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Informality Matters: Popular Economic Governance and Institutional Exclusion in Nigeria

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Oxford
11-12 January 2008

1. Introduction

As liberalization and globalization strip away state-based regulatory authority, a growing number of scholars have raised questions about the relevance of the informal economy as a means of conceptualizing the processes underway. On the one hand, conventional notions of the informal economy as a marginal, low productivity sector have been turned upside down by the rapid expansion of informal activity across the globe in the wake of sweeping market reforms and contracting formal economies. On the other, informal forms of organization have penetrated into the heart of formal regulatory structures, making it increasingly difficult to discern what is informal and what is not. Post-structuralist concepts such as 'embeddedness', 'social capital' and 'social networks' have responded to the problem by tracing new forms of organization in ways that largely gloss over what are increasingly seen as spurious distinctions between formal and informal regulatory processes. In this paper, I will argue that however much formal and informal forms of organization interpenetrate, economic informality remains relevant. It critically influences levels of access to economic and political resources for confronting the challenges of rapid economic change, and the strategies pursued by economic actors in their efforts to 'survive or to shine' (2000). In short, the intertwining of formal and informal forms of organization does not eliminate the power differences between them.

The aim of this paper is to explore the role of economic informality in shaping popular forms of economic governance, with particular reference to Africa. I will begin with a theoretical consideration of how liberalization, state decline, and the contemporary expansion of African informal economies have challenged theoretical interpretations of economic informality in the 21st century. I will then consider the methodological responses needed if the informal economy is to remain meaningful in the face of current theoretical challenges. Finally, I will draw on these new approaches to informality to trace the shifting organizational strategies and economic fortunes of a dynamic small-scale weaving cluster in the town of Ilorin in Western Nigeria. Although the Ilorin weaving cluster constituted part of the *formal* economy in pre-colonial times – that is, it was integrated into state-sanctioned economic and political institutions -- the cluster was informalized by the colonial conquest, and has persisted into contemporary times through the informalizing interplay of economic dynamism, organizational innovation and institutional exclusion. Using what Janet Roitman (2004) calls an 'anthropology of economic regulation', I will examine how

indigenous institutions and economic informalization have influenced the development of this small enterprise cluster from the pre-colonial period to the present. A concluding section will focus on the relationship between informality, institutional development and the state, highlighting how productive and dynamic forms of popular economic governance can be eroded by extreme informality and state neglect.

2. Reconsidering Informality

Expectations that the informal economy would fade away in the course of economic development have been challenged by the expansion of informal activity in the face of contemporary market reforms. In recent years, the informal economy has played an increasingly vital role in job creation, service provision and productive organization in industrialized as well as developing economies. A recent ILO report observed, 'Contrary to earlier predictions, the informal economy has been growing rapidly in almost every corner of the globe, including industrialized countries – it can no longer be considered a temporary or residual phenomenon (ILO 2002:1). The increasing informalization of economies has been accompanied by a blurring of economic boundaries. Increased intertwining of the formal and informal spheres through industrial subcontracting, global commodity chains, shrinking states and increasingly complex popular livelihood strategies has allowed goods and people to move routinely between the formal and informal economies. From global commodity chains to 'conflict diamonds', recent research has shown how goods originating in unregulated or illegal Third World contexts are integrated into formal sector production and distribution systems, demonstrating the emergence of 'an economy in which interrelationships rather than distinct sectors are the norm' (Klein 1999).

These developments have led a growing number of commentators to question the relevance of informal economy perspectives to the complex structure of liberalizing and globalizing economies. In 1994, the leading informal economy scholar, Alejandro Portes (1994:432), argued that 'In a situation where the state does not regulate anything because it is at the mercy of market forces, there is no formal economy. Hence, the formal/informal distinction loses meaning'. In African societies, the intelligibility of the informal economy has been further eroded by the realities of economic collapse and state failure. Over the past decade, African informal activity has risen from two-thirds to three-quarters of non-agricultural employment, and creates over 90% of new jobs (ILO 2002). In the face of such dramatic expansion, the originator of the 'informal sector' concept, Keith Hart (1995:122), has declared the informal economy obsolete on the grounds that in most African countries, it has completely overwhelmed official economic activity and now effectively constitutes the real economy. Axel Klein points out that in Africa, the growth of the informal economy has been exacerbated by state collapse and corruption, undermining the very notion of formal regulation:

...the dissolution of the state ...[has] led inexorably to the collapse of the informality paradigm. ...with criminalisation, the key referent of formality has defected across the binary divide, and become absorbed by informality. The rest is simple: no formal sector, no informal sector (Klein 1999:568).

