Alternative Formalities, Transnationalism and Xenophobia in the City of Johannesburg (AFTraX)

Report for the City of Johannesburg by the School of Architecture & Planning for the University of Witwatersrand

30 June 2014

Project co-ordination:
- Sarah Charlton
- Phil Harrison
- Paul Jenkins
- Tanya Zack (Coordinator)
- Rhulani Mkansi (Administration)

Contributors to the report:
- Jeremy Grest
- Iriann Freemantle
- Philip Harrison
- Paul Jenkins
- Loren Landau
- Jean Pierre Misago
- Mike Rogan
- Joanna Vearey
- Alex Wafer

Research assistants:
- Adam Aboobaker
- Kolofelo Rameetse

Editing:
- Paul Jenkins
- Melinda Silverman
- Alex Wafer
CONTENTS

0. INTRODUCTION TO THE STUDY 4

1A: UNDERSTANDING THE INFORMAL ECONOMY

1. AN APPROPRIATE LANGUAGE 8
   1.1 Evolving theories about ‘informality’
   1.2 Definitions and approaches to the informal economy
   1.3 Alternative conceptualisations
   1.4 New approaches

2. THE INTERNATIONAL EXPERIENCE OF THE INFORMAL ECONOMY 14
   2.1 The dimensions of the informal economy
   2.2 Linkages with the formal economy
      2.2.1 Mapping Economic Linkages
      2.2.2 Linkages as Mechanisms of Institutional Design
      2.2.3 Linkages and Governance Transformations
      2.2.4 The Politics of Linkages

3. FOCUSING ON STREET VENDING AS ONE ASPECT OF INFORMALITY 21
   3.1 International perspective on street vending
   3.2 The macro-determinants of street trading activities
   3.3 Regulatory policies and practices
   3.4 The politics of street trading
   3.5 Conclusion

4. EMERGENT THEMES IN THE SOUTH AFRICAN LITERATURE 30
   4.1 Engaging with informal economy debates
   4.2 Claiming a ‘Right to the City’
   4.3 ‘Second Economy’ debates
   4.4 Poverty alleviation vs. growth potential
      4.4.1 The informal sector is not a low-barrier or free entry sector
      4.4.2 Low skill and low pay work
      4.4.3 Youth employment in the informal sector
      4.4.4 An economy that is here to stay
   4.5 Trader vulnerabilities
      4.5.1 Gender-related inequalities
      4.5.2 Organisational (In)capacity
      4.5.2 Other forms of discrimination
   4.6 Organising the informal

1B: TRANSNATIONALISM AND XENOPHOBIA

6. TRANSNATIONALISM AS A CONCEPT 55
   6.1 Transnationalism as a concept
   6.2 Human mobility and transnationalism

7. XENOPHOBIA AS A KEY THREAT 58
1C: CONCLUSION - SUPPORTING LEGITIMATE LIVELIHOODS

11. CONCLUSION
0. INTRODUCTION TO THE STUDY

Background and overall objectives

This study was commissioned in January 2014 by Group Strategy, Policy Coordination and Relations in the Office of the City Manager of the City of Johannesburg (CoJ). Initially proposed as two separate terms of reference by the City - one focused on researching informal economic activity and the other on informing an anti-xenophobia strategy - the task was combined by agreement into a single integrated research programme on "alternative formalities, transnationalism and xenophobia". The research output was defined as two separate reports: a Background Report (this document) and a Scoping Report. Both included a specific focus on the inner city of Johannesburg. The research was commissioned from the University of the Witwatersrand (Wits), through the office of the Deputy Vice-Chancellor for Advancement & Partnerships. The study has been led by the School of Architecture & Planning (SoAP - the contracted entity), bringing together a wide multi-disciplinary team of researchers.

The project aimed to provide a knowledge base for informed policy responses in the medium to long term on aspects of the city's economy, transnational networks and xenophobia. The study was not intended as a policy proposal or detailed recommendations for policy or strategy per se, focusing rather on developing underlying information of relevance for such a policy / strategy. Interest in the research (both in the CoJ and University) was also influenced by the recent 'Operation Clean Sweep', the City's removal of street traders from the inner city which began in October 2013. The University entered into the research in the spirit of contributing knowledge and information on a set of economic and social issues focused particularly on street-trading as one aspect of the ‘informal’ economy with clear manifestations of trans-nationalism and xenophobia. The research is an example of growing partnerships in knowledge exchange between the University and other partners, including municipal, provincial and national government.

The AFTraX research was initially conceptualized as having two phases, with Phase One predominantly a desk-top review of existing material scoping the current state of knowledge, and Phase Two focusing on new fieldwork and the analysis thereof. Phase One was thus expected to set the framework for the empirical work in Phase Two. To date a contract has only been signed for Phase One, after protracted negotiation between the University and the City. Although the work was commissioned in early January 2014 the contract for Phase One was only signed in early June 2014 (with a fixed deadline for submission end of June 2014).

Caveat to the research

The delayed contractual process has significantly affected the work of Phase One, and three specific impacts are recorded as follows:

A. Limited access to information: During this time the University proceeded with the work on good faith, understanding certain time constraints affecting the City vis-a-vis the fixed deadline. However throughout this period, without a signed contract (which specified free access to relevant information), researchers had limited access to important City information, and some key information was never accessed in time to include in the study. This particularly affected key aspects of the Johannesburg-specific components of the work, and therefore researchers had to be sourced from outside of the City as best possible.
B. Confidential information and intellectual property: The contract initially proposed by the CoJ was that of a consultant, with the CoJ retaining a high level of confidentiality and the intellectual property, which was not appropriate for a university which requires academic freedom. The CoJ eventually recognized the need for such academic freedom and appropriate contractual treatment of intellectual property and academic confidentiality vis-à-vis ethics was established. Nevertheless the CoJ noted that there was a need for specific confidentiality concerning a pending court case relating to the matter between “South African Informal Traders Forum and Others vs the City of Johannesburg and Others; South African National Traders Retail Association vs City of Johannesburg and Others”.

In the light of this, the parties agreed to the following issues being confidential for a contractually defined period of time, where information on them was sourced through the AFTRaX contract, and from documents or discussion not in public domain:

- the management of the informal traders by the City of Johannesburg through actions by the city from October to December 2013 known as ‘Operation Clean Sweep’
- events during ‘Operation Clean Sweep’
- discussions internal to the city around the strategies which pertain to the case
- interpretations of the events related to ‘Operation Clean Sweep’ provided to the researchers by the city officials

Thus, despite the importance of this recent activity by the CoJ (and its underlying impetus for this research), the activity of ‘Operation Clean Sweep’ itself, responses to it and subsequent events are not discussed in the study, although the University views them as of direct relevance to the research.

C. The nature of knowledge exchange between academia and other partners. The University recognizes it is not the sole developer of knowledge, but has specialized skills and status in this area. As such, academic freedom - with a firm base in ethical confidentiality and retention of intellectual property for wide dissemination - is an essential aspect that requires recognition. Ideally contractual relationships reflect these issues in a mutually supportive manner for the University and its partners in knowledge exchange. This, however, requires a level of trust in the partnership and – importantly – in the higher level of understanding such independent study can generate. In circumstances where significant third parties are involved, such a knowledge partnership can be the vehicle for a wider shared understanding that can even resolve conflict.

While understanding the position of CoJ discussed above, the University believes this study could have been a case for such an opportunity, given the high level of trust between the two parties in general and at senior management level. There has been agreement at senior management level that a different form of contractual relationship to underpin a more mutually beneficial partnership (between the CoJ and the University, but also with other third parties in mind) should be developed, learning from this case.

The reporting structure

This Background Report is a final draft report submitted by the contractual deadline. It is, as previously envisaged, based on academic and other relevant literature, publically available data and on information that it was possible to access.

REPORT 1 (this report) is divided into three components:
1A UNDERSTANDING THE INFORMAL ECOMONY
1B TRANSNATIONALISM AND XENOPHOBIA
1C CONCLUSION: SUPPORTING LEGITIMATE LIVELIHOODS
REPORT 2 is divided into two components:

2A REVIEW OF REGULATORY ENVIRONMENT AND POLICY RESPONSES TO INFORMAL TRADING IN JOHANNESBURG’S INNER CITY

2B CONCLUSION: TOWARDS A NEW POLICY POSITION
1A: UNDERSTANDING THE INFORMAL ECONOMY
1. AN APPROPRIATE LANGUAGE

1.1 Evolving theories about 'informality'

The term informality has been used in an extremely wide range of contexts, generally in the field of urban studies. The concept has been used to analyse and describe the production of housing and shelter, the management of urban land markets, the provision of security, solid waste removal, micro-financing institutions, and a wide variety of productive activities of varying scale.

In order to explore informal trade, which is the predominant focus of this research, and one of the most visible and widespread informal economic activities in the so-called developing world, it is first necessary to talk more generally about the informal economy. The informal economy is drawing increasing attention from scholars in multiple disciplines ranging from economics, anthropology, and industrial relations to gender studies, political science, sociology, and urban planning.

The concept of the informal economy has continued to prove useful to many policymakers, activists and researchers. This is because of the significance of the reality that it seeks to capture: the large share of the global workforce that contributes significantly to the global economy, while remaining outside the protection and regulation of the state. Whether this continues to be an adequate conceptualisation, however, is increasingly challenged as the 'informal economy' grows in significance.

The origins of the term 'informality' go back to the 1970s and a reassessment of the initially optimistic post-Second World War development model, because of the failure of what were then termed 'Third World' nations to follow the western capitalist development path (Lewis 1954). This model anticipated that 'modern' industrial economies capable of absorbing the 'traditional' economic sector into the capitalist sector would emerge, that wages would rise above subsistence levels and that poverty would diminish as growth occurred. The increase in widespread unemployment, even in countries growing economically, led the International Labour Organization (ILO) to launch a series of interdisciplinary studies on employment in developing countries.

The first mission was to Kenya (ILO: 1972), and found that the traditional sector, which the researchers termed the 'informal sector', included a mix of both profitable and efficient, as well as marginal, enterprises. In fact Keith Hart had used the term 'informal sector' in his 1971 study of low-income activities among unskilled migrants from Northern Ghana to the capital city, Accra, who could not find wage employment. (Hart: 1973) Both the Hart and ILO reports were generally positive about the informal sector's capacity to generate income, create employment and reduce poverty. (Hedegaard: 2012) However Chen (2012) has noted more recently that the concept of an 'informal sector' was not uniformly well-regarded by development professionals. Such a sector was often seen as marginal or peripheral and not linked to the 'formal' sector and modern capitalism. Some thus believed it would disappear once developing countries reached a requisite level of economic development, and others that industrial development might take on different forms in the Third World, with an expansion of the informal sector.

This informal sector debate developed another focus in the 1980s with the reorganization of production in the advanced capitalist centres of America and Western Europe, the introduction of flexible specialisation manufacturing, and the formalisation of employment relations. As Chen (2012) notes, citing (Portes, Castells and Benton: 1989), in this process an 'informal economy' was conceived as becoming a permanent, but subordinate and dependent, feature of capitalist development. Economic crises in Latin America in the 1980s and Asia in the 1990s saw millions of
people who had lost formal jobs attempting to find or create work in this informal economy (as did growing work forces with no alternative). Structural adjustment in Africa, and the economic transitions in the former Soviet Union and 'Eastern bloc' countries following the end of the Cold War, also had the effect of expanding ingress into this informal economy. Workers who were laid off and unable to find alternative formal employment often ended up in the informal economy, especially in contexts where no unemployment insurance benefits were available.

The embedding of the term 'informal' to economic analysis was consolidated during the 1990s, with increasing globalisation of the world economy. This was seen as contributing to the much wider 'informalisation' of the workforce in many industries and countries (Chen: 2012) – i.e. economic engagement which was not regulated by the state (see definitions below). The global recession which began in 2009 added significantly to the numbers operating in informal economies globally, to the extent that informal employment has recently been estimated as more than half of non-agricultural employment in most 'developed' countries and much higher in 'developing' countries: e.g. as high as 82% of non-agricultural employment in South Asia. (Vanek et al: 2012 cited in Chen:2012

This has led to a re-thinking of the overall concept of 'informality' in economic sectors. Chen (2012) notes that there is increasing recognition of the links between informality and growth on the one hand, and the links between informality, poverty, and inequality, on the other. It is now more clearly understood that much of the informal economy today is integrally linked to the formal economy and contributes to the overall economy; and that supporting the working poor in the informal economy is a key pathway to reducing poverty and inequality. There is increased recognition that women tend to be concentrated in the more precarious forms of informal employment, so that supporting working poor women in the informal economy is a key pathway to reducing women’s poverty and gender inequality.

1.2 Definitions and approaches to the informal economy

A large number of writers have advanced definitions of the informal economy. Original definitions focused on its characteristics as that part of an economy that is not taxed, monitored by any form of government or included in any gross national product statistics, unlike the formal economy. An alternative definition used job security as the measure of formality, defining participants in the informal economy as those who do not have employment security, work security and social security.

Skinner (2008) provides a useful overview of the origins of the concept of the informal economy, referring to Hart’s work, the ILO response, structuralist critiques by both Moser (1978) and Bromley (1978) and the ensuing theoretical debates developed largely in Latin America (MacEwen-Scott 1979, Castells and Portes 1989, De Soto 1989) - which led in the 1980s to the formulation of two broadly opposed positions: the neo-liberal and structuralist views.

Chen (2012) presents a less dualistic, four-part typology. She argues that the debate regarding the nature and composition of the informal economy has crystallized into four dominant schools of thought, with related approaches, as follows:

- The Dualist school sees the informal sector of the economy as comprising marginal activities distinct from and not related to the formal sector—that provide income for the poor and a safety net in times of crisis (Chen: 2012 citing Hart 1973; ILO 1972; Sethuraman 1976; Tokman 1978).
- The Structuralist school sees the informal economy as subordinated economic units (micro-enterprises) and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms (Chen: 2012 citing Moser 1978; Castells and Portes 1989).
• The **Legalist** school sees the informal sector as comprised of 'plucky' micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration and who need property rights to convert their assets into legally recognized assets (Chen: 2012 citing de Soto 1989, 2000).

• The **Voluntarist** school also focuses on informal entrepreneurs who deliberately seek to avoid regulations and taxation but, unlike the legalist school, does not blame the cumbersome registration procedures.

Chen (2012) notes that in some studies, often focused on developed or 'transition' countries, the informal sector is seen as *illegal* or *hidden/underground* production. By *illegal production* she means production activities which are forbidden by law or which become illegal when carried out by unauthorized producers; while *underground production* refers to production activities which are legal when performed in compliance with regulations, but which are deliberately concealed from authorities.

This key study identifies different causal theory of what gives rise to the informal economy:

• The **Dualists** argue that informal operators are excluded from modern economic opportunities due to imbalances between the growth rates of the population and of modern industrial employment, and a mismatch between people's skills and the structure of modern economic opportunities.

• The **Structuralists** argue that the nature of capitalism/capitalist growth drives informality: specifically, the attempts by formal firms to reduce labour costs and increase competitiveness as well as the reaction of formal firms to the power of organized labour, state regulation of the economy (notably, taxes and social legislation); to global competition; and to the process of industrialization (notably, off-shore industries, subcontracting chains, and flexible specialization).

• The **Legalists** argue that a hostile legal system leads the self-employed to operate informally with their own informal extra-legal norms.

• The **Voluntarists** argue that informal operators choose to operate informally —after weighing the costs and benefits of informality relative to formality.

On the issue of linkages between the formal and informal, Chen (2012) argues that the dominant schools of thought have different perspectives on this topic, although some do not explicitly distinguish between the two or adequately deal with both. This affects what are seen as approaches from government (or formal economic actors) to the informal sector, as outlined below:

• The **Dualists** subscribe to the notion that informal units and activities have few (if any) linkages to the formal economy but, rather, operate as a distinct separate sector of the economy and that the informal workforce—assumed to be largely self-employed—comprise the less advantaged sector of a dualistic or segmented labour market. They pay relatively little attention to the links between informal enterprises and government regulations. But they recommend that governments should create more jobs and provide credit and business development services to informal operators, as well as basic infrastructure and social services to their families.

• The **Structuralists** see the informal and formal economies as intrinsically linked. They see both informal enterprises and informal wage workers as subordinated to the interests of capitalist development, providing cheap goods and services. They argue that governments should address the unequal relationship between 'big business' and subordinated producers and workers by regulating both commercial and employment relationships.

• The **Legalists** focus on informal enterprises and the formal regulatory environment to the relative neglect of informal wage workers and the formal economy per se. But they acknowledge that formal firms — what de Soto calls 'mercantilist' interests —collude with government to set the bureaucratic 'rules of the game' (de Soto 1989). They argue that governments should introduce
simplified bureaucratic procedures to encourage informal enterprises to register and extend legal property rights for the assets held by informal operators in order to unleash their productive potential and convert their assets into real capital.

- The Voluntarists also pay relatively little attention to the economic linkages between informal enterprises and formal firms but subscribe to the notion that informal enterprises create unfair competition for formal enterprises because they avoid formal regulations, taxes, and other costs of production. They argue that informal enterprises should be brought under the formal regulatory environment in order to increase the tax base and reduce the unfair competition to formal businesses.

Chen (2012) argues that each of these perspectives contain some validity but that the informal economy as a whole is more heterogeneous and complex than the sum of these perspectives would suggest. For instance, some of the self-employed choose, or volunteer, to work informally in order to avoid registration and taxation, while others do so out of necessity or tradition. Also, many of the self-employed would welcome efforts to reduce barriers to registration and related transaction costs, especially if they were to receive the benefits of formalizing. Chen (2012) notes that much of the recent rise in informal wage employment is due to the informalisation of once-formal employment relationships. In many such cases, it is the employers, not their employees, who are avoiding regulation and taxation.

Another significant study of the informal economy (Meagher: 2013) argues that while early discussions of economic informality in the 1970s and 1980s were plagued by definitional controversy, the major definitional debates were resolved over two decades ago and that the prevailing definition accepted across disciplinary and ideological boundaries is that the informal economy refers to income generating activities that operate outside the regulatory framework of the state (Castells and Portes:1989; see also De Soto: 1989). As such, Meagher claims that since the early 1990s, the debates have shifted away from conceptual controversies about whether there is a clear boundary between formality and informality, to discussions about how to operationalize this definition for statistical and policy purposes.

Meagher argues that debates about operational definitions have contributed to refining the conceptual understanding of informality, but have not challenged the prevailing conceptual definition of *income generating activities operating outside the regulatory framework of the state*. (Meagher: 2013) She notes an important development in this regard: the ILO’s (2002) amendment of the definition of informality to cover not only informal firms and their workers, which was the focus of the original term 'informal sector', but also unregistered or unprotected labour working in formal sector firms. This has resulted in a more precise terminology, such as that of ILO/WIEGO, which defines economic informality in terms of three central concepts:

- **The informal sector**, which refers to production and employment in unregistered enterprises.
- **Informal employment**, which focuses on employment outside of the labour protection regulations of a given society, whether in formal or informal firms.
- **The informal economy**, which covers all firms, workers, and activities that operate outside the legal regulatory framework of society, and the output that they generate.

All of these are defined in relation to regulation – i.e. the role (and inevitably capacity) of the state.

### 1.3 Alternative conceptualisations

The term 'alternative formalities' is a recent addition to the vocabulary in the discourse on cities and urban development. It emerges from dissatisfaction with the current dominant use of the term
'informal' in the literature and instead, links discussions on the informal economy to informal definition of space (especially urban space) (Jenkins: 2013). The adoption of the notion of 'alternative formalities' in this research is driven by an understanding that its use in theory and practice can advance the capacity to analyse, understand and plan for complexities in the urban field that are not legible using the existing notion of 'formality' / 'informality'.

This latter formulation is seen as being embedded in a binary perspective where the term 'formal' implies a norm from which a range of practices have deviated, with consequences often seen as undesirable. 'Informality' is thus often associated with negative and undesirable developments, and (as described above) perceived primarily in terms of regulation - and more specifically, what the state is able to identify, but not able to measure clearly and above all, not able (or willing) to regulate fully.

The analysis behind a critical reconceptualisation argues that the basis for the dominant model of the 'formal' derives from the urbanisation experiences of so-called 'developed' economies over the last two hundred years, associated with rapid industrial growth, employment generation, forms of social redistribution of wealth, and a particular urban physical order underpinned by states with economic capacity to create and/or control these conditions (largely through 'physical planning'). The resulting physical urban order is thus closely associated with normative social order (Jenkins & Smith forthcoming). It is argued that it has not been possible to date to replicate this experience in large parts of the 'developing' world, nor will it in the foreseeable future, where rapid urbanisation has taken place without industrialisation, or other forms of significant capital accumulation and state taxation, leading to new forms of urbanism. These new forms of urbanism reflect social order which is primarily culturally derived as opposed to normatively imposed by the state - and often produce forms of what is seen as physical 'disorder', compared to prior normative urban policy and planning.

As such, dominant perceptions of the 'formal' are associated with physical and social order, and perceptions of the 'informal' with physical and social disorder. It is argued that this view is based on a notion of 'order' that is generally impossible to create in many parts of Asia, Africa and Latin America. This is due to the scale and rapidity of the demographic shifts from countryside to town and the manner in which the economies of these regions have been incorporated into the competitive global economy, as well as a lack of state capacity in many cases. In addition, in purely regulatory terms, the use of the notion of 'informality' to describe practices outside of the state's purview fails to take account of the fact that many states engage in a range of informal, unregulated practices of their own, and that there are high levels of informality within practices deemed by them as formal. Several codes or regulatory frameworks may co-exist and be used to manage or monitor processes which are not formalised or coordinated.

