



Formal policies and informal power:

Johannesburg's street traders

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Local governments who hope to rescue their residents from undemocratic, informal control need to improve their understanding of power dynamics within their cities. If they do not, they may reinforce unequal relationships which they wish to change.

Johannesburg's Informal trading policy

The informal trading policy of the City of Johannesburg (COJ) is a case in point: it aims to remake the appearance of the inner city, and transform power relationships. The policy has two key elements.¹ It seeks to remove traders from the streets, and to place them in council-provided markets which have appropriate infrastructure and services because this is said to end the negative consequences of street trading for the inner city environment.² It also aims to develop informal trading into a more dynamic and commercially viable activity for those who earn their living from it. According to the COJ, this policy seeks to 'develop street trading and informal traders into a new mercantile class who operate in a semi-formal retail environment even though this ... differs in character from traditional white suburban retail trading environments'.³

But the council also has an important political purpose, which is to free informal traders from networks that undermine their interests. It says traders are vulnerable to protection rackets which oblige them to use uneconomic transport, storage facilities, and bulk supply networks.⁴

The COJ is thus attempting to address a crucial problem of informal and undemocratic power holders. As long as they hold sway, our cities are not fully democratic, because citizens who are subject to them cannot exercise the rights to which they are entitled and which are afforded by a free market

However, the council's well-intentioned vision may not reflect what is needed to free traders from informal power, but rather the views of other interests such as business who support the COJ's desire to ensure that Johannesburg becomes a 'world class city' by 2030, a goal which the street vendors are seen to obstruct. The Johannesburg 2030 document argues that, as the formal job-creating capacity of the city improves on the back of increased investment and growth, the informal sector will shrink,⁵ despite strong local and international evidence that we will experience a growth in the informal economy because of changes in the production process.⁶ The document assumes that informal trading is a temporary problem which can be solved by changing the trading environment. But converting traders

June 2003

Published by the
Centre for Policy Studies
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Parktown
Johannesburg

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This study forms part of
a multi-country study on
poverty and political
community, sponsored
by the Centre for the
Future State, Institute of
Development Studies,
Sussex University.

This publication has
been funded by the
Friedrich Ebert Stiftung.

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from 'survivalist' to 'entrepreneurial' is not that simple, and the COJ's approach is likely to enforce the power relations, which it is designed to dismantle.

The council has completed and is operating four markets under the management of a Metro Trading Company (MTC):⁷ Yeoville, Hillbrow Penni, Metro Mall, and Jeppe. Three criteria need to be fulfilled to trade in them. Prospective traders have to be South African citizens or in possession of a permanent resident permit; to have spent time trading in the streets around the designated markets; and pay for the space provided by MTC, which is a profit-making company.⁸ These are translated into a point system, and the sites in the markets are allocated to those traders with the highest points. But informal power may be stronger than the COJ assumes.

Aspects of informal power relationships

The criterion for the allocation of sites to traders who have been on the streets for longer periods may have unintended consequences. How does the council arrive at these decisions, as there are rarely reliable records, if any – there is, of course, a lack of record keeping in the informal economy? If the only sources of information are controlled by informal power holders, sometimes operating through traders' associations, they will retain the right to decide who trades in the inner city and so retain their power over traders. In Pretoria, one association was made responsible for selecting who was to be given sites.⁹

Rentals are also a concern. This criterion favours more affluent traders, who might also be more organised, and exert influence at the expense of those who are poorer and less organised. Studies suggest that those who participate in and lead informal trader' associations tend to be more educated than the average trader. An unintended consequence may be to bring back protection rackets as moneylenders to those who cannot pay. They would then retain their power. The MTC is well aware that most of the traders are not making enough money. But its apparent hope that those who will be excluded from the market will cease trading might not be realised. Despite their meagre earnings, most street traders have shown a determination to continue working in the sector: the majority are from places where living conditions are worse than those in the inner city.