This position has been challenged by those who argue that the informal economy is now more relevant than ever. Far from eliminating the significance of economic informality, neo-liberal reforms and faltering states have put the informal economy at the heart of contemporary issues of regulatory change. In a recent book on urban Africa, Karen Tranberg Hansen and Mariken Vaa (2004:11) argue that the radical changes in African economic organization taking place outside the

framework of the state offer new opportunities for popular empowerment and economic inclusion. They highlight the rapid informalization of livelihoods and social service provision, shifting attention from the disintegration of formal economic regulation to the varied ways in which the reins of economic coordination are being taken up by society. Understanding the changing structures of economic regulation in Africa requires a strategy of 'reconsidering informality', rather than dismissing it as irrelevant. Recent work by Bill Reno (2000), Janet Roitman (2004) and others also explicitly recognizes the importance of informality to the understanding of regulatory change in contemporary Africa, though they tend to see the informal as inherently disruptive of rational economic organization. African informal economies are associated with clientism, corruption, and 'violent forms of accumulation' which perpetuate rather than alleviate Africa's economic decline. Whether informality is seen as progressive or disruptive, however, the central argument is that economic informality has distinctive economic as well as political dynamics which reshape rather than just merging into official regulatory processes.

Local level research on enterprise clusters and informal trading groups in Africa and elsewhere highlights the distinctive economic effects of informality. In their work on European enterprise clusters, Sengenberger and Pyke (1992) have argued that a strong and supportive formal institutional environment allows enterprise networks to follow the 'high road' of innovation and rising incomes, while state neglect and informality leads firms down the 'low road' of low incomes, declining quality and sweated labour. In a survey of African enterprise clusters, Dorothy McCormick (1999) found that the absence of supportive formal sector institutions tends to exacerbate conditions of poverty and vulnerability, eroding rather than supporting the development of cooperative enterprise networks. Even where informal actors manage to do business with the formal economy and enter into global networks, their informality often creates critical disadvantages that limit enterprise development. Research has shown that the formal sector end of global value chains tends to capture the bulk of the profits and is best able to protect itself from shifts in the market, while the unregulated segments are often plagued by poor working conditions and economic uncertainty (Gereffi and Korzeniewicz 1994; Deyo, Doner et al. 2001).

In the context of liberalization, the problematic effects of informal forms of organization have increasingly been blamed on culture. As Alex Stepick (1989) has shown, however, where different levels of state support coincide with ethnic differences, the negative effects of informality are easily mistaken for cultural factors. In a comparison of Cuban and Haitian small enterprise in the US city of Miami, Stepick demonstrates that divergences in economic performance between the two groups had less to do with culture than with the access of Cubans to legal immigration status and significant formal business support services, while Haitians were largely confined to illegal status and exclusion from formal sources of economic assistance. In Africa as well, the continent's negative economic trajectory has increasingly been attributed to cultural inadequacies rather than linked to conditions of extreme informality generated by drastic liberalization and crumbling formal institutions (Fukuyama 1995; Bayart, Ellis et al. 1999). Closer inspection tends to reveal that even where African cultural influences are economically dynamic, as in the Igbo enterprise clusters celebrated by Deborah Brautigam (1997), prolonged informality and economic stress can weaken the regulatory capacity of informal enterprise networks (Meagher 2006).

In addition to fostering distinctive economic dynamics, economic informality has been associated with distinctive political dynamics. Notions of informal economies as ‘sites of power’ (Nordstrom 2004) tend to gloss over the ways in which underlying problems of economic and legal marginality tend to weaken the capacity of informal actors for effective political agency. In an insightful study of informal traders associations in Johannesburg, Thulare (2004) shows how persistent problems of poverty, political powerlessness and legal precariousness leave informal operators vulnerable to manipulation by the state and other powerful social groups:

...while there may be a temptation to see the associational life of the informally employed as something mysterious, way beyond the control of governments, this research shows that... governments retain a capacity to shape the organizations of the poor (Thulare 2004:17).

Even among more economically successful informal actors, the realities of legal marginality and institutional exclusion continue to define an essentially cliental relationship with the state. Excluded by educational, legal and social factors from formal means of economic engagement through chambers of commerce and other formal private sector associations, informal actors are left to assert their interests through alternative, largely cliental, forms of political access. While there is a strong tendency in the contemporary African literature to represent informal economic actors as collusive and deliberately subversive of rational institutional development, these interpretations tend to ignore the fact that informality blocks more acceptable forms of political access, as well as increasing the vulnerability of informal actors to the machinations of more powerful social groups. Even in Latin America, Gay (2006) and Shefner (2006) show how the institutional realities of social and institutional exclusion leave communities of informal actors dependent on cliental forms of political engagement despite efforts to engage through formal political channels. Politically as well as economically, informality matters.