There are a range of problems with the setting up of a binary of formality and informality:

- It can lead to the exploitation by social and political elites able to manipulate privileged access to the state. Speculators and political elites can take advantage of that which is deemed unregulated in order to establish power or gain access to resources, land etc.
- At a grassroots level, people do not have a concept of informality. Their interactions with the state may be seen as informal where the state engages at localised levels in ways that are not 'formal' or regulated but that hold the system together.
- Many informal interactions and processes are given support by the state de facto if not de jure, especially where state capacity to regulate is limited in practice.
- The result is many 'grey' areas between how formal structures are meant to operate according to regulation and how they actually operate on the ground.
- The informal milieu is seen as socially legitimate and is seen as the way the city actually functions.
Formality has an overlay of the bureaucratic processes people are required to follow. Informality then becomes activity that is acted against, as opposed to being supported.

State actions against informality are based on a concentrated set of preconceptions of order, where informality is perceived as disorderly, negative, dirty and unregulated, without the activity or the nature of informality being clearly defined. This leaves wide scope for activities to be deemed outside of regulation, or disorderly.

The idea of **alternative formalities** essentially de-links the definition of parts of the economy from state regulation *per se*, arguing that the capacity of the state to regulate creates the ‘informality’ in a definitional sense, and inappropriate action by the state to regulate (due to poorly targeted policy focus and practical limitations) often produces adverse effects. This approach embraces a range of conditions that operate within different non-state systems and processes and argues that those systems need to be recognised and supported rather than condemned and repressed. In this, it argues for recognition and stimulus for self-regulation and possible partnership with the state in the sense of guidance, but not an over-reliance on the state’s sense of order: social, economic and/or physical. This fundamentally recognises other forms of legitimisation (and hence regulation) beyond the state and permits an approach which breaks with the embedded binary nature of the formal / informal based on state regulation (no matter how it is defined in detail). There are thus different ways of defining ‘formal’ and ‘alternative formalities’ which need recognition.

Like Jenkins, Bunnell and Harris (2012) similarly redefine ‘informality’ locating it into a continuum of practices rather than into the binary of formality / informality. They cite with approval the work of Roy (2005:148) who rejects the very notion of a distinct informal sector, instead casting informality as a ‘mode’ of urbanisation – ‘a series of transactions that connect different economies and spaces to one another’.

Bunnell and Harris highlight a critical insight from Roy’s work that deals with the interrelations between informality and the state. Roy understands informality as ‘being produced by the state itself’ (Roy: 2005, 149 cited in Bunnell and Harris) rather than seeing it as something which is beyond the state or which is an object of state regulation. For Roy (2005), as with Jenkins (2013), it is the planning and legal apparatus of the state that has the power to ‘determine what is informal and what is not, and to determine which forms of informality will thrive and which will disappear’.

This way of conceiving of informality poses a challenge to state planners and administrators dealing with the ‘reality’ on the ground. It effectively challenges them to reassess deeply held professional assumptions, and some of the practices flowing from them. This requires an acceptance that the state’s aspirations should not necessarily inform praxis in the context of rapid urbanization.

### 1.4 New approaches

The above advocates for an openness to approaches which are not state-centric or dominated by predefined sense of order. In contrast, it argues for approaches that encourage understanding of social, cultural as well as economic forces which underpin activity which is usually defined as ‘informal’ but is often legitimate in a socio-cultural sense; approaches which should work within the structures of the economy; and approaches which take cognizance of ‘reappolitik’. It warns against the simplistic circumscription of this by the state in its predominant assumptions of values and inherited policy traditions. The need for new approaches is seen as all the more urgent given the growing importance of the informal economy as argued in the following section. However, given the relatively recent conceptualisation of ‘alternative formalities’ the literature reviewed below is largely couched in terms of state regulated ‘formality’ and how to deal with the formal-informal ‘divide’.
2. INTERNATIONAL EXPERIENCE OF THE NATURE AND IMPORTANCE OF THE INFORMAL ECONOMY

2.1 The dimensions of the informal economy

A major source of information on the informal economy is the second edition of the joint WIEGO-ILO publication ‘Women and Men in the Informal Economy: A Statistical Picture’, published in 2013. The ILO defined formalisation of the informal economy as one of eight areas of critical importance for the organization, and in 2013 it launched the publication ‘Measuring Informality: A Statistical Manual on the Informal Sector and Informal Employment’ as a how-to manual to encourage more countries to produce and disseminate necessary data on the issue.

The second edition of the ‘Women and Men’\(^1\) publication provides for the first time, direct measures of informal employment inside and outside informal enterprises for 47 countries. It also presents statistics on the composition and contribution of the informal economy as well as on specific groups of urban informal workers. These statistics were collected, compiled and analysed based on the conceptual framework for the statistical measurement of the informal sector and informal employment adopted by the International Conference of Labour Statisticians (ICLS) in 1993 and 2003, respectively.

In 2011, the ILO compiled statistics on employment in the informal economy, disaggregated by sex from 47 medium- and low-income countries. The statistics relate to the number of persons whose main (or only) jobs were in non-agricultural informal employment, including both inside and outside the informal sector. In 15 countries out of 41 for which data were available, informal employment represented at least two thirds of total (formal plus informal) non-agricultural employment, and in 24 countries it exceeded 50%. In all except two countries, employment in the informal sector exceeded informal employment outside the informal sector.

In Latin America and the Caribbean, informal employment in all reporting countries constituted a significant proportion of non-agricultural employment, ranging from 39.8% in Uruguay to 75.1% in Bolivia. Informal sector employment ranged from 24.3% in Brazil to 58.3% in Honduras, where informal employment was concentrated in the informal sector. The countries with the highest percentage of informal employment outside the informal sector are Paraguay, Ecuador and Bolivia.

Among the regions, Eastern European countries and member states of the Commonwealth of Independent States (CIS) had the lowest percentage of informal employment. In four countries for which data were available on informal employment, the proportion of workers in informal non-agricultural employment ranged from 6.1% in Serbia to 19.8% in Armenia. Data on informal sector employment, which were available for seven countries, show that the percentage of informal sector employment in total non-agricultural employment varied from a high of 59.2% in Kyrgyzstan to 12.1% in the Russian Federation and 3.5% in Serbia.

In Sub-Saharan Africa, informal employment in all reporting countries accounted for a significant percentage of total non-agricultural employment. However, the pattern differed between Southern Africa and the other sub-regions. In Southern Africa, informal employment was much lower, ranging from 32.7% in South Africa to 43.9% in Namibia. In the other seven countries for which data were

\(^1\)First published in 2002
available, the percentage exceeded 50% and reached as high as 76.2% in Tanzania and 81.8% in Mali. The pattern for informal sector employment was generally the same. The richer countries showed the lowest percentages of informal sector employment: 9.3% in Mauritius and 17.8% in South Africa.

In all Sub-Saharan African countries for which data were available, the number of persons employed in the informal sector greatly exceeded those in informal employment in the formal sector. For example in 2004, in Mali, the percentage of informal sector employment was estimated to be 71.4% comparing with 11.3% of informal employment outside the informal sector.

In South and East Asia, excluding China, informal employment in all reporting countries constituted a significant proportion of total employment, ranging from 42.3% in Thailand to 83.6% in India, and for all countries except Thailand it was more than 60%. In all reporting countries the proportion of persons employed in the informal sector greatly exceeded those in informal employment outside the informal sector. For informal sector employment, the percentage ranges from 43.5% in Vietnam to 73% in Pakistan. In Pakistan, the percentage of informal employment outside the informal sector was estimated to be only 8.3%.

The countries with the highest percentage of informal employment outside the informal sector were India (16.8%) and Vietnam (25%). For China, data were limited to six urban areas, including Fuzhou, Guangzhou, Shanghai, Shenyang, Wuhan and Xi-an. The percentage of informal employment was significant (32.6%), but it was lower than in the other reporting countries of the region. For North Africa and the Middle East, informal employment in the three reporting countries/territories accounted for a substantial proportion of employment; 58.5% in the West Bank and Gaza Strip, 51.2% in Egypt and 30.6% in Turkey.

2.2 Linkages with the formal economy

Growing awareness of the size and organizational potential of informal economies in the era of globalization has triggered a profusion of research on linkages between the formal and informal economies, moving in a range of empirical and theoretical directions. Meagher (2013), in an important WIEGO Working Paper, reviews over 200 items of current literature on formal-informal linkages under four categories – linkage mapping, institutional design, governance effects, and the politics of formal-informal linkages. The author considers how the realities of globalization, market reforms, and the crisis of the global (formal) economy have reshaped the geographical, sectoral and regulatory scope of formal-informal linkages.

This review mentions earlier approaches to the question of formal-informal linkages by John Harris (1990) in an ILO working paper, and another by S.V. Sethuraman (1992), in a chapter in an annotated bibliography on The Urban Informal Sector in Asia. Both studies rejected dual economy perspectives and focused on the nature of linkages, but drew from a relatively small body of literature extant at the time. Meagher’s study covers the two subsequent decades during which the problematic of formal-informal linkages has become more complex as new empirical realities such as globalisation, market reforms, the growing prominence of the informal economy in production and reproduction activities, and the crisis of the global (formal) economy, have dramatically altered assumptions about the relationship between the formal and informal economies and their roles in economic development.

These changes have expanded the geographical scope of linkages, brought in new actors, and altered the balance of power between the formal and informal economies. In addition, new theoretical approaches have come into the analysis of formal-informal linkages, including the New Institutional
Economics, network analysis, global commodity/value chains, legal pluralism, subaltern politics, and Foucauldian conceptions of power beyond the state. The result is a new problematic that focuses not only on patterns of linkages and whether they are beneficial or not, but also for whom, and with what impact on the regulatory structures of formal as well as informal economies. (Meagher: 2013)

The material reviewed by Meagher is categorized according to the perspective on linkages, with four broad grouping identified, as follows.

2.2.1 Mapping Economic Linkages

This category, which is by far the largest and most established, relates to literature that attempts to trace the patterns of linkages between the formal and informal economy, and the way in which they structure flows of resources, labour and information between the two spheres. It includes as subcategories the mapping of national or sectoral, inter-firm linkages, labour market linkages, financial linkages, and linkages within global value chains.

The review of this body of material concludes that both the analyses and the policy recommendations associated with the literature on mapping formal-informal linkages have changed dramatically over the past two decades, shaped by the effects of liberalization and globalization, and an institutionalist turn in the way linkages are analysed. The national focus of the early linkages literature has given way to a more global awareness of the impact of export markets and global value chains. Likewise, the early focus on the role of linkages in integrating the formal and informal economies has been replaced by notions of linkages as mechanisms for working with, or even profiting from, market fragmentation in liberalized economic environments. This has been accompanied by an increased emphasis on the formal and informal institutional mechanisms that shape the effects of formal-informal linkages, rather than viewing linkages simply in terms of economic connections and resource flows. Efforts are devoted to exposing and analyzing more complex structures involving global chains, multiple intermediaries, and disguised connections.

These changes have precipitated four important changes in policy approaches. These relate to the types of linkages that are regarded as developmental, the policy domains that are seen as primary, policy attitudes toward informal organizational arrangements, and the key agents of appropriate policies. With regard to desirable types of linkages, the linkage literature of the 1990s advocated the promotion of forward subcontracting or marketing linkages with the formal economy, but in the context of liberalization and globalization, forward linkages are viewed as potential mechanisms of exploitation as well as development. Secondly, there has been a shift from targeting policy on technical upgrading of informal firms to a focus on informal actors as labour, involving a greater focus on social protection and poverty alleviation. Thirdly, there is a greater trend toward promoting rather than suppressing informal organization, either to reduce transaction costs of managing fragmented markets, or to strengthen the ability of informal actors to lobby for favourable policy. Finally, the original emphasis on the role of the state in promoting constructive linkages between the formal and informal economies is being challenged by a growing emphasis on the involvement of the formal private sector in defining policy objectives for the promotion of linkages across the formal-informal divide.

2.2.2. Linkages as Mechanisms of Institutional Design

This category pulls together literature that views linkages as a means of “tapping” institutional resources across the formal-informal divide for purposes of institutional change. This includes co-production and ‘bottom of the pyramid’ perspectives, as well as literature on social protection and the informal economy.
A common feature of the literature on institutional design is a view of formal-informal linkages as a strategic measure for filling institutional gaps resulting from state or market failures. This literature represents linkages as a means of tapping or unlocking the potential of the informal economy by integrating their entrepreneurial energies, assets, and networks into wider development processes to extend the reach and reduce transaction costs of functioning markets and public goods provision. The co-production and the ‘bottom of the pyramid’ literature have divergent views on whether linkages are first-best or second-best solutions to development problems, relating to views about the inferior governance capacities of informal institutions versus the superior governance prospects of extending the reach of global markets. However, both perspectives advocate similar policy approaches of encouraging formal-informal linkages where these offer possibilities for reducing transaction cost, bringing assets and property into the formal economy, or extending the reach of basic provision or global market access. Here, increasing the legibility of the informal economy to formal sector actors is a matter of key interest, particularly in the ‘Bottom of the Pyramid’ (BoP) community. Both co-production and BoP literatures also advocate the use of some form of multi-stakeholder partnership, rather than dyadic linkages between formal and informal actors; these partnerships would use NGOs, local government and civil society organizations to bridge institutional and training gaps, and state, donor or private sector actors to bridge resource needs. This is reflected in the discussion above on ‘alternative formalities’.

While the mainstream literature tends to represent linkages as unproblematic connections among formal and informal stakeholders, more critical perspectives raise questions about the role of institutional divergence, conflicts of interest, and power in shaping how linkages are created, and whose interests they serve. Linkages are seen to raise significant policy challenges beyond the question of how to create and manage them. Central among these challenges are policies that ensure a more equitable distribution of benefits from formal-informal linkages; equitable distribution relates to who designs linkage strategies (from above or from below), for whose benefit (tapping the informal economy or redistribution), and what specific policies and partners can ensure synergistic rather than exploitative linkages. Both the critical social protection and ‘Bottom of the Pyramid’ (BoP) literature draw attention to capacities of the informal economy to play a leading role in institutional innovation, despite the prevailing contention in the BoP literature that innovation can only come from above.

Meagher highlights the role of SEWA (Self-Employed Women’s Association) in devising hybrid formal-informal innovations in insurance for informal actors as a case in point. She also draws attention to the role of informal trading and service provision networks in devising low-cost systems of extending markets, services and even global money transfers into areas neglected by the state. She argues that these observations turn the core policy orientation of the institutional design literature on its head by highlighting alternative forms of institutional design in which formal-informal linkages are used for institutional inclusion of the marginalized, rather than to reduce risk and transaction costs for the benefit of the formal economy.

Meagher points out that the critical literature on institutional design draws attention to the role of power and policy, rather than assuming that institutional complementarities will automatically produce synergies through which both sides benefit. She notes that the critical co-production literature, particularly the literature on waste picking, has been the most advanced in exploring the policy specifics. There is a strong emphasis on the need for NGOs and civil organizations to strengthen informal occupational organizations and to engage in advocacy, as opposed to the kinds of “partnerships” in which NGOs act as agents of the state or of global capital. Attention is also drawn to the role of the state, not just to engage in or facilitate the outsourcing of public functions to the informal economy, but to use legal instruments to ensure that informal actors are incorporated into...
service provision or market development on advantageous terms, as recognized (even assisted) cooperatives, as protected labour, or as preferred contractors, rather than as unprotected labour or low-end subcontractors. Meagher (2013) concludes that an awareness of power relations reveals that formal-informal linkages can move in different institutional directions: synergy or adverse incorporation.

2.2.3 Linkages and Governance Transformations

This category focuses on literature that considers how linkages across the formal-informal divide transform wider governance processes in positive as well as negative ways by “vesting” weak or illegitimate institutions with greater regulatory power, or by “divesting” formal regulatory processes of power or responsibilities.

Meagher notes that in contrast to the mapping and institutional design perspectives, governance perspectives on formal-informal linkages are more focused on institutional process than on policy. Their value lies in the provision of analytical tools to examine the wider regulatory and distributive effects of formal-informal linkages in different contexts. For Meagher, a few key observations emerge from this literature. The first is to highlight the long history of formal-informal hybridization in processes of institutional change, and to draw attention to the role of power and institutional process in determining how benefits are distributed. Secondly, governance approaches draw attention to the issue of divergent norms and practices in formal and informal regulatory systems, and offers various perspectives on the implications of vesting informal systems with greater regulatory authority, or of shifting regulatory responsibilities out of the formal economy. A third observation of this literature is that variations both in the nature of informal institutions and of formal institutions can lead to a wide variation of governance outcomes resulting from linkages. Synergy is only one possible result of formal-informal linkages; others include various forms of clientelism and adverse incorporation, or even regulatory disorder.

While the literature on typologies suggests that outcomes can be predicted with more careful analysis, the more historically embedded legal pluralist literature makes it clear that outcomes can be unpredictable even with careful institutional design, owing to cross-cutting identities and power relationships in formal as well as informal institutions. From the perspective of policy considerations, core issues relate to synergy and normative divergence. With regard to synergistic arrangements, Meagher argues that using formal-informal linkages to compensate for state incapacity is likely to be problematic. Synergistic linkages are associated with stable states because they demand significant investment in scaling up and normative integration of promising informal arrangements, rather than offering a ready-made mechanism for filling institutional gaps and reducing the transactions costs.

From the perspective of normative divergence, linkages across the formal-informal divide do not only fill regulatory gaps, they also invest informal institutions with greater regulatory authority, suggesting that care must be taken about the kinds of informal regulatory systems that are spliced into formal governance arrangements. Communal resource management systems, vigilante groups and informal labour gangs may all fill institutional gaps and reduce transaction costs, but they bring very different institutional baggage with them into the ambit of formally sanctioned practices.

2.2.4 The Politics of Linkages

Literature in this category regards linkages as a terrain of struggle rather than as conduits of resources, authority or institutional collaboration. It includes literature on the contestation of urban space, on informal collective organization and alliances, and a limited literature on multi-stakeholder networks involving informal economies.
Three broad observations arise from literature on the politics of formal-informal linkages. The first is that in the neo-liberal era, synergistic formal-informal linkages are increasingly unlikely to occur on their own. Intensifying market pressures mean that redistributive investment and institutional support for informal actors is more likely to be a product of active contestation from below rather than synergistic initiatives from above.

The second observation is that, while alliances with formal sector organizations can strengthen informal political voice, even linkages with traditional allies, such as unions or NGOs, are not necessarily sources of empowerment. Divergent interests between formal and informal organizations, and the realities of poverty and powerlessness within the informal economy, mean that informal organizations remain vulnerable to co-option and capture, even from their allies.

A third observation relates to the growing variety and multiple scales of formal-informal political linkages involving not only labour unions, but also NGOs, local government and multi-stakeholder networks operating at the local, national and even global scale. These make effective collective organization of informal actors increasingly complex, and suggest that informal organizations may not always be in control of the political networks in which they are involved. The core policy consideration arising from these observations is that political linkages across the formal-informal divide are not necessarily conducive to empowerment. While they can enhance informal political voice, the rise of complex multi-stakeholder networks can also turn these linkages into techniques of governance and subordination. Understanding the specific power relations and politics within these networks is crucial to understanding whether they reduce or deepen conditions of adverse incorporation.

Some of the research gaps noted by Meagher in the literature survey are worth noting, but their wider reference to the informal economy in general means that the questions raised need further investigation for their relevance to the more narrowly defined focus on street trade. She indicates a need for more research into the penetration of global firms deeper into the distributive end of the value chain within developing countries. A second structural issue noted as an important research gap is the question of "brokers", with a need for more systematic research on the gatekeepers who operate at the interface of the formal-informal divide. These would include labour contractors, on which there is a growing body of research, as well as micro-insurance and micro-credit agents, informal associations, NGOs as brokers for 'Bottom of Pyramid' initiatives, and community leaders or strongmen as community brokers. Whose interests do these brokers serve? What is the effect of brokers on the distribution of gains? What factors shift brokers toward more or less synergistic influences on linkages? These are issues that will become important in understanding how formal-informal linkages work.

From the perspective of governance and political voice, two key research gaps relate to the divergent governance outcomes of formal-informal linkages, and to the institutional and political dynamics of multi-stakeholder networks. On governance outcomes, there is a dearth of comparative research on this issue, leading to a lack of analysis of the factors that lead to positive as opposed to negative governance outcomes, both between regions or countries, and between successful and unsuccessful arrangements in the same area.

With regard to multi-stakeholder networks, there is a smattering of literature on their internal political dynamics and effect on informal political voice, but this literature is very limited and scattered across diverse disciplines. There is a need for more systematic research on this issue.

At the institutional level, there is a gap in research on the role of the informal economy in
institutional innovation underpinning formal-informal linkages. The claim in much of the institutional design literature is that these innovations come from above, while the empirical evidence shows that these innovations are often pioneered in the informal economy, and taken over by the formal economy. Feedback arrangements in M-Pesa (see Annexure 1 for a description of this case study) and in micro-franchising arrangements are cases in point, as are efforts of insurance companies to study the institutional arrangements used by funeral societies in South Africa. There is a need for a more explicit documentation of the institutional innovations that are coming from the informal economy, particularly in the areas of micro-credit, micro-insurance, micro-franchising and tax collection.

