Informal Economy and Architecture

Anthony DeLaRosa
Abstract

Thesis

Precedent Studies

1. Maxwell Street Market
   Chicago, IL
2. Tsukiji Fish Market
   Tokyo, Japan
3. Grand Bazaar
   Istanbul, Turkey
4. Russell Bazaar
   Detroit, MI
5. Mart 125
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1. Farwell Building
2. Peddler Pavilions
There is a vast acknowledgement that something is wrong with the economy. Many think that the solution is from a top down approach. Proven results have come from a bottom-up grass roots approach, and peddling will be the decisive game changer when it comes to economic reform.

When one thinks of peddling, solving the world problems does not come to mind. However with a focused approach, putting the power in the hands of the people much as our democratic political system would claim to be doing, change can occur rapidly and completely. The only way to empower all people is to give them the tools to provide for themselves. If one has the tools to create, hunt, gather, etc. the personal investment is greater, and therefore change is more important to the individual.
Through the investigation of precedent studies, including the great bazaar in Istanbul, we can gain a greater understanding of how non-traditional forms of economic interaction affect the economic and built environment. The built environment can challenge the assumptions made about types of interactions, giving a strong sense of legitimacy to the informal actions of peddlers.
Architecture is a direct reflection of the social climate it is designed within. The social and architectural landscape of cities across the United States has changed. Volatile economies have led to disinvestment in many cities. Some hit the hardest are in the “Rust Belt”. The Rust Belt is considered to be “Urban areas in the Northeast and Middle West marked by the concentration of old, declining industries, such as steel and textiles.” (http://dictionary.reference.com/browse/rustbelt). Essentially, Detroit is the epitome of the Rust Belt cities. At one point, it was one of the largest manufacturing centers, and now it is but a shell of its former self. If innovative solutions are to tackle the problems encountered in the Rust Belt, Detroit is the ideal place.
The postindustrial vacancies have led the one to think of the future. How does one reinvest in vacant properties? New Businesses need old spaces. The capital investment required to purchase space is prohibitive to most new businesses, therefore they need to use the vast supply of vacant buildings in Detroit to bring life to the startups. It has proven to be a great alternative to incubator space.
“Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts. A business incubator’s main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies.

Critical to the definition of an incubator is the provision of management guidance, technical assistance and consulting tailored to young growing companies. Incubators usually also provide clients access to appropriate rental space and flexible leases, shared basic business services and equipment, technology support services and assistance in obtaining the financing necessary for company growth. ([http://otc.uconn.edu/wp-content/uploads/2009/04/what_incubators.pdf](http://otc.uconn.edu/wp-content/uploads/2009/04/what_incubators.pdf))

Incubators are most successful when they are supplying resources such as classes, and technical assistance; however there is a strong apprehension with the use of trendy buzzwords such
as incubator.

The investigation of this thesis uses the built environment to challenge the typical understanding of what ownership is, and how we can change the value structure of commerce. Ownership is a product of political theory.

In Chapter V of his Second Treatise, Locke argues that the individual ownership of goods and property is justified by the labour exerted to produce those goods or utilise property to produce goods beneficial to human society.

“Private ownership in capitalism implies the right to control property, including the determination of how it is used, who uses it, whether to sell or rent it, and the right to the revenue generated by the property (http://mayibuyeiafrica.co.za/CAPITALISM.php). However, there may be an abandonment period of time, after which resources return to unowned status.

From these two definitions of ownership, it is hard to understand that we have come as far as to believe that if a person pays for something, it is permanently owned by that person. For people to own property and do nothing with it, becomes
a problem in the City, especially when there are people willing to make a change and do something positive, that are not afforded the privilege to own property. “Usufruct is a term that describes the legal right to use and derive profit or benefit from property that belongs to another person, as long as the property is not damaged. (http://dictionary.sensagent.com/usufruct/en-en/)” A city, such as Detroit, that has suffered from the constant disinvestment and the decay that results from it can benefit greatly from taking
advantage of the more typical understandings of what ownership is. In line with this thinking, some countries, after an area is completely decimated by some unforeseen disaster, even reevaluate the land ownership. They have used lotteries to reestablish the new boundaries of land and who owns what.

To understand this question of ownership, I first tried to understand the act of squatting. Squatting is in plain terms “to settle on or occupy property, especially otherwise unoccupied property, without any title, right, or payment of rent” (http://dictionary.reference.com/browse/squat). Squatting has been around for centuries. Its origins are in any area where there is a vast separation between the wealthy and the poor;
the Landowners, and not. Squatting continues to be nothing, although some attempts to quantify squatting have put the number around one billion people. When I refer to squatting as nothing, it refers to the action being left out of the discussion in academia and in political realms. Squatting therefore is not considered a problem, a symptom of a problem, or a social or political movement. I would say that the most promising aspect is that there are limited squatter rights also known as Adverse Occupation, in which a squatter may have the same rights as a person that does pay rent in such as protection from unlawful eviction.