Ethnographic Approaches to Informal Regulation

If the contemporary context of liberalization and weak states has made economic informality empirically more significant but conceptually more problematic, the solution is not to jettison the concept, but to find more effective ways of studying it. Prominent scholars of the informal economy in Latin America (Roberts 1994; Fernandez-Kelly and Shefner 2006), Europe (Mingione 1994; Smith 1994) and East Asia (Cheng and Gereffi 1994) have also argued that the problem is not the contemporary irrelevance of the informal economy, but the fact that the concept of informality has become too blunt an instrument to capture the varied and complex ways in which informal economies have been woven into local, national and global economic systems. Drawing on empirical evidence from different societies, they demonstrate that ‘Informal economies are quite heterogeneous, and their impact on development processes is varied’, suggesting instead a ‘need to move beyond outmoded or stereotyped notions of informality’ (Cheng and Gereffi 1994:216).

One of the central problems is that economic informality has conventionally been defined in the negative, as a lack of state regulation. Some commentators have highlighted the need to abandon definitions that focus on what the informal economy is *not*, in order to find ways of examining what it *is*. What is needed is an approach that identifies the informal economy, not as an *absence* of regulation, but as *alternative forms* of regulation operating below and beyond the framework of the state. In a re-examination of informal economic organization in a variety of countries, Bryan Roberts (1994:8) explains, ‘The issue is not one of regulation *per se* but of the form of regulation.

All markets are regulated... so the issue is the balance between formal regulation based, ultimately, on the state, and informal regulation based on personal relation such as those of kinship, friendship or co-ethnicity'. Similarly, in a recent book on the informal economy in Latin America entitled *Out of the Shadows* (Fernandez-Kelly and Shefner 2006), the contributors emphasize the need to account for the 'internal dynamics' of the informal economy: 'It is not that the informal economy lacks regulation but that the sources and means of control are situated within it and not in the official structures of government' (Fernandez-Kelly 2006:8). While recognizing the regulatory importance of popular forms of organization based on trust and mutuality, the contributors also emphasize the rising role of informal political action as a key determinant of how the informal economy engages with the state to carve a space for itself in contemporary market economies.

The focus on non-state forms of organization operating within the informal economy has encouraged the use of increasingly ethnographic forms of analysis in the investigation of contemporary informal economies, in Africa and elsewhere (MacGaffey and Bazenguissa-Ganga 2000; Nordstrom 2004; Smith 1994). This has been accompanied by a shift to anthropological notions of informal organization, including 'embeddedness', 'social networks' and 'social capital', which represents a movement away from earlier conceptions of informal economies as 'unregulated' or as regulated essentially by market forces (Henry 1987). Instead of conceptualizing the informal economy in terms of an absence of state regulation, the informal economy is now understood in terms of 'informal institutions' (Rose 2000) or 'sub-rosa organizational forms' (Stark 1997) that operate behind the back of the state, and surface with the withdrawal or crumbling of formal regulatory systems.

Unfortunately, the focus on the 'internal dynamics' of the informal economy has led to an understanding of informal organization that takes little account of how sub-rosa organizational networks are in turn shaped by the wider regulatory environment. In a famous article on informal immigrant business in the Netherlands, Kloosterman et al. (1999) argue that the focus on the organizational role of trust and social capital 'tends to cloud other aspects of embeddedness', particularly the fact that communally embedded informal activities are in turn embedded in the wider regulatory environment of the state, which can shape informal economic organization in various ways. The authors coin the term 'mixed embeddedness' to explain that regulatory capabilities of communal or friendship networks are defined both by their internal organizational capacities and by their wider relationship with the institutions of the state and the formal economy. In order to understand the regulatory implications of informality, 'one has to look beyond these co-ethnic networks and focus on their insertion in the wider society'.

This echoes similar observations made by informal economy scholars over the past two decades. In their seminal work on the informal economy, Portes et al. (1989) noted that informal economies develop differently in supportive formal sector environments than in environments characterized by poverty and state neglect. Critical research on social capital and enterprise networks has repeatedly emphasized the difference between small firms that develop within a framework of formal institutional support – also referred to as 'synergy' (Evans 1996) or 'co-production' (Fox 1996) – and those that emerge in a context of state neglect and institutional chaos. While the former benefit from various forms of infrastructural support, and financial, technical or marketing

assistance, the latter are simply left to fend for themselves. Recent work by Grabher and Stark (1997) on social networks and economic restructuring has emphasized the importance of analysing informal organization not solely in terms embedded social institutions, but also with an eye to how institutional legacies are reshaped by changing opportunities and relations with the wider regulatory environment.