Related to this, is a gap in the literature on obstacles that keep the informal sector from capitalizing on its own institutional innovations. While the private sector seems able to exploit new opportunities created by innovations in formal-informal linkages, there is a lack of detailed literature on the legal constraints and other obstacles that prevent informal workers’ unions – such as the Self-Employed Women’s Association (SEWA), or Latin American unions that have incorporated informal actors – from also taking advantage of these institutional innovations in order to retain a greater share of the profits for the empowerment of their members.

2.3 Regulation

Goodfellow (2012) uses comparative case studies of Kampala, Uganda and Kigali, Rwanda, to analyse why attempts to implement certain urban policies and regulations have been much more effective in the latter than the former. He explores this divergence in relation to four critical aspects of urban transformation: physical development (urban planning and development regulation), livelihoods in the informal economy (with a particular focus on petty trade), urban public transport, and urban local taxation.

He argues that the usual explanations for poor state performance focusing on capacity, usually defined as bureaucratic competence, are inadequate. His thesis is that state effectiveness is highly dependent on the political context and the incentives for enforcement and compliance affecting state actors and urban social groups respectively. Key factors are the credibility of government commitments, the sources of state legitimacy, the autonomy of different components of the state vis-à-vis social forces, and ingrained social power relations. He argues that these factors affect the degree to which formal state institutions are supported by (rather than conflicting with) informal norms. These state-society dynamics proved far more important than bureaucratic capacity in accounting for divergent state effectiveness.

For Goodfellow, the strategies and tactics of political and social actors that exist between the lines of policy documents, laws and grand plans are what explain state performance. He provides a good review of literature on state capacity and argues that the challenge is to understand how different social forces exert themselves on various levels in the state hierarchy. To understand how states work is to interpret ‘the cacophony of sounds from the wildly different arena in which components of the state and social forces interact’ (Migdal 1994: 17 cited by Goodfellow). Developmental performance is therefore not only conditioned by ‘a certain kind of organization of the state and private sector’ (Wade 1990: 27 cited by Goodfellow) but by the extent to which the state itself is ‘an organization divided’ (Migdal 1997:231).
3 FOCUSING ON STREET VENDING AS ONE ASPECT OF INFORMALITY

The ILO uses the term “street vendor” in both a narrow sense to refer to those who sell goods in public space, but also in a broader sense to refer to those who provide or sell services in public spaces, such as: hairdressers or barbers; shoe shiners and shoe repairers; and bicycle, motorcycle, car or truck mechanics. (ILO: 2013) The report notes that even when considered in the narrow and more precise sense of informal traders who sell goods on the street or other public spaces, street vending is a large and diverse activity: from high-income vendors who sell luxury goods at flea markets and those who sell electronics and other consumer durables, to those who sell fruit, vegetables and cooked food on city streets. Those who sell a single product or range of products as street vendors also often do so under quite different economic arrangements: some are truly self-employed and independent, others are semi-dependent (e.g. agents who sell products for firms against a commission), while still others are paid employees and fully dependent. Some sell from a fixed spot while others are mobile hawkers.

3.1 International perspective on street vending

Bromley (2000) provides an overview of street vending around the world — focusing on the major issues underlying its permanence as a phenomenon, and the ambivalent attitudes displayed toward it by governments and off-street business communities. Having given an overview of the phenomenon, he rehearses 11 arguments for and 16 against the practice, noting that the significance of the different arguments varies considerably from country to country, from city to city, and in accordance with the specific characteristics of the vendor, merchandise and neighbourhood.

He notes that in most African, Asian and Latin American countries, urban authorities and elites have long complained that street vending is a major problem in their cities. Street vendors are described like locusts, coming in “plagues”, “droves” and “deluges,” and the city is depicted as being both invaded and asphyxiated. Numerous media commentaries assert that street vending is growing at a tremendous rate, and that this reflects some structural change or defect in the economy as a whole. The supposed rapid increase in street vending is attributed to such causes as “the economic crisis,” “mass underemployment,” “excessive migration from rural areas,” and “the growth of the informal sector.” These assertions are made repeatedly, even though little historical information is available on how many street vendors there were in earlier periods, and at the time of writing (2000) very few censuses of street vendors had been completed anywhere in the world.

Bromley outlines the arguments for and against street vending and indicates these have obvious class and ideological dimensions. Those who adopt a strong libertarian perspective, whether from the right or the left, are likely to argue strongly on behalf of the freedom to sell in the streets. Street vending can be portrayed as a vivid example of grass-roots entrepreneurship, individualism and the exercise of civil liberties, and attempts to suppress, regulate or control street vending may be viewed as authoritarianism, statism, censorship, or the protection of oligopolies established by off-street traders. Similarly, those who adopt a populist, democratic socialist perspective focusing heavily on the needs, rights and potentials of ordinary people, tend to advocate for street vending because of the income opportunities it provides. Many of the arguments against street vending are then dismissed as “blaming the victim” — criticizing the poor when the socioeconomic system is characterized by gross inequality and exploitation. At a more demagogic and opportunistic level, many politicians have pressed for street vendors’ rights because they see the vendors’ voting potential, because they have business interests in street vending, or because organized vendor groups have funded their campaigns.
The arguments against street vending come mainly from urban elites and big business, who see it as an unsightly nuisance, a source of disorder, congestion and crime, and a threat to larger-scale off-street commerce. Additional voices often come from NIMBY (Not in my backyard) forces: neighbourhood residents, and local off-street businesses who argue that street vending is fine in principle, but not desirable or convenient in their neighbourhood. NIMBY interests usually seek to push street vending to poorer or more peripheral neighbourhoods, or to relocate it to off-street markets. If property owners are persuaded that prospective buyers of local real estate will withdraw their interest or lower the prices they are willing to pay because of the presence of street vendors, they will argue that street vendors should be banned or moved elsewhere. Motorists’ and motor industry advocates further reinforce the anti-street-vending lobby, arguing that vendors impede traffic flows, and that reducing congestion is the single most important concern for urban government. Environmentalists may also object to street vendors because of the extra air pollution generated by vehicles on congested streets and because of the garbage that is often left on the street at the end of the day.

Negative perceptions of street vending are reinforced by the widespread, though often misguided, perception that street vendors do not operate in elite neighbourhoods or in the world’s richest countries. Right- and left-wing statists, modernists and authoritarians often describe street vending as a manifestation of both poverty and underdevelopment, so that its disappearance is viewed as progress toward the brave new developed world of universal prosperity. This argument is often reinforced by the “fixing broken windows” theory of law and order, which contends that small, highly-visible forms of urban disorder quickly lead to breakdowns in community standards and to the rapid proliferation of blight, vandalism and crime. “Zero tolerance” becomes the maxim, with crackdowns on any visible signs of “disorder.”

Street vendors are usually among the first targets of this approach, the most famous example being Mayor Rudolph Giuliani’s January 1994 order for a crackdown on “squeegee men” in New York City – men who washed car windshields out on the street in traffic jams and at traffic signals. In many cities and countries police and municipal inspectors have threatened, chased, arrested and occasionally beaten street vendors, and their goods have often been confiscated. Aggressive policing is particularly notable just before major public and tourist events, on the assumption that orderly streets improve the image of the city to visitors. In some developing countries such policies have been carried to vicious extremes, when police, soldiers or para-military forces have confiscated street vendors’ identity papers, physically expelled vendors from the city, and even tortured or killed a few vendors.

Bromley (2012:17) notes that there is often a wide gap between broad policies for the administration of street trade and the way they are implemented on the ground. He states that at this micro-level, the governmental apparatus can seem big, clumsy and impersonal, or it can acquire personal dimensions associated with clientelism, paternalism, corruption or victimization.

“Regulating street vendors, or offering promotion and support, requires interactions between dozens of local officials and literally thousands of vendors, with enormous potential for misunderstandings, avoidance and deception. The inspectors, police and extension workers who perform such functions are usually at the bottom of the administrative hierarchy, and regulating and promoting street vending is one of the lowest-status and most difficult tasks that they have to perform.” (Bromley 2012:17)

There is no real theory or code of ethics associated with regulating or promoting street vendors, and there is little public or higher-level administrative concern. Street vendors are usually perceived as a problem and occasionally as a potential, but they are rarely high in the governmental list of priorities.
Bromley notes that there is a preference to move street vendors into off-street markets without sufficient assessment of the potential impact on livelihoods, and that government support programmes are often selectively targeted at specific groups of vendors such as those associated with the tourism industry. In addition, where training is offered, it is often not appropriate. He also has interesting things to say about the structural reasons behind street vendors’ non-compliance with regulative measures and the logic behind avoidance. The complexity of regulations, the effort-price of compliance by traders, the lack of coherence of many codes, and their selective implementation and enforcement, all contribute to what Bromley characterizes as the ‘complex coexistence of persecution, tolerance, regulation and promotion’.

Skinner (2008) noted that in Africa, the informal sector as a whole was estimated to account for 60 % of all urban jobs and over 90 % of all new urban jobs, with street trading accounting for the second largest share after home-based work. She notes that street trading trends have been linked to urbanisation processes, migration and economic development on the continent and that although Africa is less urbanised than other continents, with regional variations in levels of urbanization, it is projected to urbanize rapidly in future, which will lead to greater street trading pressures in its urban areas. She also notes that international migration has swollen the numbers of street traders, and that structural adjustment policies, alluded to by many authors (Lindell: 2010, Mitullah et al:2013) have greatly augmented the numbers entering the informal economy as street traders. Skinner notes also the impact of the increasing number of informal traders on gender dynamics. Although often numerically superior in many countries, women tend to occupy the less lucrative positions, and are vulnerable to displacement with greater competition and shrinking demand for goods. Skinner (2008) also notes the effects of trade liberalization, and the increasing penetration of African markets by Chinese products, and calls for more research on the effects of this on street traders, as well as the opening up of new retail outlets in many parts of Africa.

### A SNAPSHOT OF STREET VENDING ACTIVITY

Street vendors constitute a significant proportion of urban employment in Africa, including South Africa, but less so in India and Vietnam and even less so in Latin America. (ILO: 2013)

As a proportion of urban employment
- India: 11 %
- Latin America: 3 % in Brazil, 1 % in Buenos Aires
- South Africa: 15 %

As a proportion of urban informal employment
- Africa: 12-24 % in 8 African cities, 14 % in Ghana
- India: 14 %
- Vietnam: 11 % each in Hanoi and Ho Chi Min City
- Latin America: 2 % in Buenos Aires, 9 % in Lima

As a proportion of the urban self-employed
- Buenos Aires: 4 %

In many countries, especially in Africa, the majority of street vendors are women: 63 % in Kenya, 68 % in South Africa and 88 % in Ghana. In Buenos Aires, by contrast, only 29 % of street vendors are women.

Everywhere, the majority of street vendors are informal: 94 % in Buenos Aires.

Street vendors sell a variety of goods, not just food items. In South Africa, 67 % of all street vendors sell food items: 54 % of men street vendors and 73 % of women street vendors.
In their 2008 article, Heinz and Valodia review informality in Africa, providing a statistical overview of the structure of informal employment and addressing the complex issues of its definition and measurement. They do not disaggregate street trade from other forms of informal employment, but their statistical overview, and a number of more detailed micro-level studies of informal activities in sub-Saharan Africa that they consult, show that services, and in particular street vending, is the dominant informal activity. The 2002 ILO report they used shows that in Angola, Nigeria, South Africa and Uganda, almost half of workers in the informal sector were involved in retail trade. The authors also addressed the issue of earnings across a limited sample and make comparisons between male and female income from informal employment as compared with formal employment.

3.2 The macro-determinants of street vending activities

Cohen (2012) argues that macroeconomic phenomena shape employment opportunities at the micro-level, and that the channels of transmission of macro-level policy may be traced empirically through multiple levels of analysis to impact individuals. Her work examines how a demand shock, delivered through changes in fiscal policy and changing consumption demand, can impact self-employed street traders. Her work focuses on Johannesburg, but her insights have more general applicability.

Cohen argues that household consumption demand operates as labour demand for street traders, both in terms of shaping sustainability of self-employment for existing traders, and demand for new self-employed traders, and that government can influence consumption demand through fiscal policy. She argues that, for street vendors, labour demand is given through consumption demand and vendors’ income is realized through market exchange of goods and services rather than through wages. This exchange relationship is the critical linkage between micro-level traders and the macroeconomic environment. Her research provides a distinct contribution to the study of the informal economy by developing a micro-macro linkage (MML) methodology, which moves an analysis of street trading from the level of the macro-economy, through the retail sector, to traders and their households. Interview-based survey data collected during fieldwork enriches the analysis by situating it in the particular context of traders’ lived experience and perceived constraints on their employment.

3.3 Regulatory policies and practices

Case studies (described in Annexure 1) reveal that exclusionary practices by the state are found much more frequently than inclusionary ones, which are almost the exception to the rule. First the exclusionary practices:

- Use of outdated and inappropriate urban regulative frameworks: in some cases (Ahmedabad is a good example, as illustrated in Annexure 1) the legislation governing street trade was framed during or shortly after the colonial period and made no concession to changed circumstances.
- Licencing of street vendors: in many cases the processes by which vendors became legalized by the state was complex and made compliance extremely difficult. Documentation required by authorities was not always available to traders, nor easily accessible, e.g. proof of address, of residence for a particular period, national identity documents etc. (e.g Sao Paulo in Annexure 1). Illiteracy among street vendors became another hurdle in the registration process.
- Highly restrictive regulations governing the activities of street vendors as to place, time of day, type of activity, space occupied etc., coupled with aggressive or even illegal modes of policing of alleged infractions. Confiscations of perishable goods, or removal of carts.
- Violence and corruption of local officials charged with street regulation. Use of bribery to control...
street vendors.

- Lack of public services providing water, waste removal, lighting, ablution facilities and security in areas used by vendors.
- Street trading regulation becoming subject to the vagaries of elite political competition and patronage at local or even national level.

Where there is evidence of inclusive practices these are usually after struggles and organization on the part of street vendors who have demonstrated that they have the capacity to engage meaningfully with the authorities on a sustained basis, and to carry through on undertakings made during negotiations. Prime examples come from Ahmedabad and Bhubaneswar. In both cases the street vendor organizations were able to develop the necessary cohesion among members to negotiate for acceptable outcomes when traders were relocated to alternative areas.

### INCLUSIVE CITIES PROJECT

The Inclusive Cities Project has put forward policy recommendations flowing from its Informal Economy Monitoring Study of street vendors (2013).

#### a) Urban planning and local economic development strategies

Urban planning and local economic development strategies should explicitly recognize street vendors as workers for the role they play in generating economic activity, providing jobs, and bringing retail goods to consumers. While it may be impossible to accommodate all street vendors in natural market areas, urban planning authorities should study the carrying capacity of such areas and the size of the city’s street vending population, and accommodate an appropriate number of vendors through licenses that grant authority to work in public space.

#### b) Use of public space

It is important to recognize the need to accommodate street vendors in public space rather than (or in addition to) trying to relocate vendors into off-street commercial spaces. While relocation may be possible for some vendors, particularly those who are employers and operate several street stalls simultaneously, many are unable to accumulate enough capital to invest in an off-street stall or to generate sufficient earnings to support monthly rents. A number of systemic factors undermine their ability to purchase stock at scale, increase their earnings and save over time. These vendors are critically dependent on convenient access to consumers.

#### c) Licensing and permitting regimes

Cities should develop rules and regulations that offer an appropriate balance of legal protections for street vendors and sanctions against violations. City authorities should work with street vendors and their organizations to identify regulations that appropriately address the practical reality of the work process and the role of vendors in the urban economy, and effectively protect vendors’ basic rights to livelihood and property. Regulations should not grant discretionary powers to police officers to set fees or fines. Capacity building should be offered to police officers and street vendors so that all stakeholders understand street vendors’ rights along with their obligations. Licenses and permits must allow reasonable flexibility to accommodate the daily work process of street vendors.

#### d) Urban infrastructure

Planning authorities should consider ways of designing and delivering urban infrastructure to support productivity in the informal economy. Making basic infrastructure such as running water and toilets available to vendors and consumers would help keep street markets more attractive and hygienic; providing electricity and lighting would make the streets safer for everyone and support certain vending activities. Adequate shelter and storage facilities would help vendors protect their goods from spoilage and theft, in turn reducing the necessity of borrowing from informal moneylenders. The study findings show that urban infrastructure plays a critical role for workers at the base of the economic pyramid, not just for those at the top.
3.4 The politics of street trading

Political patronage and corruption involving street vendors and local politicians is widespread, but two cases in particular – Sao Paulo in Brazil and Bhubaneshwar in Orissa - illustrate the nature of these practices.

In Sao Paulo there have been notorious cases of municipal councillors being removed for corruption due to their involvement in organizing rings of street inspectors to take bribes from unlicensed traders in return for allowing them to continue trading. The ‘Delegated Operation’ begun in 2009, involving the Military Police (MP), was in part an attempt to isolate street trade inspection from these practices. The ‘problem’ for the Prefect was that organized bribery saw municipal inspectors turning a blind eye to numbers of unlicensed traders, thus nullifying attempts to limit street trade by cutting back the number of permits issued. The MPs were not involved in these schemes, and were used to impose a brutal regulation on all traders.

In Bhubaneswar some municipal councillors opposed the relocation of street traders into new trading zones because they had been unsuccessful in obtaining stalls for themselves, which seems to have been a common practice. In Ahmedabad even judges have been known to demand bribes from street traders to secure a favourable outcome for them when their goods have been confiscated by municipal inspectors.

Mitlin (2013) notes a developing literature which focuses on the ‘informal turn’ taken in urban governance studies, where scholarship based in cities of the Global South has examined the political agency of marginalized groups, the everyday workings of the state and citizenship, and the complex politics of resistance. Mitlin notes that this theoretical and empirical move criticizes Northern ideas of ‘good governance’ on the basis they are heavily reliant on the depoliticized or romanticized notions of ‘civil society’; but also deconstructs dominant conceptions of what ‘the state’ is, reflecting on the fluid boundaries between formal and informal institutions, and their mutual dependency in establishing forms of legitimate rule. This work brings new focus on low-income residents’ complex encounters with heterogeneous states in cities in the South, focusing on contentious politics but also on the ‘everyday’ ways in which ‘most of the people’ engage with the state in cities of the South.

Mitlin (2013) provides an assessment of the widespread practice of political clientelism, where the urban poor are only ‘tenuously, ambiguously and contextually rights-bearing citizens.’ Devik, Aandahi and Williams (2013) examine women’s political agency and efficacy within the ‘invited space’ of local government in Kerala, examining how their participation in these spaces and elsewhere enhances their ability to exercise their rights and voice their demands. Choplin’s (2013) study of displaced communities in Nouakchott, Mauritania. Their everyday forms of resistance come along with a deep depoliticization, a paradox where urban governance seems to sterilize popular agency, whereas international financial institutions involved foster participative democracy and civil society empowerment.

Lindell’s (2010) edited collection marked an important step in research on the collective agency, alliances and transnational organizing of informal workers in Africa, which attempts to give centre stage to actors in the informal economy. She called for local informal economic practices to be seen not as merely marginal or as deviations from some western normative ideal, but as providing the basis from which an alternative kind of urbanism could be envisaged. She notes Pieterse’s (2008) use of the term ‘insurgent citizenship’ and Bayat’s (2004) idea of the quiet encroachment of the ordinary’ to describe the individual everyday practices of subaltern groups making space for themselves in urban areas. The collection examines collective organizing initiatives ‘multiplying in
African informal economies, in the context of contemporary economic and political transformations’. (Lindell 2010: 2) Collective action opens possibilities for articulating interests and agendas, expressing grievances and claiming rights, as well as making possible collective engagement with a range of other actors, and so becomes an important component of the contemporary politics of informality in Africa.

Lyons and Brown (2007) draw on findings from comparative studies in Dakar, Accra, Kumasi, Dar es Salaam and Maseru, analysing the strengths and weaknesses of the organisations supporting traders, and discussing their significance for the representation of workers in the informal economy. They explore the potential for development of formal institutions and processes for involving traders in governance of the areas in which they trade, and in the more general urban strategies which affect these areas indirectly.

Prag (2010) explores how democratization in Benin from 1992 led to a proliferation of associations at the Dantokpa market in Cotonou, and links of mutual dependency between political parties and associations. The case study illustrates how a powerful woman trader developed a strong clientelist network in the associations and acted as a broker between traders and shifting governments.

Mitullah (2010) describes how the Kenya National Alliance of Street Vendors and Informal Traders was formed in 2005 with the assistance of the Institute of Development Studies at the University of Nairobi and transnational organizations. The alliance and its affiliates have benefitted from capacity-building and have been able to lobby and engage with local authorities over street trading conditions as well as contributing to policy development. The KENASVIT experience demonstrates that where local organizing is weak, transnational networks are an important driving force at the local level.

Perhaps the best known and most impressive informal workers organization globally is Self-Employed Women’s Association (SEWA) www.sewa.org. Based in Ahmedabad, India, SEWA was founded in 1972 as a trade union of self-employed women, a radical move since at that point the self-employed had no prior history of organizing. It grew out of the Textile Labour Association (TLA), India’s oldest and largest union of textile workers founded in 1920. Today SEWA organizes 4 categories of informal workers: labour and service providers, who are the largest group of workers; street vendors, who are the second largest group and the most visible; home-based workers making products such as bidi cigarettes or incense sticks; and small producers such as small farmers or producers of other goods. SEWA has a total of 1.3 million members nationally, of whom 100,000 are in Ahmedabad.

