

# TRADING IN SOWETO

By

Sandra de Montille

Submitted to the University of Cape Town in partial fulfilment of  
the requirements for the degree of Master of Arts in  
Environmental and Geographical Studies

July 1990

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## ABSTRACT

The present study aims to examine the history, role and functions of trading in Soweto. The study documents the development of black trading in South Africa from the turn of the century to the mid-1980s. The imposition of increasingly restrictive legislation and negative attitudes towards black trading through the mid-1970s led to the development of small-scale, illegal trading operations, especially hawking. During the 1980s the restrictive legislation was relaxed and attempts, both legislative and financial were made to foster black business.

The contemporary structure, form and functions of Soweto as an entity, and as part of metropolitan Johannesburg, are outlined. This is used as a backdrop to the discussion of the legislative constraints and case study analysis of trading in Soweto.

The literature review examines the contributions of both the diffusionist paradigm and its offshoot, reformism, as well as various strands of the Marxist paradigm to studies of trading in Third World situations. The chapter then turns to an alternative construct, structuration, as a framework within which to place the study of trading in Soweto.

The core of the study is a case study of trading in Soweto. To this end both traders and consumers are scrutinized and traders are ranked along a continuum from petty traders, small-scale and often illegal and mobile; to large-scale, formal, sanctioned traders. To carry out this analysis four areas were selected from the townships of Soweto, in pairs of contrasting socio-economic levels, and with two of the areas containing nodal concentrations of shops. The areas are Diepkloof, Dube, Moletsane and Pimville. Questionnaire interviews were conducted with consumers selected by systematic sampling of houses in the pre-selected areas, with traders

operating from formal business premises, who were identified through the consumer survey and through fieldwork.

The case study profiles the characteristics of formal and petty traders and investigates the differences in character between food, clothing and alcohol traders. Next is an investigation of the traders in Soweto in the context of metropolitan Johannesburg. An attempt to determine the degree to which petty traders are functional or alternatively dysfunctional to capital (i.e., formal enterprises) is undertaken. The theory of structuration is explored to investigate the actions of actors, namely traders and consumers. Legislative, economic and political institutions are examined as structures which may be both constraining and enabling for these actors under different circumstances.

It is concluded that considerable diversity exists among the traders in Soweto and that, although government policy has moved from repression to active support of black businesses, the actual number of "formal" traders in Soweto has declined in recent years. The functionalist argument that petty traders provide low-cost goods which sustain the low wages paid to employees of formal enterprises, is not borne out by the data. It is felt, however, that the State benefits from the existence of petty traders as they ameliorate the need for a well-developed welfare system. Similarly, this group's demonstrated capacity to produce employment opportunities is seen as a survival strategy rather than part of a sustained development of the urban economy. The analysis of the actors in the context of structuration in this study adds an important dimension to research beyond that offered by structural-functionalist accounts of the Marxist paradigm. Future research on trading in Soweto and in other geographical locations may be profitably enhanced by the adoption of a structurationist perspective.

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## INTRODUCTION

The geography of trading is primarily concerned with the ways in which demand for and supply of goods and services in market economies are spatially organised. The process, on the one hand, gives rise to purely physical phenomena in the landscape, such as the physical structures involved in retailing and wholesaling and the physical movement of commodities from producers to consumers. On the other hand, it generates patterns of consumption and behaviour of individuals and groups which ramify widely in the life circumstances of communities.

Much research in the field has focused on the relationship between business centres and their surrounding trade areas and has addressed the issue of a theory of retail location. An extensive body of literature which is rooted in the study of trading in Western cities has been produced. Representative studies are, for example, those of Berry and Garrison, 1958; Berry, 1967; 1988; Christaller, 1966; Huff, 1963; Isard, 1956; Golledge and Brown, 1967, which investigate the "formal" band in the spectrum of trading activities.

In the early nineteen seventies a realization grew that such work was not wholly appropriate to conditions prevalent in cities of the developing countries, and as a result alternative schools of thought emerged. They have focused on the so-called "informal sector" of the urban economy, which forms part of the wider field of development geography. Within that context, studies of trading fall into several broad categories. The first is a group of studies which stress the positive role of "informal" activities in the production of income and in generating employment opportunities (International Labour Office, 1972; Hart, 1973; McGee, 1974, 1976; Sethuraman, 1981). The "informal sector", it is argued, embodies a set of beliefs and attitudes favourable to development. Included is a belief in the

work ethic as a means of securing a greater income, self-reliance and the determination to succeed in spite of overwhelming obstacles (Bromley, 1981; Sethuraman, 1981). Proponents of this school who seek to ameliorate urban poverty, believe that "reforming" or positive policy prescription will enable the "informal sector" to absorb the unemployed and generate significant income opportunities (Moser, 1978).

The second, more radical school, contains studies which focus on the issue of whether small enterprises are indeed able to expand or alternatively, whether they are able to confront apparently immovable economic and legislative constraints to their growth. This school of thought stresses the idea that the informal sector has a limited internal dynamic of its own and that the potential for the accumulation of capital is constrained by structural factors of the wider socio-political formation (Bromley, 1978a, 1978b; Gerry, 1978, 1979; McGee, 1978; Moser, 1978; Forbes, 1981a). The urban economy is conceptualized as a continuum of activities with the petty commodity producers of the informal sector operating on the fringes of the capitalist sector as an integral but subordinate form of production (LeBrun and Gerry, 1975; Moser, 1978; Gerry, 1979). The inability of petty commodity producers to significantly increase incomes is ascribed to the functional role which such activity is said to play within the capitalist mode of production.

Some writers claim that informal activity serves to reduce the reproduction costs of wage labour (Williams and Tumisiime-Mutebile, 1975; McGee, 1979). Others challenge this view and maintain that petty commodity production serves as a means to overcome the problems of low wages paid by capitalist employers. Resistance to exploitation by capital has been advanced as a disfunctionality thesis (Moser and Young, 1981; Rogerson and Beavon, 1982a).

In the body of literature relating to the informal trading sector much of the discussion is developed at a theoretical level with little empirical backing. Those studies which are supported by empirical analysis have provided the greatest insights into understanding the dynamics of this type of economic and social activity. Such works include those of Moser (1977), Bromley (1978), Gerry (1978), Moser (1980), Forbes (1981), and Kennedy (1981) amongst others.

Trading in South Africa, a developing country, exhibits both "formal" and "informal" activities in the urban economy. Many studies of trading in South African cities have focused on the "formal" band of activities. In particular, they have been concerned with the structure and the character of the retail component in the white sectors of cities. Studies of Central Business Districts of the cities have been prominent. Attention has also been paid to the question of suburban shopping centre development in white areas of South African cities. Examples of such studies are those of Davies (1965), Mallows and Beinart (1966), Beavon (1970) and Rideout (1985). These issues are the subject of on-going research by planners, geographers and others and relate to matters such as the delimitation of Central Business Districts, their morphological characteristics, functional divisions, organisation, and spatial growth. Developmental problems have been important subjects of research.

There has been little comparable interest in the "formal" retail functions of black urban areas (Beavon, 1982). Few attempts have been made to comprehend the spatial patterns of retailing in such areas or to analyse the supply and market areas served by retail outlets, the range of goods offered, the merchandising procedures which they utilise, the linkages between suppliers and consumers and the economic strategies which they follow (Kitchin, 1978; Morris, 1980; De Coning, 1984; van Loggerenberg, 1985). Studies of trading in the context of the 'informal

sector' have been completed, the most notable are those of Maasdrop and Humphreys (1975), Webster (1979), Matsetela et al. (1980), and Rogerson and Beavon (1980, 1982a, 1982b).

The present study aims to contribute to the body of research on trading in black urban areas in South African cities. The focus will be on the trading activities of Soweto.<sup>1</sup> The specific objectives are firstly, to discuss issues which have controlled the development of trading in Soweto, such as the roles played by both the state and 'white' capital; secondly, to examine the contemporary pattern and character of the trading function in Soweto in terms of the supply and demand of retail facilities. The third objective is to analyse the characteristics of and the relationships between 'informal' and 'formal' traders in Soweto and to set these activities within the context of the wider economy of the metropolitan area of which the black townships form a part. The empirical data which underpins this analysis is drawn from a case study conducted in Soweto. The conceptual framework for the analysis is derived from the wider body of international literature which has been undertaken on urban economic activities in developing countries. From these findings the rationale for the fourth objective of the study emerges. This is a preliminary exploration of the concept of structuration as an alternative theoretical construct for the study of trading in Soweto.

Relevant literature generated by research undertaken within different ideological and paradigmatic frameworks is reviewed in chapter one. Particular attention is paid to the debate on the definition, structure, role and interrelationships of 'formal' and 'informal' economic activity. Questions of definition and modes of analysis and interpretation to be used in this dissertation

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1 The term Soweto, unless otherwise specified, refers to Greater Soweto which includes the areas under the jurisdiction of the Diepmeadow, Dobsonville and Soweto Town Councils.

inevitably arise from the debate, and this is an issue which is addressed in the literature review.

The second chapter traces the origins and development of Soweto as a black dormitory of Johannesburg against the background of broader state policy. The structural elements of Soweto are outlined describing the geographical and legislative divisions. The demographic characteristics of the population are described. Attention is paid to the economic characteristics and infrastructural services upon which they depend. An analysis of the historical development of trading in Soweto is the subject of the third chapter. The major issues addressed concern the processes which have limited black trading activity in urban areas. The roles of legislation and 'white' commercial capital in the development of trading in black urban areas in general, and particularly in Soweto, are assessed. The importance of shifts in state policy toward black urban trading is examined in the analysis and the functional and spatial outcomes of such policy shifts are demonstrated.

An examination of the trading facilities which exist in Soweto as of June 1987 is presented. This black dormitory with its large population, and notwithstanding its administrative status as a 'city', has a retail function which at best is rudimentary, and at worst is totally inadequate for the needs of its people. A model of the potential retail demand in Soweto is presented. A spatial analysis of the contemporary pattern of 'formal' and 'informal' retail activities in the townships is undertaken.