Squatting is part of a political movement, against a government that enables policies to keep poor from having land. These people could be considered social anarchists. Anarchy is: a doctrine urging the abolition of government or governmental restraint as the indispensable condition for full social and political liberty. Social anarchy is The social anarchist theory is embraced by the Journal Social Anarchism: A Journal of Theory and Practice. A school of Social anarchism known as mutualism, accepts private property ownership, as to not challenge too far, the notion of owner-
ship that society has become accustomed to, as opposed to the Collectivists that would extinguish all individual property ownership. The mutualist view is not without limit, because they only acknowledge ownership, as long as the person is using the land, or in this case, buildings.

Recent actions have been popping up around the country, in the form of the Occupy movement. In the regions, they focus on different topics, the one in Detroit focuses on Foreclosures, while still staying true to the belief that the people that can do something are the 99%. The 99% is a term used to describe the disparity of wealth and the distribution statistic that 1% own the majority of wealth. This is the essential bare-bones approach to community involvement. The meetings are low-tech and use the only resource they have,
people, to amplify the speaker’s message. This was intriguing because it was not anything new. The idea draws inspiration from Mahatma Gandhi’s teachings that to change something, we must create a parallel alternative, and when our’s becomes the better one, the other idea will die off. This gives inspiration for the rethinking of the ownership principles. The solidarity movement was another movement that started in the 1980’s in communist Poland and is credited with much of the progress made in the country and the fall of the Soviet Union. This was achieved through widespread non-violent actions that crippled the production in the country, and forced the hand of the leaders to listen to the poorly treated workers.

Peddling has emerged as a solution to commerce in an area of Downtown Detroit that
has been forgotten. Since Capitol Park and the Farwell building were intended to be the birth of a new financial district in Detroit in the Early 1900’s, it seems only appropriate that this site, with all of its significance, becomes the rebirth, or rethinking of financial structures. Peddlers: Who are they? Peddlers are often thought to be hobos, or traveling workers. Peddlers can be travelers, since they carry their whole shop on their back, but sometimes peddlers are just self-employed people, fulfilling a need or want in the area whether it be a town, city, or neighborhood. Creativity and collaboration are the two keys to entrepreneurship. The creativity comes from the ability to fulfill a need in a way that nobody else is, to differentiate.

Peddling is to carry (small articles, goods, wares, etc.) from place to place for sale at retail; to distribute. Peddling can also be used as a term to describe the distribution of ideas and this can also be considered propaganda. To make this distinction clear, this investigation is not about the peddling of ideas in a political system. A peddler is capable of quickly packing up shop and moving on when problems arise. Peddling can be considered to be an informal economy. Informal
economy is “System of trade or economic exchange used outside state controlled or money based transactions. Practiced by most of the world’s population, it includes barter of goods and services, mutual self-help, odd jobs, street trading, and other such direct sale activities. Income generated by the informal economy is usually not recorded for taxation purposes, and is often unavailable for inclusion in gross domestic product (GDP) computations. (Businessdictionary.com, informal economy)"
There are two main examples of informal economy: Sao Paulo, Brazil; and New York City, New York. One example is from a developing economy, in which it has been found that close to 60 percent of citizens of developing countries are involved in the informal sector of the economy. “A newly-released IBGE’s (Instituto Brasileiro de Geografia e Estatística—Brazilian Institute of Geography and Statistics) study entitled Economia Informal Urbana (Urban Informal Economy) shows that the informal sector represents 8 percent of the GDP (Gross Domestic Product), which are the goods and services generated in the country. While modest in the formation of the GDP, the subterranean economy employs one in every four Brazilians. (Neves, Making Do)”
This is not necessarily a bad thing because people are able to go out, work, sell, and bring home money or bartered goods to their family. At this time, we know that the informal economy is successful in this country because of the work that is currently underway to reign it in. When the government sees an activity as a problem; that is when it is a success.