Apart from defending the interests of vendor members on a day-to-day basis through interventions to protect them from harassment by municipal officials, SEWA has fought through the courts for many years to secure rights for vendors. From 2006 to 2010 SEWA brought public interest litigation (PIL) against the Ahmedabad Municipal Corporation and the State of Gujarat to challenge the application of street vending laws and to compel the Municipal Corporation to set up Town Vending Committees in terms of the proposals contained in the Draft National Policy on Urban Street Vendors, 2004.

Street vending organizations have been struggling for a comprehensive central law in favour of street vendors since 2009. SEWA has been at the forefront of this struggle, along with other organizations working under the umbrella of the National Association of Street Vendors of India, NASVI. In October, 2010, in the PIL case brought by street vendors, the Supreme Court directed the government to convert the National Policy for Urban Street Vendors into law as the policy had not been able to ensure the fundamental right to livelihood of street vendors. Vendors associations had to struggle to convince the Ministry of Housing and Urban Poverty Alleviation of the critical necessity of a central
law. Vendors held street demonstrations in several cities in 2011, and organizations lobbied hard for a central law with the Prime Minister, members of the executive and parliamentarians.

The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Bill, 2012 was introduced to parliament in September, and finally came into force from 1 May 2014. This Act prevails over all state municipal laws as well as police acts to the extent that they are inconsistent with the law for street vendors. It also does away with the existing license system that has become a tool to victimize and harass street vendors in almost all municipal areas in the country. The Act makes the creation of Town Vending Committees compulsory, and obliges all municipalities to frame a street vending plan, to be revised every five years.

3.5 Conclusions

Some initial conclusions that can be drawn from this section:

- In many instances street vendors are regarded with hostility by urban administrations and by formal commercial enterprises. They are perceived as bringing dirt, disorder and congestion to overcrowded public spaces, and competing with formally registered businesses. There is a tendency for the dominant commercial and political interests within cities to define the public discourse around street trade. This is generally seen as something which needs to be controlled, ordered and regulated. The way in which the administration frames perceptions of street traders is central to the development of policy and regulation affecting vendor livelihoods.

- Few urban administrations have included street vendors and their needs into urban plans. This is unlikely to happen unless street vending organizations are able to organize effectively, and mobilize the resources necessary to convince the urban administrations that their concerns are legitimate and need to be taken into account. Supply-driven investment by municipalities and ‘top-down’ support for informal workers is unlikely to materialize without struggles from below by vendors themselves, defining their demands.

- Many urban administrations prefer to relocate street traders into off-street markets. These markets often fail to accommodate the numbers of traders involved, and tend to marginalize the poorer traders. The markets are often privately managed and stall rentals are unaffordable for the poorer traders. They also are not in optimal positions and hence of less benefit to both the traders and their clientele.

- Street traders are not homogeneous, and policies need to take account of the varying needs of traders. This implies that municipal authorities should have a thorough understanding and informed knowledge of the street vending population through on-going engagement and research.

- Leadership emerges as a critical factor in those cases of successful engagement between municipal authorities and street vendors over regulation of trade. Local authorities need a long-term commitment to participative modes of governance and the negotiation that this entails. Street vending organization leadership has to have the necessary organizational coherence and support of its membership to be able to deliver on agreements made during negotiations. This is no small task as street vending organizations are by their very nature often fractious and divided.

- Both vendors and officials need capacity building regarding understanding of regulatory rights and responsibilities. The effectiveness of trading regulative policies depends in the final instance on how they are seen and implemented at the street level. There is substantial room for a lack of fit between intention and practice.

- The case studies show that street vendor regulation is often subject to political patronage arrangements, where elites are able to profit either politically or in financial terms from the
Another structural reality is that street vendor organizations are often divided, competitive and difficult to organize into broad-based groupings which could participate effectively in local level collective bargaining forums with municipal authorities. The literature shows that in recent years a range of organizations have emerged to facilitate organization and voice for informal workers, but it also cautions that informal organizations are sometimes vulnerable to co-optation when alliances are made between organizations with unequal access to resources. The role of brokers linking informal workers with formal organizations needs to be the subject of particular scrutiny.
4. EMERGENT THEMES IN THE SOUTH AFRICAN LITERATURE

This section of the report focuses on efforts at theorising policy-relevant responses to the informal economy – and informal trade in particular – in the South African context.

4.1 Engaging with informal economy debates

Engagement with the informal economy in South Africa has been influenced by the international literature, particularly the early contributions such as Hart (1978) and the ILO response, Moser’s (1978) and Bromley’s (1978) critiques, and to a lesser extent debates from other parts of the global South (MacEwen-Scott 1979, Castells and Portes 1989, De Soto 1989). Specifically, the earlier international debates found resonance with academics and activists attempting to understand the nature of, and crisis within, the apartheid economy. The apartheid authorities attempted, in various ways, to suppress independent economic opportunities for black South Africans, outside of wage labour. This was part of a broader attempt to limit and restrict a black urban identity that was not connected to migrant labour. As such, the South African literature is also influenced by a strong sense of the injustices that the informal economy has been subject to, and the political obligation to make the informal economy a legitimate part of the urban economy.

In the absence of formal employment opportunities or access to financial credit, skills and adequate infrastructure to start formal business enterprises, people appropriate public space and passers-by to sell goods and services in order to create livelihoods, earn a living and support both themselves and their families (Tissington 2009). Inner city traders provide residents and workers with everything from loose cigarettes to live chickens, hand-made shoes to steaming-hot pap and stew. They sell almost anything imaginable to those willing customers who choose to engage with the traders and purchase any good or service offered by the traders, (Malan and Van Rooyen 2007; Tissington, 2009). While the ideal, post-apartheid situation, may have aimed to create conditions of full employment, the reality over the past two decades has been that formal employment opportunities are limited, and real wages are declining. As a result, the informal economy becomes an important mechanism through which the urban poor can access livelihoods – and stake a claim in the urban economy.

4.2 Claiming a 'Right to the City'

Urban informality was engaged by a number of academics and writers attempting to rethink the relationship between labour and the apartheid state in the light of the economic crisis of the early 1980s ( Rogerson 2000c; 2000b). Denied and suppressed as it was by the apartheid municipality through controls of street trading in Johannesburg, the informal economy emerged as the site where black South Africans were able to find options for survival in the city (Beavon 2004). Thinking informality seriously, many researchers and activists in the 1980s were concerned with including into urban politics those urban activities previously excluded from the city (Dewar and Watson 1981; Kirsten 1988; C M Rogerson 1988; C. M. Rogerson and Beavon 1982; Wellings and Sutcliffe 1984). The question of the informal sector was a question not simply of economic activity, but of the crisis of urbanism under apartheid. That is, the informal sector was seen as fundamentally connected to the decline of wage labour and to urban livelihoods, in a context where anti-apartheid resistance was increasingly urban based. Recognising and incorporating the informal sector was not simply a question of legitimising the economic activities of the poor, but of planning a potential post-apartheid city in which redistributive justice would most likely not reside in extending the coverage of wage labour. These writers were concerned primarily with the inability of apartheid modernist urban planning to accommodate the actually existing character and everyday spatial
practices of informal traders and other actors in (Dierwechter 2006, 253). These concerns were also part of broader critiques of the apartheid city, informing political and academic debates which accompanied urban-based anti-apartheid protests in the 1980s (Mayekiso 2003). Many of the professionals who were part of developing the critique of the apartheid city were influenced by the work of Dewar and others, and have subsequently been actively involved in planning and urban government in the post-apartheid era. The political positions of some officials in municipal government after apartheid were influenced by these debates about informality and the apartheid city.

The earliest discussions regarding the so-called informal sector revolved around the social and political order of the colonial, and later apartheid city, and especially the possibility of black South Africans to maintain an independent (i.e. non-wage) urban livelihood. Beavon (2004) and Beavon and Rogerson (1982) have shown variously that interventions by the Johannesburg Municipality to control and manage the activities of the so-called informal sector in Johannesburg date back almost as early as the city itself, with colonial-era urban ordinances around market trading, health and sanitation similar to those in other colonial cities at the time (see Legg 2007). The implication of urban space and social order was established particularly with the designation of Market Square (now Library Gardens) in the heart of the new settlement in 1893. Black South Africans were not directly excluded from partaking in the market-place economy, but other existing restrictions on the movements and practices of black South Africans within the city meant that the market was generally dominated by white traders, with many black traders engaged in petty-trade on the peripheries of the market and in the streets of the city.

Congestion and sanitation concerns, as well as anxieties about the presence of unwaged black South Africans in the city, contributed to the planning in 1911 of a new market, located in Newtown, on the edge of the inner-city (Beavon 2004). This was completed in 1913, and served the dual purpose of providing a far larger trading floor, while simultaneously requiring the forced removal of a mixed-race 'slum' settlement, which had grown up around the industrial activities in the neighbourhood.

The Native (Black) Urban Areas Act of 1923, which abolished freehold rights for black residents and enforced their non-permanence in urban areas, placed increasing limitations on black market traders, who in the preceding years had begun to define a presence in the city. The Act permitted a limited amount of non-permanent informal sector trading in the city, for which a permit was required, and this remained one method through which unemployed black people could maintain a foothold in the city (Beavon 2004).

In the 1940s the municipality declared a restricted area incorporating most of the inner city, within which only a limited number of municipally-controlled trading stands were leased to black traders. In effect this meant Indian traders, and black South Africans were pushed further to the peripheries. This restricted area was expanded in 1947, and again in 1953, to effectively make the entire inner city area a restricted trading area – except for some very limited permits to trade before seven o'clock in the morning and after six o'clock in the evening (Beavon 2004). Moreover, outside of these restricted areas, informal street traders were required to move their stands every twenty minutes.

Despite such restrictions, there were nevertheless significant informal sector activities in Johannesburg up until at least the 1960s (C. M. Rogerson 1986). The amaWasha, dominated mostly by Zulu men, were a significant and recognised element of the urban landscape in the 1940s and 1950s, and the so-called coffee cart traders that provided cheap food for urban workers were prominent along the streets of the cities industrial areas until their formal abolition in 1962. Even after this date, these informal food stalls remained, although the nature of the sector shifted in terms of gender and relative vulnerability (C. M. Rogerson 1986).
The use of town planning and infrastructure to control and manage the movements of specific
groups of people in the city was evident again in 1972, when the municipality made the decision to
move the Johannesburg Market away from the inner city. The market had become very congested,
and was struggling to serve the purpose of an expanding wholesale fresh produce industry (Gaule
2005). The market was moved away from the Newtown area to a dedicated site several kilometres
south of the inner city. A new state-of-the-art market and distribution facility, based partly on
consultation with the consultants involved with the relocation of the New Covent Garden market in
London, was opened in September 1974. Like other apartheid-era infrastructure projects, the new
market on the outskirts of the city served also to complement the segregationist rationality. The
closure of the old market served as an effective strategy of foreclosing opportunities for independent
urban livelihoods for black South Africans, destroying an emerging petty-bourgeoisie among black
market traders, and simultaneously solidifying the monopoly of the already powerful (and exclusively
white) buying agents, who controlled prices inside the market. The relocation of the market, while
ostensibly a benign municipal function, clearly contained a political objective: that of limiting the
presence of black South Africans into the inner city. Such restrictions served to effectively sanitise the
colonial and later the apartheid city, effectively excluding all black South Africans outside of wage
labour (Popke 2001).

Initial debates about the nature of, and attempts at the political control of, the so-called informal
sector in South Africa were dominated by questions of colonial and apartheid urban order, and liberal
arguments about the capacity of the urban economy to absorb labour. Assumptions inherent in early
liberal arguments were that informal economic activities represented transitional livelihood
strategies undertaken by people not yet integrated into the urban economy. Beavon and Rogerson
(1980) examined what they regarded as the persistence of the casual poor in Johannesburg through
the decades of apartheid, despite fluctuations in growth. They argued, following Hart (1973) and
others, that there were indeed two spheres of economic activity. Structural unemployment meant
that some people were forced into livelihoods in the so-called informal sector, and that the casual
poor were related not to transitional urban activities, but a result of and connected to the formal
economy. The conditions of black urban livelihoods required accessing the opportunities of the
informal sector. Some years later, and based on an historical case study of the resilience of the
informal liquor trade over five decades despite consistent attempts at municipal and national state to
legislate against it, Rogerson and Hart (1986) argued that in fact the majority of individuals within
this sector where not new entrants into the urban economy, but had been previously engaged in
various other sectors, both formal and informal. The argument was that there was a structural link
between the formal and the informal sectors, and that urban livelihoods were dependent on
accessing both.

This was more keenly illustrated by Beavon and Rogerson (1986) in an analysis of attempts by the
municipality to close down avenues for informal economic opportunities among poor black urban
residents, the so-called ‘war on street traders’ – a move disquietingly resonant of recent municipal
actions in the city. The similarity is also noted in the attempts by the traders to take the matter to the
courts, placing the question of informal economic activities within the discourse of legal rights. This
was not a case of the state excluding particular activities and economic practices, it was argued, but
of contributing to the political policies of segregation by making black urbanisation increasingly
difficult. It is worth noting, and connected to wider debates about urban apartheid, there was some
tension between organised capital and the state regarding the control of informal activities. Whereas
the state wanted to implement a policy of racial segregation, some elements of capital had
benefitted from the surplus of available labour in the urban areas. Moreover, the food and liquor
traders had been a source of profit for white formal market and retail traders. Rogerson (1986)
further demonstrated how the demise of the informal sector in the form of the coffee carts and food
stalls in the 1960s conspired to exacerbate mostly gendered divisions of vulnerability, and to decrease the distribution of nutrition in black urban areas.

Whereas debates about the so-called informal sector in the period preceding 1990 had been primarily concerned with the exploitative relationship between labour and the political-economy of apartheid, debates from the early 1990s, and the immediate post-apartheid era, focus on questions of urban governance and local economic development. Moreover, whereas debates in the 1980s had been theoretically critical, debates in the 1990s tended away from theory towards the policy implications of the sector. With the ending of petty-apartheid, and the passing of the Business Act of 1991, which effectively deregulated informal trade, municipalities across the country were confronted with the need to seriously engage with informal economic activities in the city. In Johannesburg and Durban in particular, the formerly segregated inner city areas were increasingly inundated with informal traders. For Tomlinson (1999) this was directly a product of a segregationist town-planning regime coupled with the rapid decline in the 1980s of wage labour in the traditional industrial sectors. In Johannesburg, the inner city sits at the geographical, as well as symbolic, meeting point between the wealthy (mostly white) northern suburbs, and the poor (mostly black) townships to the south: "the appropriate image might well be one of two vastly unequal wheels turning, and the point where they grind is in the [inner] city" (Tomlinson 1999, p.1659). Thus, despite that fact that most black waged workers were employed outside or at the periphery of the inner city, the inner city has nevertheless served as a powerful political symbol: both as the epicentre of the apartheid political-economy, as well as the target of the political aspiration of a potential post-apartheid city (Dewar and Watson 1990; Dewar 1995). In a context of increasing rural and township poverty, the inner city has been connected to aspirations of work and opportunity, despite that fact that most industrial and service sector employment in the post-apartheid era is concentrated in the northern industrial corridor between Johannesburg and Pretoria. Although the movement of capital away from the inner city towards the northern suburbs had been under way since the 1970s, the dramatic shifts in the demographics and street activities that occurred in the late 1980s – but in particular after the 1991 Business Act – compounded discourses of urban decline (Bremner 2005; Gaule 2005).

The new post-apartheid municipal government was unsure about how to engage the informality and the pace of radical change. It was clear that the city needed to accommodate the new urban users, but it was equally clear that the city was never designed for, nor did it have readily to hand the capacities for, this accommodation. For example, among the negative perceptions of informal trade identified by the 1995 Informal Trading Policy for the GJTMC Area (Johannesburg Transitional Municipal Council 1995) were: "hawkers obstruct the pavement; leave a mess on the pavement; sell from unsightly structures (...) urinate in public; leave goods on the pavement overnight" (1995, p.165.2). More recently, this very visibility of informal trade was largely held responsible for the declining fortunes of the inner city as a business and financial centre during the 1990s. In a document tabled at Council on 22 July 1999 proposing the declaration of parts of the inner city as restricted trading areas it was noted that informal trading: "has had a negative impact on investor confidence in the area with a resultant negative impact on the rates base" (Johannesburg Transitional Municipal Council 1999). This sentiment is reiterated in other key documents, and has become a key component of the strategy towards the management of informal traders in the municipality's Inner City Regeneration Charter (Johannesburg Metro Council 2007b).

At the same time that such political aspirations were being realised in the early 1990s, the political economy of the city itself was in transition (Reid 2005). Rogerson (1996b) suggested that the growth of poverty in what was to become Gauteng Province, and the emergence of survivalist actors in informal economy, was connected to continuing decline in manufacturing in the region. Yet unlike the growth of informal sector activities in other African cities, the concern among academics at the
time was with the unproductive, and relatively uncomplexified, nature of the sector. In the early 1990s, the informal sector remained a largely survivalist sector, with sharp divisions in gender and age, exacerbating vulnerability. With the decline of formal sector employment, research in the late 1980s and early 1990s confirmed that informal work was not a refuge for migrants to the city, but a context for augmenting otherwise unstable formal sector incomes. Schlemmer et al (1988) demonstrated for example that among the burgeoning informal settlements in Johannesburg, the majority of informal employment included people previously employed in formal sectors.

Moreover, the rise of the informal sector at the end of apartheid was connected to the decline of formal sector employment opportunities and the need for survivalism, but there was also a growing informalisation of the so-called formal sector (Christian M. Rogerson 1996b). The systematic repression of black micro-enterprises under apartheid is one reason for the underdevelopment of the sector in the 1990s, and there was some celebration of the growth of the sector after years of repression. As such, much of the policy discourse shifted towards identifying constraints on expansion, including regulatory concerns, and issues of finance, training, infrastructure provision and land use zoning.

In the inner city of Johannesburg, the initial municipal response to informal traders was to build formal market spaces for traders. In the late 1980s, town planning professionals and academics at Wits, UCT and what was then UND had made such suggestions regarding not only the management of informal traders, but also as a way to intervene into the sector in order to support livelihoods. This was also a strategy that the inner city business community in Johannesburg had been promoting – an initial proposal was tabled by the Central Johannesburg Partnership (CJP) in 1991. The CJP also favoured the enforcement of anti-trading by-laws to ensure that traders moved into the markets; faced with the need to productively engage with new urban citizens, the municipality was not able to so easily adopt such repressive measures. Aside from a small section of Hoek Street in the inner city, which had been planned in 1992 but completed after the ending of apartheid in 1995, the strategy of locating traders into purpose built market facilities was never effectively implemented in Johannesburg – until a renewed process in the early 2000s.

Against these empirical realities of the changing nature of the urban economy, academic debates and research in this period were largely focussed on documenting these empirical changes, and on producing policy relevant outputs. This involved inter alia the disaggregation of livelihood strategies, gender dynamics, vulnerabilities, infrastructural and institutional needs of the sector, and the poverty alleviation potential of the sector. During this era, and within the ethos of broader national policy such as the Reconstruction and Development Programme (RDP), there was a period of optimism, experimentation and productive engagement between the informal sector, municipalities and academics and activists. Given this optimism, this was also a period in which the hidden and undocumented pasts of informal activities, suppressed under apartheid, were able to be retold (Vahed 1999), as new histories and new imaginaries of South Africa’s cities were produced.

Both of these sets of priorities (i.e. documenting and shaping the present and retelling the past) were brought together in the range of productive academic and advocacy work that emerged around the Warwick Triangle Precinct in Durban. Historically, Durban and Johannesburg had been the cities with the largest informal sectors in the 1980s, and much of this activity had gathered around the Berea Train Station and the Early Morning Market in Durban. This had been an area that had maintained a multi-racial identity even during apartheid, largely connected to the Indian traders who worked at the market and lived in the area nearby (Maharaj 1999). The community managed to resist removal, despite attempts by the apartheid regime to forcibly remove them, but the area was increasingly downgraded over the years. It was the focus of a precinct renewal and municipal local economic development project in the early 1990s, and the Warwick Junction Project became something of a
stand-out model for progressively engaging with local development and the expanding informal sector in South African cities (Grest 2002; Skinner 2009). However, there are signals in the last several years that the experimental space of the Warwick Junction is under threat.

In general, the local history of the informal economy has been one of resisting the broader politics of exclusion from the city. The historical significance of the informal economy in sustaining black urban residents in the context of declining formal sector employment in the 1980s, and during the resistance, as well as sustaining black urbanisation more broadly, thus entrenching a base for urban protest, intersected with an emerging state commitment to support and integrate what is termed the ‘second economy’ both as a result of ideological commitments to a transformative developmental state and to the reality of the inability of the state to effectively realise the vision of full employment.

During this period, there has been a re-articulation of the link between the informal economy and the formal economy, primarily connected to the blurring of the boundaries of the two economies. That is to say, whereas the informal economy during apartheid was seen as a space into which workers were thrust as employment declined, by the 1990s there was recognition that the informal economy in South African cities had developed into a viable and legitimate livelihood option for many households. The imperative, therefore, has been to set in place the institutional and material conditions that would support and nurture the sector (Lund and Skinner 2004; Skinner 2000). This recognition was most substantively articulated in the emerging ‘second economy’ discourse.