The empirical study of trading in Soweto is presented in chapter four. The aims and objectives are to describe and contrast the characteristics of both 'formal' and 'informal' traders. More specifically the aim is to investigate the linkages which exist between those aspects of trading in Soweto and trading in metropolitan

Johannesburg, to establish consumer behaviour patterns, linkages between traders in Soweto and the broader distributive trade, and the impact of retail facilities in metropolitan Johannesburg on trading in Soweto. A third aim relates to the relationship of petty traders to 'formal' traders in Soweto. Questions addressed are the subordinate functional ties which are said to exist between these traders and formal firms, the benefits which accrue to the government from the existence of petty traders, their capacity to generate employment and income opportunities and their resistance to exploitation as wage workers in metropolitan Johannesburg. Using these findings a preliminary exploration of the theory of structuration as an alternative construct for the study of trading in Soweto will be undertaken. The methodological procedures employed are described prior to analysing and discussing the data. The statistical and other methods used in the study are described in Appendix A.

The data base for the study was generated from questionnaires administered to traders and consumers in four preselected areas of Soweto. Copies of the questionnaires are shown in Appendix B. Other information relating to trading in Soweto was obtained from discussions with officials of organisations such as the Small Business Development Corporation, the Urban Foundation, the Diepmeadow, Dobsonville, Johannesburg, Roodepoort and Soweto Town Councils, the African Council of Hawkers and Informal Business (ACHIB), the Department of Community Services and the National African Federated Chambers of Commerce. In addition research discussions were held with private property developers and organisations dealing with traders in Soweto.

The conclusion reviews the present study in the context of the wider body of international literature, and of the findings from studies undertaken in South Africa. Avenues for further theoretical and empirical investigation are suggested.

## CHAPTER ONE: LITERATURE REVIEW

### 1.1 Introduction

Early geographical studies in North America and Europe traditionally approached trading as a purely physical phenomenon in the landscape. As such their work involved the physical structures of retailing and wholesaling, and the movement of commodities from producers to consumers. Trading was studied by geographers and others, as a function of supply and demand; on its role in urban morphology (Burgess, 1923; Hoyt, 1939; Harris and Ullman, 1945), the location of retail outlets based on central place theory (Berry, 1967, 1988), as related to spatial interaction theory (Reilly, 1931; Huff, 1963) and as the behavior of consumers (Rushton, 1969).

Although varying in emphasis and scope the underlying rationale of these studies is based on the classical economic theories of Smith (1723-1790), Malthus (1766-1834), Ricardo (1772-1823) and Mills (1806-1873). Significantly these theories embodied a concept of economic development which was to prove a major force when studies of trading were relocated in urban areas of the Third World. After the second world war the unequal development in and between the nations of the world became increasingly evident. Geographers began to explain the differences in levels of development, not only in terms of resource allocations but also in terms of the social, political and economic systems within which countries operate. Concomitantly these altered premises influenced the analysis of trading in the Third World. In order to contextually situate the study of trading in Soweto in a broader framework, it is necessary to examine the shifts in paradigm of development geography and the subsequent changes in approach to the study of trading in the Third World.

Soweto as a Third World urban place presents a character which is considerably different to both the city in the North American and European sense, and to its present day counterparts in developing countries. The close proximity to, but geographical separation of, Soweto from metropolitan Johannesburg has led to a tendency to regard the area as an independent city in its own right. In reality, however, Soweto is functionally an integral part of greater Johannesburg. Soweto exhibits a poorly developed network of retail stores that supply residents with their basic requirements. The rudimentary nature of this "formal" trading capacity is in response to the separatist legislation which has guided the evolution of Soweto as a place of temporary housing for black workers in "white" urban areas. In consequence the paucity of "formal" trading outlets in Soweto has led to a proliferation of illegal (or "informal") trading operations -- a characteristic in the urban areas of most developing countries.

The present chapter outlines the different paradigms which have informed scholars of development and examines intra-urban studies of trading in Third World settings in the context of those approaches. The neo-classical economic paradigm of diffusion and its outgrowth, reformism, are examined together with alternative radical schemes which include radical dualism, petty commodity production, and those based on the articulation of modes of production. Structuration theory is outlined as an alternative construct within which the study of trading in Soweto may be set. Finally, studies of trading within the uniquely South African context of black urban areas are examined.

## 1.2 Diffusion Theories of Development and Their Influence on the Study of Trading

The framework of theoretical understanding stemming from classical economics dominated conventional thought on development in the Third World until the early 1970's (Riddell, 1981). This school of thought not only asserted the superiority of the western experience of development, but assumed that development in the Third World would follow a similar course (Brookfield, 1975). The underlying assumptions are that development is linear, and takes place progressively from traditional- to modern-economies. Developed and under-developed areas are seen as essentially separate and functionally different spatial systems. The role of the state in the development process is regarded as one of benevolence (Browett, 1980). These assumptions are embodied in Rostow's (1960) influential work which uses indices such as Gross National Product to measure economic development and growth of nation states. Diffusion theorists assume that "enclaves" of modern economic activity are superimposed on undifferentiated traditional space economies and that a dual economy will evolve. During the process of development economic growth and development are expected to diffuse from the more developed to the less developed areas.

Geographical studies undertaken within this framework fall into broad categories (Browett, 1980). On the one hand are studies which emphasize differentiation in levels of development that result from different stages of growth and spatial transformations. Important components of these studies are models which demonstrate the stages in the progress toward national or regional spatial integration. Studies by Geertz, 1963; Taaffe et al., 1963; Friedmann, 1966 are examples. On the other hand, an important stream of writing in the diffusionist paradigm is that of the modernization school. Writers see development in Third World countries occurring in response to the diffusion of modernization from more

developed core areas to traditional or undeveloped areas (Berry, 1972; Gould, 1970; Riddell, 1970; Soja, 1968). In essence it is believed that development in the Third World will repeat the experience of the developed capitalist countries. Economic growth is considered to be an unchallengeable goal and development a linear, one-way process with modernization hindered by its setting in traditional societies (McGee, 1978).

The duality of economics in undeveloped countries identified in studies of the diffusion paradigm has been variously referred to as the firm - and bazaar - centered economies (Geertz, 1963); capitalist - and peasant-production (McGee, 1971) and the formal sector and informal sector (Hart, 1973). The work of Hart is regarded as the forerunner in studies of the so-called informal sector.

Hart's (1973) work on Accra differs from the earlier dualist models of Geertz (1963) and McGee (1971) in that he identified new income generating activities in the informal sector (Table 1.1). A significant notion in that work is the view that economic activities shift from the informal to the formal sector thus reducing participation in what was perceived as economically inappropriate informal sector activities (Moser, 1978).

The informal sector came to be seen as a sector in which the economic activity is small scale, entry is relatively easy, and that activities operated in unregulated, competitive markets. Enterprises in this sector were seen to be typically family-owned, reliant on indigenous responses and making use of labor-intensive techniques of production. By contrast the formal sector was characterized as being difficult to enter, large scale in operations, capital intensive and prone to the use of imported technology and formally acquired skills. Tariffs, quotas and licenses protected its markets (I.L.O., 1972).

**Table 1.1: Income Opportunities in a Third World City  
(Hart, 1973, cited in Rogerson, 1985)**

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**Formal Income Opportunities**

- (a) Public sector wages
- (b) Private firms (wages, dividends, etc.)
- (c) Transfer Payments - pensions, unemployment benefits

**Informal Income Opportunities: Legitimate**

- (a) Primary and secondary activities - farming, market-gardening, building contractors and associated activities, self-employed artisans, shoemakers, tailors, household manufacturers of beer and spirits.
- (b) Tertiary enterprises with relatively large capital inputs - housing, transport, utilities, commodity speculation, rentier activities.
- (c) Small-scale distribution - market operatives, petty traders, street hawkers, caterers in food and drink, bar attendants, carriers, commission agents and dealers.
- (d) Other services - musicians, launderers, shoeshiners, barbers, night-soil removers, photographers, vehicle repair and other maintenance workers; brokerage and middlemanship (the maigida system in markets, law courts, etc.); ritual services, magic and medicine.
- (e) Private transfer payments - gifts and similar flows of money and goods between persons; borrowing, begging.

**Informal Income Opportunities: Illegitimate**

- (a) Services - hustlers and shivs in general, receivers of stolen goods; usury, and pawnbroking (at illegal interest rates); drugpushing, prostitution, poncing ('pilog boy'), smuggling, bribery, political corruption Tammany Hall-style, protection rackets.
  - (b) Transfer - petty theft (e.g., pickpockets), larceny (e.g., burglary and armed robbery), speculation and embezzlement, confidence tricksters (e.g., money doublers), gambling.
- 

The work of the International Labor Organisation on employment in Africa during the early seventies encouraged further research and a large number of Third World urban economic studies set within the dualist framework emerged (Aryee, 1981; Hart, 1972; Lubell, 1978; Mazumdar, 1975; McGee, 1974, 1976, 1978; Roberts, 1978; Sethuraman, 1976; Weeks, 1975). This significant body of research, however, became the subject of serious criticism. Lack of definitional clarity was

a source of dissatisfaction as was the tendency to regard the wide range of disparate activities that make up the informal sector as a homogeneous whole. The informal sector includes activities as diverse as retail distribution, manufacture, transport, personal services, crime, gambling, begging, prostitution and garbage collection each of which has its own integrity and context in the urban economy. The lack of a satisfactory and all-embracing definition has a corollary which is the problem of prescribing policy which might adequately deal with disparate aggregates.

A further criticism of the formal-informal dichotomy of development was the emphasis placed on characteristics and their description rather than on an exploration of underlying relationships which give rise to the particular economic activities and their characteristics. Indeed, intersectoral linkages were largely ignored in these early empirical studies. Such studies moreover failed to recognize the existence of an internal dynamic within the informal sector (Moser, 1977).

Intrinsic to writings in the diffusionist paradigm is the notion that governments act in a benign manner towards the informal sector, a relationship not proven by empirical research (Browett, 1980). The most important criticism of the dual economy model, however, is that it added little to an understanding of the traditional-modern concept since it did not explain the mechanisms which gave rise to the emergence of dual sectors (Forbes, 1984). What it did do, however, was to draw attention to participants in the informal sector previously neglected by research.

By the middle nineteen seventies concern was voiced over the apparent lack of development in Third World countries. The Ten-Year Development Programmes brought little benefit to un- or poorly developed nations (Browett, 1980). Although economic indicators had shown improvement, inequalities between

socio-economic groups had deepened (Browett, 1980). Disillusionment with the diffusionist paradigm followed. Its euro-centrism and simplistic assumption that modernization was equated with westernization and thus, with progress and development were increasingly rejected (Browett, 1980). Conceptualization of the development process thus began to change (Streeten, 1980).

