

3.4.4 Getting By, but not Getting Ahead: Analysing Resilience in Dhaka’s Informal Sector

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Megacities are said to be especially prone to social and ecological crises, particularly in times of an increasing probability of natural hazards induced by climate change. In a context where governance structures are weak, financial resources are

scarce, and the economy is largely run informally, providing infrastructure for the efficient supply of water, fuel or timber to the city seems to be beyond the capacities of local administrations. To run a business in such a volatile environment is a continuous challenge. In this chapter, we analyse the economic resilience of brick producers and fish traders. We show how informal economies adapt to their environments (adaptive resilience or ‘getting by’) and discuss their potentiality to reshape their environment towards a more sustainable urban future (transformative resilience or ‘getting ahead’).

Production of bricks

The brick sector turns out to be old-fashioned but highly flexible and resilient in the face of climate change. Brick fields are located next to rivers for the easy transport of coal, sand and soil. Nevertheless, even severe flood events, like in 1998 and 2007, did not threaten brick production. Interestingly, the old-fashioned technologies allow brick owners to be well adapted to natural hazards. Since the mid-nineteenth century

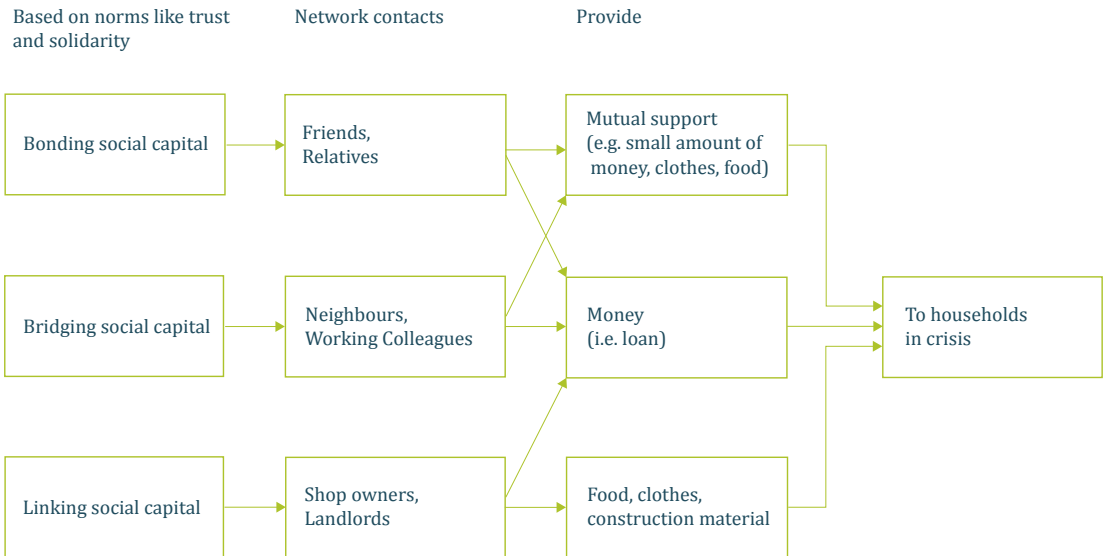


Figure 3.4.3 Types of networks and support relied on by slum-households in Dhaka during crises.

Source: Tibor AfSheuer et al. 2013

workers have produced bricks in a similar way. They form clay, dry it in the sun and burn it with coal and wood in a ring-oven (see Fig. 3.4.4-1). In Dhaka bricks are predominately produced to be alike. Brick owners copy each other instead of striving for competition or technological improvement. A neo-institutional perspective shows that mimetic processes and a lack of

law-enforcement by the government have led to homogeneous production patterns in the entire sector. Owners are organised in the Brick Field Association. They trust each other on price agreements. Laws on quality standards, environmental issues, or workers' rights are not enforced. As a result there is no benefit in technological improvement or competition among



Figure 3.4.4-1
Brick field during the
production period

Photo: Tibor Aßheuer



Figure 3.4.4-2
Brick field during the
monsoon season

Photo: Tibor Aßheuer

the owners as better quality bricks will not gain higher prices and higher priced bricks will not find buyers (Aßheuer/Braun 2011).

The brick sector is able to survive natural hazards because no substantial values are at risk of being destroyed (see Fig. 3.4.4-2). Trust-based business relations enable brick companies to produce flexibly. It seems likely that this old-fashioned economic sector is even able to cope with shifts of the monsoon period or with excessive rainfall resulting from climate change. The brick sector 'gets by' during natural hazards. However, it does not 'get ahead' in terms of reducing environmental pollution, improving labour conditions or adapting to other than natural stresses. The opposite is rather the case. Brick production emits pollutants and contributes to greenhouse gas emissions with no filter systems in use, and it jeopardises workers' livelihoods through low payment and the absence of insurance. Additionally, the system does not appear to be adapted to possible societal transformations. A decline in demand for low-quality bricks (due to a higher demand for steel) or enforcement of existing laws would probably cause small-scale owners to cease production. Necessary expensive investments are feasible only for large-scale investors, who base their production in gas-driven factories all year round (Aßheuer/Braun 2011).