4.3 ‘Second Economy’ debates

In 2003, President Thabo Mbeki developed the second economy discourse within policy making in government:

\[\text{The first and second economies in our country are separated from each other by a structural fault (…). What we now have is (…) a mainly informal, marginalised, unskilled economy, populated by the unemployed and those unemployable in the formal sector. The Second Economy is (…) unable to attain rates of growth that would ultimately end its condition of underdevelopment. (ANC Today, Volume 4, No. 47, 26 November—2 December 2004).}\]

Tau (2008) states that the notion of two economies is seen as a short hand for socio-economic dualism: where there exists a dominant ‘first economy’ which is at the cutting edge, and is globally integrated. Alongside this economy is another that is marginalised, exists at the edges, consists of large numbers of the unemployed and the ‘unemployable’ of the country’s poorest of the poor, and does not benefit from progress in the first economy. It is important to clarify that the ‘two economies’ do not occupy distinct geographic spaces, but are interrelated and interconnected in many ways, and that they are found in both urban and rural areas, though largely concentrated in inner city spaces (Tau, 2008). Within the first economy are to be found about two-thirds of the population, as employers, workers, professionals and other sectors, both black and white. It can also be argued that many working poor do find themselves in various times of their daily lives straddling the two economies’ divide. Tau (2008), further argues that the high levels of underdevelopment of the second economy and the small size of its market makes it an unattractive target for the industrial economy. In a sense, the existence of the ‘second economy’ is a reflection of both the legacy of apartheid, colonialism and market failures which render the first economy incapable, on its own volition, from contributing to the elimination of the two economies’ divide (Tau, 2008).

Conversely, du Toit and Neves (2007) argue that at least some of the resonance that the term Second Economy has to do with the manner and timing of its introduction into the common parlance. They argue that Mbeki was well aware of the limitations of the current political economic conditions to
provide full employment and growth, and the persistence of inequality and poverty a decade after apartheid. GEAR had failed to create jobs as expected (Gelb 2006, Nattrass 1996), and poverty seemed to persist despite large government expenditures (Fedderke, Manga & Pirouz 2004; Meth and Dias 2004; Hoogeveen and Özler 2005).

In this context, du Toit and Neves (2007) argue that President Mbeki’s “intervention” was a timeous and significant pronouncement on government’s position vis-à-vis poverty: no longer was poverty seen as simply an apartheid residue, but the nature of the economy had also trapped people into poverty. The problem was re-framed from one of national reconciliation, to one of macro-economic reconciliation (du Toit and Neves 2007; Faull 2005). However, they do suggest that the term in many ways seemed reminiscent of a very familiar – and largely discredited – dualist and liberal conceptions of the South African and other ‘developing’ economies. In fact, they suggest that the term has generally been met with mixed reception by academics and other stake-holders. Among free-market liberals and businesspeople, the discourse of the Second Economy has been largely equated with an increased focus in policy upon the informal sector and the potential it holds for entrepreneurial growth (c.f. Centre for Development and Enterprise 2006). More critical or left-leaning commentators, du Toit and Neves suggest that the recognition of the limited impact of growth on poverty was welcomed, but there was concern that the Second Economy discourse directed attention away from the structural production of poverty and unemployment in the contemporary global economy (Frye 2007).

The Second Economy discourse has been highly influential in policy discourse during that decade, but was not uncritically engaged in more academic debates. Devey, Skinner and Valodia (2006), for example, have argued strongly against the formulation of the second economy as separate from the formal and developed economy. According to their reading, the formulation at a policy level of the second economy ignores the actual heterogeneity within individuals' livelihood strategies in the urban economy, and renders homogeneous the dynamics and practices within the informal economy, which is actually characterised by different types of economic activity, different employment relations, and activities with different economic potential. The distinction between formal and informal ‘sectors’ overemphasises divisions between the two that are largely merely visual or quantitative. In fact, they argue, the two ‘sectors’ are often integrally linked. This argument has been reiterated by Valodia and Devey among others, more recently (2012).

Cohen (2010) looks at the most recent global economic crisis and its effect on marginalised workers – particularly street traders in Johannesburg – provides a good platform for an applied analysis of the relationship between the formal and informal sectors of the South African economy. The paper starts by specifying how demand for street trader’s goods depends on macroeconomic dynamics as a result of the level of interconnectedness reflected by the situation of street traders within a global value chain (importantly, at the least profitable end). The focus of Cohen’s analysis of informal trade in Johannesburg is specifically those informal traders who sell clothing. Looking at clothing allows for analysis of an area more sensitive to changes in demand than other areas. Her more general findings and observations include the small scale of the informal economy given the high rate of unemployment, the greater ratio of men to women in the informal economy, the higher concentration of women in subdivisions of informal trade such as trade in fruit and vegetables and the dominance of retail or wholesale in its contribution to informal employment (between 50% and 70%). Additionally, of the traders she surveyed, 74% of men were immigrants and 25% of females were immigrants, 60% cited starting their business as a result of unemployment, while 40% explained that they started their business because they believed it to be a profitable opportunity. The start up cost for traders spanned between R70 and R6000, with a median of $100, at 1991 exchange rate. Money was typically sourced through loans from family or friends or through own savings.
Of more focused interest to the interrogation of the question regarding informal-formal linkages is Cohen’s analysis of post-apartheid macroeconomic policy as ‘orthodox’, reflecting emphasis on approaches such as financial liberalisation, heightening integration into the ‘New Financial Architecture’ and as such heightening the exposure of the South African economy to the global economic crisis. Cohen places emphasis on efforts to use short-term financial inflows to finance consumption, exposing the current account to risks associated with a slow-down. The vulnerabilities associated with credit driven consumption has meant demand has been weak. Many formal sector jobs have been lost, pushing these workers into the informal economy. This is one way in which the formal and informal economies are fundamentally linked: the very existence of the informal economy, in some terms, seems to function off the back of certain structural deficits of the formal economy to consistently and sustainably provide livelihoods for those who work or worked in it. Another way in which these ‘two economies’ are fundamentally linked is through the range of interactions within the value chain – for clothing, an international set of interactions.

Cohen’s survey data indicates that for 80% of respondents, low profits were identified as an issue for the longevity of the business. This is far higher rate than the 35% of respondents who indicated that low profits were an issue when they started the business. For Cohen, this may be a problem of overtrading or market saturation. If we are to extend and apply the analysis above regarding links between the formal and informal economy being in some part explained by the structural deficits in the formal economy and the possibility for alternative livelihoods in the informal economy, we may be able to posit that the disjuncture between the response to the former question and the latter at the beginning of this paragraph points to increasing tendencies to pursue livelihoods in the informal economy – leading to problems of oversaturation. The case for oversaturation is strengthened by the respondents’ view that (75% for women and 44% for men) competition is a major and growing problem and the view that there were more traders at the time of survey than a year prior to the survey (an opinion held by 90% of traders interviewed). In extending this point, Cohen’s survey data points to ebbs and flows of activity (variability in trade) as an issue for 75% at the time of survey (and 25% at start up), perhaps reflective again of the exposure to the vulnerabilities associated with credit driven consumption. We can say this is reflective of a formal-informal linkage for the reason that financialisation, a concept we will look at a little bit further down, has been a prevailing feature of the post-apartheid formal economy and a subset of financialisation in South Africa has clearly been the encouragement of short-term capital inflows through the maintaining of high interest rates to meet the shortfall associated with large scale capital flight as a result of the dropping of financial controls. Cohen concludes by noting that the informal economy is already bloated relative to consumer demand, suggesting difficulties in absorbing more workers. Proposing that the informal economy ought to and can be an area of substantial growth in employment thus seems problematic, particularly given that more competition in areas such as informal trade of clothing will likely result in lower income for traders who are already vulnerable (particularly female traders – who are more likely to be part of single income households with more children).

Valodia and Devey (2010) similarly note the market-friendly nature of post-apartheid policy formation. Important to this approach is Mbeki’s ‘two economies’ approach, which these two authors argue to have been highly influential on the decision for most government departments to administer policy aimed at the ‘second economy’. This policy approach is situated within a context of Liberal-Marxist debate in South African economic historiography in the 1970s over the relationship between capitalism and apartheid. Specifically, the development of analysis regarding the relationship between the core and periphery within the South African economy from Marxist historiographers Wolpe and Legassick, an approach traditionally held by the ANC, runs counter to Mbeki’s ‘two economies’ approach. We will explore this more clearly when discussing Phillip’s paper below.
While Valodia and Devey believe the idea of a second economy to be problematic, they also caution against breaking down all parameters defining formality and informality in the economy, with specific reference to associations and relationships to poverty and equity. Importantly, the idea of formality/informality allows one to explore issues regarding quality and type of work. In identifying two approaches within literature discussing the relationship between the formal and informal sector, Valodia and Devey note that one approach is primarily concerned with defining the informal sector as having low barriers to entry, consisting of smaller enterprises that involve less skilled practice and subject to less regulation than the formal sector while the second approach is concerned with structural relationship between the informal economy and the rest of the economy. The former Valodia and Devey describe as consistent with neo-liberal approaches emphasising that “the emphasis has been on issues of regulation in the formal sector and the growth of budding entrepreneurs in the informal economy, supposedly free of the regulatory burden that exists in the formal sector”, an approach that will be discussed in more further down in relation to the National Development Plan. The latter Valodia and Devey define broadly as consistent with that of the influential Marxist economic historiography of the 1970s tackling whether the informal economy represented a reserve army of labour or simple commodity production.

The case for the structural approach is strengthened by evidence indicating the prevalence of informality in certain industrial sectors such as trade, finance, manufacturing, construction and community services where Valodia and Devey claim there is a strong linkage with the formal equivalent. Furthermore, the case for the neoliberal approach (particularly to the issue of regulation between sectors) is weakened by the rate of informal-formal movement and the low benefits associated with formal-informal employ movements. The sourcing of supply is another area where we can establish significant linkages. Citing a Skinner study, Valodia and Devey note that six out of every ten respondents indicated that they sourced their supply from formal enterprises. There are also significant linkages within the labour market where labour market status changed significantly: more than half of the respondents noted that their worker status changed between February 2002 and March 2004, in addition to only 1.3% of respondents maintaining their status as an informal worker, while only 21% of respondents remained in the formal economy between the dates indicated in the survey. The rate of ‘churning’ between employment in the informal and formal sectors is fairly high (185 cases) in the survey Valodia and Devey cite, when compared with churning between informal work and unemployment (191 cases) and informal work and ‘not economically active’ (190 cases). The linkages between the formal and informal economies also enter households, with access to formal employment increasing the likelihood of a fellow household member to earn an informal sector income through transfer of human and financial capital by the household member employed in the formal economy to those involved in self-employment activities within the household. The 2004 Labour Force Survey indicated that just over 250 000 households had both one formal and one informal worker.

Philip (2010) adds to the work of Cohen, Valodia and Devey well by critiquing the notion of ‘two economies’ at greater depth. Philip’s conceptual framing of the issue indicates that a literal interpretation of the idea of two economies has allowed for a problematic policy path which puts the first economy on a pedestal and places the second economy as a subject area for the implementation of policy to bring the second economy up to speed with the first economy. Implying that “the first economy is the solution the second economy is the problem”. Philip’s framing of the issue identifies inequality as representing a distortion on both sides of the coin. Fundamentally then, Philip’s analysis is about looking at the structural links between the ‘first’ and ‘second’ economies and showing that meaningful poverty alleviation strategies in the latter run counter to the system of accumulation in the former. This is primarily because of the explicit and clear histories of dispossession, extraction and exploitation, according to Philip. Such analysis is important because, at the time of Philip’s writing, many continue to use the term inappropriately, while development policies remain
contingent in certain ways on ‘two economies’ analysis.

Ultimately, Philip roots her analysis of the ‘two economies’ debate in Wolpe and Legassick’s understanding of the 1913 Land Act as central to the creation of cheap migrant labour force in South African mines, through forcing South Africans off land. This is because Wolpe and Legassick’s approach chooses to link the political economy of land, labour and spatial and economic development rather than approaching the core and periphery of the South African economy as separate, pre-capitalist and capitalist modes of production, respectively. To emphasise this approach is to characterize the typical analysis of the small scale of the informal sector (which mainly points to the dominance of retail, skills deficit, absence of access to credit, regulatory constraints, absence of culture of entrepreneurship) as incomplete in the absence of discussion on the impact of the structure of the South African economy. Important in understanding how the broader structure of the economy in South Africa impacts directly on areas such as street trading is the business services sector with its limited dynamism holding back local business development, allowing for retail to obtain a foothold in peripheral contexts and further laying the basis for distribution of branded products from the core economy to these peripheral contexts. Thus, informal traders are a complementary form of distribution for goods produced in the formal sector. This complementarity can be contrasted with the situation of informal local agricultural production which stands in competition to the formal retail sector, which undercuts local agricultural production and local trading stores that Philip notes were central to the local credit economy.

Davies and Thurlow (2010) look at several simulations to identify the outcome of a few policy interventions on informal trade. Specifically, these two authors note that their simulations suggest trade liberalization results in formal employment increasing to the detriment of informal producers, wage subsidies similarly increase employment but increase competition for informal producers while cash transfers favour informal employment but come at the cost of a significant fiscal burden. Davies and Thurlow assert that the results from these simulations validate the existence and importance of formal-informal linkages in explaining policy outcomes. Important for understanding these formal-informal linkages is the analysis that the decline in manufacturing has been a result of low profitability due to rising import competition (in turn, as a result of liberalization of trade). This decline in manufacturing has resulted in rising unemployment amongst the low skilled and the fact that informal sector employment has accounted for most of job creation over the last decade is situated within this context. This analysis begs the question of why, if the formal sector is indeed underperforming with respect to employment creation, is the informal sector so small when compared to similar income level countries. Thurlow and Davies posit that this is because the informal sector actually faces significant barriers to entry, particularly regarding issues of access to credit, crime levels and the effect of social transfers on the reservation wage. So, for these two authors high unemployment in South Africa is associated with both an underperforming formal sector and an inability of unemployed to enter informal labour markets.

To understand more clearly the formal-informal sector linkages and how policy needs to understand their linkages to understand the impact policy will have on these two respective sectors, it is worth looking at the effect of a liberalization policy. One form of liberalization of trade may entail lowering tariffs on foreign imports, which would lower the price of these imported goods making them more competitive to locally produced goods. Demand for these foreign imports would thus increase, putting pressure on the current account balance, assumed to be fixed in foreign currency. As a result of the mechanisms of stabilization, the exchange rate would be depreciated to encourage foreign exports, to the benefit of the current account balance. However, it is mainly the formal sector that participates in foreign exports – not informal producers. Thus, trade liberalization can be said to have a greater effect on informal sector than the formal sector because the sector faces higher import competition without proportionally improved access to foreign export markets. Overall, Davies and
Thurlow’s simulation shows that the opening up of the South African economy from the beginning stages of the post-apartheid era may have had a role in defining the diminished size of the informal sector in South Africa. The policy approach may have also continued to alter the composition of work in the informal economy, with a movement away from informal production towards informal trade. Also of relevance is the slight decline in real disposable household incomes associated with this policy intervention, offsetting the benefits associated with reduced consumer prices and higher national GDP. Similarly for Davies and Thurlow’s analysis of wage subsidies, we see diverging impacts of policy interventions on the informal and formal sectors, respectively. This analysis validates the approach that seeks to understand these two sectors as entities that are not separate but rather interacting in a number of fundamental ways.

4.4 Poverty alleviation vs. growth potential

Although highly criticised in many quarters, the discourse on the second economy coincided with a broader discourse about the entrepreneurial viability within the informal economy. Certainly within government policy there has been a movement away from regarding the informal economy as a tool for poverty alleviation and increasingly seeing it within a paradigm of growth (C. Rogerson 2000).

A host of government agency grants and institutional frameworks have been established towards advancing the entrepreneurial potential of the informal economy, but most street traders cannot access these. There is an increasing emphasis in the literature connected to the formalisation of the sector, or the construction of traders as entrepreneurs, in line with the second economy discourse (Ligthelm 2005; E. J. Van Rooyen and Antonites 2007; Woodward et al. 2011). In the last fifteen years there have been numerous articles and reports published on the viability of different sectors of the informal economy to produce growth (Chris Callaghan 2012; C. W. Callaghan 2010; C. Callaghan and Venter 2011; J. E. Cohen 2012; J. Cohen 2010; R. B. Venter et al. 2012; R. Venter 2012). This pre-occupation with the potential of the informal economy to produce growth exists within the context of declining growth in the formal economy, and the decline in formal sector employment. There is some degree of expectation that the informal economy would be able to absorb the unemployed.

The massive expansion of the informal economy in South African cities in the 1990s presented a number of challenges to existing assumptions about the informal economy, and its relationship to the formal economy. In the post-apartheid era, the prospect of formal waged employment has radically declined. The youth are disproportionately under-represented in formal employment, and many have never entered into the formal sector (Meagher 1995; Christian M. Rogerson 1996a). In the post-apartheid period, two of the key questions have been, first, whether much of this unemployment is voluntary and, second, how such high levels of unemployment could co-exist with a relatively small informal sector. These two questions are, in fact, related and according to neo-classical economic theory, easy entry, low-barrier informal sector employment should ‘mop up’ (at least temporarily) the unemployed who are unable to find work in the formal sector. The evidence, both in South Africa and further afield, does not support this.

4.4.1 The informal sector is not a low-barrier or free entry sector

In South Africa and this prevents many of the unemployed from engaging in informal self-employment. The economic rationale for removing barriers to productivity in the informal sector in South Africa has been recognised widely in the academic literature. In one of the key analyses of the informal sector in South Africa, Kingdon and Knight (2004: 398) have argued that, for those living at the margins, ‘...it appears that the restricted opportunities for entering the informal sector provide no real alternative to unemployment for most of the unemployed.’ This conclusion suggests that,
contrary to neo-classical economic theory, South Africa’s economy is characterised by low levels of informal (self) employment even amidst high levels of unemployment because of barriers to entry for the involuntarily unemployed (Heintz and Posel 2008; Davies and Thurlow 2010).

Not only are there barriers to entering informal self-employment in South Africa, but there is also evidence (Heintz and Posel 2008) which shows that there are barriers to mobility within the sector. In other words, the informal sector is not homogenous and is, itself, highly segmented. Opportunities for growth or diversification within the sector are limited and this is very likely to have implications for the desirability of informal self-employment as an alternative to unemployment. From the standpoint of job creation, addressing these barriers to entry into, and mobility within, informal self-employment is a crucial policy challenge. In what is perhaps the sternest warning to policymakers in South Africa, Kingdon and Knight (2004: 405) suggest that, ‘For as long as barriers to entry continue to restrict opportunities in much of the informal sector, this sector will be unable to absorb significantly more of the currently jobless.’

Some of the key barriers to entry into informal self-employment have been an important focus of research in South Africa. On the whole, there is general agreement that some of the key enterprise related barriers include (Chandra et al. 2002; Lund and Skinner 2003):

2. complex and concentrated product markets,
3. inhibitive skill start-up and capital barriers,
4. lack of access to credit,
5. poor access to infrastructure and services,
6. and low expected profits.

In addition, obstacles such as high transport costs and high levels of crime have been cited in numerous studies as barriers to entry in the informal sector (Lund and Skinner 2003; Cichello, Almeleh, et al. 2011; Cichello, Mncube, et al. 2011). As evidence of these barriers, a World Bank survey of small enterprises in Johannesburg found that most self-employed operators entered self-employment via formal employment (Chandra et al. 2002). In other words, income earned from formal employment seems to be an important source of start-up capital for informal enterprises and highlights the way in which even small-scale economic activities are not necessarily free-entry in South Africa.

The high levels of concentration and vertical integration which characterise the formal retail sector in South Africa further restrict opportunities in the informal sector. Through this structure of the formal retail sector, larger firms are typically able to influence the balance of power vis-à-vis their suppliers. The net result is that formal retailers have been able to extract long credit lines to the extent that some formal retailers now generate significant levels of profit from holding cash and earning returns on this cash. In the informal sector, however, retailers are often forced to choose between paying in cash for their inputs or becoming entangled in exploitative credit relationships. Philip (2010) suggests that this uneven balance of power shows that the real barrier to entry is not necessarily the typically cited ‘lack of entrepreneurship’ but rather that the high level of penetration of formal sector products means that the only opportunities for informal workers are in the distribution of these products in places such as transport hubs, street corners and in informal market places.

4.4.2 Low skill and low pay work

The informal sector consists of both survivalist and entrepreneurial activities but is mostly survivalist. In South Africa the informal sector includes both small enterprises which could eventually become formal as well as more survivalist activities which are likely to remain vulnerable (Lund 1998; Chandra et al. 2002; Lund 2003; Davies and Thurlow 2010). This distinction is important, in part, because the policy recommendations relating to support for these different types of informal
enterprises are vastly different. While there will always be a concern from some sections of society about illegal firms which are not registered in order to avoid tax obligations or regulation, the reality is that the vast majority of informal enterprises are survivalist.

At the global level, the evidence suggests that the expected returns from investment in education and labour market experience among the informally self-employed are only a third to one-half of the returns in the formal sector. If these returns are drastically lower in the informal sector, then the argument that individuals might choose the informal sector over either employment or self-employment in the formal sector, in most cases, does not have a rational basis (Altman 2008; Banerjee et al. 2008; Valodia 2013). The same applies for the South African context. The evidence suggests that average earnings for the informally self-employed in South Africa are roughly six to eight times lower than for the formally self-employed and about two to three times lower than for the formally employed (Banerjee et al. 2008; Heintz and Posel 2008; Wills 2009).