Perceptions on the meaning of development shifted from a narrow simplistic economic view to one which recognized its complexity. Concepts such as the "non-material quality of life," "self-reliance and self-determination" and "basic needs" assumed importance (Forbes; 1984). The responses emerging from this altered awareness of development followed different paths.

One set of writers attempted to "reform" the diffusionist paradigm, eliminating or modifying those notions which were felt to be unacceptable while expanding the existing theory in other areas. Other writers tried to inject a dynamic element into the informal sector concept, while turning to a paradigm which is diametrically opposed to the diffusionist paradigm. This opposing paradigm suggested that certain economic activities falling into the informal sector concept were "dependent" on developed countries at an international scale and on "modern" economic activities at a regional or urban scale. In examining the shift in the focus of development geography, this review first examines the evolutionary offshoot of diffusionist theory, reformism, before turning to examine the dependency based studies of radical dualism.

### 1.2.1 The Reformist Approach

A response to the criticisms of the informal sector concept involved a change of emphasis and approaches from within the diffusionist paradigm. Proponents sought to modify or "reform" the informal sector concept while still

basing its theory within the neoclassical economic framework of capitalist societies (Rogerson, 1985). To meet the failures of development policies and strategies applied in the 1950's and 1960's and reflected in the intensification of regional economic inequality, this approach sought to modify the existing economic orders in un- or poorly developed countries. Of the changes sought in development strategy, the most important were those based on the concept of "redistribution with growth", on the one hand, and those based on the "basic needs" approach, on the other. The former seeks greater equality in income distribution amongst different socio-economic groups (Cherveney, et al., 1974). The latter approach involves strategies to meet the social as well as economic needs of the poor (Streeten, 1977).

At an urban scale, the reformist view of self-reliance is reflected in the empirical studies of the informal sector, in which promotion of the sector is advocated. Reformists viewed the informal sector as dynamic and evolutionary, capable of autonomous growth and generating employment and income opportunities. While earlier informal sector studies sought to determine the size and characteristics of informal activities, attempts by writers of the reformist school were to try and relate these findings to the typologies of Hart (1973) and the I.L.O. (1972). They attempted to identify factors which could be actively promoted by official policy makers. The substantial number of these micro-studies is indicated in Table 1.2.

Table 1.2 Examples of Informal Sector Studies

---

|                             |   |
|-----------------------------|---|
| <b>Retail Distribution:</b> | Fabian et al (1976)<br>Frankman and Charles (1973)<br>Hake (1977)<br>Jellinek (1976; 1978)<br>McGee (1974)<br>O'Cleary (1977)<br>Ranck (1982)<br>Tembo (1970)<br>Todd, et al. (1978; 1979)  |
| <b>Manufacture:</b>         | Aryee (1981)<br>Olowolaiyemo (1979)   |
| <b>General Descriptive:</b> | Christie (no date)<br>Clarke (1973/4)<br>Fowler (1976)<br>Fitzpatrick and Blaxter (1976)<br>Du Plessis and Levin (1986, 1987)<br>Koo and Smith (1983)<br>Maasdorp and Pillay (1978)<br>Nihan and Jourdan (1978)<br>Onokerhoraye (1977)<br>Remy and Weeks (1973)<br>Roberts (1978)<br>Sethuraman (1977)<br>Suchard (1979)<br>Weeks (1975)<br>Werlin (1974) |
| <b>Employment:</b>          | Friedman and Sullivan (1974)<br>Grant (1971)<br>Harriss (1978)<br>Joshi et al. (1976)<br>Lubell (1978)<br>Maasdorp (1978)<br>Norwood (1975)<br>Tolosa (1978)  |

---

The focus in many of these studies centered not unexpectedly on trading which constitutes a major component of the exchange economies of every large Third World City.

Investigations of informal sector trading were completed in widespread geographical locations, for example, Hong Kong (McGee, 1974a; 1974b; McGee and

Yeung, 1977; McGee and Ho, 1978), Sierra Leone (Fowler, 1976), Indonesia (Jellinek, 1976, 1978), Malaysia (Missan and Logan, 1977), Pakistan (Streefland, 1977), Chile (Tokman, 1978), Papua New Guinea (Ranck, 1982) and South Africa (Dewar and Watson, 1981; Louw, 1981; Maasdorp and Humphreys, 1978).

An important facet of this empirical work is its emphasis on the removal of repressive measures against hawkers to stimulate their development and eventual movement towards the formal sector (Smith, 1978). Michalyi (1972/3) in his study of trading in Lusaka, for example, affirms the positive aspects of peddler trade. He notes that informal trading provides an entry occupation for new rural-urban migrants. Working in the same city, Hansen (1977) saw hawking as an alternative for married women unable to obtain work in the formal sector.

The general theory and empirical informal sector studies emphasize the coping strategy of individuals participating in the informal sector and the opportunities afforded them for economic improvement.

### 1.3 The Radical Perspective

The dissatisfaction with the diffusionist paradigm in development theory and the empirically based informal sector studies, led to an alternative school of thought, the Radical or Marxist school. This is not one theory but rather a long disjointed literature based on Marxist and neo-Marxist debates which underlies a diverse set of theories of underdevelopment (Forbes, 1984)

The rise of radical but not necessarily Marxist theories is based on the notion that imperialism as proposed by Marx and Engels, would lead to un- or poorly developed regions becoming dependent on advanced industrial countries. At an international level "dependency" theorists sought to explain the underdevelopment of Latin American countries ("satellites") in terms of certain

unfavorable economic structures which governed their relationships with advanced industrial countries ("metropolises") (Frank, 1967; Wallerstein, 1976). This school of thought rejects the notion that underdevelopment is passive but views the development of underdevelopment in peripheral areas as an active process.

### 1.3.1 Radical Dualism

At an urban scale, the influence of the world scale dependency theorists led students of the informal sector to inject a dynamic explanatory element into their writings (Rogerson, 1985). The work of Davies (1979) for example, equates the "informal sector" with mode of production. In that study, the dominance of the capitalist mode of production (or formal sector) over the peripheral mode of production (or informal sector) is stressed. A functional relationship is assumed as the "informal sector" supplies the "formal sector" with cheap labor. In a similar vein, Portes (1978) asserts that a symbiotic or complementary relationship exists between "formal" and "informal sectors." An important contribution to this school of writing, is Santos' (1976, 1979) work on the upper and lower circuits of the urban economy in poorly developed countries. A dominant-subordinate relationship between the upper and lower circuits envisaged by Santos is set within an "extensively disaggregated model of the components of an underdeveloped economy in their economic, social, spatial and political contexts" (Rogerson, 1985, p. 23).

The work of the "maginalidad" school predates the radical dualists and is set at an international scale. Sunkels' (1973) transnationalization thesis and Quijano's (1974) concept of marginal groups and the marginal pole emphasize the domination of an integrated or institutionalized sector of production over a non-integrated or

marginal pole. Thus, the marginal pole was effectively equated with the idea of an "informal sector."

The major criticism of dependency theories as a whole and radical dualism in particular, is the extent to which they emerged from a critique of dualism and the diffusionist paradigm. Although critics have acknowledged the value of Frank's critique of diffusionist economic development, they argue that dependency is constrained by a mirror image trap (Browett, 1980). This is demonstrated by the diffusionist assertion that capitalist expansion spreads economic development towards outlying areas, while in dependency theory capitalist expansion in the core spreads underdevelopment to the periphery. At an urban scale, the "formal sector" expansion is detrimental to the "informal sector." A second criticism is that dependency theorists are unable to explain adequately the causes of underdevelopment. Their argument depends on the transfer of economic surplus from the periphery to the core, resulting in underdevelopment at the periphery and simultaneously development at the core. This "zero sum" aspect is criticized because it implies that the periphery is passive to the demands of world capitalism. Similarly, the radical dualists assert that at an urban scale the "informal sector" is passive to the demands and constraints imposed by the "formal sector."

This leads to a third criticism, the shortcomings which result from focussing extensively on the transfer of goods from the periphery to the core. Economic transfer is only one criterion for the development of capitalism and the expansion of surplus labor is of great importance (Brenner, 1977). A final criticism relates to the limited utility of dependency based theories to planning. Its thesis on the international transfer of economic surplus led to planning solutions of "delinking" from the international network and an emphasis on national self-reliance. This

vague and seemingly unattainable goal explains why the practical implications of dependency theories have been relatively ignored.

These criticisms similarly apply to the empirical studies conducted by radical dualists in urban areas. In reaction the main stream of Marxist thought in development theory moved to examine the articulation of modes of production.

### 1.3.2 Articulation of Modes of Production

Literature on the articulation of modes of production emerged contemporaneously with that of the dependency school. This school of thought focusses on the linkages or "articulation" of capitalist and pre-capitalist modes of production in the social formation of the periphery. It attempts to demonstrate the dominance of capitalism in that context and draws attention to the way in which capitalism acts to "conserve" and/or "dissolve" pre-capitalist modes of production to the benefit of capital (Gerry, 1979). As such, the concept of modes of production is based upon a theory of imperialism which seeks to understand the manipulative penetration of capitalism in the Third World.

Derived from the work of Marx, the concept of modes of production was refined by Althusser and Balibar who viewed articulation as the process through which different modes of production are linked together (Forbes, 1984; Gerry, 1979). Rey (1973), on the other hand, attempted to reconcile analysis of class with articulation of modes of production (Bradby, 1975; Forbes, 1984; Forster-Carter, 1978). Articulation of modes of production is reflected, on the one hand, in the exploitation of one class by another in the existing class structure of a social formation. On the other hand, it reflects the emergence and sublimation of inferior or weaker modes of production (Forster-Carter, 1978; Forbes, 1984). Articulation takes place in stages. Initially there is linkage between modes of

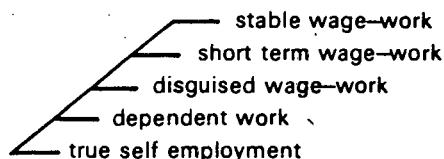
production occurring through exchange relations. In the next stage the intruding mode namely capitalism, becomes established subordinating the pre-capitalist modes of production to the benefit of capital. In the final stage the now-established intrusive mode acts to dissolve the pre-capitalist modes of production.

The concept of "conservation and dissolution" was popularized through the work of Bettelheim (1972). He contends that the pre-capitalist modes of production are restructured or "conserved" to meet the needs of the capitalist mode of production. The complex co-existence of two or more modes of production leads historically to the domination of capitalism and ultimately to the complete dissolution of the pre-capitalist modes (Bettelheim, 1972; McGee, 1979; Forbes, 1981). The process is not necessarily one of linear change. While the process of dissolution may be occurring in one area of the economy, another area may be simultaneously conserved (McGee, 1979).