“The informal economy accounts for about 40 percent of Brazil’s gross national income- a much bigger
share than it claims in China and India (Exhibit 1). It consists of companies that operate partially or wholly outside the law by avoiding taxes, ignoring product-quality and safety regulation, infringing copyrights, and sometimes even failing to register as legal entities. In this way, these companies gain a cost advantage and thus compete successfully with their law-abiding counterparts, though on average they achieve only 46 percent of the formal sector’s productivity. Formal companies in turn lose out on profits and market share and thus lack the means and incentives to invest in productivity-enhancing measures such as expanding capacity, installing new technologies, and improving the organization. Together, such problems handicap the economic-development process. (Capp, 1)”
ample is clearly from a person that opposes the informal economy. The use of data in this case is to make it look like a larger problem, whereas the use of the data in the case of the previous article was to downplay the significance of the “problem” by claiming that although one in four people in Brazil are working informally, they only take home eight percent of the national income.

The other example is from one of the leaders of the developed world. The differences are striking. “Police and community leaders are warning illegal street vendors that the days of selling their wares on congested uptown corridors will soon come to an end. Starting this month, the 34th Precinct has launched an outreach initiative to educate vendors about city rules on vending, while warning them that police will soon remove unlicensed sellers from the street, according to the commanding officer. (Zanoni, DNAinfo)” The appearance of this article on December 8th, 2011 proves the significance of the issue in New York City, and the relevance in the current economic climate. “A central question for theory and policy is whether the formation and expansion of informal sectors in advanced and industrialized countries is
the result of conditions created by advanced capitalism. Rather than assume that Third World immigration is causing informa-
ization, we need a critical ex-
amination of the role it may or may not play in this process. (Sassen, 1988)"

The traditional business owners are raising a move-
ment against the street ven-
dors claiming that it is taking away from their market share and since they are legitimate, deserve more consideration. The way that cities like New York and Los Angeles are cracking down on this activity, poses a problem. The reason why people come to a certain area may not be necessarily for the peddlers that inhabit the vicinity, but that may very well be the reason they stay. It is an eclectic gathering of food,
wares, and fashion may be a draw to many.

In New York City, there have been attempts to formalize the informal economy. The first attempt was in Harlem in the mid 1980’s. This attempt was called Mart 125 located in the heart of Harlem. It was a seeming success until due to poor management and the governmental issues that came with the redevelopment of Harlem. The second attempt at the formalization is Plaza de las Americas, in Washington
Heights. The plaza was created in the 90’s to try to bring some relief to the West 181st street. Like Mart 125 where it started out with good intentions, the random nature of the informal process, the spaces become poorly organized. They are trying to reinvent the plaza in 2013 to make it more of a town square, which could turn out to be another failure.

To escape the innate ephemeral existence of street trade, my intention is to have a physical home base for the development to organically sprawl from. This building is in strategic location in the Downtown Detroit Area, adjacent to Capitol Park. I chose the Farwell building because it is a solid building, built in the 1920’s and as the “Birth of the New Financial District”, it shall be the rebirth of the peddler in Detroit. Peddling has come in waves over the centuries and has most times developed out of necessity for putting food on the table when there is a scarcity of legitimate employment.

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Peddling can be considered to be an informal economy. Informal economy is “System of trade or economic exchange used outside state controlled or money based transactions. Practiced by most of the world’s population, it includes barter of goods and services, mutual self-help, odd jobs, street trading, and other such direct sale activities. Income generated by the informal economy is usually not recorded for taxation purposes, and is often unavailable for inclusion in gross domestic product (GDP) computations. The peddler has most times been associated with homeless, immigrants, and migrant workers. The business endeavors they take on are usually as temporal as the structures they typically build to display their wares.

Peddlers are involved in complex social relationships. They always happen to know when the police are coming and are able to communicate with one another on when to pack up. The competitive atmosphere is not typically observed because it really comes down to who can sell the best. The nature of the business is to communicate with as many people as possible, since typical advertising is not exactly an option. There
are 3 different types of economic interactions that occur with peddlers and others. These interactions are direct and intentional, indirect but deliberate, and accidental.

Direct intentional interaction with peddlers is where a person knows what they want and where they can get it; from a peddler on the streets. They understand that this is a cash relationship. Indirect interaction occurs when someone is uncomfortable interacting in the realm of the street peddler and buys the products off of someone who dealt with the peddler. The third relationship can be understood as someone that deals with a product or service that is cash only, however they never really understand the connection whether it is a mental connection, or if they are dealing with the peddler through some third party.

Collaboration should be between other entrepreneurs as well as residents of the area the business will reside in. This is known as social capital. According to Robert Putnam, social capital "refers to the collective value of all 'social networks' and the inclinations that arise from these networks to do things for each other."[2] Putnam believes that social capital can be measured by
the amount of trust and “reciprocity” in a community or between individuals. As networks of peddlers emerge, the development of trust is important within the community. If the established businesses have distrust for the newcomers to the area, they will be less likely to support the business.

