra-Interventionary Alternatives

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## Abstract

This paper argues for a reflexive break with preconstructions of informality and of interventionary practices on informality that characterise critical writings on peacebuilding. Informal economies in conflict contexts have become reference points for critics of liberal peacebuilding that consider interventions to reproduce inequalities inherent to the global order. However, as scholars assume informal economies to exist 'out there' for peacebuilders to act upon in a liberal manner, this reasoning relies on a preconstruction of informality and of interventionary practices. Preconstruction hides the constitutive effects of representation that, variously, shape what informality is and how it should be acted upon. Through case studies of Bosnia and Kosovo, the paper argues that the formation of informality as interventionary object is marked by tensions. Interrelated professional and scholarly epistemic practices bring about multiple and at times conflicting representations of the informal economy. Some representations are politically acted upon while others end up marginalised. The paper's main contribution lies in the appreciation of multiple 'informalities' and potential political alternatives within interventions vis-à-vis current – only apparently homogenous – interventionary actions. Theoretically, it suggests the utility of shifting from a focus on peacebuilding actors to epistemic practices in order to trace how interventionary objects are formed.

## Introduction

For the international community, breaking out of informality is increasingly seen as the principal development challenge across regions (...) and also a major issue for social cohesion and peacebuilding (International Labour Organization 2014).

'Informal economies' occupy a central position on peacebuilding agendas.<sup>1</sup> This has not always been the case. Known variously as 'grey', 'underground', 'shadow' or 'hidden', the informal economy advanced as an issue for peacebuilding in the mid-1990s. The interventions in Bosnia and Herzegovina and in Kosovo not only reflect but shaped this development. From the early days in Bosnia to the establishment of the United Nations Interim Administration Mission in Kosovo (UNMIK), informality went from being unrecognised to being taken for granted as a fundamental interventionary object. For over 15 years, peacebuilders in Bosnia and Kosovo have enacted 'interventionary practices' to manage the informal economy.<sup>2</sup> With striking similarity involving multiple actors, practices have sought to eliminate informality by reducing costs connected to the formal economy. Yet in spite of these operations informal economic activities in Bosnia and Kosovo are recognised as ubiquitous (Marini 2014; Bosnia Today 2015; World Bank Group 2015a; World Bank Group 2015b).

Peacebuilders' practical perseverance against the backdrop of a resilient informality illustrates a general interventionary paradox. While some successes in ending direct warfare are noticeable, contemporary peacebuilding interventions are criticised for not reaching their set goals (Pouligny 2006; Mac Ginty and Richmond 2007; Belloni 2012). Still these operations, often framed as 'liberal peace' interventions (Taylor 2010; Mac Ginty 2011), appear grounded in a consensus not only about *what* needs to be done but also *how* to go about to do it. Anna Leander and Ole Wæver note that 'in any given conflict situation, very often particular "facts", "causes" and "necessary remedies" emerge as "known" – as the basis on which action has to rest' (Leander and Wæver 2015: 2).

That certain problems and solutions appear known and given is not a trait confined to peacebuilding actors. Effectuating an 'intervention into interventions', this paper aims to highlight and to break with a 'preconstruction' of informality and of interventionary practices on informality that marks current research on the political economy of peacebuilding. Whether depicted as illicit earnings of local elites, as social pressure valves, or as resistance, existing research assume informal economies

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<sup>1</sup> The 'informal economy' is put in quotations marks to stress that what informality 'is' emerges as an effect of discursive and non-discursive practices. In the following, this clarification is left out for reasons of readability.

<sup>2</sup> A term borrowed from Christian Olsson (2015: 426). Practices are understood as 'socially meaningful patterns of action, which, in being performed more or less competently, simultaneously embody, act out, and possibly reify background knowledge and discourse in and on the material world' (Adler and Pouliot 2011: 4).

to exist 'out there' for peacebuilders to act upon in a given liberal/neoliberal manner. Informality and linked interventionary practices function as preconceived 'theses with which one argues but about which one does not argue' (Bourdieu and Wacquant 1999: 41). Preconstruction emerges as existing criticality is positioned above professional and scholarly representations and epistemic practices through which informality as an object of intervention is known and brought into being in the first place.

By situating the critique at the level of knowledge production, I argue in this paper that beneath the apparent stability across time and space of interventionary practices on informality there are multiple and at times conflicting representations of what informality is and how it should be acted upon (or not). These representations are produced and legitimised/delegitimised as the interventions unfold. The ongoing qualification of informality into an interventionary object comprises a variety of constitutive forms. There is not 'one informality' but multiple 'informalities'. Some forms are legitimised and condition particular types of solutions and political actions, while other representations and potential alternative actions are marginalised. By examining how informality is variously constituted as interventionary object throughout the interventions in Bosnia and Kosovo at the nexus of diverse agendas and actors with similar/dissimilar stakes in the object, the paper distinguishes six representations of informality as: *obstacle to welfare delivery*, *coping strategy*, *unfair competition*, *historical legacy*, *post-conflict institutional void*, and as *weak regulations*. Existing research's preconstruction thus hides how informality is heterogeneously constituted as an object of intervention throughout the interventions. Attention to knowledge production, however, is vital since how peacebuilders think, know and articulate the phenomenon matter for which political agendas are furthered and through what types of practices (Shepherd 2015; Hirblinger and Simons 2015). From this perspective, counter-representations and potential political alternatives do not necessarily reside outside and in clear opposition to current informality interventions but may be, to say, tucked within the interventionist framework.

To make this argument, the paper draws on Pierre Bourdieu's reflexive sociology. It takes a first step to 'objectivate the subject of objectivation' (Bourdieu 2004: 93) that produces and puts into practice knowledge and expertise of informal economies in conflict contexts. By analysing the conditions of possibility of enacted interventionary practices in Bosnia and Kosovo in terms of representations that made informality known and thereby brought it into being, the paper provides an understanding of how come certain political actions on informality were made more likely than others. The Bosnian and Kosovo cases are apt to examine for two reasons. The economic dimensions of conflict zones gained increased attention at the same time as these interventions were deployed (cf. Collier and Hoeffler 2000; Ballentine and Sherman 2003). Also, partly shifting peacebuilding priorities

between these interventions despite their temporal proximity elucidates informality as a variable effect of knowledge producing practices.

The paper proceeds in three substantive parts. The first part phrases the critique of existing research in starker terms. It also develops the paper's methodological baselines. In the second part, the paper maps and analyses distinct representations of informality produced throughout the interventions in Bosnia and Kosovo. Based on documentary sources, the analysis traces the knowledge formation that brought informality into being as an interventionary object and addresses the question of what representations and forms of knowledge gained authoritative positions. While how informality is made known and meaningful changes over time, some representations are also continually put forward. To further discuss how come particular representations were acted upon at the expense of existing alternatives, the paper's third part suggests the 'enjeux' of informality within interventions. The discussion of the stakes of informality also works, somewhat counterintuitively perhaps, to pinpoint the paper's limitations in terms of achieving the epistemological rupture implied by the act of 'objectifying the objectifying subject'. Further steps to achieve a fully reflexive understanding are outlined.

### Intervention into a fictitious systematization

The discipline of International Relations (IR) was long hesitant to recognise informal economies as legitimate topics of interest (Spike Peterson 2010: 244; Cling et al 2014: 1). Two exceptions stand out. In the International Political Economy (IPE) literature, issues pertaining to globalisation, global production networks, development, welfare and global economic restructuring are recently examined in relation to informal economic processes (e.g. Carr et al 2000; Bulut and Lane 2011; Phillips 2011; Milner and Rudra 2015). The other main exception is the literature on international interventions and peacebuilding.