As thought based on Marxist theory became more clearly focused, a body of development literature emerged that identified the distribution of economic activity by structural type and scale as an activity continuum. The new body of thought has proved crucial to the evolution of ideas directly relevant to an understanding of the nature of certain trading categories as being "informal" activities. The concept of an economic activity continuum explicitly drew attention to fundamental interrelationships which exist between different levels of economic activity.

These ideas are exemplified in the work of Bromley and Gerry (1979) who conceptualized an economic continuum which accounted for different categories of work ranging from true self-employment through categories of work ranging from true self-employment through categories such as dependent work, disguised wage-work, short-term wage-work to stable wage-work (Figure 1.1).

Fig 1.1: Continuum of Work Categories  
(Bromley and Gerry, 1979)



In similar work in the field undertaken by LeBrun and Gerry (1975) and Moser (1979), emphasis was laid on the nature of the interrelationships which develop between different levels of economic activity on the continuum. These studies have focused in particular on the issue of the degree to which petty commodity producers in the lower levels of the continuum experience relationships with others at higher levels, on the one hand. On the other, the power which the higher level is said to possess in either conserving or dissolving lower level activity, to the benefit of the former, has been explained.

This concept when applied to urban studies allows for the analysis of conservation and dissolution of petty forms of production over time. Petty production is that which is small-scale and peripheral to the dominant capitalist mode of production. It may be viewed as forming a subsidiary co-existing form of production and to be part of the capitalist spectrum. Other petty producers, however, may be involved in precapitalist modes of production in activities such as subsistence, mutual benefit exchange or barter exchange. These activities are in juxtaposition to the dominant capitalist mode of production (Gerry, 1979).

Four explanations are given for the conservation of petty forms of production. Firstly, higher order capitalism in poorly developed countries is "pre-occupied" with the export economy and therefore "allows" pre-capitalist modes or petty forms of production to service the domestic market (LeBrun and Gerry,

1975). Secondly, the existence of petty forms of production is felt to be functional to capitalism. The self-maintenance of a population from which labor might be drawn is an advantage (McGee, 1979). The production of cheap food and consumer goods which serve to subsidize wages in higher order capitalist activities is a further advantage (Bromley, 1982; Forbes, 1981; Gerry, 1979; Roberts, 1978; Williams and Tumisiime-Mutebile, 1978). Thirdly, there are benefits to the governments of peripheral states. The existence of a large petty production sector helps to mitigate the employment crises of many Third World cities, and allows governments to direct their investment to other sectors of their economies. In addition, the need for social welfare investment is reduced (McGee, 1979). A corollary of this function is that the existence of petty forms of production may reduce the potential for political unrest (McGee, 1971; Sandbrook, 1982). The articulation of the capitalist mode of production to petty forms or pre-capitalist modes of production serves, through the processes of conservation and dissolution, to polarize activities of the petty producers towards either petty capitalism or alternatively petty proletarianization. Conservation of a form of petty commodity production ensures the transition to petty capitalist production by a minority elite group of petty producers while concomitant dissolution of the activities of the majority of petty producers results in their proletarianization (Gerry and Birkbeck, 1981; LeBrun and Gerry, 1975).

The attraction of the petty commodity production approach for urban studies lies first in the stress that is laid upon process rather than characteristics. Secondly, it is better able to explain the dynamics of change in Third World social formations and thirdly, the analysis is set within the context of the overall political economy. Certain criticisms have, however, been directed at the petty commodity approach. The most important of these has been concerned with the

identification of petty commodity production as a mode of production. Many analysts avoid this problem by regarding petty commodity production as a form of production rather than as a separate mode of production (LeBrun and Gerry, 1975). Some critics also feel that the approach has led to a rigidity of theoretical formulation by often treating petty commodity production as passive, owing its existence to its functional relationships to higher order capitalist activities rather than taking into account its own internal dynamics. Moreover, the approach gives inadequate attention to the fact that individuals are often involved in both capitalist higher order activities and petty forms of production in order to subsist (Long and Richardson, 1978; Uzzell, 1980). A final criticism of the petty commodity approach is that theoretical abstraction may obscure real issues at hand (Hart, 1976; Forbes, 1981). These criticisms notwithstanding the petty commodity approach has provided the framework of analysis for investigation of unequal economic development in a substantial range of studies over the past fifteen years (Table 1.3).

**Table 1.3 Examples of Petty Commodity Production Studies**

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|   |  |
|---|--|
| Distributive Services:  | Beavon (1982)<br>Bromley (1978)<br>Forbes (1979)<br>Hansen (1977)<br>Hart, D. (1982)<br>Matsetela et al. (1980)<br>McGee (1979)<br>Missan and Logan (1977)<br>Morris (1980)<br>Moser (1978)<br>Rogerson (1980)<br>Rogerson and Beavon (1982) |
| Manufacturing:  | Berry (1977)<br>Gerry (1976)<br>Gerry and Birkbeck (1981)<br>King (1974)<br>Long and Richardson (1978)<br>Sandbrook (1980)<br>Williamson (1977)  |
| Transport:  | Birkbeck (1979)<br>Forbes (1978, 1981)<br>Rimmer (1978, 1982)  |
| Marginal Activities:<br>(garbage collection,<br>gambling, begging,<br>prostitution and crime) | Birkbeck (1979, 1980, 1982)<br>Bromley (1981)<br>Gerry (1978)  |
| Employment:   | Bromley and Gerry (19)<br>Chana and Morrison (1975)<br>Henry (1982)<br>Merrick (1976)<br>Webster (1979)  |

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### 1.3.3 Empirical Studies of Trading

Empirical studies of trading are dependent on the theoretical traditions which inform their authors. For example, a paper chronicling the life of a Jakarta street trader and its sequel written two years later, signalled a theoretical shift from the reformist to the dependency paradigm (Jellinek, 1976; 1978). Initially the trader appears to be accumulating wealth but the later paper suggests her inability

to progress beyond a certain point because of structural constraints. The work of Bromley (1978b, 1978c) and Moser (1977) in Colombia on street traders and market sellers in Cali and Bogota respectively supports the Marxist debate on dependency where the informal sector is subordinate to the dominant capitalist sector. Bromley (1980) asserts that few street traders are "true self-employed" but are mostly operating as disguised wage-workers (Bromley and Gerry, 1979). He concluded that positive policy measures combined with alteration of underlying structural conditions would be necessary to alleviate the existing poverty and social inequalities. The fact that retail prices of street traders are lower than those in supermarkets is ascribed to the functionality of the "informal sector" to the capitalist formal sector. If street traders keep down prices for essential goods, capitalist firms are able to pay their workers correspondingly lower wages (Moser, 1977). The introduction of the concept of petty commodity production in favor of that of informal sector (Moser, 1978) shifts emphasis to the flows of capital and goods within petty commodity production - "the trading system...is clearly a subsystem of the urban economy" (Forbes, 1979, p. 9). The capitalist mode of production articulates with the petty commodity form of production in such a way that the latter is exploited and becomes self-perpetuating. Petty commodity production is tolerated or "conserved" only at the level which is functional to capitalism (Moser, 1978).

Studies of trading in South African black urban areas have been based in diffusion theory, or more recently its neo-Marxist theories dealing with petty production. These works are reformist in nature and are basically descriptive. Positive policy changes are recommended in order to stimulate these activities. In addition much emphasis is laid on the capability of these activities to ameliorate the growing unemployment problem (Dewar and Watson, 1981; Louw

1981; Maasdorp, 1978, 1983; Maasdorp and Humphreys, 1975; Mullins, 1986; Natrass, 1984; Suchard, 1979; Truu and Black, 1980). Geographically, these theoretically conservative studies are located in areas as diverse as Clermont (Maasdorp and Pillay, 1978), Nyanga (Hutton-Squire, 1979), Soweto (Morris, 1980), Ciskei (Jacobs, 1982) and Port Elizabeth (Du Plessis and Levin, 1986, 1987).

There are notably fewer studies stressing the dependence of informal income opportunities on the capitalist sector. Webster (1979) argues that low wages in the capitalist sector are supplemented by participation in the "informal sector." The existence of this sector is seen as a response to the minimal welfare services of the state. Matsetela's (1979) study of the "informal sector" in the Winterveld retains the dualist framework but injects a dependency element into its analysis. A more radical position emphasizing the structural constraints on petty production in Soweto is adopted in a series of papers dealing with "informal" income-earning activities in Soweto (Matsetela, et al., 1980). An interesting extension of this is found in the important but little known study of Wilkenson and Webster (1982); petty commodity production is examined vis-a-vis its position within the overall dynamic of capitalist production and consequent sphere of social relations.

The earliest study of informal trading which emphasized structural constraints was on the making of and selling of sorghum beer in a "native yard" in Johannesburg (Hellman, 1934). Illegal beer brewing was of considerable importance and fulfilled both social and economic needs for the population in the face of continual conflict from the authorities. An extension of this work is the 1982 study on shebeens in Soweto (Hart, 1982). This work emphasizes the forces of conservation and dissolution among shebeen operations in the face of changes in official opinion (Hart, 1982). Also in the Marxist tradition are studies elucidating the peripheral capitalism of South Africa resulting from its position vis-a-vis the

developed countries and the subsequent "marginalization" of the Black workforce. Thus street trading becomes a "coping mechanism" of the poor (Rogerson, 1980; Rogerson and Beavon, 1982a). An influential study of hawkers in the South African context argues that consumers will choose to buy from informal traders despite lower prices for goods in "formal" stores than prices charged by informal traders (Webster, 1979). Another study suggests that informal production is linked to the benefits which accrue to government (Rogerson and Beavon, 1982b). The evidence suggests that the government is to a degree relieved of the responsibility of developing a fully evolved welfare system (Webster, 1979).