There is a relationship between the street vendors and the business owners that has certain unwritten rules. It is a relationship where the vendors stay out of the way, and the business owners leave them alone. “So street vendors and the city long ago struck a tacit deal: the city allows vendors to sell food but reserves the right to kick them out of practically any spot at any time, and vendors keep their heads down, careful not to upset their
relationships with the nearby brick-and-mortar businesses, with the police, and with each other. When disputes come up, vendors compromise or move. (Brooks, 2011)” The new economy is not filled with the same old vendors that were used to seeing on the streets. The informal economy has attracted several new comers because of the ease of entrance and the seeming lawlessness of it all. They in turn have not exactly observed the conventions, and when the practice becomes visible is when it becomes a problem. When, instead of one person occupying a vacant area, there are several vendors occupying the same part of the street. This creates a community relationship between the informal businesses drawing several types of people to one area, but also creates a visible problem for the brick-and-mortar stores. Rent-free, is irritating to the people that pay a great deal of money to have that same location.
Precedent Studies
Maxwell Street
Chicago, IL

Tsukiji Fish Market
Tokyo, Japan

Grand Bazaar
Istanbul, Turkey

Russell Industrial Center Bazaar
Detroit, MI

Mart 125
Harlem, New York City, NY
Maxwell Street was a precursor to many flea markets in the city of Chicago. It is an open air market that, at its peak, would have been the ideal place for one to make a living off of legal or illegal goods. It was pretty well distributed with actions of all walks. It still now functions as a well rounded open air market. Blues and outdoor musical performances were very common on the street. In fact, the last blues performance on the street occurred in 2000. What this project means for Peddling in the new Detroit Economy is that this street functioned as a catalyst for change in Chicago. It is also inspirational because of its seeming lawlessness. I feel that the only way to encourage the participation in an activity such as this is to elimi-
nate the prohibitive regulation that generally accompanies it.
Tsukiji Fish Market is ever changing, and what is interesting is how the product comes in early in the morning, is unloaded, inspected, auctioned off, and cleared out by 11:00 in the morning. This is of interest for my thesis because of the temporary and mobile nature of the entire market. The semicircular plan was specifically designed for the purposes of the fish market to allow trains and commerce to coexist as easily as possible.

Tsukiji Fish Market Tokyo, Japan
The Grand Bazaar in Istanbul, Turkey is one of the oldest and largest covered market-places in the world. It was built in the late 1400’s and contains 3000 shops. This impressive precedent proved that the idea of taking the open market into a building would not destroy the integrity. The Grand Bazaar however is a little bit different than the intentions of the peddling project because the action that occurs within is not as fluid as other markets. This is because people actually own the spaces and most have been passed down through the generations. It inspired organizational and deployability concerns to make visible to be able to quickly close up shop at the end of the day.

Grand Bazaar, Istanbul, Turkey
Russell Industrial Center Bazaar in Detroit, MI is a Bazaar that took over an old manufacturing plant adjacent to the milwaukee junction. This spot is a pivotal area for the transport of goods when the auto industry was at its peak in the city. The building was architecturally significant because Albert Kahn designed it and it was a building worth saving and preserving. The building started as studios for creative professionals and has turned into a large bazaar where for a low rate per day, people can rent out space, and sell whatever they create or have on hand. This is as close to peddling that has come across in the research of Detroit’s informal economy. There is very little regulation which is appealing to many entrepreneurs, i.e the more unique the better. The negative side of this project is the fact that it is only open the last weekend of each month.
Russel Industrial Center Bazaar, Detroit, MI
Mart 125 in Harlem, across from the Apollo theater in New York City, NY, was a failed attempt by the city of New York to formalize the informal economy. It has been seen that any regulation will push the typical peddling entrepreneur away from the opportunity. The marketplace happened to be prohibitively impractical for the average peddler with no capitol. It was no longer a place where one could go to make some quick money to put food on the table or for other reasons.

Mart 125 New York City, NY
The Farwell Building at 1249 Griswold Street in Detroit, MI is adjacent to the newly renovated Capitol Park. It is in close vicinity to Campus Martius, the Rosa Parks Transit Terminal, Grand Circus Park, Comerica and Ford Field, and is a short walk from the people mover and any destination in the Downtown area. This location is appealing because the building is vacant, but solid. The building was built in the Chicago School style and the most intriguing thing that attracted me to the building was the 6 story light well in the middle of the building. The building was elegant when it was occupied and although very little of the detailing remains, I believe the building is an ideal candidate for a historical renovation.
Hart Plaza received a look because it is the heart of the city for special events such as Tech Fest and the Hoe Down. That and its adjacency to the Renaissance Center made it an automatic candidate for a public interaction such as peddling. I noticed however that every event in the park is sanctioned and the park is a deserted place when there are no events. Since it is too far removed from any real activity, I felt it did not fit the requirements for a site.
The University Ballroom building is a few blocks south of University of Detroit Mercy. The building itself is nothing special, but the location on Livernois, which has potential to be high growth in the future, and the texture that has accompanied the vacant building’s decay are what made it a consideration. The problem, however, is that it is not in the hub of activity now. The whole idea of peddling is making money now, and nobody would put the capital into a project that would not see returns for years if ever.
Site Analysis: Farwell Building/ Capitol Park
Blue denotes sources of pedestrians
   West- Rosa Parks
   East, parking garage
Green denotes links to parks
   North- Grand Circus
   South- Campus Martius
   East- Harmonie Park