Drawing on the notion of ‘mixed embeddedness’, the rest of this paper will examine the developmental implications of informality in an indigenous weaving cluster in the Muslim Yoruba town of Ilorin, a provincial centre in south-western Nigeria with a population of about 1.5 million people. The analysis of the Ilorin weaving cluster will examine how communal forms of organization are shaped by the nature of their connections, or lack of connections, with the institutions of the state. Unlike many contemporary African enterprise clusters, the Ilorin weaving cluster dates from pre-colonial times, and emerged as part of the economic order of a pre-colonial centralized state. The regulatory organization of the cluster was initially shaped by its formal economic status in pre-colonial times, and was reshaped by its subsequent exclusion from the institutions of the colonial and post-colonial Nigerian state. Despite a remarkable degree of economic dynamism, and increased intertwining with the formal economy and the state, the weaving cluster has experienced a trajectory of informalization and institutional exclusion. The result has been an ongoing weakening of the regulatory power of the cluster and an inability to turn economic expansion into institutional strength. Research on the Ilorin cluster was carried out between May 2004 and April 2005, involving survey methods as well as life histories, participant observation and interviews with key informants in the informal economy and the state.

3. The Informalization of Craft Production: Weaving in Ilorin

The product of the Ilorin weaving cluster is a local strip cloth known as ‘*aso-oke*’, which is a luxury cloth indigenous to the Yoruba of western Nigeria. *Aso-oke* weaving is an unmechanized activity, carried out on a narrow loom that produces strips of cloth conventionally 4 to 6 inches wide which are then sewn together into garments. The weaving of *aso-oke* is a male activity, although women have been involved in various ways in an auxiliary role.¹ Ilorin has historically been the most successful centre for the production of Yoruba luxury cloth. Ilorin cloth was highly prized in the 19th century, and was marketed not only in Yoruba areas, but as far afield as present-day Ghana. The production of Ilorin cloth has continued to flourish throughout the 20th century, and is marketed through increasingly globalized trading networks extending to various parts of Africa and as far as Europe and North America (Meagher 2007). While Ilorin weaving did not succumb to the colonial ‘destruction of crafts’, its development has been affected by the informalization of crafts. The structures of production, trade and internal regulation that underpinned the survival and growth of this activity into modern times have gradually been

¹ In pre-colonial times, women were involved in narrow loom weaving only at the level of the spinning and dyeing of cotton yarns, but this activity has faded away with the introduction of factory-made yarns. During the 1970s, non-Ilorin women were drawn into narrow loom weaving as weaving labour, but this trend has been undermined more recently by contracting markets. While Yoruba women also weave, women’s weaving traditionally involves a broad loom, which failed to acquire commercial significance in Ilorin and has almost completely died out. Interestingly, women’s broad loom weaving has become a commercially viable activity among the neighbouring Eastern Yoruba and Igbirra. These women weavers are often contracted by Ilorin masters to produce the wider 18 inch local cloth which became fashionable in Nigeria in the late 1990s after the President’s wife was photographed wearing it in the Nigerian high society magazine ‘Ovation’.

weakened by their detachment from the institutional support of the state after the colonial conquest.

Pre-Colonial Formality and Institutional Integration

The Ilorin weaving cluster developed nearly a century before colonialism as a result of the decline of the Oyo Empire during the early 1800s. Specialized craftsmen from Oyo weaving towns migrated to Ilorin, the rising political power in the area (Lloyd 1953; O'Hear 1987; Banwo 1998). While the founding artisanal group in the Ilorin weaving cluster involved Yoruba migrants from Oyo towns, weavers from other Yoruba and even non-Yoruba groups were integrated into the cluster as demand for cloth and labour expanded. This ethnic inclusiveness is initially surprising given that weaving has traditionally involved a kinship structure, in which apprentices and weavers worked for master weavers of the same lineage (Lloyd 1953; Bray 1968:273). In Ilorin, the integrative capacity of the pre-colonial state played a central role in bringing in weavers of differing ethnic backgrounds. Located on a political frontier where a Hausa-Fulani state penetrated into the Yoruba ethnic area, Ilorin represented a pre-colonial ethnic melting pot. Ilorin was also the southern entrepot of the Trans-Saharan trade, and rose to prominence in during the 19th century as the commercial interface between the savanna and the forest trading systems. Attracted by the stability, protection and economic prosperity of the rising Ilorin Emirate, craftsmen of various ethnic origins were united under a common identity based on use of the Yoruba language, the practice of Islam, and submission to the authority of the Emir. At the time of my research, the cluster included weavers of Yoruba, Hausa, Nupe, Fulani and Igbirra origins, all of whom saw themselves as Ilorin indigenes, and as members of the Yoruba ethnic group.