Informality has become a point of reference for peacebuilding critiques, particularly for what David Chandler calls the 'power-based' critique (Chandler 2010: 140). Inspired by critical theory's orientation to human emancipation, this critique argues that liberal peace interventions sustain structural inequalities inherent to the global economic order (Duffield 2007; Pugh 2004b: 41). Hegemonic relations, capitalist market forces and power hierarchies underpin and perpetuated by interventions. The post-9/11 (re-emphasised) development-security nexus implies that peacebuilding increasingly reflects Western interests in disseminating the global capitalist order. Imposition of formal liberal/neoliberal economic orders seeks to minimise dissent (Duffield 2001; Cooper 2006; Jacoby 2007). Interventions constitute 'forms of riot control directed against the unruly parts of the world to uphold the liberal peace' (Pugh 2004b: 41). Yet by neglecting local needs and by managing only the manifestations of inequalities, the imposed 'regulatory and disciplinary' economic policies risk to

perpetuate processes of inclusion/exclusion in the global economy and the conditions that led to conflict in the first place (and hence the need for intervention) (Pugh 2004b: 49; Pugh 2006: 271).

Exclusion and marginalization of the periphery do not imply disconnection. Core and peripheries are for instance considered linked through informal and illicit economic processes. Shaped by war, informal and illicit economies play out within and beyond conflict contexts and influence the post-war reconstruction (Goodhand 2004; Andreas 2004b: 3). Existing research on informality in conflict contexts examine how peacebuilding operations have provided local elites with opportunities for economic gain (Yannis 2003; Pugh 2004a; Uberti 2014). Informal and illicit economic activities of local elites and former warlords and their competence to subvert, adapt and modify imposed policies turn them into peace spoilers as much as stakeholders in peace (Andreas 2009: 41; Kühn 2012: 33). Moreover, the opening of countries to global capital flows and the inability of peacebuilders to secure welfare needs have aggravated the situation for local non-elite actors (Pugh 2002: 467). Under these conditions, informality flourishes. Deficient welfare and employment opportunities sustain or increase informal economic activities (Pugh 2005b: 7; Wennmann 2005: 480). Informal economies turn into 'social pressure valves' (Le Billon 2008: 353) that provide safety, survival and economic self-help mechanisms (Strazzari 2008: 155-170). In contexts of lacking welfare, informal economic activities are also analysed as forms of everyday local resistance against the imposed liberal policies (Divjak and Pugh 2008: 383; Visoka 2012).<sup>3</sup>

These critical articulations are themselves criticised. By assuming the existence of a global interventionary logic with universalising transformative results, and by assuming differences in values and knowledge forms between the 'liberal/international' and the 'non-liberal/local' (Sabaratnam 2011: 246), the self-assertive radical critiques operate 'within dominant policy frameworks rather than *critiquing* these frameworks' (Campbell et al 2011: 5 [emphasis in original]). Dominant frameworks are reproduced 'through a critique from a similar viewpoint' (Sabaratnam 2011: 249). Even the more 'radical critics, those who draw out the problematic nature of power relations (...) in fact have very little to offer as a critical alternative to the current policies of intervention and statebuilding' (Chandler 2010: 153). Indeed, when critiques of intervention discuss transformative alternatives these are positioned as 'immanent in the processes of globalization' yet as external to liberal orthodoxies (Pugh 2006: 285).

This paper opposes from another perspective the view that alternatives to prevailing peacebuilding practices on informality necessarily reside outside (and in clear opposition to) current interventions. From this perspective, existing research on the political economy of peacebuilding preconstructs informality and interventionary practices on informality. By conflating the 'act of

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<sup>3</sup> As may be inferred, research on informality in conflict contexts stresses the inadequacy in assuming a neat separation between licit, informal and illicit economic activities.

essentialization' with the 'observation of essentialization' (Pouliot 2004: 328-329), existing research portrays informality as existing 'out there' for peacebuilders to act upon in a specific liberal/neoliberal manner. This produces an impression of informality interventions as monolithic and given. As argued by Bourdieu, pre constructions illustrate the risk that a researcher's 'familiarity with his social universe is the epistemological obstacle *par excellence*, because it continuously produces fictitious conceptions and systematizations and, at the same time, the conditions of their credibility' (Bourdieu, Chamboredon and Passeron 1991 [1968]: 13 [emphasis in original]). Pre constructions remind us of the significance of questioning representations of research objects handed down by official discourses or by disciplinary traditions and which otherwise – as aspects of the socially constructed reality – may easily appear given (Bourdieu and Wacquant 1992: 235; Bourdieu and Chartier 2015: xvi). The pre construction of informality and of interventionary practices emerges as current criticality disregards the practices of knowledge production through which informality as object of intervention is brought into being in the first place. Oversight of the social and relational work of construction – through international and local practices, professional and scholarly practices and in relation to wider discourses – whereby informality emerges and forms as interventionary object prevents us from seeing that different epistemic practices render different 'informalities' and that counter-representations may exist alongside the presently dominant understanding. Indeed, how informality is made known, produced, reproduced or transformed as an interventionary object by discursive and non-discursive practices – although simultaneously ignored as such – is vital to assess as this furthers certain political actions and interventionary agendas rather than others (cf. Zehfuss 2002: 36). Different and at times competing representations of a peacebuilding object follow distinct logics and render distinct political actions (Shepherd 2015; Hirblinger and Simons 2015). Representation, Edward Said notes, 'becomes significant, not just as an academic or theoretical quandary but as a political choice' (Said 1989: 224).

The pre construction of informality and of interventionary practices is problematic for at least two reasons. First, it renders a political effect. As mentioned, pre construction implies that existing critical literature on the matter tacitly adheres to the dominant representation of informality that is offered by institutionalised peacebuilding discourses. This hides the possibility that counter-representations and potential alternative political actions may exist also within interventions. Second, pre constructions delude us to forget the constitutive relations between 'man, the producer, and his products' (Berger and Luckmann 1966 [1967]: 89). This concerns two constitutive levels. Even if scholars may, and should, observe acts of essentialization – which indeed are fundamental to the construction of social facts (Pouliot 2004: 329) – this cannot imply a disinterest in the relationship between the level of observation and the level of action (Guzzini 2000). Informality as an effect of knowledge production at the level of peacebuilding observation and peacebuilding action means that scholarly practices are implicated in the construction of informality as interventionary object which scholars set out to know

and analyse. Preconstruction thus contradicts the reflexive component of critical theory – which underpins much of the critical interventionary literature – as being simultaneously the subject and the object of knowledge (see also Hamati-Ataya 2013: 675).

The relevant question, therefore, is: how do peacebuilders know informality? How do certain knowledge forms of informality, conditioned by scholarly and professional epistemic practices, produce an interventionary object to be acted upon in specific ways, while – and perhaps continually so – alternative forms and actions are precluded? Generally, questions of knowledge formation and dissemination within interventions are gaining increased attention (e.g. Bliesemann de Guevara and Kühn 2015; Distler 2016). Studies have found that peacebuilding operations are comprised of heterogeneous actors with multiple views of how interventions should proceed – not least between the multiple interventionary sites at which internationals are present (Veit and Schlichte 2012). There is no master plan (Denskus 2007; Jeandesboz 2015). Much of this literature assumes that international interventions are to be studied from a perspective of how they play out local contexts. For instance, scholars have examined how local knowledge is disregarded in favour of technical expertise and generalised knowledge (Autesserre 2014), how international actors compete for influence and prestige at the local arena (Hensell 2012), who the individuals staffing peacebuilding interventions are including the composition of their habitus (Koddenbrock 2012; Goetze and Bliesemann de Guevara 2012).