So, while informal self-employment in South Africa consists of a diverse range of activities, the sector is dominated by survivalist activities which generate earnings which are far lower (and more irregular) than those in the formal sector (Lund and Skinner 2003). The fact that average earnings for the informally self-employed are so low would suggest that this is generally not a sector in which entrepreneurs are hiding from tax obligations or labour regulations (Ligthelm 2006a).

4.4.3 Youth employment in the informal sector

While the informal economy is relatively small in South Africa compared with other developing countries, informal activities are still an important source of livelihoods and income. One estimate suggests that as many as five million South Africans live in households that are either partially or wholly dependent on earnings from the informal sector (Ligthelm 2006a). Specific estimates of the contribution of informal work to total employment vary, of course, according to the definition of ‘informal’, but the broad picture is that roughly one third of the total workforce can be classified as informal (Budlender et al. 2001; Heintz and Posel 2008).

In terms of employment generation, there is an often unrecognised indirect benefit derived from informal enterprises. According to the World Bank survey of informal firms in Johannesburg, informal enterprises were found to generate an average of three jobs— the same number as formal micro-firms. While about 44 per cent were allocated to household members, the vast majority (93 per cent) were full-time, paid jobs (Chandra et al. 2002). With respect to street traders, in particular, there is additional evidence that opportunities to trade on a greater sale in concentrated areas (i.e. city centres and markets) creates the possibility of new opportunities, additional service industries and products (Philip 2010).

Further evidence from the World Bank study suggests that informal firms have grown even when the macro-economic situation in South Africa has been uncertain and formal firms have been in decline. Between 1997 and 1999, 61 per cent of informal firms increased their levels of investment— compared to only about 30 per cent of formal firms of a similar size (Chandra et al. 2002). Although earnings tend to be low in the informal sector, an estimate of the contribution by informal self-employment to total income earned from all employment is about five per cent (Wills 2009). In the major metropolitan areas of Gauteng (Pretoria, Johannesburg and the East Rand), earnings from informal self-employment constitute about four per cent of total (from main jobs only) earnings from employment (Wills 2009).

In terms of the wider economy, one estimate (albeit somewhat dated) suggests that the informal economy contributes about 26 per cent of total value added in South Africa. The same study found
that, the informal economy contributes between 7-12 per cent of South Africa’s total gross domestic product (GDP) (Budlender et al. 2001; Ligthelm 2006b). In terms of expenditure, an estimated R51.7 billion (or 6.3 per cent of total household expenditure) was spent at informal businesses in 2004 (Ligthelm 2006b).

4.4.4 An economy that is here to stay

Internationally, there is no evidence which suggests that the informal sector will shrink or disappear in developing countries. Even in many developed countries, informal work accounts for between 10 and 15 per cent of total GDP (Pratap and Quintin 2006). While the structure of the labour market is different in developed economies, the overall consensus seems to be that there is very little, if any, evidence of a shrinking informal sector accompanying growth and industrialisation. As a result, the informal sector is likely to remain the main source of employment for most workers in developing countries (Freeman 2010; Valodia 2013).

Due to data restrictions it is not possible to estimate, with a large degree of certainty, how the relative size of the informal economy has changed over time in South Africa. Conclusions about the shape and size of the informal economy depend, to a large extent, on which definition is used and on which source of data is analysed. Nonetheless, there is no evidence in South Africa which suggests that the contribution of the informal sector (or informal economy, more broadly) to total employment has decreased appreciably (Ligthelm 2006a; Banerjee et al. 2008). Information on the number of street traders in South Africa is even more difficult to collect. A number of studies have tried to conduct street level census type counts of informal activities in urban centres such as Johannesburg and Durban, but these studies usually conclude that estimates are highly variable (Lund 1998, 2003). A safe conclusion, therefore, is that, like in other developing countries, the informal sector (and street vending) will remain a crucial source of income and livelihoods for a large percentage of the South African population for the foreseeable future (Lund 2003; Ligthelm 2006a).

4.5 Politics and marginality on the street

A wide range of empirical studies of various aspects of the informal economy have been undertaken in the last fifteen years, related to livelihood strategies, vulnerabilities, infrastructural and institutional needs of the sector, and the poverty alleviation potential of the sector. In addition to the strong reiteration that many poor households in South Africa's cities survived on accessing informal economic opportunities, studies have included informal economic activities and nutritional deficiencies in different South African cities (van Rooyen, Mavhandu, and van Schalkwyk 1997), the disaggregated economic activities that have emerged in the informal economy in South African cities (Kesper 1999; Rogerson and Rogerson 1997), local economic development projects that are premised on supporting informal traders (Loots 1998; E. Nel 2001), urban renewal projects that included the informal economic activities of the poor (Khosa and Naidoo 1998; E. L. Nel and Humphrys 1999), and analysis and strategies for poverty alleviation (McKeever 1998). There has also been an increasing output of work regarding the differentiated experiences of individuals and groups within the informal economy. Much of the recent research has also considered the diversification of the sector, in terms of actors and activities, although there was recognition that the informal economy was not only confined to poor South Africans – increasingly occupied by foreign immigrants – the majority of research prior to this period was preoccupied with the decline of labour and the emergence of informal sector activities to mitigate the loss of wages. Increasingly, however, there was recognition that the informal economy is an entry-point into the urban economy for many legal and undocumented immigrants (Palmary 2002; Peberdy and Rogerson 2000).

In particular, however, there has been an increasing focus on the largely unequal and highly
vulnerable position of especially women, youth and foreigners in the informal economy, often occupying the lowest ends of economic livelihood activities and under-represented in the more growth-oriented sectors (Pick, Ross, and Dada 2002; Lund and Skinner 1999; Valodia 2001). For example, whereas most analyses of the informal sector pre-1990 had been concerned primarily with livelihoods connected to supplementing wages, there has been increased interest in issues of public health and vulnerability within the sector since the early 1990s. In other words, the informal sector reflects broader inequalities in our society – and becomes a key sector for progressive state and civil society intervention.

Given that the informal sector has been recognised in the international and South African literature as a mechanism through which the poor can access the urban economy, and recognising that the informal sector will increasingly be the major source of job creating, especially among the youth, we highlight in this section some of the challenges faced by those in the sector, and consider what the literature suggests regarding the future of the sector.

4.5.1 Gender-related inequalities

Rogerson (1986) had already pointed out the increasing feminisation of certain sectors of the informal economy in Johannesburg from the 1960s, as men were either absorbed into the formal economy or moved into other more lucrative sectors in the informal economy. The continued marginalisation of women within most sectors of the informal economy during the 1990s was a marked characteristic of the emerging urban economy. Women are over-represented in particular sectors of the informal economy such as low-end retail and under-represented in other sectors – particularly those with so-called growth potential (Lund and Skinner 1999).

The connection between gender and opportunities within the informal economy is not just one of sectoral or work-place equality, despite the obvious inequalities that are empirically evident. Gender inequalities also have implications for household livelihoods more broadly, given that women are increasingly likely to be both breadwinners and heads of households in many urban areas (Kehler 2001).

The position of women in the informal economy is also closely connected to issues of health and vulnerability, especially issues of reproductive health and sexual violence. Given the high mobility within and informal practices which characterise the informal economy in most South African cities, and the average age profile of people in the informal economy, questions of especially sexual health are vitally important, but also not always easy to ascertain (Pick, Ross, and Dada 2002).

4.5.2 Organisational (In)capacity

It appears common cause in the literature that street traders are notoriously fragmented as a sector of civil society, and do not constitute an organised social movement in the way that other labour movements and community organisations have been able to do (Matjomane 2013; Motala 2002; Wafer 2011). Whereas in the case of the Metro Mall in central Johannesburg for example, the taxi associations were able to negotiate much a more favourable relationship with the market management company MTC, traders in the market have consistently complained that they are not able to influence the management decisions of the market (Wafer 2011).

There are several reasons why this might be the case: Wafer (2011) has demonstrated how attempts in the 1990s to involve the community in urban renewal projects in the inner city of Johannesburg initially excluded informal traders in the area because most traders did not live in the area. Whereas traders have subsequently been recognised as stakeholders in some of these processes, they
nevertheless remain regarded with disdain by many municipal departments. Moreover, as with the international literature on informality and politics, the nature of the sector in South Africa makes it prone to a range of informal and illicit interactions with state officials and police officers.

Tissington (2009) has argued that the nature of state responses to the sector have also been responsible for fragmenting the sector. On the other hand, the lack of organisation within the sector has also been a cause of frustration for officials (Wafer 2011). Attempts at implementing new management strategies often rely upon the ability to identify, enumerate and engage in dialogue with organisations or individuals who legitimately represent the interests of traders. This has often not been the case, as in the experience of the Inner City Office with the opening of the Yeoville Market in 1999 (Goetz and Simone 2004).

To a large extent, this has to do with the survivalist nature of much of the sector. Livelihoods are precarious, and individual trajectories through the informal sector may be haphazard and ad hoc. Given the trans-national and trans-local nature of the sector, especially on the streets of Johannesburg, individuals might be away from the streets for periods of time, or they might access other opportunities that allow them to remain off the street for several weeks. The informal sector – and especially informal trading in the inner city – is a highly tenuous and precarious activity, and does not engender mobilization in the way that many community mobilization can. Nevertheless, Matjomeane (2013) argues that fragmentation should not be used as a tool to disempower street traders of political agency. Indeed, a number of organisations and institutions exist that represent the interests of traders, particularly in the most recent events that occurred in Johannesburg in October 2013. In fact, it is very often gender-based organisations that have been at the forefront of mobilising and organising traders (Lund and Skinner 1999; Motala 2002; Skinner 2008). This has often been with the assistance and coordination of internationally coordinated institutions. Yet it is not clear that these organisations have a consistent mandate or membership.

4.5.3 Other forms of discrimination

Issues of xenophobia and anti-foreigner sentiment were already aspects of the everyday life in the informal economy of Johannesburg in the late 1990s. As Peberdy (2000) describes:

“...In Gauteng in September 1998, three non-South African traders were killed following a demonstration by one of the groups representing unemployed people in South Africa. In August 1997, protests on the streets of Johannesburg against non-South African street traders erupted into violence and intimidation (Peberdy & Crush, 1998). These attacks were accompanied by angry and vitriolic anti-immigrant rhetoric. They were followed by intermittent assaults on non-South African traders into 1999” (Peberdy 2000).

The entrance of immigrants into the sector also posed some questions for the assumptions that had been developed in the 1980s. Because the informal sector is identified with survival, prevailing assumptions are that the it exists due to the decline of the formal sector and as a augmentation of livelihoods only, for a group of people who would otherwise choose formal sector employment if it were on offer. Peberdy (2000) shows, for example, that less than However, less than 50 per cent of a sample of Johannesburg based traders were interested in finding formal employment. Interviewees who wanted paid employment tended to have qualifications. Foreign traders were asked what work they had done before they arrived in the country, and the majority had been in the informal sector there also. This aspiration to remain in the informal sector, or at the very least the association of the informal economy with legitimate livelihood opportunities, seems to contradict much of the political rhetoric about the relationship between labour and citizenship (Barchiesi 2007).
Although increasingly the victims of both arbitrary and state bureaucratic exclusions, foreign traders and the increasing academic and policy interest in their networks, contributed to a vibrant informal economy in the city that has been both critiqued and praised. While some policy makers and interest groups have focussed on the negative perceptions of the informal economy as crime-ridden and a haven for illegal immigrants (Popke and Ballard 2004), others have focussed on the potential benefit to the economy of Johannesburg, as both a site of poverty alleviation, and as a revenue generating sector in its own right. The cross border informal trade brings goods and services into the country, but also contributes to the local economy through sending goods back to various other places on the continent (Andersson 2006).

Burzynski (2010) argues that foreigners face specific challenges in the informal economy, primarily connected to experiences of uncertainty. These uncertainties are connected to legal status; uncertainties regarding their trading spaces and trading rights; a general uncertainty regarding livelihoods; uncertainties regarding integration and adaptation into South African society; and uncertainties related to the transience and transitional nature of informal economic activities.

The formal distinctions between citizens and non-citizens (foreigner, non-national, etc.) are only one—and by no means always the most significant—form of exclusion. The interest here is not in generalised economic exclusion or marginalisation (i.e., class) but may build on the intersections of class and race, ethnicity, language, or other factors conceptually tied to an group or individuals’ (purported) origins. Indeed, a study of this kind must recognise (a) that there are often powerful if fleeting alliances and common interests that cross boundaries of citizenship and (b) that there are a myriad of cleavages within Johannesburg premised on people’s place of origin (e.g., ethnicity, race, language, nationality, religion). These may exclude South African citizens as much or more than those travelling across international borders. Finally, (c) that the parameters along which people form alliances and how they define boundaries between and across ‘groups’ are in a constant state of flux.

Discussions of xenophobia should be broadened to consider all mechanisms through which people—regardless of their origins—are excluded from economic activity within the inner city due to an ‘outsider’ status. Such exclusion may occur, inter alia, through formal prohibition due to legal status; through overt and extra-legal exclusion at the hands of the police, business associations or gangs; or through more subtle, institutional means of determining full membership in city life. Included among the latter may be housing policy, access to social services, and even forms of political participation and consultation. Indeed, some of the very mechanisms intended to build an inclusive city may unintentionally reinforce distinctions between insiders and outsiders. It is also important to recognise that various forms of socio-economic exclusion and marginalisation may be part of migrants’ conscious strategies or rational responses to economic and political conditions.

When it comes to discussing connections beyond the inner city, transnationalism should be reformulated to speak in terms of translocalism. Considering the emergence and persistence of people’s social and economic connections beyond the inner city gives cause to question the very unit of analysis. It is effectively impossible to understand people’s economic activities or the structure of the inner-city economy without a nuanced appreciation for the translocal (rather than merely transnational) networks which extend to other parts of the city (e.g., Diepsloot, Orange Farm); just beyond the city’s formal boundaries; to other parts of South Africa; and to countries and communities around the world. While material flows into and out of the city are a critical form of exchange, these are embedded in a moral economy of social value that may be equally determinative of individual and collective behaviours: how people ‘see’ the city; the type of activities they seek to do; how they understand upward mobility; the kind of social and institutional interactions they seek; their desire and ability to access social services; and the nature of housing they desire. As such, any research on translocalism must consider both the material and social-aspects of exchange.
References


Budlender, D. & Grest, J (2013) Towards a model framework for a local level collective bargaining system for street traders: Case studies of collective bargaining and representative forums for
street traders. Durban: StreetNet International.


Geneva: ILO.
Inclusive Cities Project (2014) Informal Economy Monitoring Study. Press Release 2014-04-09. Study finds urban informal workers are integral to city economies but unsupported by city policies and practices
Kamara , O. (2012). Informal Traders in Dakar, Senegal Case studies of collective bargaining and representative forums for street traders. Durban: StreetNet International
Lund, F. (2003). 'People Working Informally: Negotiating the Use of Public Spaces in Durban City.' Paper prepared for the Conference Name, Conference Location


1B: TRANSNATIONALISM AND XENOPHOBIA
6. TRANSNATIONALISM

6.1 Transnationalism as a concept

Transnationalism\(^2\) means reaching beyond or transcending national boundaries to establish a presence of some sort in more than one country simultaneously. In scholarly literature the term has been used over the past two decades or so to refer to the increasing density of ties, interactions, associations and mobilities across the world facilitated by improved communication and information technologies.\(^3\) These various forms of linkage involve people, goods, firms, finances, institutions, political activity, intellectual thought, cultures, and more. (Vertovec, 1999)

There is now a very large and further expanding international literature on transnationalism which invariably leads to a diversity – and even vagueness - in the use of the term. Vertovec (1999) is helpful in differentiating between the different uses of transnationalism.

- Social morphology – the complex system of relationship between individuals and modes of social organization that cut across national boundaries;
- Types of consciousness - the simultaneous meanings, attachments and identities that individuals and groupings have that relate to spaces that cross-cut national boundaries;
- Modes of cultural reproduction – the blending of styles, practices and other cultural phenomena across national boundaries to produce forms of bricolage, creolization or hybridization\(^4\);
- An avenue of capital – including the global spanning of transnational corporations, the rise of the transnational capitalist class\(^5\), and migrant remittances to home countries;
- Sites of political engagement – "the new dialectic of global and local questions which do not fit into national politics [and can only be] properly posed, debated and resolved in transnational frameworks" (citing Ulrick, 1998) and also the "politics of homeland" as diasporic community continue to be involved in the politics of their countries of origin. (Re)construction of place - the creation of a transnational local understanding through the impacts of human mobility, internet, film, satellite TV, and so forth.

Following Vertovec, transnationalism in the context of Johannesburg, requires a deepened understanding of issues such as:

- The scale and nature of temporary and permanent migration flows (where people come from, who they are, why they move to Johannesburg, how they move to Johannesburg, where they settle, how long they stay in Johannesburg etc.);
- The family, community and other social ties that link international migrant communities to their countries of origin;
- The network of economic transactions that link international migrant communities to their

\(^2\) It is important to note that it is not just a matter of transnationalism, but also of transregionalism and translocality. The emphasis here on transnationalism relates to the extent to which matters of national identity were highlighted in recent conflicts on street trading in Johannesburg. There seems to be less attention or concern on the streets on the region or place of origin within South Africa, than on whether an individual is originally from South Africa or not.

\(^3\) The focus in the literature is on contemporary processes but there is a recognition that there are historical precedents and parallels. (Vertovec, 1999)

\(^4\) Youth culture, especially, is able to combine styles and practices across national boundaries and produce new cultural formations from this blending.

\(^5\) Including the transnational business, political, media, professional, and consumerist elites.
countries of origin (including formal and informal systems of financial exchange, and migrant remittances);

- The evolving affiliations, loyalties and identities of international migrant communities;
- How transnational migrants are included in, and excluded from, the host society;
- The patterns of interaction between migrant and the host community, and between migrant communities;
- Patterns of formal and informal cross-border trade;
- The scale, behavior and impact of transnational business which have a reach into Johannesburg, or which have a reach from Johannesburg to elsewhere;
- The cultural forms (styles, behaviours, meanings, religious and other beliefs, cultural artefacts) that travel to and fro across national boundaries, and also the new cultural forms evolving through “transculturation”; and,
- The political networks that transcend national boundaries.

Developing this understanding would require an ambitious long-term research agenda. This report offers only an initial introduction to the idea of the transnational, and a preliminary focus on human mobility as one key dimension of transnationalism (with some reference also to economic linkages including informal cross-border trade).

6.2 Human mobility and transnationalism

Individuals move across boundaries for a plethora of reasons (economic, political, educational, family-related etc.) and establish themselves with varying degrees of permanency in a new country. Most migrants, however, maintain some form of contact with the places they come from, and so their social worlds span more than one space. Vertovec (2001, 574) writes of the “attachments migrants maintain to families, communities, traditions and causes, outside the boundaries of the nation state to which they have moved”, and refers to “multi-local affiliations” (p.574).

Human mobility thus creates a social field that links a home country to a host country, and is potentially an important economic, political and social resource for both. The problem is that dual loyalty or affiliation is often a threat to a national or local polity, and there is often a high degree of ambivalence within officialdom, and in host communities, towards the presence of transnational migrancy.

There is a need to communicate an informed view of the opportunities and challenges of transnational mobility, and of what is required to enhance the benefits of this transnationalism.

The International Organization for Migration (IOM) recognizes both the opportunities and challenges of transnational migrant flows but concludes pragmatically and sensibly: “Transnationalism and migration are realities here to stay and indeed are likely to become more prevalent in view of demographic and other trends. The task for policymakers is to make transnationalism work for migrants and for societies...” (IOM 2010, p.4)

The benefits of transnationalism are potentially numerous and relate, for example, to: improvements in the labour market by expanding the skills base; greater opportunities for cross-border trade and investment; increased entrepreneurial energy locally which leads to expanded employment for local labour; transfers of ideas and good practice (the “social remittances”); enriched social and cultural life for a host community (in terms of music, cuisine, travel opportunities, entertainment, and more); broadening horizons for the host community through exposure to people of different backgrounds; and, more.
Transnational human mobility does however also pose challenges for individuals and societies. For individuals there may be family disruptions and the psychological effects of separation, and the sense of lost identity. For society, adaptation is required as people of different backgrounds come into new proximity. If migration is poorly managed there is the possibility of social fragmentation, economic exclusion, service backlogs, and even violence. There are also international networks that involve trafficking of drugs, people, weapons, contraband and laundered money, which may be promoted through transnational mobility if crime prevention agencies are not adequately resourced.

In the final event, transnational mobility is a global reality and South Africa—and Johannesburg, in particular, as its largest city—will not be immune to it, whatever policies may be adopted to regulate immigration. Failure to proactively address migration and other forms of human mobility will yield undesired consequences for all but if properly managed migration offers enormous possible for positive incomes, including for poverty reduction and economic growth in recipient cities.
7. XENOPHOBIA AS A KEY THREAT

Xenophobia, which manifests at times in social violence, is the greatest single threat to realizing the benefits of transnationalism in Johannesburg.

Despite its widespread usage, xenophobia remains an ambiguous term (Crush and Ramachandran, 2009). Partly because of its often-used literal translation as a hatred, morbid dislike or fear of foreigners or strangers (CoRMSA, 2010), it remains a highly sensitive and contested topic in popular and policy debates. Scholars have conceptualized xenophobia in a number of ways: as fear of difference embodied in persons or groups (Berezin, 2006); intense dislike, hatred or fear of others (Nyamnjoh, 2006); attitudinal orientation of hostility against non-natives in a given population (ILO, IOM and OHCHR, 2001) or hostility towards strangers and all that is foreign (Stolcke, 1999). A variety of other terms are used to describe xenophobia including ‘nativism’, ‘ethnocentrism’, ‘xeno-racism’, ‘ethno-exclusionism’, ‘anti-immigrant prejudice’ and immigration-phobia (Crush et al, 2009).