Capitol Park and the Farwell Building are in a location that has the potential to be high traffic even though currently it is not frequented. The reason that the site is not currently frequented is because of a great disinvestment that has happened in the area, however the adjacencies to mass transit and locations for peddling show that this is the ideal center of activity.
Design Intentions
The intention of the Peddling project was to give a sense of legitimacy to the peddler’s shops that is not typically offered to transient entrepreneurs. The nature of peddling in itself attracts a certain type of person and it is not necessarily a draw to others who may be more timid around an encounter that may be unsanctioned or “informal”. The fact that it is not legal by definition is enough to prevent people from engaging in cash only trade if they know that the business owner operates this way. Peddling is an alternative to the high capital investment involved with business startups. Entrepreneurs cannot afford to put out large sums of money up front and see no returns in the immediate future. Turning to an informal trade that is centered in a public space, or a low investment space is a draw for anyone that wants to venture out on their own and do not mind living by a few unwritten rules as they apply to the informal economy. To add to the sense of
legitimacy, the concept that was developed was to give a semi-permanent space to the temporary businesses. The Farwell building would be turned into a hub of activity for the creation of these stores, the sale of goods, display of art, and creation of art, goods and wares. The idea is to have workshops separated by interest areas, but open to all for creation with many of the instruments that make the creation of goods possible. This includes computers, drawing tables, sewing machines, wood working tools and so forth. For this reason, the Farwell building becomes a quasi-brick and mortar store for the peddler.

Capitol Park becomes the public face of the peddler profession in the city of Detroit. It signifies the rethinking of commercial structures and the physical manifestation of the diagrams of interaction discussed later in site design.

The pavilions for peddling that are created as the mobile showcases are built out of recycled materials collected at the Farwell building. The materials are
dropped off and stored in the basement for use to create pavilions. Shown in the design schematics is an option for the creation of one such pavilion. This option is created out of cardboard, a material that I see as the most common to the peddler structures that are typically created. It is assembled and put together within a 15 minutes to a half hour for experienced assembly, and can be transported quickly and efficiently.
Design Problems
The intervention in the Farwell building went through certain steps that were representative of the change that was intended for peddling as a whole. The first step was to open up the South facade, representing the transparent nature of the creation and sale; word of mouth. The second step was relating to the circulation through the peddling space, making the creation and sale accessible to the peddlers and the customers alike. The Third step was enacted to create a defined source of entry for the peddler in a wide expanse of glass, covered by a corten steel overhang and a vertical representation of the peddling process. The fourth step was merely the next iteration of the entrance and made it more prominent and defining. The other intervention on the Farwell building included, on the former main facade, making a five story subtraction from the facade creating new spaces for balconies and outdoor creation. This part is shown more on the site perspectives.
The first image shows the entrance of the Farwell building that is created on the South side. The second image shows the plug in spaces for the pavilions. It included the removal of the second floor in this space to allow the open raw feeling rather than a heavy space that it currently is. The third image shows the new food courtyard space that is also opened to the second floor with balconies overlooking the space from above.
First Floor

Plug in pavilion space

Food Court

Kitchen
Second Floor

- Photo Studio
- Plug in Balcony
- Open to below
Cardboard Pavillion
Assembly
Direct Interaction
Accidental Interaction
Campus Martius Deployment
Harmonie Park Deployment
Grand Circus Park Deployment
Final Site Design
The Capitol Park site design was the physical manifestation of the types of interaction diagrammed earlier. The interactions: direct, indirect, and accidental, are all incorporated into the organic growth of the project. The locations where the energy reaches a critical point are connected by paths and have a textile ground cover treatment. The textile is symbolic of the goods that the peddler trades and the sheets that may be layed down to display the goods for sale.
Component Diagrams
Works Cited


http://media.photobucket.com/image/street%20peddler/epi ac1216/Lingua%20Franca%20Photos/IMG_1357.jpg