Less explored, though, is how interventionary objects form through representations that are produced and maintained by knowledge producing practices enacted by various actors. Julien Jeandesboz notes that 'underspecified in the critical literature on contemporary interventionist practices' is the possibility of viewing 'programming' of interventions as 'distinct practical universes through which intervention is shaped' and that research should also take the 'pattern of struggles over the programming of intervention' into account (Jeandesboz 2015: 464, 450). This paper departs from an actor-centeredness to instead focus on the formation of an object of intervention throughout discursive and non-discursive epistemic practices. Although with potentially varying influences, this formative process may involve 'international' as much as 'local' actors, 'peacebuilding professionals' as much as 'academics'. By in this way taking a step back from actors and their interactions to instead start from practices that constitute interventionary objects, it becomes possible to decipher the politics of interventionary programming and the tensions over categorizations representations that shape how interventions unfold. Still, practices are enacted by actors. Rather than seeking to understand the influence of 'epistemic communities' (see Cross 2013 for an overview) or of specific peacebuilding actors with specific types of knowledge in interaction with other actors, however, the shift to practices entails an examination of *how* knowledge of a certain object is formed in the first place. By focusing on representations of informality and how these are produced, reproduced or transformed by epistemic practices, the paper studies the generation and constitution of knowledge rather than its influence.

Specifically, to transcend current preconstructions of informality and of interventionary practices on informality, this paper situates its analysis at the level of knowledge production and formation of an interventionary object. This calls for another epistemological principle. It becomes necessary not only to accept but to examine the constitutive relations between the observer(s) and the observed. With reference to peacebuilders and scholars as producers of knowledge of informality, the paper's guiding principle is found in the reflexive sociology of Bourdieu. The overarching aim, of which this paper forms a first step, is to 'objectivate the subject of objectivation' (Bourdieu 2004: 88). This refers to how informality as interventionary object is constituted and formed throughout interrelations between its trajectory in a social and a scholarly context. There is an epistemological or double 'rupture' with respect to both professional and scholarly preconstructions of informality (Bourdieu and Wacquant 1992: 247, 251). As we are to see, certain scholarly practices are complicit in peacebuilders' production/reproduction of particular conceptions of and actions upon informality. This may occur indirectly through disciplinary struggles that privilege certain representations and knowledge forms of informality over others. It may also occur directly given that scholars who act as consultants or experts within international organizations may influence interventionary thinking and acting upon informality. The paper provides an initial sense of these interlinkages.

Based on this, the paper details the constitution of economic informality as a legitimate and distinct interventionary object in Bosnia and Kosovo from 1995 until 2015. It provides a sense of how informality is epistemologically produced: of how knowledge producing practices that seek to discover informal dynamics 'on the ground' during the interventions simultaneously create what informality 'is' and how it should be acted upon. Realities and representations of informality are thus inseparable. Rather than assuming that informality exists in this or that form independent of practices to know about it, the 'informal' emerges as an effect of representation. Representations that are continuously put forward and acted upon constitute dominant and authoritative knowledge forms. These are performative by not only constituting what informality 'is' but also how it should be acted upon (if at all). Dominant representations condition a multitude yet limited amount of possible practices while making other practices less likely or unthinkable (see also Dunn 2009: 78).

The Bourdieusian take on reflexivity is useful due to the connection he makes between thinking reflexively and opening up a space for politics (and power) in terms of alternative knowledge forms and potential actions that may have become marginalised. Anna Leander puts it succinctly: 'It is only by unveiling and clarifying the positions / dispositions that underpin the constant reproduction in practices of a specific script that one can ever hope to alter it that is to introduce politics into the process' (Leander 2011: 306). From this follows that there is no 'place of original insight in the social world' from which a reflexive examination can be performed (Bourdieu and Chartier 2015: 26). The point, however, is rather to perform reflexivity in order to achieve meaningful knowledge, that is,

knowledge that is understood in relation to its formative conditions and that discusses the political implications of positioning certain forms of knowledge as legitimate while marginalizing others.

### The formation of informality as interventionary object(s)

This part addresses the question of 'what' and 'whose' knowledge of economic informality can be legitimately, authoritatively and practically articulated within peacebuilding interventions in Bosnia and Kosovo. The knowledge production of informality as interventionary object forms around distinct representations as conditions of possibility of enacted interventionary anti-informality practices. Produced and maintained by epistemic practices and containing specific definitions, categorisations, delimitations and explanatory logics, representations provide a sense of how actors 'know' and communicate about informality and of how come certain actions are considered necessary solutions. In the following, access to interventionary discursive and non-discursive epistemic practices on informality is obtained by means of an inductive and interpretive analysis of various documentary sources. Vincent Pouliot points out that a practice can be accessed directly or indirectly (Pouliot 2013: 49). The former usually refers to participant observation. When the analysis predominantly aims to explore historical representations and practices, indirect access is preferable. This is achieved through textual analysis of interventionary policy documents, memorandums and strategy papers that provide an understanding of how peacebuilders represent informality and that also contain prescriptions about what is perceived as necessary solutions. Evaluation documents and annual reports inform of enacted practices. When selecting what texts to analyse, I have tried to cast the net as widely as possible within the overarching interventionary framework. The idea has been to include as many possible discursive and non-discursive practices relating to informality as found within the documentary traces of the respective interventionary process. I have added novel textual sources up to the point when any further practice could be related to already analytically positioned ones. Although the analysis may not give a complete view of how informality was represented from 1995 to 2015, the plurality of texts still implies that the analysis illustrates the enacted practices and their conditions of possibility in terms of shared understandings as much as points of contention and instabilities of meaning.

### **Programming informality interventions in Bosnia**

Following the US-brokered Dayton Peace Agreement (DPA, officially the 'General Framework Agreement for Peace in Bosnia and Herzegovina') in December 1995, Bosnia and Herzegovina turned into a peacebuilding 'laboratory' (Keil and Perry 2015: 463).<sup>4</sup> The International Monetary Fund (IMF),

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<sup>4</sup> The DPA divided Bosnia into two entities: The Federation of Bosnia and Herzegovina (populated mainly by Bosniaks and Croats and divided into ten cantons) and the Republika Srpska (inhabited mostly by Serbs).

the World Bank (WB), the Office of the High Representative (OHR) and the European Union (EU) were main international actors involved in economic reconstruction. Operative (direct interference and policy implementation) and conditional (tied for instance to financial assistance) strategies were employed.

Initial peacebuilding operations centred on humanitarian assistance, refugee return and physical reconstruction (Tzifakis and Tsardanidis 2006: 70). In line with the early 1990s' fusion of conflict management, peace and economic reform, this included policies to create a market economy (Ohanyan 2002: 399; World Bank 2004a: 5). Market liberalisation measures covered labour market reforms, financial liberalisation and bank privatisation, privatisation of state-owned companies, and trade liberalisation (for instance the reduction or elimination of quotas, tariffs and export taxes) (World Bank 1996b: 15-16; Bojicic-Dzelilovic et al 2004: 7, 19). Following the introduction of the 'Bonn Powers' in 1997, which gave the High Representative (HR) authority to directly impose legislation and to dismiss elected Bosnian officials that were considered to prevent the implementation of the DPA (Chandler 2005: 340; see also Knaus and Martin 2003), the OHR joined the IMF and the WB as main actors steering the economic reform agenda. The OHR played a decisive role in setting up and implementing economic reforms regarding for example the creation of a single economic space and state-level laws on custom tariffs and taxation (Keil and Perry 2015: 465; Venneri 2010).<sup>5</sup> When the immediate emergency operations had ceased, focus was directed at developing the private sector. In light of decreasing aid and external assistance, the private sector was seen as key to reduce unemployment and to achieve socio-economic growth (World Bank and European Commission 1999a: vii). Various reports and policy documents stressed how a reduction of administrative barriers and an extension of micro-credit opportunities would enhance job creation (World Bank 1996a; World Bank 1996b: xvii, 9; World Bank and European Commission 1999a: 13-15, 28, 36; International Monetary Fund 2000).