This report utilises a more ‘inclusive’ definition of xenophobia referring to “attitudes, prejudices and behaviour that reject, exclude and often vilify persons based on the perception that they are outsiders or foreigners to the community, society or national identity” (ILO, IOM and OHCHR, 2001:2). This definition includes both negative attitudes and discriminatory behaviour or practices while best reflecting its vernacular use in South Africa. As Harris (2002:2) notes, xenophobia not only denotes fear or dislike of foreigners but also a violent practice as it often “results in intense tension and violence by South Africans towards immigrants.” Indeed, as elsewhere, xenophobia in South Africa manifests across a spectrum of behaviours including: discriminatory, stereotyping and dehumanizing remarks; discriminatory policies and practices by government and private officials such as exclusion from public services to which target groups are entitled; selective enforcement of bylaws by local authorities; assault and harassment by state agents particularly the police and immigration officials; as well as public threats and violence commonly known as xenophobic violence that often results in massive losses of lives and livelihoods.

As Crush and Ramachandran (2009) rightly point out, while xenophobia affects all categories of migrants who interact with a range of South African ‘types’ (attitudes vary little by race and class), it is still important to recognize the intersectionality that informs the migrant experience. Depending on a migrant’s cultural, gender, racial and ethnic make-up, class composition, migration status, or location their experiences may vary tremendously. In other words, even in societies and countries where negative attitudes are widespread, they are directed and felt differently by different categories of outsiders usually depending on the perceived ‘threat’ their presence poses to the local socio-economic orders.

Although South Africa offers its own unique brand of xenophobia and xenophobic mobilization, it is worth noting that the phenomenon is not uniquely South Africa. Research evidence reveals the existence and indeed the rise of anti-migrant sentiments and practices in immigrant receiving countries in both developed and developing countries. In South Africa, xenophobia is revealed in sentiments that “foreigners are taking job opportunities” and that “foreigners are the cause of crime”, and to a slightly lesser extent in the sentiments that “we are being overwhelmed by the numbers of foreigners”, “foreigners are taking houses meant for South Africans”, “foreigners are selling illegal products such as drugs”, and “foreigners are diluting our culture by marrying South Africans” (Plus94, 2008)

Understanding xenophobia in South Africa means placing it within an extended history of tensions between ‘insiders’ and ‘outsiders’ which have evolved within a framework of the country’s politics of
exclusion resulting in claims of belonging or being authentic residents being invoked “to exclude ‘outsiders’ and protect the perceived interests of the autochthon” (Nieftagodien, 2011:109). It comes as little surprise that numerous surveys and qualitative studies provide evidence of high levels of intolerance and discriminatory practices towards ‘outsiders’ in the country. Since the 1990s, studies consistently show that South Africans display levels of hostility towards ‘outsiders’ – particularly foreigners – higher than anywhere else in the world. Several researchers and analysts (see Crush, 2008; HSRC, 2008; Joubert, 2008; Nyamnjoh, 2006; Dodson, 2010) have and continue to document an over-arching anti-foreigner climate in which negative sentiments and hostility towards foreigners are held and/or expressed by the members of the general public and government officials. Other scholars have found that xenophobic attitudes cut across race, gender, class, ethnic and religious divides. Danso and McDonald (2001 in Nyamnjoh, 2006:38) note that in South Africa:

Anti-immigrant sentiment is not only strong... it is extremely widespread and cuts across virtually every socioeconomic and demographic group. Surveyed in 1997 and 1998, only 6 and 2% respectively were tolerant towards immigration of any kind. Black African foreigners -with whom very few South African nationals have a great deal of contact (4% in 1997 and 6% in 1998) – are negatively perceived by all South Africans, 75% of whom associate them with all sorts of ills. They are the most likely to be considered ’illegal’ immigrants or aliens, even before they have crossed the borders.

Indeed, once in South Africa, migrants, particularly from other African countries, are often met with discrimination, hostility and violent exclusion by local communities and institutions and this has led many analysts to the conclusion that, “South Africa is a highly xenophobic society, which out of fear of foreigners, does not naturally value the human rights of non-nationals” (Dodson 2002:1).

Although there are examples of hospitality, tolerance, and South Africans defending non-nationals’ rights, there is strong evidence that South Africans’ are generally uncomfortable with the presence of black non-nationals in the country. Based on a national survey of South Africans, Crush (2000: 103) argues that, “Intolerance is extremely pervasive and growing in intensity and seriousness. Abuse of migrants and refugees has intensified and there is little support for the idea of migrant rights.” This is reflected in various statistics, produced at both national and local levels:

- 25% of South Africans nationally favour a total ban on immigration and migration, considerably more than in other countries in the region (Crush 2000);
- 20% of South Africans feel that everyone from neighbouring countries living in South Africa (legally or not) should be sent home (op cit);
- In a 1998 survey, SAMP found that 87% of South Africans felt that the country was letting in too many foreigners (op cit);
- In an ACMS survey (2004), 64.8% (of the sampled South African residents in inner city Johannesburg) thought it would be a positive thing if most of the African refugees and immigrants left the country. By contrast, few see ridding the country of its white population as a priority.6

More serious perhaps is Crush’s suggestion that xenophobic sentiments are worse in South Africa than in other countries: “South Africans are the least open to outsiders and want the greatest restrictions on immigration” (Crush 2008: 1). Even more worrying, he noted that a third of South Africans would be willing to take action against foreign nationals (ibid).

Dodson (2010:2) provides fresh research evidence that anti-immigrant attitudes and behaviours on

---

6 See details in Landau et al, 2004
the part of "ordinary South Africans" toward foreign Africans are entrenched and systemic and that "less violent, ordinary experiences of xenophobia are part of the everyday lives of African immigrants in South Africa". Similarly, a 2011 IDASA survey confirms that negative attitudes towards foreign nationals and particularly migrants from other African countries are still as strong and pervasive as they have always been: "South Africans who are opposed to immigrants exhibit various forms of xenophobia citing that immigrants weaken society and threaten the health of the nation" (IDASA: 2011:6). As in 2008, around a third of people would be willing to take action against foreign nationals in the country: 32% would be willing take action to prevent foreign nationals from moving into their neighbourhood, 36% from operating a business in their area, 32% from sitting in class with their children and 31% from becoming co-workers (Ibid). As Mattes, et al. (1999) point out, South Africans' attitudes toward and stereotypes about foreigners are not necessarily derived from personal experience. The lack of first-hand contact means that the stereotypes are propagated through indirect means like the media, schools and interpersonal communications.

Xenophobic violence has become a longstanding feature in post-Apartheid South Africa. Since 1994, hundreds of people have been harassed, attacked, or killed because of their status as outsiders or foreign nationals. Xenophobic violence was most intense and widely scrutinised in May 2008 when attacks across the country left at least 62 dead, 670 wounded, dozens raped, more than 100 000 displaced. Millions of Rand worth of property was also looted, destroyed or appropriated by local residents in just over two weeks (CORMSA, 2008). Despite claims to the contrary however, the violence did not end in June 2008 when the massive outbreak that started a month earlier subsided. In fact, violence appears to be on the increase and there are fears that it is reaching chronic proportions. There is a growing recognition, even among government officials, that violent attack on "foreign nationals have taken on disturbing proportions" (DAC, 2012). Xenophobic violence in South Africa has steadily increased throughout the recent past in townships and informal settlements and the situation has become alarming to the extent that even the African Peer Review Mechanism's country report on South Africa featured a cautionary note warning that "xenophobia against other Africans is currently on the rise and must be nipped in the bud" (Johwa, 2008). While the May 2008 violence targeted almost all foreign nationals (and some South Africans deemed "outsiders") living in affected areas, current attacks are mainly targeted at foreign nationals (mainly Somali, Ethiopian, Bangladeshi and Pakistani nationals) operating small business in townships and informal settlements across the country.

As in other countries, South Africa’s xenophobia manifests in various forms, ranging from everyday street-level abuse to discrimination and harassment by government officials and recurring bouts of popular xenophobic violence in varying intensity and scale. There is strong evidence that non-nationals living and/or working in South Africa face discrimination at the hands of citizens, government officials, the police, and private organizations contracted to manage their detention and deportation. More specifically, foreign nationals face i) disproportionate difficulties in accessing employment, accommodation, banking services, and health care, and ii) extortion, corruption, and the arbitrary arrest and detention; discriminatory practices to which foreign-looking, dark skinned South Africans are also sometimes exposed (Landau, et al, 2004).

Many analysts indicate that xenophobia in South Africa has both social and institutional roots, the former feeding on and heavily influenced by the latter. Indeed many analysts (Neocosmos, 2008; Morris, 1998 and Tshitererek, 1999) attribute the xenophobia phenomenon in South Africa to the country’s political and historical past and current nation building efforts as well as current socio-economic conditions. For instance, Neocosmos (2008:2) opines that, “... xenophobia must be understood as a political discourse and practice, the result of political ideologies and consciousness –
in brief, political subjectivities – which have arisen in post-apartheid South Africa.”

Drawing on the sociological “scapegoating” hypothesis, Tshitereke and Morris (in Harris 2002) locate the origins of xenophobia in South Africa within the context of social transition, change and limited resources, such as housing, education, health care and employment, coupled with high expectations during transition. For Tshitereke (1999 in Harris, 2002), this is an ideal situation for a phenomenon like xenophobia to take root and flourish as in such context, people create a “frustration-scapegoat” or a target to blame for ongoing deprivation and poverty. Foreigners often become such scapegoats because they are perceived as a threat to jobs, housing, education and other resources and opportunities. Morris (1998:1125 in Harris 2002:172) argues that “research and historical events have indicated that if a majority group is in a perilous economic position they are more likely to feel threatened by minorities, especially if they are foreign.” Harris (2002) sees xenophobia as a new pathology for a ‘new South Africa’, implicit to the technologies of nation-building and part of South Africa’s culture of violence.

Echoing similar sentiments, Misago, et al, (2009) opine that xenophobia and discrimination against foreign nationals in South Africa are rooted in South Africa’s institutional history, its approach to population mobility, and decades of political rhetoric. The history of the ‘alien’ in South Africa society begins during the colonial era but achieves a more sophisticated if insidious status during the Apartheid era. During this period, the state used the idea of the alien to deny both political rights and rights of residence to cities’ ‘surplus people’. In most instances, this was used against black South Africans. In law, if not always in practice, black South Africans were made temporary sojourners to the city, ‘aliens’ whose usefulness lasted only for as long as they were productively employed, and who were hence denied the rights of citizenship while residing in the city. The system was legitimised in the name of promoting the welfare and security of the (largely white) citizenry. Any interloper who was not explicitly required and authorised was seen as drain on resources and a threat to the desired cultural and political order. According to CRAI (2009:1), the apartheid’s racial segregation and isolation created fertile ground for xenophobia in several ways:

- First, it created racialised notions of identity and worth, which encouraged black South Africans to see themselves not only as inferior to whites, but also as separate from the rest of the continent.
- Second, it encouraged separation and compartmentalisation of various populations as a means of governance and discouraged integration or contact between groups.
- Finally, it institutionalised violence as a means of communicating grievances and achieving political ends.

The South African Institute of Race Relations (SAIRR) has directed more attention to the failures of post-Apartheid government, emphasising the extent to which the failure of the state in terms of border control, service delivery, education, and foreign policy has fed into cycles of xenophobic attitudes and behaviour (Cronje, 2008).

Finally, there is the view that xenophobia is directly related to structural inequalities in the national economy, and specifically in the national labour market. It is in the context of high income inequality, restricted labour markets, and extreme economic competition that economic jealousies and scapegoating occurs. (Bond et al)

Almost certainly, all identified causes have played a role. There is clearly an economic context of inequality and scarce resources as well as a cultural chauvinism that was encouraged during decades of bigoted and isolationist Apartheid rule, and state failures that exacerbate competition and social jealousies.
The existence of xenophobic attitudes is cause for investigation and debate, but so is the reason why such attitudes have flared into actual violence. Following the unprecedented outbreak of the xenophobic violence in May 2008, analysts, politicians, academics, media and rights activists put forward diverging and often competing explanations to account for the occurrence of the violence. Explanations ranged from ‘Afrophobia’, ‘third force’, poor border control, poor service delivery, poverty, unemployment, corruption, rising food and commodity prices, legacy of previous regimes and the continued institutional discrimination (Cf. HSRC, 2008; Landau and Misago, 2009). A critical review of these explanations reveals that they are based on normative assumptions, political rationales and ideological stances rather than empirical evidence. Indeed these are general structural, social, economic and political factors that affect most communities in the country and can therefore not account for the occurrence of the violence in some locations and not in others (Misago, 2011). While valuable in providing the historical, political and socio-economic context in which xenophobic violence occurs, these explanations “falter when faced with empirical or logical interrogation” (Landau 2010:215) as they fail to account for i) the appearance of violence in some areas while others with similar socio-economic conditions remained calm; ii) the specific targeting of certain groups of foreign nationals and the murders of so many South African citizens and iii) the timing, location and diffusion of the violence.

Existing psychological research is also inconclusive with regard to the relationship between attitudes and behaviour: attitudes are not necessarily a good predictor of behaviour. As discussed earlier, there is evidence that in South Africa negative attitudes towards foreign nationals are consistently high across different sections of the country’s population, but manifestations of violence and acts of discrimination differ significantly across locations. Hence, attitudes alone cannot explain why certain forms of violence tend to happen in certain types of communities and not in others. Violent and discriminatory actions against ‘outsiders’, while rooted in existing negative attitudes, can have various more direct motivations or triggers (including self-interest and perceptions of impunity), which, if clearly understood, can be specifically targeted and addressed. This does not mean that attitudes are not important, but an exclusive focus on attitudes is insufficient for understanding and therefore impacting on discriminatory practices. Interventions to address negative attitudes should not be expected (as is unfortunately often the case) to necessarily have an impact on related discriminatory practices or behaviour.

Strong empirical evidence indicates that the triggers of the May 2008 attacks (as well as the violence the proceeded and followed them) are rooted in the micro-politics of township and informal settlement life. Indeed, since 2008, multiple studies have shown that violence against foreign nationals is in most cases organised and led by local groups and individuals attempting to claim or consolidate power and authority needed to further their political and economic interests. Violence is just ‘politics by other means’ as/and its instrumental motives are located in the local political economy and micro-political processes at play in many of the country’s towns, townships and informal settlements (see for example Landau et al, 2009 and Misago, 2011). Research evidence (see for example Misago et al, 2009) reveals a number of factors or characteristics that are directly associated with the occurrence of the violence and link violence affected areas while distinguishing them from those without violence. These include:

- Political leadership vacuums and competition in community leadership that allow the emergence of parallel and self-serving leadership structures. In most cases, violence occurs in areas where official local authority/community leadership is complicit, weak or considered illegitimate.
- A lack of trusted, prompt and effective conflict resolution mechanisms that leads to vigilantism and mob justice;
- A culture of impunity with regard to public violence in general and xenophobic violence in particular, that continues to encourage the ill-intentioned to attack non-nationals for a
variety of reasons;

- Limited knowledge among communities and leaders of the country’s immigration laws and policies that leads to criminalisation of foreign nationals;
- Local authorities’ support and enforcement of illegal practices that, while violating the law, reinforce communities’ resentment towards non-compliant foreign nationals.

The debate will continue as to which are causal factors and which are contributory factors in the existence of xenophobia in South African society, and also in the translation of xenophobia in violent acts, but it is clear that policy will have to address a multiplicity of issues.

The evidence above suggests that stopping on-going and preventing future violence requires more than just condemnation, moral appeals and public awareness campaigns. Indeed, official and public xenophobic pronouncements and attitudes are as pervasive as ever and violence against foreign nationals is on the rise. Countering future violence requires fundamental political changes and urgent mechanisms to counter the culture of impunity and enhance community-based conflict resolution mechanisms that respect the constitutional principles of universal rights and due process. Dealing more fundamentally with xenophobia as a social attitude is even more complex and will require a multi-faceted approach that addresses economic inequalities, the cultural chauvinism produced by decades of racist rule, and the inefficiencies of the state in the post-Apartheid era.
8. THE LIMITS OF SOUTH AFRICA’S NATION BUILDING

The South African government increasingly considers continuing social and economic divisions (i.e., a ‘lack’ of social cohesion) amongst its citizenry as a critical impediment to the country’s positive and progressive transformation. In addressing this, the government launched two nation-wide campaigns in 2011 and 2012 (South African@Heart and Formula SA), published a new draft strategy, hosted its first national summit on social cohesion and mandated the Department of Arts and Culture (DAC) to mainstream social cohesion across all government sectors. Additionally, a number of government departments have incorporated discussions of social cohesion into their strategic plans, or published draft or concept papers related to it.

As in dominant discourses of social cohesion elsewhere, social cohesion in South Africa is conceptualised clearly within a domestic, national frame of reference. As such, it is typically used synonymously with ‘nation-building.’ In this approach, policy makers conceptualise society as a national collective of citizens who should be ‘held’ together by mutual solidarity, fraternity, unity, a shared identity and sense of belonging to the South African nation-state. Social cohesion strategies have thus been largely concerned with the integration of a fragmented, divided and unequal South African citizenry into a united ‘whole.’ Within this project, race is considered ‘the major dividing line in society’; manifest in both social and economic divides. Importantly, race is understood using the apartheid-era quartets of Black, White, Indian and Coloured or, occasionally, in a flattened dichotomy of historically advantaged whites and an aggregated, historically disadvantaged black majority. To overcome these divides, government has outlined a programme of action aiming to address poverty and unemployment as well as foster national unity and a shared sense of identity and belonging amongst black and white South Africans.

The conceptualization of social cohesion as largely a concern for South African citizens leaves little place for discussions or planning for non-nationals. Nor does it overtly recognize the considerable tensions and divisions within the country’s black majority. Indeed, the main focus is on creating a ‘fair, empowered and inclusive citizenship’ with almost no analytical space provided for non-nationals. The norms and values of citizenship are supposed to guide South Africans in their interactions with each other and with their government. While these values often remain vague, they are often explained indirectly through reference to the South African constitution. While we may expect that formal political participation and representation is restricted to citizens alone, there is little rhetorical or practical space for those who can or will not claim membership in one of South Africa’s racial groups.

With few exceptions, the majority of current key national documents and strategic plans are based on the ‘dominant’ vision of building social cohesion outlined earlier in this chapter: a vision that effectively excludes non-citizens. The dominant approach to social cohesion is not only doing little to bridge divisions between foreign and South African populations but is in fact more likely to further endorse them. Both by virtue of their omission from discussions as well as the specific parameters along which social cohesion is defined, foreign nationals are rendered an external element with no connections to, and thus no role in building, a cohesive South African society. Social cohesion is presented as part and parcel of a social contract between South Africans working together for the benefit of all citizens (and in particular for the South African vulnerable and poor).
9. LOCAL GOVERNMENT AND TRANSNATIONAL MIGRATION

Migration policy is formally a national responsibility and yet migration is locally spatialised as people move into a space within a particular municipality. The effects of migration are primarily experienced locally.

The question arises as to how municipalities should engage with migration policy and processes. The current disconnect between migration policy and municipalities has to do with both the approaches of national governments and the processes of municipalities themselves. As they stand, current national migration policy and legal frameworks offer very little space for engagement with local government. Involving local government in policy-making could avoid reproducing an over-simplistic approach to control, documentation and deportation.

This disconnect notwithstanding there is a lot that local government can do to improve the management of migration processes. Within South Africa, there is indeed a growing acknowledgement of the need to address migration at the local level (see SALGA 2010; Roux 2009; Gauteng Department of Economic Development 2009) but there are significant cognitive and technical obstacles to doing so. In 2009, Roux’s report to the Department of Social Development interestingly concluded to the need to improve, ‘...the availability of demographic information to municipalities; improving inter-departmental data gathering and policy cohesion tools; conducting research on migration dynamics...’ (2009:7).

In a study undertaken by the African Centre for Migration Studies (ACMS), University of the Witwatersrand, not one of the six municipalities visited had a nuanced and dynamic understanding of their constituencies. Although Johannesburg’s planning processes are considerably more sophisticated than those elsewhere, formal and informal discussions with officials also revealed a degree of concern in this city regarding the availability of good data and projections. Moreover, while authorities confidently asserted that mobility heightens inequality, produces social conflict, and undermines counter poverty measures, none of the municipalities under study could persuasively link movement to employment rates, expenditures, income, or labour dynamics. Work by the Gauteng City Region Observatory has gone someway to counter these shortcoming in Gauteng (and for Johannesburg), but many officials’ perceptions are remain informed as much by myth as facts.

There are various technical, political, and psychological reasons for these gaps. One Executive Director for Economic Development argued that Statistics South Africa (StatsSA) simply does not have data available at the metro level. However, when questioned, StatsSA indicated that they do provide census data to official bodies when requested to do so. While the available data are far from ideal, the primary issue appears to be analytical skills. Indeed, even the larger municipalities rarely have units or even people dedicated to collecting and managing population data or making existing data available for use. Rather, directorates or departments independently use different sources of information – when they use data at all – for programming and planning. Moreover, officials rarely draw on the same data sources. One may use information provided by StatsSA, others on a consultant’s demographic analysis, while some turn to academic research, service accounts or unverified internet sources. Even when calling on nationally generated data, officials struggle to make sense of it. Again, while the ACMS previous engagement with the Johannesburg Migration Advisory Committee and other representatives suggest there remains a lack of clarity over who is responsible for collecting data on human mobility, who should be disseminating it within government, and the processes which can ensure it feeds into strategic planning.