From pre-colonial times, Yoruba weaving firms have involved trained weavers and apprentices working under masters weavers, usually of the same lineage, though apprentices were sometimes sent to unrelated masters where Koranic teaching was involved. Master weavers were themselves trained weavers who had built up the capital to supply yarn to others to weave under them. Conventionally, no weaver can work for more than one master, though when business is slow, a master who has no work to give his weavers can allow them to weave for other masters. Then as now, only master weavers are entitled to market the finished cloth, which has traditionally been sold at *aso-oke* markets that lie outside Ilorin in the towns of Ibadan, Ede and Lagos. From pre-colonial times, Ilorin weavers produced for the market as well as for local consumption, and Ilorin cloth was marketed as far as present-day Ghana by the 19th century (Eades 1993).

Pre-colonial Yoruba crafts, including weaving, were organized in a guild system (Lloyd 1953). Weavers worked under master weavers of the same lineage, and the senior weaver in the dominant lineage was the head of the weavers' guild in each town. The weavers' guild regulated price, production standards, admission to the status of master weaver, as well as settling disputes and carrying out religious rites related to the craft. However, the authority of the guilds was not based solely on lineage structures. The head of the weavers' guild was also the intermediary between the weavers and the state (Banwo 1998:132; Lloyd 1953:34). In Yoruba areas generally, craft heads were part of the official economic system, and were permitted direct access to state officials. The guild head supervised the collection of taxes and tributes related to the craft, referred to the Emir issues that could not be resolved at the level of the guild, and was the Emir's official representative to the members of the craft. In short, the pre-colonial weaving guilds constituted formal

structures of economic authority, and weaving involved formal sector firms, taxed and recognized by the state.

Informalization in the Colonial and Post-Colonial Era

Although still active, the Ilorin weaving cluster was informalized in 1897 by the colonial conquest of Ilorin. While the Ilorin state structures were integrated into the colonial government through the system of indirect rule, the colonial government was relatively uninterested in craft production, which was marginalized both politically and economically under colonial rule. In her masterful account of the Yoruba dyeing industry, Judith Byfield shows how the economic interests of the colonial government shifted political and economic authority away from craft production, which was treated as a backward local activity. Byfield (2002:208-13) traces the mechanisms through which Yoruba craft producers were 'left to fare according to unregulated market conditions' under colonial rule, reducing dyeing and other crafts from dynamic export industries to collapsing local activities. While the Ilorin weaving industry did not fare as badly as many other Yoruba crafts, its loss of official status was accompanied by a detachment of craft guilds from official structures of political representation, and a shift of economic priorities away from the needs of the local weaving industry.

However, the informalization of the weaving industry did not precipitate its elimination. The economic importance of the activity in Ilorin, a strong production and trading infrastructure, and the persistence of high levels of demand inside as well as outside Yoruba areas all supported the survival and adaptation of *aso-oke* weaving even under the disadvantageous political conditions of colonial rule. Ilorin is located outside the agricultural zone suited to cocoa production, which tended to draw labour out of crafts in southern Yoruba areas. Moreover, the Islamic character of Ilorin society, and the local characteristics of indirect rule, entailed a resistance to Western education. The result was that Ilorin was slow in adopting new occupations compared to major Yoruba towns to the south, limiting the emergence of economic alternatives to weaving (O'Hear 1987:512). The gradual penetration of Western education later in the colonial period appears to have had little adverse effect on participation in weaving. Primary education was easily combined with weaving apprenticeships. The expansion of secondary education after independence tended to draw more people out of weaving, but even educated young men tended to weave part-time to earn school fees and pay expenses.

As Ann O'Hear points out, the development of the Ilorin weaving industry was sustained by market forces despite colonial disinterest in the craft. While imported textiles offered some competition, rising incomes and improvements in transportation expanded demand for Ilorin cloth, not only in Yoruba areas, but in the Gold Coast (Ghana) as well. In his study of Yoruba craft production, Lloyd (1953:33) explained that, 'While the weavers must compete with European cloth, their position is still assured, for the big gowns made of local cloth which give such prestige are no longer worn by chiefs alone but by anyone who can afford them.' During the colonial period, O'Hear (1987:511) noted a 'definite snobbery' in favour of Ilorin cloth over imported alternatives. The result was that markets remained high through much of the colonial period, although the market was disrupted during World War II by a ban on yarn imports and cloth exports to the Gold Coast. However, demand picked up again in the 1950s as trade conditions stabilized, with huge quantities of Ilorin cloth being bought up in Lagos by Ghanaian traders for

export to Ghana (O'Hear 1987:512-4). A lull in the weaving industry in the post-independence period gave way to further expansion in the late 1970s as a result of import restrictions on imported textiles. As economic crisis began to bite in the 1980s, imported textiles became even less affordable and alternative employment opportunities dried up, leading to a resurgence in demand and participation in local weaving.