Marketing of fish

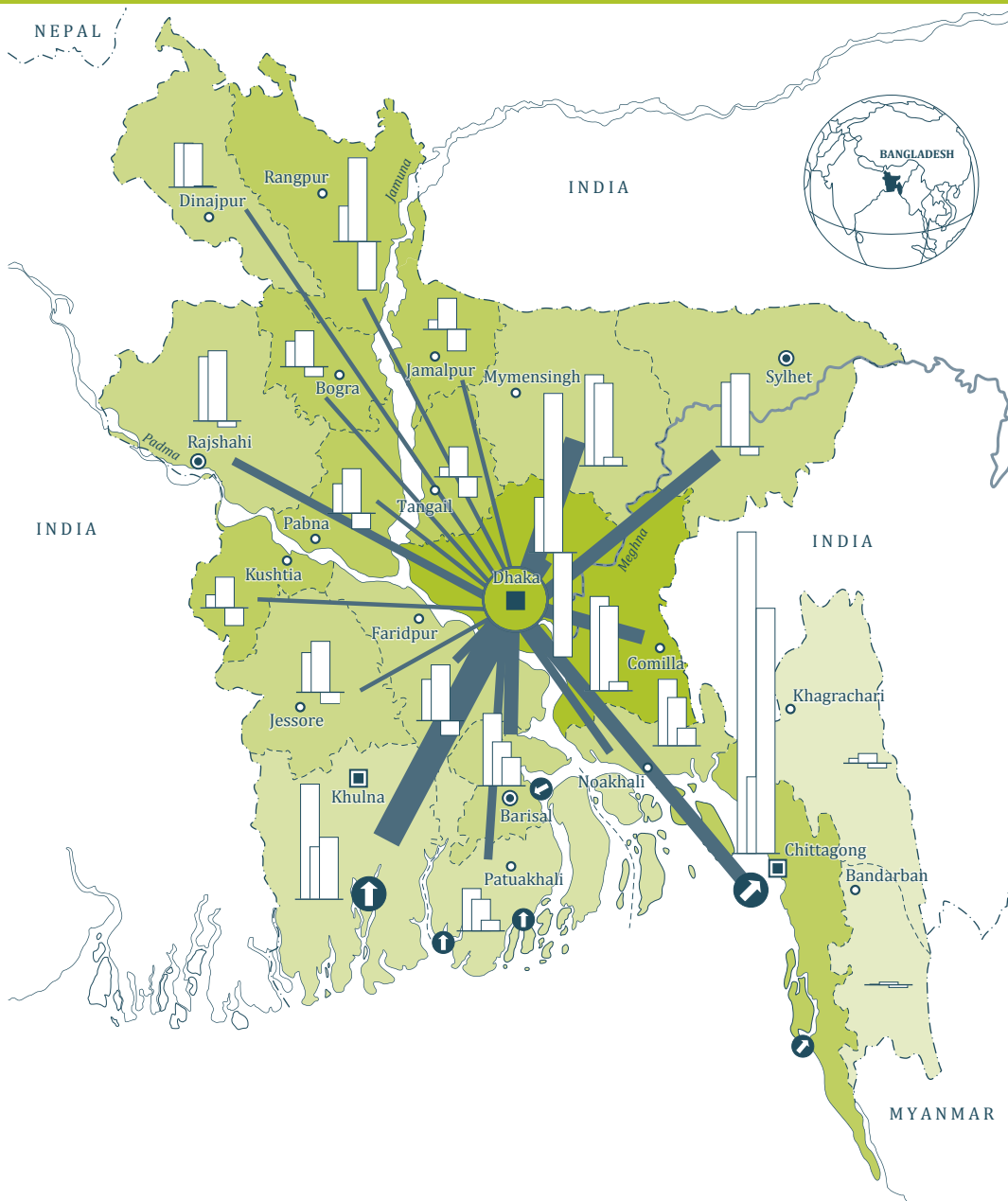
Both the floods of the 2007 monsoon and cyclone Sidr (November 2007) destroyed much of Bangladesh's paddy crop, caused countless fish ponds to overflow, and repeatedly disconnected Dhaka's food supplies. Yet there was always enough food in the megacity thanks to wholesale traders' flexible contracting and their diverse supply networks. In order to buffer the effects of shortfalls, Dhaka's food traders maintain relations to multiple suppliers from a variety of places (see Figure 3.4.4-3). The traders continually share information on the current situation of their businesses, on production and transportation costs, and on profit margins with all of their suppliers. When Dhaka's fish traders enter the business, many of them have only limited business connections. It takes years for them to expand their networks. In this way alternative supply options arise which eventually guarantee the traders in Dhaka to run their business every day throughout the year. By means of their business networks Dhaka's wholesalers ensure the reliability of the food supply of the whole megacity. These networks are so effective that

food availability in Dhaka is above the national urban average, most prominently in terms of fish. Taking the situation of Dhaka City, the gross availability of fish amounts to 1.7 times that of the national urban average (Keck et al. 2012, Keck/Etzold 2013).