The attempt by the council to create an entrepreneurial class out of the 'survivalist traders' might not be as easy as it assumes. Those with resources are more likely to take over if there are prospects that the market will be profitable. Two cases come to mind: those who started operating the minibus taxi industry were mostly re-trenched workers who had no alternative but to carve out a space in the informal economy. But when the industry became lucrative, new entrants entered it, including people with formal employment or who owned formal sector businesses. The RDP housing programme is another example: recipients of subsidised 'RDP' houses have reportedly sold them to well-off buyers, and returned to shacks. These

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cases suggest that official interventions which offer a potential to make money might not attract only the poor, and may be taken over by more affluent groups.

The unequal distribution of resources among people participating in the informal economy suggests that some workers are more vulnerable to manipulation than others. The COJ's informal trading policy reflects the interests of a minority who attend meetings with the council. Council reports suggest that more than 60 per cent of traders are not organised into organisations or unions.

Information gaps

Little is known about the intended recipients of council policies, who are usually dispersed and unorganised. The council cannot know whether those who attended meetings are representative of the traders. Recent field work in Durban by the Centre for Social and Development Studies of the University of Natal found that most associations active in the informal economy do not update their membership numbers after an initial intake. Only one union was found to have an active membership that was updated every year.¹⁰ Structural constraints make it difficult to organise in the informal sector, raising doubts about how representative associations are.

The council needs to accept in theory and practice that those participating or intending to participate in the informal sector are from very diverse class backgrounds. These need to be reflected in government policies. It must be accepted that not all participants in the sector are poor. There is also a need to identify and address other obstacles, such as gender, that prevent the poor from participating in decisions that affect them: 'If local governments approach street trading without an explicit awareness of the specific gendered nature of this sector those with the least voice and power, the poor and particularly poorer women, will further be marginalized.'¹¹

Attempts to ensure that those in the informal sector enjoy the benefits of democratic participation in city life must recognise that there are power relations specific to the informal sector that need to be addressed.

It is therefore important to understand under what conditions informal workers are able to come together, despite their heterogeneity, and, conversely, what pulls them apart even after they have been successfully mobilised.¹² We are still to determine the causes of 'apathy' for more than 60 per cent of the traders, as well as what benefits accrue to those who are organised. If this task is crucial to researchers, it is equally pressing for municipalities concerned to ensure that their citizens are not subjected to unaccountable informal power. Finding a way in which the poor engaged in informal trade can acquire a voice is an urgent task: far more contact with informal traders and thought on their circumstances is required. Far more is required than the removal of traders to neat, formal, environments.

ENDNOTES

- ¹ City of Johannesburg, Informal Trading Development Programme, p 2.
- ² Ibid. According to the council, the negative consequences of informal trading are: 'the obstruction of pavements, large volumes of litter, dirt and often unsatisfactory waste products, traffic congestion, unfair competition for formal sector business, crime, an unhygienic environment and a general deterioration and dilapidation of key areas and nodes'.
- ³ Ibid.
- ⁴ Graeme Götz and Abdou Maliq Simone, On belonging and becoming in African cities, unpublished paper.
- ⁵ Ibid.
- ⁶ D Gallin, Propositions on trade unions and informal employment in times of globalisation, *Antipode*, Geneva: Global Labour Institute, 2001, pp 531-549.
- ⁷ The Greater Johannesburg Metropolitan Local Council established the Metropolitan Trading Company (Pty) Ltd in April 1999 for the main purpose of the development, management, marketing and business development of informal trading markets. The MTC was conceived as a profit-driven company that would develop and manage markets at key locations in the inner city of Johannesburg. Shares were to be held by a variety of shareholders. The council was to hold equity in the company mainly in the form of land-related assets.
- ⁸ Interview with Keith Atkins, CEO, 17 February 2003.
- ⁹ See Caroline Skinner, Getting institutions right? Local government and street traders in four South African cities, *Urban Forum*, 11(1), 2000.
- ¹⁰ Interview with Caroline Skinner, 14 March 2003.
- ¹¹ Ibid.
- ¹² Bishwapriya Sanyal, Organising the self-employed: the politics of the urban informal sector, *International Labour Review*, 130, 1991, p 45.