The dynamic response of Ilorin weavers to buoyant demand conditions in the colonial and post-colonial era depended not only on the survival of pre-colonial production and trading systems, and a scarcity of employment alternatives, but on the ability of the indigenous weaving industry to adapt to changing conditions. Ilorin weavers responded quickly to new modes of transport, to changes in the direction of markets, to the technical possibilities introduced by the sewing machine, and to new sources of raw materials. As colonial promotion of export cropping reduced access to local supplies of cotton, Ilorin weavers began to turn to imported yarn, a trend already noticeable by 1912 (O'Hear 1987:515). The use of imported yarns, and later Nigerian factory-made yarns, introduced new colours and textures, and encouraged design innovations that maintained the attraction of local cloth in the face of shifts in fashion. Technical innovations in weaving patterns and modifications of the narrow loom also occurred in the decades after the colonial conquest, and played an important role in driving demand and speeding up the production process.

Along with innovations in materials, design and techniques came changes in the organization of labour. By the 1950s, the lineage and religion-based organization of production was beginning to loosen, as was the authority of master weavers and weaving guilds. In a study of three Yoruba weaving towns in the early 1950s, Lloyd (1953:33) found that master weavers were taking apprentices who were 'strangers to the lineage', though non-relatives were charged a fee for training. In another Yoruba weaving town, Bray (1968) noted that from the 1950s, weavers began to set themselves up as master weavers at a much younger age, particularly among young men who had been to school. By the 1970s in Ilorin, master weavers were taking on non-Ilorin, non-Muslim, and even non-Yoruba apprentices and workers (Meagher 2007). In the scramble for labour, weavers were even taking on women as apprentices, although this only involved non-Ilorin women from surrounding Christian Yoruba or non-Yoruba groups. Among current master weavers, more than two-thirds have trained or employed non-Ilorin weavers, 40% have trained or employed non-Muslims, and a number had trained women, though only one had employed them.

Informal structures of access to labour proved capable of responding to labour shortage by transcending communal and gender-based structures of access to labour through the commercialization of apprenticeship. This has placed some strains on labour discipline, particularly in the decentralized 'homeworker' structure of Ilorin weaving in which workers weave in their own compounds scattered across the town, and even in outlying villages. However, masters have continued to maintain a measure of discipline through trust-based networks, supervisory visits, paternalistic relationships with workers, and strict sanctions against poor workmanship or theft of materials. On the whole, as O'Hear (1987:515) comments, 'Despite constraints, ...the Ilorin industry has shown initiative, adaptability and readiness to change'. These adaptable informal structures underpinned not only the survival but the growth of weaving throughout much of the 20th century. Much of the investment in property and business in the

traditional areas of Ilorin was a product of profits made from weaving. As one weaver put it, 'Weaving was our cocoa'.

However, the growth of the activity has taken place largely in spite of rather than because of efforts to formalize it. From the late 1930s, the colonial government occasionally expressed interest in assisting the development of indigenous crafts, but little action was taken, and limited initiatives betrayed a complete misunderstanding of the complexity and economic importance of these activities. Colonial efforts at organizing Ilorin weavers into cooperatives repeatedly failed owing to a lack of awareness of how the activity operated (O'Hear 1987:515-6). In one case, colonial officials tried to organize a cooperative for weavers to bypass master weavers for direct sale of their product. The experiment, which amounted to organizing workers to bypass the enterprise head, was blocked by the opposition of master weavers. In another case, a colonial development programme in the late 1940s attempted to introduce broadlooms in Ilorin, but failed because the looms were too expensive and economically inefficient relative to the local narrow loom. As Angela Browne (1983:36) commented in the case of a similar attempt to introduce broadlooms among Ghanaian weavers, 'it appears obvious to the 'western' eye that narrowness *must* mean inefficiency... [but] the relevance of a loom which makes no improvement to artistic quality, technical efficiency, productivity or cost must, therefore, be highly questionable'.

On the whole, colonial efforts to formalize weaving through the introduction of cooperatives were ineffective at best, and in some cases contributed to disrupting the regulatory cohesion of the activity by introducing structures that bypassed the authority of weavers' guilds. Similarly, the post-colonial state engaged in a range of modernization efforts, including a failed attempt to mechanize Ilorin cloth production, which was abandoned because it was unable to respond rapidly enough to changes in fashion. For the most part, however, the colonial and post-colonial governments left the craft producers to fend for themselves during a period of rapid organizational and economic change. As Judith Byfield (2002:209) observed, the colonial state:

...expressed little appreciation of the range of innovations that craft producers could and did employ. ...like other producers, craftsmen and women worried about markets, credit and labour. The economic importance of certain craft sectors extended well beyond a quaint hobby. The state's failure to recognize the importance of craft production to the colonial economy contributed to a perception that craft producers did not require urgent assistance ...

The post-colonial state was equally impervious to the needs of the local weaving industry. Assistance was understood only in terms of industrial 'modernization', which was largely ineffectual, leading state officials to ignore emerging problems in the industry, as well as its economic significance for local development and employment.