#### 1.4 Critique

While the literature concerning articulation of modes of production is extensive and provides insights more penetrating than those generated by the dependency and radical dualist schools of thought, it too has become the subject of mounting criticism. Many empirical studies use quantitative measures of exchange as explanations of the conservation of petty production. In this way the qualitative processes and social forms of the productive process are subordinated in favor of a quantitative process producing underdevelopment (Brenner, 1977). In many studies the promotion of socialist development through redistribution within the nation and unquestioning acceptance of state autonomy are criticized as unrealistic and a negation of the world economic system (Forbes, 1984). The modes of production approach is seen as reductionist in its tendency to oversimplify reality by extrapolation from empirical observation (Banaji, 1977). Critics observe furthermore that theorists of articulation of modes of production impute an almost dualist structure to their analytical framework by the strict classification of separate modes of production (Wolpe, 1980). Modes of production, moreover, are deprived of an individual internal dynamism and tend to be examined only

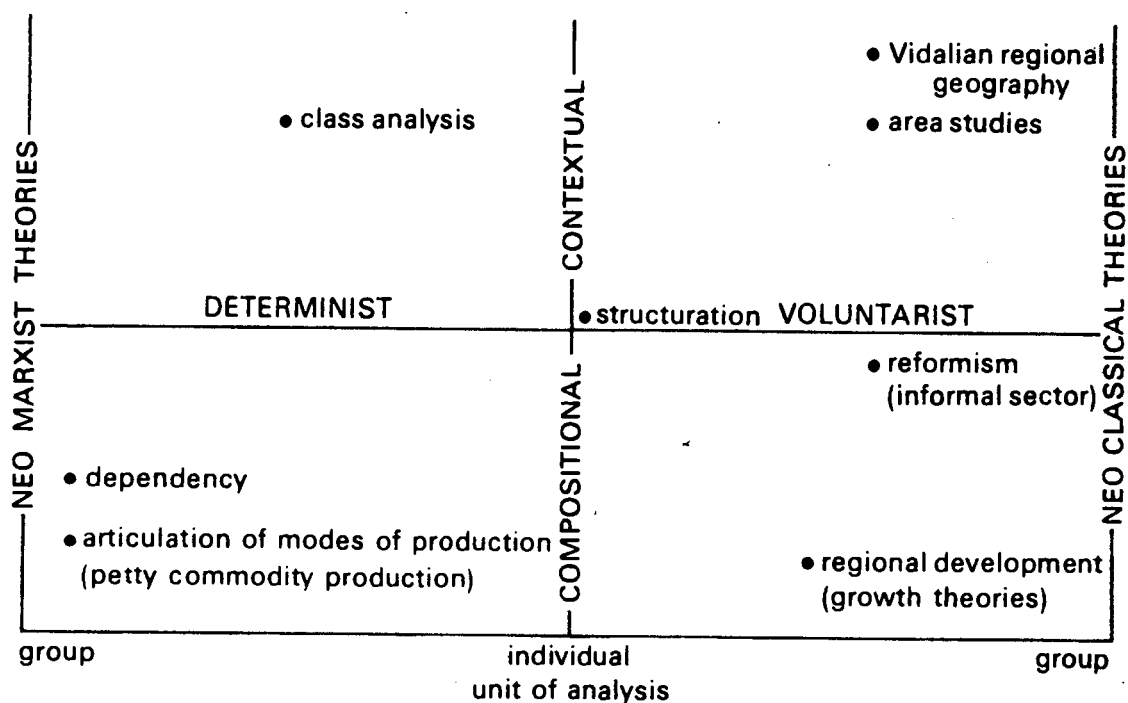
through their functional utility to the capitalist mode of production (Bernstein, 1977).

Economic determinism is evident in the scant attention that is paid to cultural and social variables including, ideas of kinship and other factors which influence people's consciousness of their position in the total social system (Forster-Carter, 1978; Mouzelis, 1980). Little stress is laid on the question of class formation, the political position of individuals is overlooked as is the role of human agency, state, class domination and class struggle (Leys, 1977). While some scholars attempt such analysis, others such as Leys (1978) in his reexamination of underdevelopment in Kenya, focus primarily on class (Forbes, 1981).

An overview of the development literature to this point cannot fail to note the fragmented nature of thought on the development issue at all its levels. Not surprisingly calls have been made for a critical synthesis designed to clarify and tease out the complex web of confusing, partially constituted and at times overlapping threads of theoretical thought in the field (Forster-Carter, 1978; Forbes, 1984). Such a synthesis would recognize that neo-classical and neo-marxist theories of development, outlined above, have certain common tenets that underlie much of their reasoning. Important aspects of the theory are characterized by an economic outlook which is promoted at the expense of the social and political aspects which contribute to the total representation of a social system. An emphasis upon economic variables is found in both the structuralist and functionalist approaches leading to rigidities in theoretical formulations (Duncan and Ley, 1982). The functionalist character of analysis inherent in the Marxist approach has been a cause for concern (Giddens, 1979). Merely noting that interdependence or functional dependence exists between individuals, organizations or states does not explain how they come to exist in this position. One may as

Giddens' (1981) puts it, identify "conditions that must be met if certain consequences are to be obtained." But these conditions are not necessarily properties or needs of the system (Giddens, 1981, p. 19). Similarly Marxists are criticized for overemphasizing the teleological assumption that social processes emerge from intentional actions of numerous social actors (Giddens, 1981; Thrift, 1983). Marxist and neo-marxist theories have also been criticized for their lack of a theory of practical action and for de-emphasizing time and space. Many of these criticisms are located in an interpretation based on group structure rather than on the actions of individuals (Forbes, 1984) (Figure 1.2).

Fig 1.2: Theories of Development and Underdevelopment (After Forbes, 1984)



Diffusion theory which led to informal sector studies, and the radical dualist and Marxist and neo-Marxist theories which resulted in studies of petty

commodity production and articulation of modes production, must be seen as partial and not universally accepted as frameworks of analysis. The progression of thinking on these issues was paralleled by the development of Giddens' theory of structuration. This theory addresses the critique of Marxian structuralism and focuses on the issue of human agency and structure as well as space-time contexts. The debate on the development of the theory of structuration which attempts to synthesize both voluntarist and structural issues is ongoing. Discussion here is confined to Giddens' (1979, 1981, 1984) theory of structuration and its subsequent exploration by geographers (Forbes, 1984; Gregory, 1982, Pred, 1981; Moos and Dear, 1986a, 1986b; Storper, 1985; Sayer, 1983; Thrift, 1981, 1983).

### 1.5 Structuration

The theory of structuration holds that "all social action consists of social practices, situated in time-space, and organized in a skilled and knowledgeable fashion by human agents" (Giddens, 1981, p. 19).

Individuals (or human agents) are regarded by Giddens as having three discernable types of knowledge. The first, discursive knowledge, is that knowledge which the agent can articulate. Secondly, the knowledge which the individual cannot articulate but which forms the basis of human social activities and that is continually recreated in the course of day-to-day interrelationships. Thirdly, individuals have knowledge at an unconscious level, namely, at the level of the subconscious mind.

In Giddens' view, to be a human being, is to be a "purposive" agent, i.e., one who is able to give reasons for carrying out actions. He notes, however, that terms such as purpose, intentions, reason and motive must be used with caution and not be removed from the context of space and time. Thus agents may be said to know

what they are doing and rationalize their behavior within their specific contexts. The term agency refers to events in which the individual is the perpetrator in the sense that the individual could, at any phase in a given sequence of conduct, have acted differently. The concept of agency also includes the concept of power, for action depends on the potential of an individual to change a pre-existing state of affairs. The actions of an individual may have consequences which are intended or unintended. Social actions concern the practices of agents utilizing pre-existing conditions. These conditions, which may be acknowledged or unacknowledged by the agent, consist of rules and resources on which the agent may draw on in his/her participation in social practices. Giddens' does not use the term resources to refer specifically to material resources, but rather to refer to the structured properties of social systems and as media through which power is exercised. Thus allocative resources refer to the capacity of agents to generate command over objects, goods or material phenomena. Authoritative resources, refer to the capacity of agents to generate command over persons. Rules, on the other hand, are methodological procedures which govern social interaction and access to resources.

Structure according to Giddens, exists only at the moment in time that it is used to facilitate action by the individual. As such structure may be regarded as the structural properties binding time and space in social systems. Structure therefore does not refer to a permanent system of an economic, political, legislative or social order as envisioned by many structural theorists. The key to structuration is the argument that structures are both the medium and the outcome of social practices. Thus duality of structure refers to the subject (or individual/human agent) and the object (society and social institutions) and implies that neither has primacy. In other words, human actions presuppose institutions which in turn

presuppose human action. Thus Giddens avoids the fallacies of volunteerism, where individuals act independently of constraints, and of structuralist determination, where the conditions or structures do the acting (Sayer, 1983). The connection between structure and system is that "social systems are not structures, they have structure or more accurately exhibit structural properties" (Giddens, 1984, p. 17).

Giddens refers to the structures relating to the basic dimensions of communication, power and sanction as the structures of signification, domination and legitimation respectively. These structures are formed by actors using rules and resources. Institutions represent those structural properties which ramify most widely in time and space. Economic, political, legislative and social institutions thus involve to varying degrees and different emphasis the structures of signification, domination and legitimation (Figure 1.3).

Fig 1.3: Structure and Institutions (Giddens, 1984)

| Structure         | Theoretical Domain               | Institutional Order | Ranking of Structures |
|-------------------|----------------------------------|---------------------|-----------------------|
| Signification (S) | Theory of Coding                 | Symbolic            | S-D-L                 |
| Domination (D)    | Theory of Resource Allocation    | Economic            | D(alloc.)-S-L         |
|                   | Theory of Resource Authorisation | Political           | D(auth.)-S-L          |
| Legitimation(L)   | Theory of Normative Regulation   | Legal               | L-D-S                 |

Structuration sees time and space as essential constituents of social systems. Time is regarded by Giddens at different scales. These are firstly, the "duree," the immediate period in which interactions occur between actors. The second is the time concept of "dasein" which refers to the lifespan of the individual, and thirdly, the concept of "longue duree," which refers to the life of institutions which may span generations of human agents.

Similarly, Giddens deals with space at two different levels. The first is at the level of physical setting or absolute space which is referred to as the "locale." The enlargement of the spatial scale leads to the differentiation of space into "regions," which is analogous to the notion of regionalization in geography. According to Giddens, regionalization is best understood not as an exclusively spatial context but as one expressing the clustering of contexts in time-space. This leads to the second level at which Giddens considers space. The concept of distancing (or relative space) considers the separation of parts of social systems from one another in time-space.

The question concerning the extent to which structure influences the spatial form of a system, and the extent to which spatial attributes affect the constitution of structure is still being examined by a group of geographers (Carlstein, 1981; Gregory, 1982; Moos and Dear, 1986a; Pred, 1982; Thrift, 1983). The problems of incorporating space into an explanation of social systems, however, do not detract from the model's utility. Once rules and resources are identified, analysts can better explain and understand the physical pattern of a social activity by constructing models to predict how changes in structure are likely to affect spatial patterns, and vice versa. Although the spatial form/structure relationship in Giddens' theory is problematic, using geographic models it is possible to employ a set of assumptions about behavior, namely rules, to identify implied spatial dimensions. An example is the central place model (Belsky, 1986).