In some of the municipalities studied by the ACMS there were frequently repeated stereotypes that directly contradicted available evidence on urban growth rates and the numbers and impacts of...
international migration. Part of this is rooted in biases bureaucrats bring with them to their jobs which is hardly surprising given widespread xenophobia across South African society. In some instances, authorities consciously turned a blind eye to evidence of an indigent population that was expanding due to migration and natural growth out of fear that by recognizing these communities, they would be held accountable for providing services to them. By bureaucratically suppressing an expansion of the official ‘indigent’ population, the population they are to serve becomes more manageable and developmental objectives more easily achieved. Officials’ fears about incorporating growing populations into planning are rooted in concerns that without adequate budgetary support, they will be held accountable for a job they cannot effectively complete. Ancillary concerns that providing better services to migrants would encourage future movements bolstered these tendencies. ‘The more houses you build, the more the influx,’ in the words of one executive director for Corporate Services.

The result of the processes described above is that IDPs reflected little mainstreaming of population dynamics into planning processes. In most cases, demographics were simply mentioned as an element of background, not as the basis for development plans.

A further limitation in the response to migration relates to the participatory processes of local government. Under the Municipal Systems Act (2000), participatory planning again appears a primary means of channelling the needs of ‘marginalized groups’ into Integrated Development Plans (IDPs), five-year programmes which flag municipalities’ development goals. Despite its obvious merits, the emphasis on participatory planning has created incentives for excluding the interests of migrants and discouraging officials from using available data to plan for them. Community members rarely ask municipalities to dedicate resources to future, potential residents when they face current acute needs. Also, given public attitudes towards migrants and a limited knowledge of migration dynamics, bureaucrats and politicians are unlikely to insist that resources be dedicated to an unpopular group of potential residents. Indeed, under current practice there is no effective way of gauging the needs of people who are likely to live in a municipality within the next five years. Given the rapid pace of transformation in many municipalities, this means that 10% of a city may have been excluded from planning simply because they were not yet there when the consultations took place.

Participatory planning’s second limitations lies in the, de facto, exclusion of migrants (domestic and international) and migration issues from public planning consultations. Part of this stems from confusion within the policy framework. If the White Paper on Local Government and the Municipal Systems Act insist on ‘residents’, the Batho Pele document, issued by the Department for Public Service and Administration to improve the quality of service, only refers to ‘citizens’ in the section devoted to local government participatory mechanisms. While these may only exclude non-nationals, even domestic migrants were rarely invited to participate in Community Policing Forums (except in parts of Tshwane and Nelson Mandela Bay), Stakeholders’ forums, Residents’ associations, or to meetings held by local ward councillors. While the ACMS found no overt prohibition on such participation – although such prohibitions have been anecdotally reported – almost all of the officials and community members interviewed indicated an almost total absence of foreigners and recent migrants in such fora.

The strong indications are that in local government in South Africa the realities of transnational migration are poorly understood and indeed largely ignored in policy and planning processes. Johannesburg may be the partial exception to this but it is clear that even in this context far more could be done to mainstream issues of transnational migration into planning and developmental processes.

A major blockage in developing a proactive and positive response to transnational migration is a
widespread perception within host societies and bureaucracies that more migration means fewer resources for long-term residents. This perception needs to be properly addressed through empirical research and clear communication to long term residents. While there clearly are instances where indigent people arrive in a city as political or economic refugees and may require support from a host society for an extended period, the international evidence suggests that overall migrants bring skills and entrepreneurialism and expand the output and employment base of the host society. Where the host society engages proactively with the migrant communities, the scale of benefit is enhanced. As such, migration policy must be managed as a strategic planning and development issue, rather than being viewed negatively as a problem that needs to be reversed.

In the context of transnationalism it is necessary to rethink notions of rights and obligations at a local level. To perpetuate the divide of “citizens” and “aliens” in the local space will arguably result in a large segment of the population having little sense of obligation to the space and society in which they are located.

The legal concept of citizenship is defined at national level and the evolution of notions of citizenship in nation states across the world to take account of the realities of transnationalism may take time. However, at local level there are opportunities for an informal or not-yet-formalised repositioning of citizenship. Sassen (2002b) identifies global cities as the space where this is most likely to happen, as this is where communities are most likely to be transnational in their identity and behavior – “the global city is a partially denationalized space that enables a partial reinvention of citizenship” (p.6).

The local state does have the power to influence definitions of local citizenship – it can help shape the bundle of rights, obligations and allegiances within a locality. Specifically, through civic practice the local state can promote greater loyalty and involvement from transnational migrant communities, without denying the allegiances that these communities will continue to have with other places. A smart municipality will take productive advantage of the existence of a web of interrelationships tying its locality to other place, and will therefore embrace rather than renounce or ignore the reality of transnational, multiple, evolving identities.

The advantages of an urban citizenship that is more inclusive will be:

- A greater sense of responsibility towards the city from migrant communities;
- Access for the city to a range of transnational networks.

The key areas in which local government must play a role are:

- Expanding civic participation and membership
- Increasing migrant access to services which include education, health, housing and social support
- Supporting transnational connections through investments in communication technologies
- Using transnational ties to increase culture exchange, trade and investment.

The key question is how to facilitate local political and bureaucratic ties to transnational migrant communities, and thereby increase the responsiveness of the local polity to transnationalism. In Chapter 8 (of what?) there is a proposal for dialogue forums at local level with communities of different national backgrounds (NPC 2012, p. 291). The existence of migrant networks and associations does provide the basis for engagement. However, engagement does not necessarily translate into real institutional responsiveness. It is necessary to find ways to give transnational communities an actual voice in the polity. While transnational migrants may not have voting rights there could be requirements for formal consultation in IDP and budgeting processes, and provision for observer status in Council and Ward committees. Without building some form of representation for transnational communities into political structures of local government, it is only the
transnational communities which wield a degree of economic power that will receive the sustained attention of the local state.

In Johannesburg, the creation of a Migrant Advisory Committee after the xenophobic violence of 2008 was a positive step but this move arguably needs to be sustained, up-scaled, and complemented by a range of other measures that give transnational migrant communities a real voice.

Local governments are often constrained in their efforts to engage with transnational migrant communities because of their involvement in enforcement of national immigration policies and regulations. Raillant et al (2013) argue that it is precisely because local authorities are “not burdened, for example, by national policies and interests regarding border control, return and readmission” that they “are able to set migration in a new and positive light”. There is arguably a need to distinguish clearly between the role of nation government in policing national boundaries and regulating national citizenship and the role of the local state in providing for the needs of all its residents. In countries including Japan, South Korea, Italy and Spain there is a de facto division of labour with national government regulating immigration and local government focusing on migrant support and integrating migrants into host societies through “employment and housing assistance, language programmes, cross-cultural activities, education for immigrant children, health care and insurance, welfare benefits, and local political representation” (Tsuda, 2006, p. 6). In Japan, for example, national government has tightly regulated immigration policy but a number of local government actively promote policies of local citizenship for immigrants. In the United States there is a division between local authorities that actively involve themselves in immigration enforcement and policing, and those which do not involve themselves in the national citizenship status of local residents (Walker & Leitner, 2011). Leading cities globally that have explicitly adopted an inclusive urban citizenship approach include Montreal, Canada, with its “Charter of Rights for Urban Citizens”; London with its “London Citizens” campaign.

Drawing on this international experience, there is a strong principled and pragmatic argument to be made that the local state should take account of “persons qua persons, rather than persons qua citizens” (Lee 2010,) and leave the of immigration laws to the national police and relevant national department. The focus of local government should arguably be providing services and support to all resident and on deriving maximum benefits from transnational presence in the locality. The local political leadership can make it clear that that formal citizenship is not a prerequisite for access to local programmes, benefits and services.

There are a range of services that local government does perform. Housing policy excludes non South Africans from being recipients of give-away houses and there are, arguably, sound reasons for this. However, if provision is not made for migrant accommodation, the likely result will be increased overcrowding and slum lording in the inner city and other areas, and growth of informal settlements. The needs of the transnational migrant communities do at least need to be accommodated within local government’s rental housing policies.

The IOM argues that there is a critical role “for schools, ministries of education, and social welfare agencies in supporting migrant families, and children, in particular” (IOM 2010). In the South African context education is not a local competency, and so provincial government has a key role to play, but local government does engage closely with a range of welfare agencies and so can facilitate support for migrant families. The IOM (2010) also makes the point that ensuring wider access to communication technologies can assist families in maintaining relationships across boundaries.

The IOM also refers to the need to support the welfare of transnational families through policies that
allow the transferability across borders of benefits such as health, and unemployment insurance and pensions. This would largely require national policy, and in the case of Johannesburg many of the migrants do not, in any event, have these benefits in their home countries. There are however other opportunities for migrant support. Because transnational migrants are at risk of ethnic or cultural discrimination, local government has a role, for example, in countering negative attitudes towards people with a migrant background through a range of interventions.

Migrant health has become a major area of concern. There has been significant work in this field by the ACMS and particularly by Jo Vearey and Ingrid Palmary. The work shows that migration is a determinant of health that may mediate health outcomes but also indicates that it is not migration alone that makes the difference. Indeed, we often observe a “healthy migrant effect” whereby recent arrivals’ health is initially better than that of the local (i.e., host) population and the populations in their sending communities. However, this positive health typically deteriorates over time as migrants tend to express health status more comparable to those surrounding them (see Lu 2008; Malmusi, Borrell et al. 2010). Two critical aspects of migration underlie this finding. First, healthy individuals are more likely to migrate. Second, the social, physical and economic conditions in the destination – in this case, the city - negatively impact migrants’ health over time.

Gender is a key factor influencing the social position of migrants in Johannesburg. ACMS data show that South African women are increasingly migrating on their own, without a male partner (Nunez, Vearey et al. 2011). This results in a range of reproductive and productive responsibilities as female migrants maintain reproductive and caring roles in the household of origin (Nunez, Vearey et al. 2011). Female internal migrants, who are likely to head households and reside in informal neighbourhoods in Johannesburg, are found to have larger households and more children resident in their homes in the city than households headed by cross-border migrants (Vearey, Palmary et al. 2010; Nunez, Vearey et al. 2011). Many internal migrants are female and likely to report themselves at risk of HIV (Vearey, Palmary et al. 2010). These internal migrant women are more likely to reside in urban informal settlements where HIV prevalence is double that of other urban areas (Shisana and Simbayi 2002; Shisana, Rehle et al. 2005).

Nationality is known to determine health outcomes through marginalisation, discrimination and exclusion (Solar and Irwin 2007). As noted in the previous pages, xenophobic and anti-foreigner sentiments present multiple challenges to non-nationals living in Johannesburg (Misago, Landau et al. 2009). Whilst differences in ethnicity can affect South African internal migrants, cross-border migrants who share the same ethnic background as some South African groups experience discrimination as a result of their “non-national” status, and both groups may face challenges due to originating from somewhere else in the country or region. Data indicates that cross-border migrants face the biggest challenges in accessing free public healthcare in Johannesburg (Vearey 2011). Additional factors mediating health outcomes are education levels and income with education determining health by reflecting socioeconomic position, knowledge and skills, and therefore the ability to engage with health messages and healthcare services (Solar and Irwin 2007).

An additional - and critical - determinant of health is food security, which is an outcome of an individual’s livelihood system. The ACMS has found that food security is strongly associated with migration status but, significantly, indicates that cross-border migrants have a higher level of food security than internal migrants.

It is these and the many other factors and complexities addressed in the work of the ACMS and others that local government must take account of in supporting the health status of migrant. While hospitals and some clinics are not a local competency, aspects of primary health care are, and there are significant opportunities for local intervention in this area.
Beyond household services, local government can play a role in assisting cross-border migrants in integrating into the local society and economy. They can provide support with information, language skills, legal recourse, vocational training, access to employment, and other livelihood opportunity. These interventions can assist in developing amongst migrants a sense of connection to – and thus responsibility for – the host city.

Local authorities can however also work to ensure that these increasingly stable cross-border migrant communities assist local society through cultural exchange, and assist the local economy through cross-border trade and investment. Migrant and migrant associations potentially offer a rich array of information, contacts, expertise and knowledge about their countries of origin. Transnational migrants are potential allies and partners in local development processes. They bring to a city human capital, social capital, entrepreneurial capital, and financial and investment capital.
10. CONCLUSION

As long as Gauteng and Johannesburg retains their pre-eminent economic position within southern Africa – an ambition shared by the City and the Province – human mobility will remain a key characteristic of its socio-economic landscape. Indeed, given its catchment area and the youthfulness of its current population, Johannesburg’s growth rates are likely to remain modestly high for at least the next twenty years. The more successful Johannesburg is in generating employment and combating poverty, the more people will likely move to the city. This will remain so regardless of policies intended to slow or accelerate domestic and international migration.

National, provincial or national migration policies are unlikely to significantly affect the total numbers of migrants in the province but policy regimes (including implementation) will significantly impact on how mobility influences the province’s and the city’s developmental trajectory. An effective policy framework will not guarantee that migration will have positive economic or social effects, but it can promote material and social investment in the Province. Conversely, Gauteng or Johannesburg’s failure to develop and implement a well-informed and pragmatic approach to migration will ensure lost economic opportunities, insecurity, less accountable institutions, and a reduced ability to achieve benchmarks across a range of economic, social, and political fields.

It is important to recognise however that migration cannot be addressed effectively as a stand-alone issue. Human mobility affects all economic, social, and political processes and should be incorporated into all projections and policy considerations. Effectively addressing migration will also require a coordinated approach that bridges departments and the three spheres of government. The Province is also encouraged to work with SADC and other bodies to develop an effective regional international migration regime.

To realize the considerable positive opportunities offered by a transnational migrant presence more structured forms of engagement between migrant communities and the city administration are required. The City of Johannesburg has generally taken a positive and progressive line on cross-border migration, beginning with the establishment of a migrant help desk. The City of Johannesburg’s (CoJ) 2011 draft “Policy on integration of migrants” highlights the importance of both domestic and international mobility, the need to fight xenophobia and conceptualises integration as “a two-way process that involves both new arrivals and the local people” (CoJ 2011a: 8,10). Albeit at times somewhat hesitant about migration (considering it one of the “major drivers of uncertainty”), Johannesburg’s 2040 Growth and Development Strategy recognises that migration to the city brings both challenges and opportunities and that that “building social cohesion and creating spaces that allow for multiple expressions of this rich diversity is an ongoing priority for urban governance role players.” (CoJ 2011b: 6,8). The document also includes a discussion on “valuing diversity” that highlights the contribution of migrants as well as potential conflict related to mobilisation around differences, such as xenophobic violence (CoJ 2011c: 30). This provides a strong basis for a stronger and bolder initiative to maximise the benefits of the transnational migrant presence, and for branding the city in word and deed as diverse and inclusive.

---

8 The work of the ACMS suggests that the City of Johannesburg’s progressive approach stands in stark contrast to the national policy environment which remains focussed on divisions of race and class, rarely considers the social implications of mobility and generally ‘excludes’ foreign nationals from South Africa’s social cohesion project.
References for Sections 7, 8, 9 and 10


1C: CONCLUSION - SUPPORTING LEGITIMATE LIVELIHOODS
11. CONCLUSION

This report has attempted to cover in some detail the prevailing international and local literature regarding the so-called informal economy (especially informal street trade), transnationalism and xenophobia, and has attempted to relate this to a range of other urban issues which can be linked through the idea of livelihoods.

By way of conclusion, a number of important themes are provisionally re-iterated here, as ways to frame the way policy could be developed, with four key words (capitalised).

11.1 Informal sector livelihoods are legitimate livelihoods – the need for a changed MIND-SET

As livelihoods in the formal sector are eroded, as unemployment increases, and as populations grow (whether naturally or through different forms of migration), even in the most optimistic of scenarios, many people – especially the young – will face long term and systemic un- and/or under-employment in the city. For these people, the so-called informal economy provides a legitimate and viable livelihood option. For example, through trading on the streets in inner city Johannesburg, many people have been able to support their families and even send children to university.

The international literature, as well as the South African experience, reviewed above, demonstrate that the informal economy can be an incubator for future economic growth. However, this does not mean that all informal traders are, will become, or should be, entrepreneurs. Indeed, the literature suggests that the possibility of this occurring in South Africa is severely restricted by a number of issues, some institutional, others connected to the nature of wider economic opportunity.

The literature also clearly demonstrates that the informal sector provides the safety net for households – keeping them from poverty, and providing the opportunity for social mobility across generations. Thus, while individual actors may not become entrepreneurs, but they may be able to support their sons and daughters through education to become the next generation’s entrepreneurs.

So-called informal economic activity thus has multiple roles to play that still need further examination in the specific context of South Africa, the Gauteng city-region and the City of Johannesburg. But what is clear is that most of these roles are socially and culturally legitimate as well as critically important in political economic terms.

This is why this research approach has since its inception suggested the introduction of the term ‘Alternative Formalities’, as a way of avoiding the pejorative associations with the term informal, and the often negative consequences of the associated definition of what this leads to in practice. Breaking the binary of ‘formal-informal’ means a more nuanced approach to what is desirable or not desirable – and by whom – and undermines the essential basis of the definition of the informal as that which is not regulated (more often than not due to incapacity to adequately understand and better regulate).

Thus, if we consider the practices of the poor in attempting to engage in the urban social economy as legitimate forms of urban activity, then the emphasis in policy making and implementation needs to shift from enforcement to support with a key role for city authorities.
11.2 The city in its context: the need for wider and deeper UNDERSTANDING

While focusing on the inner city, the above review of both the international and the South African literature has also demonstrated that the so-called informal sector is an entry point into the urban economy for people extending well beyond the limits of the city itself. Nevertheless, those accessing the city from beyond its limits face a range of exclusions, quite apart from the social and economic hardships associated with often transient and mobile livelihoods. Xenophobia is not just experienced by foreigners to South Africa. ‘Outsiders’ from across the country are also the victims of discrimination and exclusion in many ways – and far out-number non South Africans in the sector.

However, what the literature also tells us – and in marked contrast to much of the media representation which continues to underpin xenophobic attitudes – is that migrants (whether national or international) generally create economic benefit for the city. Apart from creating employment and economic output, even those that stay for a short while bring goods, services and money into the urban economy. Johannesburg as a regional economy gains far more than it loses from the transnational and translocal networks of trade that flow through the city – much of it in the so-called informal economy. The allied social benefits are also widespread, if often based at a low economic level, supporting family livelihoods in Johannesburg and well beyond.

More thus needs to be investigated on such wider impacts on the city, city-region as well as national social and economic situation, building on the international and national knowledge this report has tried to capture. The report thus can serve as a way to identify key issues to frame further directed research.

11.3 Supporting livelihoods extends beyond individuals: stimulating the potential wider knock-on IMPACT

The so-called informal sector, however, reflects many of the inequalities already prevalent in our society, as documented in recent international literature on (especially women) street traders. This highlights that the survivalist element of these economies is dominated by women and the youth – two vulnerable constituencies in our society, the latter of particular importance due to its proportional demographic importance in this period – socially, culturally and politically, as well as economically.

By its nature the sector is also very opaque – as it is unregulated by definition and often driven to marginalisation and/or secrecy because of the prevalent negative image - and hence is relatively unknown. In addition its nature tends to fragmentation – and as such it is notoriously poorly organised and thus even more subject to exclusion, violence and exploitation. In this context strict enforcement of regulation based on limited understanding, such as existing municipal by-laws, exacerbates the precariousness of the sector, making it much harder for government to access at risk individuals and communities, or for those involved in the sector to negotiate with government.

In this sense, the international literature has highlighted good practice which shows that city administrations which have adopted supportive rather than repressive regimes have been able to improve a whole range of welfare indicators: nutrition, health, HIV testing, early childhood development improvements etc. By creating conditions for safe trading, such as access to amenities, proper security, and ancillary services, authorities have been able to target public health and welfare concerns that are not directly connected to issues of trade. These are often not top-down initiatives, but ones that grow from socio-political inclusion through organization-building within the sector.
11.4 Establishing new socio-political RIGHTS TO THE CITY

As we have seen through the literature – and especially the recent South African experience under apartheid – the realpolitik connected to the informal economy is one that goes beyond simply the right to trade at a specific place. It is a more general politics connected to the rights and opportunities afforded by access to the urban social economy. In a context of declining formal employment and harsh apartheid legislation, black South Africans were able to maintain a precarious foothold in the city through the illicit and always-repressed livelihoods that were generated from forms of ‘informal’ economic activity.

With the ending of apartheid, the urban poor staked a claim on the physical space of the city as a context for livelihoods – but also as an expression of freedom from oppression. The context for continued socioeconomic engagement in ‘informality’ by the majority is not because of legal oppression per se, but is still seen as something which is not desirable by many, especially government. However, in the wider context of limited state capacity to supply, and similar limitations in ‘formal’ sector, the ‘informal’ sector fills gaps in relation to demand as well as supply.

What thus becomes problematic is when the ‘gap’ between government’s aspirations and its capacity (or that of the ‘formal’ sector), leads to new forms of oppressive action and exclusion. In this context therefore, providing key services in face of demand in – for instance - the inner city is not just about the right to engage economically but the right to benefit, as others in society, from all that the city has to offer.