Economic Restructuring and the Limits of Informal Development

Despite the informal status of the Ilorin weaving industry during the whole of the twentieth century, considerable growth and modernization of the activity has taken place. In the wake of neo-liberal economic reforms from the mid-1980s, local weaving expanded even more rapidly. While liberalization and globalization initially appeared to unleash the organizational strengths of indigenous enterprise, it also brought to the surface the contradictions of economic dynamism and deepening informalization. Economic opening and rapid expansion have placed increasing strains on informal regulatory structures and channels of access to resources, intensifying rather than reducing the need for formal institutional support. Despite the appearance of dynamism, informal

weaving institutions are beginning to give way in the face of crumbling formal institutions, state neglect, and the relentless pressures of economic liberalization.

A snapshot of the Ilorin weaving cluster at the turn of the millennium seems to reveal ongoing economic dynamism, particularly after the onset of Nigeria's structural adjustment programme in 1986. A census conducted in 2004 indicates that by the mid-1990s as many as 10,000 full-time and part-time weavers were operating within Ilorin – more than doubling figures from the early colonial period – with an untold additional number of weavers working in outlying villages in the employ of Ilorin master weavers (Meagher 2007). The activity also reveals a considerable degree of modernization. From the early 1990s, this 'traditional' craft had engaged in technical modifications of the loom to accommodate new materials and designs, and used industrially produced yarns imported through supply networks extending as far as Japan and China. Marketing networks had also been globalized. 87% of weaving firms supplied cloth to other African countries, and 64% traded at least some of their cloth to Europe or North America. More than 80% had engaged in subcontracting with the formal sector, largely involving the production of ceremonial accessories for official functions at schools, churches, or political events. Labour recruitment networks crossed old ethnic, religious and gender boundaries, and the labour force was dominated by paid employees. Apprentices and unpaid family workers made up barely 30% of weaving labour. Levels of education in what is still regarded as a backward activity revealed nearly 40% of master weavers had completed secondary school, and more than 10% had some post-secondary education. Forms of business networking also had a modern flair. Over 80% of firm heads used business cards, the vast majority had also shifted to the use of mobile phones, and the more successful firms advertised their wares in magazines, such as the Nigerian high society publication, *Ovation*. A number of producers also used bank accounts, written contracts for large orders, and receipts for payment.

Despite this dynamic picture, the Ilorin weaving industry has remained almost entirely informal. Virtually all of the firms in the cluster are unregistered, do not pay many of their required taxes, fail to observe basic official labour and factory regulations, and operate in residential areas not zoned for commercial or industrial activity (Meagher 2007). Although master weavers are organized into associations – the descendants of the old guild structures – these associations lack institutionalized ties to relevant organs of the post-colonial state. Two weavers' associations currently exist in Ilorin, and both are officially registered – complete with ID cards for all members – but registration has not conferred any form of institutional access or state backing of the regulatory authority of the associations. The traditional status of the activity, and the informality of the firms involved, deprives the associations of any forms of effective access to the state. Unregistered firms cannot join the chamber of commerce, the manufacturers association (MAN), or even the Nigerian small-enterprise association (NASSI). By convention, weavers' main link with the state remains the Emir of Ilorin, who has neither the competence nor the interest to delve into matters of enterprise development.

While informality does not appear to have impeded significant growth and modernization in the Ilorin weaving cluster, it has left the cluster ill equipped to respond effectively to the sustained economic challenges of liberalization and globalization. Since 1986, neo-liberal economic reforms have created an economic environment that is more daunting than enabling, involving rapid

devaluation, skyrocketing inflation, and rampant unemployment. Between 1985 and 1999, the Nigerian currency lost 99% of its value, and urban dwellers faced an average annual inflation rate of more than 200% (Central Bank of Nigeria 1999, IMF 2000). Massive public and private sector retrenchment generated catastrophic levels of unemployment, leading to high rates of entry into all manner of informal activities (Meagher and Yunusa 1996; US State Department 1999).

In Ilorin, 60% of masters have started up weaving businesses since the onset of economic restructuring. The rapid influx of young, inexperienced masters has seriously disrupted the regulatory capacity of weavers' associations, and completely undermined the regulation of prices and quality that had previously obtained. Economic pressure and intense competition have brought about a decline in standards of training, as apprentices press for early release, and an explosion of problems of copying, undercutting and the production of substandard goods, as producers resort to increasingly cut-throat strategies in their struggle for markets.²

Competition has been exacerbated by falling consumer incomes and import liberalization, which have seriously eroded demand for local weaving. In the year 2000, the real value of the Nigerian minimum wage stood at barely one third of its 1985 value, drastically undermining local demand for luxury cloth (Meagher 2004). The lifting of long-standing import bans on textiles in 1997 created further pressures on demand, as markets were flooded with cheaper imported luxury cloth. Crisis in the Ilorin weaving cluster began to bite at the end of the 1990s, as contracting markets collided with mounting problems of over-competition and declining quality within the weaving cluster. The result has been a collapse in demand for Ilorin cloth, and by 2004, masters and weavers alike were hemorrhaging out of the business. Within the weaving cluster, the informal regulatory system has been unable to cope with the pressures of severe economic stress and cut-throat competition, leading to an erosion of the dynamic institutional infrastructure of apprenticeship, labour organization, weavers' guilds and trading networks that has supported the survival and growth of the activity for over two centuries.