If, however, the distinction between relative space (distancing) and absolute space (locale or region) is maintained, it becomes possible to avoid the pitfalls of voluntarism and determinism as outlined earlier. For if relative space is considered a structure, analogous to Giddens' instantiated structures of signification, domination and legitimization, it is possible to conceptualize

structures of space affecting institutions and being used to facilitate action by agents.

### 1.5.1 Structuration and Empirical Analysis

Giddens' theory of structuration carries important consequences for analytic research. The theory of the duality of structure implies that agency and system are of equal importance in the reproduction of society. Giddens maintains that interaction between agency and system occurs through structures which exist only at the moment in time and space that they are utilized. Therefore, the analysis of agent must be placed on an equal footing to the analysis of system. Thus, both areas of concern are integrated although the focus may be one or the other, termed "bracketing" by Giddens (1984).

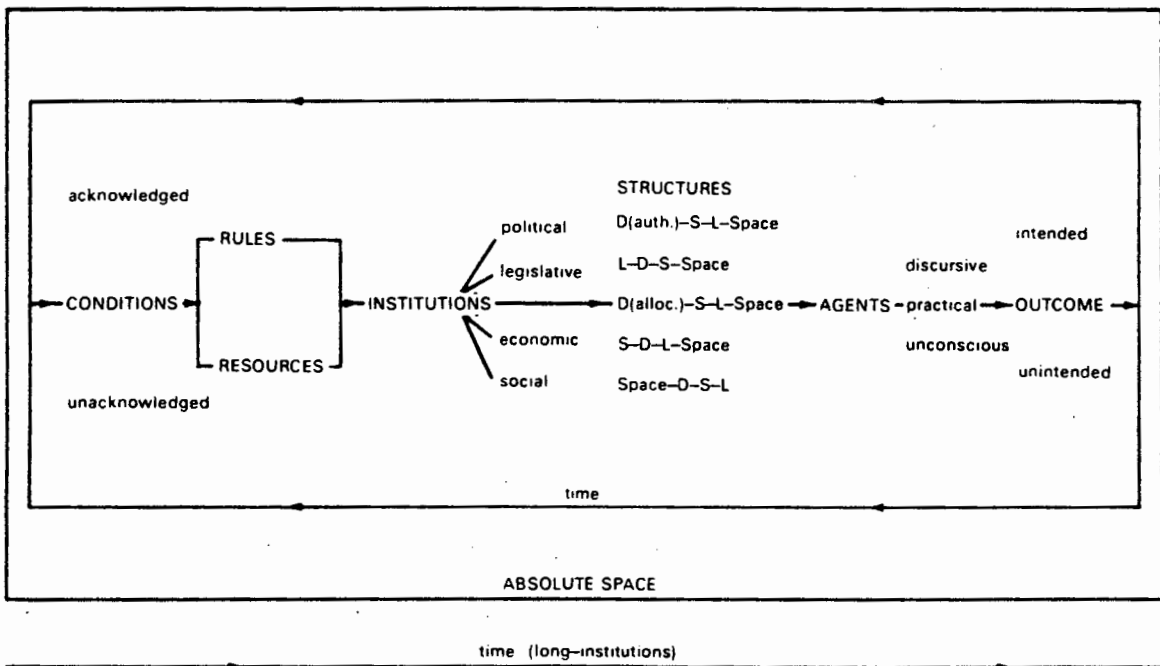
Analysis centering on agency is concerned with the analysis of strategic conduct namely how individuals act in ways which impact on the social system (as opposed to routine actions). All social interactions involve actors, using power to obtain a desired outcome. A two-fold definition of power is used. On the one hand, power can mean the "allocative" control over the material world, and on the other, "authoritative" control over the social world. The spheres of power are respectively economic and political. Actors utilizing power therefore relate to the access to resources and rules that govern behavior. The power which an actor can utilize is strongly influenced by institutions which, on the one hand, allow access to these resources, and, on the other, define the rules which govern their functions.

An analysis focussing at the level of the system is primarily concerned with understanding how institutions affect society over a period of time. Through time, rules come to favor a specific set of actors, and resources increasingly fall into their hands. These groups thus acquire a greater ability to convert rules and

resources into power. They are able to derive more than others from interactions in the system, and are increasingly able to control other actors. These are termed structures of domination by Giddens. Hence, institutional analysis concentrates on the distribution of resources and the nature of rules and how they institutionally favor different actors in social interaction. Agents are not passive participants but are a key to the analysis, for institutional components are directly affected by the individuals who reproduce them.

Giddens' theory provides a framework for relating the behavior of individuals and institutions and their mutual influences on each other in space and time in a single organizing framework (Figure 1.4).

Fig. 1.4: A Model of Structuration for Empirical Analysis  
(After Belsky, 1986; Moos and Dear, 1986a)



Agents use power to draw on resources under rules which are present as conditions (both acknowledged and unacknowledged). Institutions act as filters in the access to power by agents. The actions of agents thus produce both intended and unintended outcomes. These outcomes then become the conditions (acknowledged and unacknowledged) by agents who will act upon them to facilitate subsequent interactions. Giddens' general theory thus provides a methodological approach to analyzing the strategic conduct of actors, and the institutional features of a social system against the time and space contexts of that particular social system.

The preceding discussion has chronicled the shifts of paradigm in the theoretical thinking of development geography as it has influenced empirical studies of trading in Third World situations. These works reveal disparate policy prescriptions resulting from the adoption of either a Marxist or diffusion - reformist perspective by authors. It is suggested, however, that neither approach leads to a significant advance on the other in the understanding of holistic systems. In the present context structuration, as theorized by Giddens and others, is considered to be an important theoretical advance. Structuration offers, in particular, the promise of a better understanding of trading in Third World cities, and could possibly lead to more effective policy prescriptions. The present study will adopt a structurationist view in the analysis of trading in Soweto.

## **CHAPTER TWO: SOWETO EVOLUTION AND CONTEMPORARY STRUCTURE**

### **2.1 Introduction**

Soweto, an acronym for South Western Townships, collectively comprises the largest black urban residential area in South Africa. It is situated southwest of Johannesburg with its nearest point nine kilometers and its farthest point twenty-five kilometers from Johannesburg's city centre (Fig. 2.1).

The present chapter is intended to describe contemporary Soweto and its evolution to provide a setting within which the specific study of trading may be set. The demography of the area will be examined and housing characteristics described. The economic base of Soweto is outlined with regard to the number, size, type of firms and their distribution. As facets of this base the occupational and income structures and infrastructure will be examined.

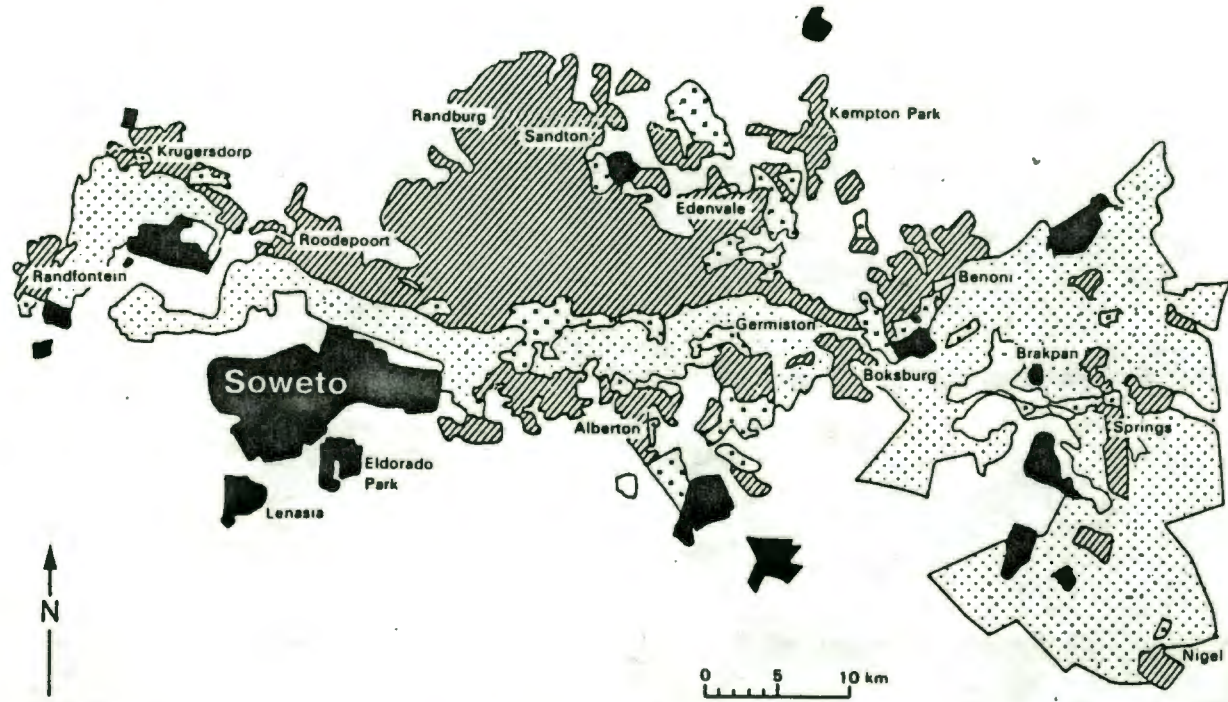
The brief review of the historical development of Soweto which follows reveals its seemingly arbitrary growth and affords insights into the development, or more appropriately, the paucity of the development of its retail structure.

### **2.2 The Origin and Development of Soweto**



Historically Soweto has developed and grown as a seemingly arbitrary agglomeration of residential townships that represent the outcome of forces operating in South African society at different scales and at different times. Of overriding importance in the origins and development of Soweto has been the separatist legislation which has controlled South African urban systems (Swanson, 1968).