During the initial phase, the informal economy was a non-object within the interventionist framework. If at all mentioned, informality was briefly noted as a residual phenomenon and as a resort of temporary employment. Mostly however, informality was positioned in relation to uncertain employment numbers and seen as a kind of statistical disruption (World Bank and the European Commission 1999a: 15). Soon though, the informal economy would become increasingly problematised. From 1999/2000 onwards, a quest to gain specialised knowledge of informality crystallised. Peacebuilders' knowledge producing practices, directly or indirectly shaped by scholarly forms of knowledge, turned informality into an object with its own (at least in part) dynamic. Rather than a residual or a statistical disturbance, the informal economy was increasingly articulated not only

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<sup>5</sup> The OHR-imposed laws were often formally adopted by local legislative bodies.

as a growing phenomenon but as a phenomenon to be known and understood on its own terms. Informality was made an object to be traced, delineated, defined, measured and acted upon. The impetus behind this development linked to two shifts within and beyond the Bosnian intervention.

First, in the mid-1990s the IFIs de-emphasised the rigid orthodoxy of the Washington consensus on development. Rather than deregulation, market liberalization and the rolling back of the state, components like contextual knowledge, institution-building, properly designed rules and regulations, social capital and 'good governance' were increasingly stressed (World Bank 1997). This related in turn to developments within academic peace and security studies towards questions of 'state failure' and global security threats (Sabaratnam 2011: 18). The second shift related to scholarly and practitioner critiques of peacebuilding in Bosnia. In the late 1990s, critics suggested that the challenges facing Bosnia were more complex than previously assumed. The ethnic division of Bosnia and peacebuilders' attempt at economic liberalisation were criticised for enabling local actors and political parties to maintain control over lucrative assets in the respective territories (Manning 2004: 68). Local elites adapted to the international reform agenda in ways that produced and reproduced their economic gains made through patronage and predatory informal and illicit economic activities (Bojicic-Dzelilovic et al 2004: 38; Divjak and Pugh 2008: 375, 380). Local political and criminal actors with links to chosen businesses managed to control a certain territory with its money flows, state contracts, employments, custom fees, tax revenues and former state-owned companies. Economic profits were partly used to fund ethno-nationalist political aims (Manning 2004: 68; Festic and Rausche 2004: 27). With parallels to the Yugoslav period, critics also pointed at how smuggling operations could depend upon collusion and collaboration across ethnic boundaries (Kaldor et al 1997: 333; Andreas 2004a: 32; Corpora 2004: 62). For the majority of the population, engagement in informal activities was considered by critics to form a coping strategy amid unemployment and economic distress (Pugh 2002: 472; Corpora 2004: 65).<sup>6</sup> In sum, the two shifts brought about a turn to institutionalization and statebuilding in Bosnia. This facilitated the emergence of informality as a legitimate interventionary concern. Three distinct representations of the informal economy emerged.

### *Informality as obstacle to welfare delivery and as coping strategy*

Excerpts from two World Bank reports provide informative snapshots of the dispositional development towards more specialised knowledge of informality that now occurred. In a 2002 analysis of public expenditure, the Poverty Reduction and Economic Management Unit at the World Bank singled out 'informalizing economic activity' and the 'informalization' of the economy as a pressing issue (World

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<sup>6</sup> That said, existing research finds the relations between peacebuilding operations and informal economies to be complex and ambiguous rather than one-sidedly predatory (e.g. Andreas 2009: 34, 41).

Bank 2002: i, vi, 4). Depicted as an ongoing phenomenon, informality was portrayed as something other than a residual. Specifically, the informal sector was represented as an obstacle to welfare delivery and to the development of a social security net that would cover all citizens (World Bank 2002: 109). Decentralised governance structures and high tax burdens were singled out as main causes of informalization (World Bank 2002: i, 4, 21). The need to 'eliminate' the informal sector through reforming the tax system and by providing formalisation incentives to businesses was emphasised (World Bank 2002: 58, 17).

Further steps to gain knowledge of informality and its role in the Bosnian society were taken. A 2003 World Bank Poverty Assessment Report offered a broad conception of informality covering informal employment, informal economic activities due to non-compliance with taxes and regulations and informal networks in a wide sense. The two former aspects were particularly discussed. In Bosnia, the report recognised, 'the majority of private sector employment is informal' (World Bank 2003a: 26). It became necessary to define the informal sector as distinct from criminality:

In the past few years the informal sector (or economy) in countries in transition has increasingly become the focus of research, public policy and the media. The informal sector is important because it provides a considerable source of income and employment in countries where formal employment opportunities and social security are limited. However, 'informal' activities are heavily stigmatized, and 'entrepreneurial' activity is still somewhat associated with a 'dishonest and criminal way of making money' (...). We define as informally employed those who are engaged in productive income generating activities, but are not covered by the usual type of obligations and benefits associated with a formal labour contract: i.e., pension fund contributions, health and disability insurance (World Bank 2003a: 26).

Based on this definition, the report gave a dual representation of the informal economy. By linking the informal sector to poverty, the report questioned whether informality was the 'cure or disease' (World Bank 2003a: 26). On the one hand, informality was represented as a 'coping' and risk management strategy of the poor and marginalised (World Bank 2003a: 28). Access to the formal labour market in Bosnia was argued to exclude large parts of the population. For many households, 'access to alternative employment opportunities, both formal and informal, is critical for income diversification' (World Bank 2003a: 24). The informal sector was portrayed as an 'important source of flexibility' (World Bank 2003a: 26). On the other hand, and in line with the conception of informality as an obstacle to welfare delivery, informality was depicted as related to labour market segmentation and health insurance gaps across the population (World Bank 2003a: 73-89): the 'large proportion of the population engaged in informal activities makes it impossible for a payroll based health insurance

system to cover all citizens' (World Bank 2003a: xi). To balance these distinct representations, the report declared that 'informal labor does provide an important way to cope with risk, but this is not always an appropriate long-term strategy' (World Bank 2003a: 26). The representation of informality as coping strategy was downplayed in favour of informality as obstacle to welfare delivery.

On a thematic level juxtaposing informality, welfare and livelihoods, the two representations are linked. Yet their connotations differ. In the first, informality emerges as the problem – as the obstacle for something to occur. The informal sector causes health insurance gaps among the population and is portrayed as a key factor that hinders the development of a social security net. In the second representation, informality emerges as the solution – as the force enabling something, in this case marginalised peoples' sustenance, to occur. This representation portrays informal economic activities as a risk management strategy of the poor. Although considered a non-viable long-term solution, informality is portrayed as an alternate income opportunity, as a flexible source of job creation. Emphasis lies less on problems caused by the informal economy and more on informality's role as alleviator of poverty.

#### *Informality as unfair competition*

Meanwhile, the European Union (EU) had gained a dominant role in Bosnia. In 2002, the EU named its first Special Representative to Bosnia which de facto implied a 'double-hatted' position for the HR/EUSR. From now on, the Dayton framework was increasingly 'subordinate to the requirements for eventual EU membership' (Chandler 2005: 341). Critiques of peacebuilders' approach to economic reconstruction and development were continuously articulated. In 2004, a report from the Operations Evaluations Department (OED) at the World Bank stated that the international efforts to create a favourable environment for private businesses had not been sufficient. The 'heavy official tax burden on enterprises discourages economic activity in the formal sector' (World Bank 2004a: 2) and the Bank could have tried harder to address tax evasion. Overall, the Bank should 'rethink' its approach to private sector development (World Bank 2004a: 35).

Around the same time, a Medium-Term Development Strategy (MTDS) for the upcoming three years was prepared. Although local government agencies played a larger role in this process, international priorities were guiding. The strategy, labelled a poverty reduction strategy, comprehended five priority sectors. It introduced a novel representation of informality: as giving rise to unfair competition to businesses in the formal sector (International Monetary Fund 2005a: 6). High taxes and lacking employment possibilities in the formal economy were considered reasons behind the 'substantial growth of the informal economy' (International Monetary Fund 2005a: 6). In passing, informality is portrayed as providing a 'useful safety net' (International Monetary Fund 2005a: 6). Yet

this understanding was downplayed in favour of the representation of informality as posing an unfair competition that ought to be eliminated.