4. Conclusion

What is the relevance of informality for explaining both the dynamism and the organizational failures of African economic governance? Why has the Ilorin weaving cluster failed to cope with the challenges of contemporary economic reform when other Third World clusters have managed to respond more successfully? The answer lies not in the cultural failings of indigenous African institutions, but in the organizational limitations and institutional exclusion associated with deepening informalization. An anthropology of informal regulation in an African weaving cluster provides an opportunity to explore how the regulatory power of cultural embeddedness is shaped by the nature of its connections, or lack of connections, with the state.

In the pre-colonial period, the embeddedness of Yoruba craft institutions in the institutions of the state supported the development of complex production and marketing systems, operating across

² The tendency for occupational socialization and informal production norms to be degraded by rapid entry has also been observed in European clusters. See Bianchi, P. and N. Bellini (1991). "Public policies for local networks of innovators." *Research Policy* 20(5): 487-498, Staber, U. (2001). "The Structure of Networks in Industrial Districts." *International Journal of Urban and Regional Research* 25(3): 537-552..

ethnic as well as political boundaries, and backed by strong regulatory institutions of labour discipline, quality control and entry regulation. It is no accident that parts of Africa with a history of centralized political authority in pre-colonial times also have a high incidence of dynamic informal trading and production networks today. While the colonial conquest destroyed the supportive connections between Yoruba craft production and the pre-colonial state, the economic infrastructure of indigenous craft production remained. State neglect, lack of economic alternatives and largely buoyant market conditions facilitated the adaptation of informalized craft production systems to changing circumstances in the context of improvements in transport, rising incomes, new sources of inputs, and increased education. Despite the intertwining of the informal weaving industry with the formal economy through subcontracting, straddling, and the globalization of supply and marketing networks, the pervasive informality of Ilorin weaving firms continued to constrain incomes, regulatory control and access to formal institutional assistance. Faced with the rapid liberalization, crumbling formal economy and severe economic stress of the 1990s, the cracks of a century of informalization began to show. Informal regulatory institutions were unable to cope with the dramatic expansion and intense competition created by liberalization, which led to a weakening and fragmentation of informal regulatory authority, precipitating increased opportunism, declining quality, and falling incomes.

Commentators on small enterprise clusters in other parts of the developing world have demonstrated that some clusters manage to rise to the economic challenges of liberalization and globalization. However, studies of successful clusters in Asia and Latin America invariably show evidence of the active involvement of the state and formal sector institutions in providing technical services or other forms of formal institutional support (Nadvi; Rabellotti; Knorringer). Instead of pervasive informality and state neglect, there is evidence of government assistance in providing needed infrastructure, obtaining international quality certification, or reinstating protective measures to give clusters time to restructure. Tewari's (1999) work on an Indian textile cluster also highlights the importance of government support during the decades prior to liberalization in explaining the ability of clusters to respond to contemporary economic challenges.

In the Ilorin case, by contrast, the state is conspicuous in its absence, even at the local level, where relations between weaving firms and state officials were characterized by a combination of neglect and political opportunism. As previously indicated, weaving firms and associations suffer from a lack of institutionalized linkages to formal private sector associations or to relevant state bodies. High levels of informality and state disinterest have left weavers institutionally marooned. Weavers associations have no one to approach in order to lobby for technical assistance, or to find out how to meet new export regulations, or to gain access to the AGOA (African Growth and Opportunity Act) programme for textile exports to the US. Weavers complain that government officials only come to them when they want something – either votes or craft displays or a traditional garment for some visiting dignitary – but never to offer useful institutional support. Members of the weaving associations are desperate for effective linkages with the state, through which they can get information, assistance with marketing problems, or lobby for restrictions on textile imports. The only linkages available to them, however, are cliental ties to individual officials, who may be relations, or come from the same neighbourhood, and whom they can implore to take their concerns to the relevant authority. Informality is not only about cultural embeddedness; it is also about powerlessness. Informality matters because it explains the

limitations of popular economic organization, however culturally dynamic, and reminds us of the critical role of the state in sustainable economic development.

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