The concept of segregated black locations arose in the colonies of southern Africa as a response to problems of overcrowding and of the settlement of black



Fig 2.1: Metropolitan Johannesburg



**Zone of Work**

-  Industry and Commerce
-  Gold Mining

**Zone of Residence**

-  Whites
-  Blacks, Coloureds and Indians

Source: Koornhof, 1984

populations in poorer areas of the city. Local authorities perceived the insanitary conditions, which were a feature of areas occupied by black workers in the early years of urbanisation, as health hazards. The 'sanitation syndrome' which equates 'native' urban areas with health hazard led to the establishment of 'locations' situated on sites geographically remote from white residential areas (Rogerson and Beavon, 1982b). After the outbreak of bubonic plague in 1905 in areas occupied by blacks near the city centre of Johannesburg, the municipality established a settlement for blacks some 15 kilometers to the southwest of the city at Klipspruit. Though a proportion of their number was removed in the process, the black population living in central Johannesburg continued to expand (Kagan, 1978). After the 1918 influenza epidemic thirteen years later the high black death rate led to the establishment of Western Native Townships on a disused brickfield about six kilometers west of the city centre (Maud, 1938).

Provisions for black urban residential areas were nationally formulated in the 1923 Native (Urban Areas) Act. The Act embodied what was to be called the "Stallard principle" which maintained that blacks should only be allowed into white urban areas whilst they administered to the needs of whites (Davenport, 1969). Residential segregation was imposed upon blacks under the act, and provision was made for local authorities to assume responsibility for the supply of housing and other services for blacks. In 1927 the municipality of Johannesburg established a separate Department of Native Affairs whose functions had previously been the responsibility of the city Parks and Estate Committee (Lewis, 1966).

By the late 1920s most of the city's black population lived in Western Native Townships and in the contingent areas of Sophiatown, Martindale and Newclare. Sophiatown and Martindale were unique as these townships had no racially

restrictive clauses in the title deeds. Together with the slum area of Prospect (south-east of the city centre) and the newly established Eastern Native Township, these areas housed the blacks in Johannesburg in overcrowded and mostly unsanitary conditions (Lewis, 1966).

A large tract of land to the southwest of Johannesburg adjacent to Klipspruit, had been acquired over a 10-year period by the municipality to provide for future increases in Johannesburg's black population (Mandy, 1984). In 1930 the Johannesburg City Council established, in terms of the Act, the peripheral township of Orlando (later Orlando East) on part of this land. This was the first residential development in the area which was ultimately to evolve into Soweto. By 1935, 3,000 houses in Orlando accommodated 18,000 people (Morris, 1980). At the time the total resident black population of Johannesburg was estimated to be 244,000 people of whom 179,000 were males and 65,000 females (Lewis, 1966).

In 1944 the municipality provided concrete shelters, toilets and communal water taps in an area which became known as "Shantytown" on municipal land in the area. The following year Dube township was established adjacent to Orlando with houses sold under a 30-year leasehold scheme (Morris, 1980). Although 5,800 houses had been built in Orlando, the Johannesburg city authorities could not keep pace with the construction of housing for the expanding black population. In consequence subtenants were allowed into Orlando and by 1944 the burgeoning population had led to the establishment of a squatter camp on land adjoining Orlando. Under the leadership of James Sofasonke Mpanza the squatter camp generated its own local authority--the 'Sofasonke Party', and sold trading rights to shopkeepers and levied tolls on hawkers (Morris, 1980). During the war years a massive influx of blacks took place into Johannesburg caused by the increased labor demands of industry and the rising levels of poverty in the existing "Native

Reserves". By 1946 two squatter camps had arisen on municipal land which later became the townships of Pimville (now Klipspruit) and nearby Dube (Morris, 1980).

In 1946 the census showed that approximately 69,000 persons were living in squatter settlements under the jurisdiction of the Johannesburg City Council (Table 2.1). Conditions in the squatter camps gave rise to concern over public health. Discussions with the central government resulted in the removal of squatters to an emergency camp located at Moroko, adjacent to Orlando (Morris, 1980).

**Table 2.1. Black Population in Johannesburg 1946  
(After Morris, 1980)**

| <b>Location</b>                                | <b>Numbers</b> | <b>Percentages</b> |
|--|----------------|--------------------|
| In municipal locations                         | 89,249         | 24.05              |
| In Sophiatown, Martindale<br>and Newclare      | 52,879         | 14.25              |
| In Municipal compounds                         | 11,150         | 3.00               |
| On employers' premises<br>(licensed compounds) | 37,611         | 10.14              |
| Domestic servants                              | 69,000         | 18.62              |
| Mineworkers in compounds                       | 42,000         | 11.32              |
| Squatters                                      | 69,000         | 18.62              |
| <b>Total</b>                                   | <b>370,972</b> | <b>100.00</b>      |

Implications of increasing industrialisation in the country with its concomittent urbanisation had been recognized the previous year with the promulgation of the Native (Urban Areas) Consolidation Act of 1945 (Davenport, 1969). The in-migration of blacks to urban areas and subsequent housing shortage had emphasized the need to control black mobility and influx into urban areas.

The assumption of power by the National Party in 1948 led to the formulation and implementation of the apartheid policy that was to structurally affect the form of South African society and the geographical organisation of its cities. Rigid racial segregation was a fundamental tenet of the new government and comprehensive urban racial segregation planning was imposed on all urban places with the enactment of the Group Areas Act of 1950. To strengthen control over black urbanisation an amendment to the Native (Urban Areas) Act was promulgated in 1952. The government revised the procedure for removing 'unwanted' blacks from urban areas by defining, under the Native (Urban Areas) Amendment Act of 1952, the qualifications necessary for a black person to claim the right to stay in an urban area. Section 10 of the Act contained clauses which stated that a black person had either to have been born and lived continuously in an urban area, or to have worked continuously for the same employer in the same town for 10 years, or to have lived continuously in the same town for 15 years to qualify for permanent residence in an urban area. Possession of such qualifications did not automatically entitle a spouse to become an urban resident. The section 10 clauses became a source of contention and acrimony which was to persist for forty years until their removal in 1986.

During the war and until 1952, the provision of black housing by the Johannesburg City Council had been minimal with fewer than 1,000 houses built each year in the townships of Orlando and Jabavu. In 1951 the financial burden of providing housing was relieved by the use of low cost black labour for construction. These artisans were trained in terms of the Bantu Building Workers Act of 1951 which made it legal to train black builders, carpenters and plumbers to build houses within their own areas. During the following years the Bantu Services Levy Act provided a means to raise funds which could be used to finance

infrastructural developments in black urban areas. In 1958 the central government refused to issue further sub-economic loans to municipalities such as Johannesburg for the construction of houses in black townships. Using a R3 million loan from the mining industry, however, the municipality was able to construct an additional 14,000 houses in Soweto.

By this time the Johannesburg municipality had provided over 33,000 site and service stands with rudimentary sanitary arrangements and water supply in Mofolo, Moroko North, Central West Jabavu, Molopo and Moletsane. At the same time hostel accommodation was introduced in an attempt to overcome the shortage of housing. Hostels were built in Dube, Nancefield and Jabulani to accommodate single males who had previously resided in the 'locations in the sky'. This term was used to describe servants' quarters constructed at roof level in high-rise buildings in central Johannesburg and especially in the adjoining flatland area of Hillbrow.

Despite demands from the central government that local authorities should implement the provisions of the Group Areas Act, the Johannesburg City Council refused to cooperate with mass removals of blacks from the city. In response the central government enacted the Native Resettlement Act of 1954. A Native Resettlement Board was appointed under the provisions of the Act to undertake removals from Sophiatown, Martindale and Newclare (all suburbs within the municipal area of Johannesburg). The people removed were relocated in new townships developed at Meadowlands and Diepkloof, bordering Orlando. The Native Resettlement Board was responsible for the administration of these areas (Kane-Berman, 1978). By 1968 over 22,500 families and 6,000 single people were moved to Meadowlands and Diepkloof (Morris, 1980).

The nineteen sixties witnessed a further legislative tightening of influx control on blacks as the Nationalist government systematically extended its policy of racial segregation in urban areas through a succession of proclamations under the Native (Urban Areas) Act. Thus the construction of hostels for single males in Soweto and other black townships of Johannesburg was seen to reaffirm the Stallard principles and construction of new family housing was reserved for the homelands (Morris, 1980).

Although from 1970 to 1978 only 5,000 houses were built in Soweto the number of houses had increased to 101,934. Of these 7.1 percent were two-roomed, 18.9 percent had three rooms, the majority had four rooms (70.7%) and only 3.3 percent had more than five rooms (Morris, 1980)<sup>2</sup>. The piecemeal development of Soweto to this time, and in fact until even more recently, resulted from the attempts of the City Council of Johannesburg to deal with its burgeoning black population, and by the actions of the central government in providing housing for a group seen as "temporary sojourners" in urban areas.

The townships of Soweto (other than Meadowlands and Diepkloof) were until 1971 administered by the municipality of Johannesburg. Revenue to support township development came partly from the profits of the municipal monopoly on the production and sale of traditional beer (Frankel, 1979; Morris, 1980). Other income was derived from subsidies provided by the municipality from general municipal revenues. This practice was frowned upon by the central government as it contradicted the rationale in which blacks were regarded as impermanent in urban areas. The Johannesburg City Council came to be regarded as an agency which was undermining apartheid (Frankel, 1979). A position had therefore

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2 Rooms include kitchen but exclude bathroom.

developed in which the local authority and the state were in conflict on the issue of implementing apartheid policy. A major change in the form of government in black urban areas ensued. The central government altered the structures of control from one of indirect control through the relevant 'white' municipalities, to one of direct control through its own official institutions.

The Black Affairs Administration Act of 1971 led to the establishment of Administration Boards. In the light of prevailing circumstances, these bodies which were established to administer and control black urban residential areas, not surprisingly, became the targets of black wrath and indignation. In 1973 control of Soweto passed from the Johannesburg City Council to the West Rand Administration Board (WRAB).

#### 2.2.1 Evolution of Black Local Government in Soweto

From its inception residents of Soweto exercised little influence over the administration and control of their residential area notwithstanding the existence of residents' representative bodies from an early date. Such a body had been established in Klipspruit for example as early as 1908. The first official Advisory Boards consisting of local residents had been established by 1925 under the Native (Urban Areas) Act of 1923. Advisory Boards were granted certain limited statutory powers. The most important of these was the requirement that local authorities were to consult with Advisory Boards before any regulation affecting a township could be made, amended or withdrawn (Lewis, 1966). The Advisory Boards consisted of two nominated and four elected members. Only registered rent-paying occupiers of municipal houses were entitled to vote in the election of members of the Board. Although the City Council was compelled to consult these Boards they had no executive or legislative function (Lewis, 1966).