Despite the explicit interest in informality, peacebuilders' representations were still informed by generic analyses of the Bosnian situation rather than by epistemic practices specifically concerned with the informal economy. With the 2005 World Bank Economic Memorandum, however, this changed. Peacebuilders' knowledge production of informality came to involve quantification, measurement, statistical comparisons and the use of academics as providers of expertise. With this type of professionalization of the knowledge production of informality, any previous ambiguity about potential benefits of informality as suggested by the representation of informality as a coping strategy was further downplayed in favour of the continuously articulated representation of informality as unfair competition.

The 2005 memorandum portrayed the informal economy as a dynamic challenge that 'appears to be gaining further ground' (World Bank 2005a: i). By making use of research by Friedrich Schneider, who in turn based his quantifications on World Bank data (Schneider 2002: 13), the size of the informal sector in Bosnia was estimated at over 34 percent of the Gross Domestic Product (GDP) (World Bank 2005a: 59).<sup>7</sup> To stress the severity of this situation, comparisons were made with 21 OECD countries (estimated at 16.8 percent of GDP) and with the USA (estimated at 8.8 percent of GDP). Furthermore, the report made a point of clearly separating the formal and the informal sector, and of defining and understanding the specificities of the latter (World Bank 2005a: 55). Businesses in the informal sector was seen to operate differently as compared to those in the formal sector, partly due to greater flexibility. For instance, informal businesses were said to be smaller in size and to employ mainly young people (World Bank 2005a: 101, 127). Overall, the report stressed the conception of informality as unfair competition:

While the large informal sector does provide jobs, alleviate poverty, and support economic activity, its downside goes beyond the loss of revenues for the governments. It provides unfair competition to the formal sector and erodes the enforcement of property rights and contracts. Firms in the gray economy have an advantage over those in the formal sector, as the former do not pay taxes and are not subject to regulation. These disadvantages of a large informal sector make the formalization of informal activity a policy priority for the BH government (World Bank 2005a: 59-60).

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<sup>7</sup> Friedrich Schneider is Professor of Economics and has devoted much of his work to questions pertaining to informality, to measuring informality and to public choice perspectives. He has also acted as consultant to the World Bank, the IMF and other international organisations.

To detect the causes of informalization, the report drew explicitly on Schneider's research. High tax levels and costly social security contributions together with government regulations and formal sector rigidities were stated as main causes behind the increase in informality (World Bank 2005a: 59; see also Schneider 2002: 25, 28). Furthermore, the report argued, if the 'cost and the difficulty of doing business are high, the benefits of operating in the gray economy outweigh the efforts to comply with cumbersome regulations' (World Bank 2005a: 60). In terms of policy response, the report underlined measures to reduce the incentives to operate informally (World Bank 2005a: 129).

### *Dominant representations*

Between 2006 and 2015, the informal economy was continuously articulated by peacebuilders as a core challenge for Bosnia. Little changed in terms of representations of and actions upon informality.<sup>8</sup> The informal economy was continuously portrayed as a separate sector of the economy related to unemployment and to structural rigidities of the formal economy (EU Commission 2006: 22; EU Commission 2007: 24, 37; International Monetary Fund 2007: 42; EU Commission 2011: 30; EU Commission 2012: 24-25, EU Commission 2015: 31-32). Two of the three representations of informality were put forward time and again: informality as obstacle to welfare delivery and informality as unfair competition. As obstacle to welfare delivery, informality was continuously considered to cause health insurance gaps and inequalities among the population. Also, informality was portrayed as a lack of job security. Informal employees were therefore assumed to lack 'incentives for lifelong learning and opportunities for career development' (International Monetary Fund 2010: 12-13). As unfair competition, informality was represented as a phenomenon crowding out the formal market. Businesses that operate informally were considered to enjoy a competitive advantage as they did not pay taxes or adhere to regulations, contracts and property rights (International Monetary Fund 2005a: 6; International Monetary Fund 2010: 11; World Bank Group 2013: 10).

The two dominant representations were not mutually exclusive. Both conditioned peacebuilding practices to eliminate the informal economy. By relying on a legalistic approach to formalization, peacebuilders' enacted anti-informality practices in Bosnia focused on legal measures and regulatory arrangements to provide incentives for businesses to opt out of informality. For instance, peacebuilding practices reduced the time and cost of business start-up, registration and exit. Obtainment of a tax identification number was streamlined (EU Commission 2011: 27; World Bank Group 2012: 67). The time needed for processing construction permits was decreased (World Bank Group 2010: 89; World Bank Group 2012: 67). Tax rates and the rates for social security contributions

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<sup>8</sup> Noticeable though is the recent more frequent juxtaposition in the EU Progress Reports of informality and the 'fight against corruption' and 'organized crime' (EU Commission 2008: 38; EU Commission 2010: 32; EU Commission 2011: 30; EU Commission 2015: 34).

paid by employers were reduced. Additional measures sought to increase tax compliance and to ease administrative burdens, for example by introducing electronic payment systems (World Bank Group 2011: 60, 134; World Bank Group 2013: 136).

### **Programming informality interventions in Kosovo**

Following the passing of the United Nations Security Council Resolution 1244 in June 1999, Kosovo was established as international protectorate to be temporarily administered by UNMIK and the NATO-led Kosovo International Security Force (KFOR). Under UNMIK Pillar IV, the EU, the World Bank and the IMF were main international actors involved in Kosovo's economic reconstruction. Compared to the mission in Bosnia, peacebuilding in Kosovo placed from the start considerable emphasis on creating economic and political institutions, on public administration training, on education and on social sector reform (Bhatia 2005). The World Bank and the IMF established a custom service, tax administration, central bank and a new payment system. Trade regimes were refined and taxes lowered – all to create a suitable environment for the private business sector. This focus on institutions echoed the mid-1990s shift to statebuilding and good governance. As in Bosnia, peacebuilding in Kosovo prioritised marketisation. Establishment of a transparent formal market economy driven by the private sector was considered a prerequisite of successful reconstruction and development (World Bank and European Commission 1999b: 2). Unlike Bosnia, however, marketization in Kosovo involved the making of informality into a core interventionary object from the very start. The vibrancy of economic activities demonstrated the 'entrepreneurial spirit of the people' (World Bank 1999: 3). The problem was that these activities were unregulated.

#### *Informality as historical legacy and as post-conflict institutional void*

The importance of formalizing the informal economy was emphasised in the first programme for reconstruction issued in 1999. The programme referred to the grave unemployment situation despite the 'vibrant restart of informal activities in the trade and services sectors' (World Bank and European Commission 1999b: 1). Most existing businesses were assumed to be unregistered and to operate in the informal economy. Informality was defined as 'activities of a legal nature' that could be distinguished both from formality and from economic activities 'of an illegal nature'. Yet the lack of a regulatory framework hindered such 'clear separation between "gray" and "black" activities' (World Bank and European Commission 1999b: 11). In a manner slightly contradictory, the 1999 programme gave two representations of the informal economy.

The programme construed informality firstly as a legacy of the dynamics of the Kosovar parallel state. Following the Milosevic regime's imposed discriminatory policies, a parallel state emerged in Kosovo in the early 1990s. At its peak, the parallel state included an elected government, a system for

tax collection, health services, public transport, social assistance, financial councils and trade unions. Many Kosovars established their own informal business within trade, transport or manufacturing. Informal economic activities were also a given feature of coffee bars, restaurants and hotels (Babuna 2000; Maliqi 1998; Vickers 1998). In post-conflict Kosovo, informality was initially represented by peacebuilders as a continuation in practice of these socio-economic dynamics – which made Kosovars experts 'at surviving, in some cases even thriving, outside the official economy and government structure' (World Bank and European Commission 1999b: 53; see also World Bank 1999: 3).