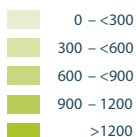
Despite the fish traders' impressive capacities for 'getting by', their options to 'get ahead' are limited. They have no scope for improving the hygienic conditions of their market stands, installing new technologies like hoisting cranes, pressure washers or digital scales, or investing in up-to-date transportation vehicles. One of the reasons for this situation is the fish traders' limited access to affordable credits. In the course of their individual business histories, 46% of fish wholesalers take out at least one loan for business purposes. Only 52% of the loans taken are provided by private or governmental banks, while a remarkable 48% are secured from informal sources such as family members, friends, business partners or (local) money lenders.

Notwithstanding their economic weight – the average annual turnover of fish wholesalers accounts for 49 million Bangladesh Taka (or 485,000 EUR) – fish traders are clearly disadvantaged due to their limited access to the city's formal banking system. This inaccessibility is mainly rooted in a lack of public appreciation of the fish wholesale business as a whole, which is not only perceived as uncertain, smelly and unclean, but also as unorganised, inefficient and backward. Local moneylenders capitalise on this situation by demanding high interest rates, which can be as much as 10% per month (Keck/Etzold 2013, Keck 2015a).

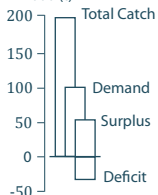
An even more weighty problem is the fact that the traders' have to deal with highly politicised markets and pronounced tenure insecurities. Of Dhaka's 87 food wholesale markets, 36 markets (41%) are located on public land, belonging in most cases to the city corporation. Yet the fact that a market is on governmental land does not provide any basis for tenure security. In fact, public markets are heavily contested. According to a public officer, the market pitches and stalls are leased out to the businessmen. However, this statement does not accurately reflect the actual situation. Our data show that only two fish wholesalers (1%) and not a single rice wholesaler possessed a leasing contract for a public market pitch. Instead, interviews highlighted that Dhaka's public markets are in the hands of middlemen, who sublet the pitches in order to skim off money from higher rent charges. In order to get a pitch in the first place, traders need to pay large advances.



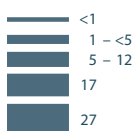
Population Density 2001
(People / km²)



Fish Supply 2001
in 1000 (t)



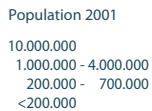
Supply Regions of Dhaka City
(in % of total urban turnover)



Loading Points for Marine Fish



Cities



Draft: Markus Keck
Cartography: Department of Geography, University of Bonn,
Department of Geography, University of Göttingen

Figure 3.4.4-3 Supply regions of Dhaka

Source: BBS(2007a), BBS (2007b), BBS (2007c), DoF (2002), Own Survey 2009-2010

What is meant to be a deposit that would be repaid later often turns out to be a bribe to brokers, who guaranteed the traders entry to the market in return. This practice of paying bribes to land brokers first and foremost serves Bangladesh's political parties for whom the land brokers mostly work (Eisenberger/Keck 2015, Keck 2016).

Conclusion

The two case studies show that redundant business networks and the institution of mutual trust are basic elements that allow entrepreneurs of Dhaka's informal economy to successfully organise their businesses' adaptive resilience, i.e. to 'get by' in the face of crisis. At the same time, however, our discussion has made clear that most informal economies command only restricted access to important resources and are bound to pursue harmful production practices and exploitative employment schemes to keep their costs low. In consequence, they have only limited potential for building transformative resilience in order to 'get ahead'. This lack of transformative resilience has negative consequences for society as a whole. (1) With no filters in use the brick sector contributes greatly to the environmental pollution in the country. (2) Being excluded from the formal banking system, Dhaka's fish traders rely on informal credits under onerous terms. In addition, they are forced to pay bribes to land brokers in order to enter markets. Both practices end up negatively impacting the poor as these additional costs are passed on to the consumers. (3) Low payment and the absence of insurances and social safety nets make the workers who carry the bricks and food for the entire city on their shoulders most vulnerable to food insecurity and ill-health. Against this background it is important to understand that working for the resilience of Dhaka's informal economies in the end serves the common welfare of the entire urban population.