Secondly, the 1999 programme represented informality as a contemporary problem due to the recent conflict's destruction of existing institutions (World Bank and European Commission 1999b: 6). By portraying the situation as one in which economic activities had *restarted*, any historical continuity of informal dynamics was downplayed. A partial break with the earlier historically-contingent understanding was effectuated. In this representation, informality was a problem of a post-conflict institutional void, in particular an absence of business regulations:

The absence of a legal framework may have played a role in the rapid restart of activities, but it denies the economy effective instruments for its further development, and it creates a vacuum which is favorable to illegal or criminal activities (World Bank and European Commission 1999b: 11).

The partial break with socio-historic preconditions favoured the understanding that peacebuilders' practices should focus on establishing a suitable institutional and regulatory framework and on creating formalisation incentives (World Bank and European Commission 1999b: 55). Nevertheless, historical dynamics were not completely neglected. It was deemed 'unclear to what extent persons within the parallel economy will welcome the chance to participate in the organized economy. While one might expect that Kosovars who were previously excluded would welcome the chance to live and work within the recognized system, that enthusiasm may fade as persons realize it comes with a cost in the form of taxes' (World Bank and European Commission 1999b: 56). In sum, in the immediate post-conflict period informality was represented yet simultaneously de-emphasised as a legacy of the near past in favour of a portrayal of informality as a contemporary phenomenon that would disappear once the post-conflict institutional void was handled. This focus on the present can be paralleled to what Kai Koddenbrock (2012: 217) refers to as peacebuilders' 'suspension of time' which devalorises the past and the future of a conflict context. Formalization came to hinge on the choices of individuals and whether or not businesses found that the incentives to formalise outweighed the costs thereof (World Bank and European Commission 1999b: 11–15).

### *Informality as coping strategy*

In May 2001, a new constitutional framework was adopted. In November the same year country-wide elections were held. The administration of Kosovo became a shared responsibility between UNMIK and the Kosovar Provisional Institutions of Self Government (PISG). Responsibility over policy areas began to gradually shift to local agencies. For instance, business registration became a responsibility of the Ministry of Trade and Industry (MTI) and its *Agjensioni i Regjistrimit të Bizneseve në Kosovë* (Kosovo Business Registration Agency, KBRA). In line with World Bank ordinations, the KBRA acted to simplify procedures and to diminish the costs of business registration. Also, after 2001 peacebuilders' analyses of informality increasingly included data collected through focus group interviews and surveys with the Kosovar business community (e.g. World Bank 2003b; 2004b). These were commonly conducted by local or regional organisations and research institutes.<sup>9</sup> Interventionary knowledge of informality was increasingly co-produced by local actors yet within terms set by international organisations.

Informality was considered to pose continuous challenges. A 2003 World Bank report on the Kosovar labour market contained one of the first separate analyses of the 'informal sector' in Kosovo. The report acknowledged the establishment of a regulatory framework for private businesses (World Bank 2003b: 59). Furthermore, the present 'low level of payroll taxes is extremely important in keeping the cost of labor down and providing an incentive to employers to employ more labor' (World Bank 2003b: 55). Against this backdrop, the size of the informal economy was considered a 'puzzle as the rate of payroll taxes is among the lowest in the region' (World Bank 2003b, viii). With this report, the problem formulation of informality widened. In addition to business registration, informality was defined also in relation to the existence of employment contracts and tax payments (World Bank 2003b: 92). The threefold definition produced informality in Kosovo not only as a ubiquitous phenomenon but also as more ambiguous than previously thought.

To understand the puzzling informality, peacebuilders' epistemic practices sought to pinpoint the characteristics of the informal economy. A household survey and closer case studies were commissioned by the World Bank and performed by Prism Research, a regional media and social research company based in Bosnia and Herzegovina. The survey included a list of 22 pre-set indicators of informal activities as base for respondents' self-identification. Unexpectedly, subsistence activities were not common. Informality did not correlate with poverty (World Bank 2003b: 92). The qualitative studies were presented as providing further insights into these findings. The level of 'social capital' was found to be high among people who operate informally. An 'extended family structure is extremely important in maintaining consumption above the poverty line' (World Bank 2003b: 93). By implying

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<sup>9</sup> One example is the Riinvest Institute – a local research institute that focuses on policy questions and policy advocacy in relation to the Kosovar business environment.

extended work hours, lower incomes and difficult working conditions – such as 'all day in the Street' – informality was portrayed as categorically distinct from the formal economy (World Bank 2003b: 19).

Based on these practices, informality was represented in a novel way. Rather than a problem in need of elimination, the informal economy was portrayed as an object not to intervene upon, at least not directly. Conducted case studies and the collected interview data rendered an increased sensitivity to how informality was believed to play out 'on the ground'. Although not necessarily correlated with poverty, informality was represented as 'providing a coping strategy for survival' (World Bank 2003b: 98). Informality was deemed a survival strategy for vulnerable groups. The previously stressed causal link between informality and high taxes and/or intrusive regulations was downplayed. This representation rather sought to assess the social functions of informality. Solutions were not considered to lie in elimination, formalization and incentive provision but to rely on a gradual transformation:

Policymakers should not at this stage be unduly concerned about the informal sector, but rather adopt strategies (growth, formal sector job creation, training, etc.) that will gradually draw actors currently in the informal sector into the formal economy (World Bank 2003b: 99).

#### *Informality as weak regulations and as unfair competition*

In March 2004, violent riots broke out in Kosovo. Among other things this forced peacebuilders to speed up economic reforms (World Bank 2004b: 1; International Monetary Fund 2005b: 1). At the time, the initial post-conflict economic boom had slowed down. Unemployment and informal employment were considered huge problems (World Bank 2005b: iii; World Bank 2007: 3; International Monetary Fund 2005b: 12; European Commission 2005: 30). Despite pursued formalization attempts, most people still worked 'outside the formal economy' (Economic Strategy and Project Identification Group 2004: 9). The resilience of the informal sector called for detailed knowledge of informal dynamics 'on the ground'. Important 'knowledge gaps' existed with regards to the informal sector (World Bank 2005b: 83). Attention was directed at what particular costs and constraints businesses faced in Kosovo. Local particularities were to complement assumedly universal costs of business registration and tax payments. This return to a focus on costs and benefits conditioned the emergence of two novel representations of informality.

Drawing on previous understandings, a more nuanced definition of informality gained ground. Going beyond the question of registration, informality was recognised to exist in various forms:

At one end of the spectrum are firms that seek to be totally "invisible" from the authorities, and avoid official registration and licensing and evade payment of any taxes. At the other end

of the spectrum are firms that are semi-informal, who may be registered, and who may pay taxes, but fail to report all income or may avoid payment of employee-related benefits (World Bank 2004b: 33).

Rather than due to absent rules, informality was now represented as weak regulations (World Bank 2004b: 36; International Monetary Fund 2005b: 4). Malfunctioning regulations imposed high taxes and administrative burdens that in turn created 'incentives for firms and employees to shift or remain in the informal sector' (World Bank 2004b: 36). Yet, this representation appears somewhat paradoxical. At the time, other statements deemed the business community as 'relatively favourable' for small- and medium-sized businesses. Registration procedures were easier, compliance costs with regulatory requirements had been lowered and entrepreneurs were said to face relatively few administrative barriers when opening a business (World Bank 2004b: 32; World Bank 2005b: 16). Local and international observers considered taxes to be relatively low. The administrative costs of registration and business start-up were not considered to pose significant obstacles (Mauring 2007; Business and Strategies Europe 2007: 42).

The second representation that emerged in the mid-2000s portrayed informality as unfair or illegal competition (World Bank 2004b: 35, 44; World Bank 2005b: 16; European Commission 2005: 36, 44). This representation was predominantly produced by surveys and questionnaires distributed within the Kosovar business community. Caused by a deficient and weak regulatory framework, informality was considered to create an unfair competition to the formal economy. The World Bank noted that 'forty-four percent of all firms cited unfair or informal competition as a significant constraint' (World Bank 2004b: 35). In other words, informality in Kosovo was on the one hand 'very large' (European Commission 2005: 30) and 'quite extensive' (World Bank 2004b: 36) with businesses that operated partially or fully informally. On the other hand, the representation of informality as unfair competition invoked the idea of a clear-cut distinction between the formal and the informal.

### *Dominant representations*

Following Kosovo's declaration of independence in February 2008, further responsibility over policy areas shifted to the local government. Meanwhile, the European Union Rule of Law Mission in Kosovo (EULEX) was deployed. Concerns about corruption and faulty practices were increasingly raised. Privatization and procurement processes were singled out (Pugh 2005b; European Commission 2005: 16). Criminal organizations allegedly monitored and controlled a large share of these processes (Phillips 2010; Kosovo Stability Initiative 2011). Mutual dependencies between businesses and political actors were considered to disproportionately benefit certain, chosen businesses at the expense of

others also more qualified ones (Anti-Corruption Agency 2010; Knudsen 2010; Youth Initiative for Human Rights 2010).

In this climate, the representations of informality as weak regulations and as unfair competition were continuously put forward. The World Bank's 2010 Kosovo Economic Memorandum acknowledged that many businesses still operated in the informal sector. Downplaying the previously established link between informality and taxes, Kosovar businesses were considered to face 'low and simple tax and duty regimes'. 'Elsewhere', the report stated, 'high taxes and complex tax regulations often push firms into the informal sector' (World Bank 2010: 19). Yet there 'are many other factors that help determine whether firms choose to operate informally' (World Bank 2010: 19-24). The report depicted the informal economy in Kosovo as resilient due to costly registration and start-up requirements and lengthy procedures to obtain licenses (World Bank 2010: vi). This understanding was explicitly justified by research made by Djankov et al (2002) on how countries characterised by heavy regulations on business entry are associated with a larger informal economy. To reduce informality, it was necessary to 'improve the business regulations' (World Bank 2010: xii). Also, peacebuilders commissioned further surveys with the local business community. These, however, downplayed the importance of costs related to the regulatory framework. For example, in 2008 the share of businesses that considered licenses a major constraint amounted to 4.6 per cent. The share of businesses formally registered when their operations started was around 90 per cent (World Bank and International Finance Corporation 2009). Rather, electricity shortages and informal economic activities were listed as top constraints. In 2013, 'practices of the informal sector' were perceived by businesses as the major constraint in their everyday activities. Around 66 per cent of the surveyed firms claimed to compete against informal firms (World Bank and International Finance Corporation 2013).

Between 2010 and 2015, the Kosovar economy was still recognised to comprehend a 'high degree of informality' (World Bank 2012: 6; see also International Monetary Fund 2013: 9). The representations of informality as weak regulations and as unfair competition were continuously put forward. By submerging the latter within the former, informality was portrayed as produced by a deficient regulatory framework that imposed high costs and that forced businesses to choose the informal sector. Informality in turn produced an unfair competition. Any tension between these representations and the stated perceptions of local businesses were downplayed. According to the World Bank, the fact that the surveyed businesses did not list regulatory or licensing costs as top constraints could mean that the 'surveyed firms did not need to deal with construction permits recently, or more likely, [that] they chose not to obtain a permit due to the large regulatory burden' (World Bank 2010: 25).

The two dominant representations conditioned peacebuilding anti-informality practices that centred on strengthening the institutional framework. Regulatory arrangements would incentivise businesses to choose formality. Reforms that facilitated registration, licensing and other start-up

procedures were carried out (International Monetary Fund 2011: 9; World Bank 2012: 8, 12). Regulatory reform committees using World Bank indicators of a suitable regulatory framework were established at the local inter-ministerial level. The local government implemented various reforms that adhered to the dominant representations, for instance the introduction of fiscal cash registers in 2010. Furthermore, a World Bank Business Environment Technical Assistance Program established 'one-stop-shops' at the municipal level. This would shorten the time and procedures for business start-up (World Bank 2010: 24). A new centre for business registration opened in Pristina in May 2012. It involved 'less red tape' and enabled individual businesses to be registered in one day. Fiscal and VAT numbers were integrated with business registration numbers in the same certificate. Tax payments were further simplified (World Bank Group 2010: 132). Other practices eliminated the minimum capital requirement and further facilitated business establishment (World Bank 2012: 12; World Bank Group 2013: 139). Procedures related to construction permits, social security registration and licensing were cut or simplified and registration fees were reduced (World Bank Group 2014: 74–164).

### On the stakes of informality

Of the multiple ways in which informality was brought into being as an object of intervention in Bosnia and Kosovo, only some representations were made politically legitimate. These representations, invigorated by the involved actors' coordination around them, conditioned and were reproduced by certain anti-informality practices. The object of informality and privileged solutions were thus not given a priori the interventions but constantly reprogrammed via articulated representations of the object of informality that produced it while expressing it. In the above, I suggested that three representations became dominant: informality as obstacle to welfare delivery (Bosnia), informality as unfair competition (Bosnia/Kosovo), informality as weak regulations (Kosovo). While distinct in meaning, these representations were not mutually exclusive in action. Peacebuilders engaged in patterned anti-informality practices that by enacting these knowledge forms reified the informal economy as a problem in need of elimination. As mentioned, privileged anti-informality practices formed within a legalistic and incentive-inducing approach to elimination and formalisation. By in various ways reducing the costs of formality, enacted interventionary practices on informality sought to increase businesses' incentives for formalisation.

In other words, certain meanings and ways of constituting informality gained a 'truth-effect' (Dunn 2009: 81) by creating realities of informality that, by being acted upon, rendered political implications. Interventionary practices on informality made certain representations and meanings 'come alive'. However, this finding tells us little about *how come* these particular representations were acted upon while alternative representations of informality as coping strategy and as historical legacy – and linked potential alternative political actions – were delegitimised. A preliminary interpretation can be offered

by examining the 'enjeux' of informality in interventions. The notion of 'enjeux' refers to the 'stakes at stake' that attract actors to a specific problem and that create affinity and complicity in the midst of potentially contrasting viewpoints (Bourdieu 1993 [1984]: 72-74). The question is, why and how is informality – beyond its specific meanings and constitutions – considered a problem worthy of peacebuilders' investment in the first place?

Amid the multiple and partly conflicting representations of what informality 'is', the enjeux of informality within the interventions concurs on the informal economy as a problem of *exclusion*. Approached as deviation from the norm, recognition of informality as a problem of exclusion forms the core rationale of why informality needs to be known and of why peacebuilders are ready to invest attention and resources to the phenomenon. Depending on perspective, however, the informal economy is portrayed either as causing conditions of exclusion or as alleviating already existing conditions of exclusion. Beneath the consensus and shared understanding of the enjeux of informality, exclusion reveals itself as a polysemy. It contains multiple possibilities. Herein lies one of the political strengths of the informal economy in terms of its ability to include several societal concerns and interests while at the same time gathering these under a shared problematic. Would no such general consensus exist, the politics of informality would likely be less recognised as acute. Throughout the interventions in Bosnia and Kosovo, exclusion as the main stake of informality is approached from two different angles. Distinguishing the two is firstly value-judgments concerning the potential advantages/disadvantages of informal economic activities. Further, the two perspectives tacitly position themselves differently in relation to the formal-informal dichotomy and whether informality is constituted as a negative phenomenon or if there is a quest to explore the potentiality of dynamics specific and internal to the informal economy.

Within the dominant representations of informality (as well as the related yet downplayed representation of informality as post-conflict institutional void), the enjeux of informality forms around informality's deviating position vis-à-vis the formal market economy and how this creates conditions of exclusion, for instance with regard to pensions and health care services. Focus is on how informality and its 'contribution avoidance' hamper the 'domestic revenue capacity' (World Bank 2002: vi, 17) and thereby prevent for instance the creation of a social safety net. This 'market angle' on exclusion emphasises the economic imperatives of the informal economy, particularly the negative budgetary and financial implications. Furthermore, the market angle is built upon an assumption of a strict formal-informal dichotomy. From this follows that the market angle constitutes informality negatively. Informality is defined by what it is not rather than by what it (potentially) is. The stakes of informality depend on it being the inverse of the formal economy and its assumed dynamics. Informality is placed in a relation of exteriority vis-à-vis formality.

The other main understanding of exclusion as the *enjeux* of informality emphasises the socio-developmental imperatives of the informal economy over financial ones. This 'developmental angle' exists within the representations of informality as coping strategy and as historical legacy. Their differences apart, by relating informality to questions of marginalization, poverty and societal exclusion, these representations consider informality as a potential alleviator of existing conditions of exclusion. The developmental angle emphasises informality's role as provider of income and welfare for people that are 'excluded from access to resources like employment, health (...)' (World Bank 2003a: 9). It therefore becomes vital to understand the socio-historical function of informality and its role for development. The developmental angle also forms around the formal-informal dichotomy but in a somewhat more flexible way. The boundaries are less clear-cut, informality exists on a continuum and there is a recognition of how businesses and individuals may simultaneously operate within both spheres. Such understanding implies a quest for knowledge of the specific traits of the informal economy, including how it differs from criminal activities. There is an opening to define informality positively, as a phenomenon with its own specific dynamics. Also noticeable is that the developmental angle on informality as exclusion exists within the representations of informality articulated by critical scholars. Yet the scholarly preconstruction prevents this angle from being detected as an intra-interventionary alternative.

The privileging of the market perspective on the stakes of informality gives a partial account for how come the here labelled dominant representations came to condition peacebuilders' practices in Bosnia and Kosovo while other, existing representations were delegitimised. Given the market angle's value-judgements and its constitution of informality as a negative phenomenon, the enacted anti-informality practices make perfect sense. There is firstly no need to question the destructive qualities of informality – considered a hindrance to rather than a potential provider of welfare and development. Secondly, by constituting informality negatively an elimination of the phenomenon is expected through measures directed at the formal economy and the formal institutional framework. Legal reforms and regulatory arrangements that improve the formal economy are expected to lower the costs of formality and thereby incentivise businesses to choose formality over informality. The market angle makes invisible the possibility of informality as having a rationale of its own that could require practices directed not at the formal but at the informal economy as a phenomenon on its own terms.

Yet, are the representations pertaining to the 'developmental angle' on the stakes of informality really potential political alternatives to currently performed interventionary anti-informality practices? Without instances of performed alternatives, this cannot be argued with certainty. However, the idea is to underline the 'intra-interventionary' possibility that peacebuilding practices on informality could have played out differently had these representations gained a dominant position. Two points can be

raised as preliminary justifications of such possibility. First, within the international politics of informality there are examples of alternative approaches to the informal economy that link to the developmental angle and that are less focused on strict elimination, for instance attempts to extend social security or micro-insurance schemes to individuals operating informally (e.g. International Labour Organisation 2009; Churchill and Matul 2012). Further, the intra-interventionary possibility can be justified by looking at existing research on the production of expertise and knowledge within one of the main interventionary actors. In 2007, Vijayendra Rao and Michael Woolcock, two specialists in the World Bank's Development Economics Research Group (DECRG) discussed the 'disciplinary monopoly' of economics over the social sciences in the Bank:

By promoting economics as the sole lens through which to understand and respond to the development process, it restricts what is studied, delimits how those issues are analyzed, and thereby offers clients an unnecessarily narrow menu of policy options and strategies (Rao and Woolcock 2007: 479).

Antje Vetterlein, on her part, notes that following internal struggles, departmental restructurings, introductions of sociological and anthropological approaches, and internal advocacy strategies in relation to external pressures, social development went from being narrowly understood within the World Bank as specific social policies to be understood more widely with reference to notions of participation and empowerment. Rather than viewing economic growth as a prerequisite of poverty reduction and social development, the relationship was reversed (Vetterlein 2007). Although related to a different problematic, these latter examples show how conflicting representations and understandings of an issue exist also within one specific actor. Within the larger framework of peacebuilding interventions, how tensions and conflicting representations are balanced at particular moments in time shape what interventionary actions are undertaken.

## Conclusion

The paper has demonstrated the preconstruction of informal economies and of interventionary practices on informality that characterises the critical literature on international interventions and the implications of breaking with it. Its main contribution lies in the illustration of intra-interventionary alternatives to the current, and hence only apparently monolithic, peacebuilding approach to informal economies. The paper also suggests the utility of shifting from a focus on peacebuilding actors and their interactions to instead trace the formation of interventionary objects through epistemic discursive and non-discursive practices. By starting with enacted practices rather than with actors or preconstructed concepts, the paper has examined the formation of informality as object of

intervention in Bosnia and Kosovo. This formation occurred throughout professional and scholarly practices of knowledge production that rendered six distinct representations of informality. The principle of apparent consensus regarding peacebuilding actions on informality thus resides in a constant programming and reprogramming of informality as interventionary object that involve tensions, various constitutive forms and conflicting representations. From this follows that the legitimization of certain representations of informality relate to what political agendas are being practically pursued and what potential alternatives for political action may exist within interventions yet be marginalised. The paper concluded by offering a preliminary interpretation of how come certain representations were made politically legitimate rather than others. By discussing the stakes of informality in interventions, the paper positioned the identified representations of informality in relation to wider perspectives on exclusion. Within anti-informality interventions in Bosnia and Kosovo, the market stance on exclusion gained prominence whereas a more developmental perspective was pushed to the margins.

While the discussion of the enjeux of informality in interventions provides a deeper account of the paper's argument, it also points at its limitations.<sup>10</sup> Contrasting perspectives on the stakes of informality demonstrate that peacebuilders' epistemic practices are not only structuring what types of informality interventions are performed in Bosnia and Kosovo. They are themselves structured. To provide a fully reflexive account of the initial problem of perseverance, then, it is necessary to conduct a knowledge sociology of the 'dispositional logics' (Pouliot 2013: 45) that orient peacebuilders' practices. Representations of informality articulated and acted upon by peacebuilders are in this sense more interesting from a perspective of the dispositional orientations, categories of perception, values and visions that shape actors' knowledge of how to act. This brings a focus on dispositions and practical knowledge in a de-abstracted form in relation to concrete problems within and struggles over informality interventions. If we are to understand why certain practices are enacted rather than others, it matters who the people involved in programming interventions are, it matters where they come and act from, and it matters what their background knowledge, values and readings of the world are. As the paper has shown, counter-representations and alternative knowledge forms may exist but need to also be put into practice.

That said, while it is imperative to avoid preconstructed views on interventionary practices on informality as direct reflections of global economic, political and social divisions, it is likewise not sufficient to study peacebuilding in isolation from wider socio-symbolic configurations and dynamics that shape the production, reproduction or transformation of informality as a knowledgeable object.

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<sup>10</sup> These limitations also refer to my own scholarly practice and to wider discussions about potential problems inherent to a reflexive endeavour (see for instance Leander 2011; Knafo 2016).

The identification of a shared yet contested enjeux of informality in interventions points at the need to analyse informality beyond interventions – in relation to the 'positional logics' (Pouliot 2013: 45) that also structure peacebuilding practices. When multiple actors converge around an enjeux, a social space emerges – a 'field' in Bourdieusian terminology – that is partially autonomous from other spaces. The 'field of informality' contains relations of interdependence as much as struggles between multiple actors and multiple competing/converging views on what the stakes of informality are (and ought to be). The legitimisation/delegitimisation of certain representations and actions upon informality thus occur in partial autonomy from the interventions as such. For this reason, it is vital to analyse the linkages between peacebuilding practices and wider scholarly traditions and socio-political dynamics where explicit or implicit contests over what informality 'is' play out.

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