Advisory Boards failed in their functions and in 1961 the Urban Bantu Councils Act introduced a new form of representation (Kane-Berman, 1978). This was a type of Council in which ethnicity played an important administrative and geographical role. The Council in Soweto was made up of representatives from ten wards from which members of particular ethnic groups chose a number of representatives proportional to their numeric strength. Few executive functions were conferred on the Urban Bantu Council of Soweto and the low level of support from its constituency was revealed by the percentage poll which fell from 32 percent in 1968 to 14 percent in 1974. By June 1977, all its members had resigned or had been coerced into resigning and the Council was dissolved (Kane-Berman, 1978).

In the following year (1978) the Community Councils Act was passed. The Act provided for the creation of Community Councils which were empowered to appoint staff, to impose levies, and to assume the rights, powers, functions and duties of an urban local authority. The establishment of Community Councils coincided with the progressive relaxation of legislative restrictions on urban blacks. Blacks were accepted as permanent urban residents and the Bantu (Urban Areas) Act of 1978 provided for the introduction of 99 year land leasehold rights to urban land in black townships.

In 1985, the granting of leasehold rights to urban land was extended by the Black Communities Development Act to include associations and people approved by the Minister of Constitutional Development and Planning. In March 1986, Black Councils became fully autonomous local governments (Koornhof, 1984). The major change in attitude on the part of the central government towards urban blacks was to have great impact on black trading in urban areas.

### 2.3 Structural Elements of Contemporary Soweto

Cities in the Western tradition are usually characterised by distinctive patterns of land use. The main factors influencing physical structure are topography, economic base, historical development, infrastructural accessibility and planning controls. However, the separation of different land uses and residential income groups are blurred in cities of the Third World as places often serve the dual purpose of work and residence.

Metropolitan Johannesburg displays land use characteristics of both Western and Third World cities. In contrast to the Western land use model, the well-developed Central Business District of Johannesburg is surrounded by relatively low-density residential areas (excluding Hillbrow and Braamfontein); and the existence of Soweto, a high-density, low-income residential area on the outskirts of metropolitan Johannesburg, reflects the physical setting of a Third World city. Similarly, Soweto itself exhibits contradictory land use characteristics. Until the present decade land use in Soweto was dominated by two overarching criteria. The first relates to the original conception and evolution of Soweto as a place to temporarily house blacks who worked in metropolitan Johannesburg. Secondly, the land use patterns reflect the lack of any integral planning for Soweto as it exists today. Although no comprehensive plan existed for Soweto as a whole, each township was laid out in an ordered fashion. Since 1978 attempts have been made to demarcate and develop a "Western" city structure for Soweto which would be comprised of a centrally located town centre and outlying, suburban shopping centers and industrial areas. This post hoc adaptive planning imposed on the essentially residential landscape of Soweto is an attempt to emulate the land use

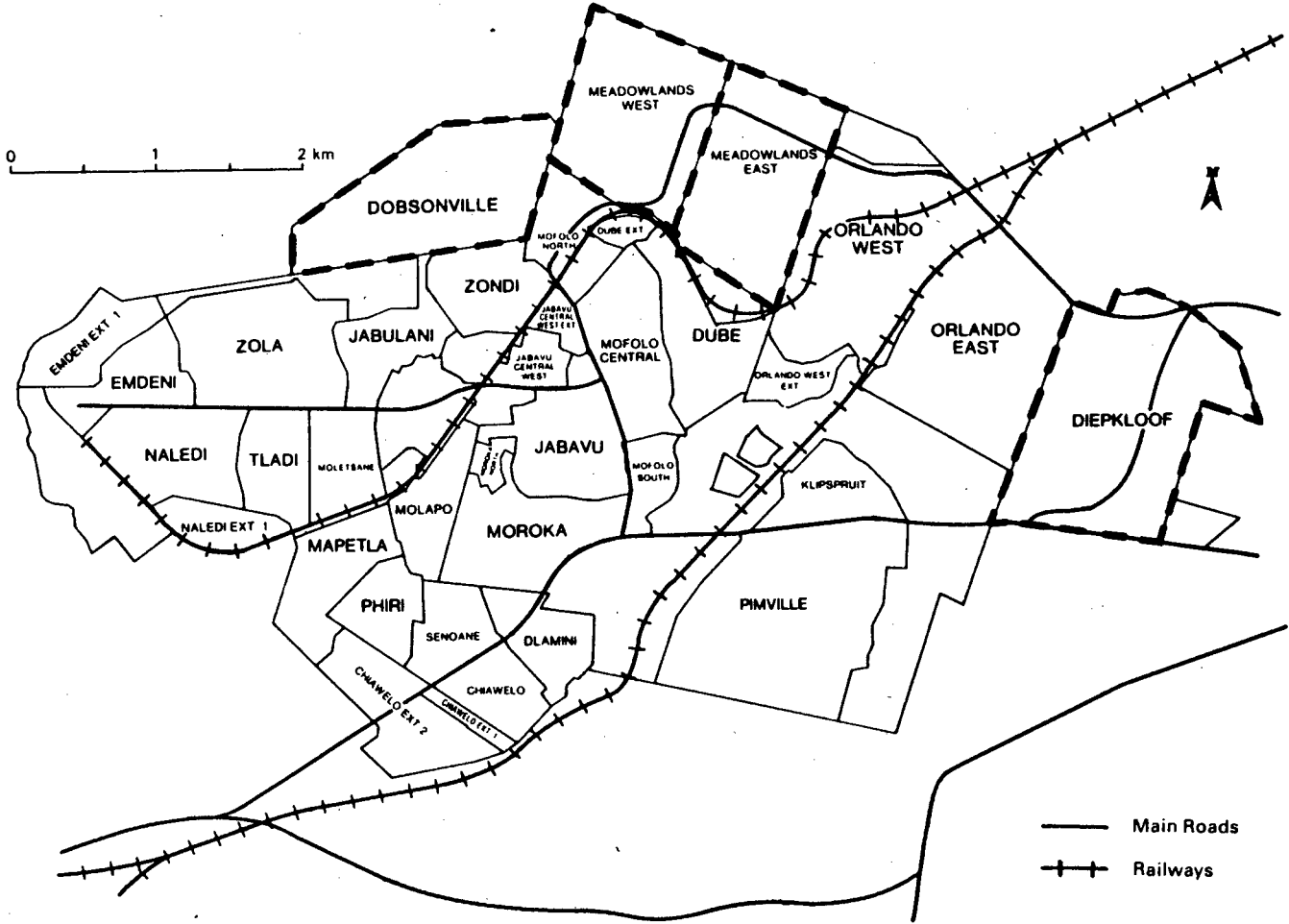
profile of an autonomous city in an area which, it will be seen, is in reality functionally and economically part of metropolitan Johannesburg.

### 2.3.1 Structural Components and Divisions of Soweto

Administratively Soweto is comprised of three independent areas under the management of the Dobsonville Town Council, the Soweto Town Council and the Diepmeadow Town Council respectively (Fig. 2.2). Collectively these areas comprise Greater Soweto. However, the term Soweto is commonly used to refer to the area encompassed by the jurisdictions of the three separate town councils. The Dobsonville Town Council administers an area 487 hectares in extent and was established in terms of the Community Councils Act of 1977. Historically this area was originally under the jurisdiction of the Roodeport City Council. Similarly the Soweto Town Council controls the area which was originally administered by the municipality of Johannesburg. The Diepmeadow Town Council administers the townships of Meadowlands and Diepkloof (1541 hectares) which were developed and controlled by the Resettlement Board to accommodate people relocated under the Bantu Resettlement Act of 1954. The 5966 hectare area under the control of the Soweto Town Council is the largest administrative area in Greater Soweto and dominates the three local municipalities. Each of the different townships under the control of the Soweto Town Council was originally administered separately under a township manager employed by the Johannesburg municipality.

A planned town centre site for Soweto is located in the townships of Jabulani. The 77 hectare site is as yet incompletely developed. Branches of major banks and building societies are located there as well as the administrative buildings of the Soweto Town Council. Only 3000 square meters of retail space has been developed although several proposals have been submitted for the

Fig 2.2: Soweto(Greater)



development of the remaining positions of land. Several major retail firms have expressed interest in leasing store space in the proposed retail expansions.

As Soweto was envisaged primarily as a residential area no land was zoned for industrial purposes. Since 1976, however, some small-scale industrial development has taken place in Soweto. The Small Business Development Corporation (SBDC) has developed approximately 80 sites in Orlando West and Emdeni. The activities in these industrial parks are mainly small-scale manufacturing undertakings (tent manufacturers, welders, leatherworks, candle makers, knitters, and upholsterers) and services involving some production activities such as motor mechanics, burglar proofers, fridge repairs, photographers, printers, panel beaters, electricians and glazers. A few wholesaling concerns such as paint and cleaning suppliers also occupy premises (Fenn et al., 1989). In addition the SBDC is developing 73 sites in Dube, 55 sites in Nancefield and 56 in Dhlamini. Seven of these sites are for scrapyards and secondhand motor vehicle spares. Further industrial development is envisaged for Pimville (Plebankowitz, 1989). Two industrial sites have been planned in Meadowlands and a site is being developed north of Dobsonville.

Sites for shops and public facilities were originally laid out according to standards of the former Department of Community Development (now Department of Public Works and Land Affairs). Although most of the shop sites have been developed (for a complete discussion, see Chapter Three) the same is not true of sites for public and community purposes (Morris, 1980). The public facilities which do exist in Soweto are mainly those concerned with education and medical facilities (Table 2.2)

**Table 2.2 Public Facilities in Soweto**  
(After Fenn et al., 1989)

|                   | Diepmeadow | Dobsonville | Soweto | Total |
|-------------------|------------|-------------|--------|-------|
| Primary schools   | 14         | 160         | 76     | 284   |
| Secondary schools |            | 4           | 32     |       |
| Technical schools | 0          | 2           | 4      | 6     |
| Hospitals         | 1          | 0           | 1      | 2     |
| Clinics           | 2          | 1           | 8      | 11    |
| Libraries         | 0          | 1           | 4      | 4     |
| Public halls      | 4          | 1           | 10     | 15    |
| Sports stadia     | 0          | 1           | 1      | 2     |

In 1989 construction began on six schools in Dobsonville (including a technical school and a school for deaf and dumb children), a technical school in Diepkloof, and additions worth R6-7 million to schools in Chiawelo, Zola, Mofolo Central and Orlando East. Vista University is constructing a new division in Orlando East. Baragwanath Hospital is presently entering a three-year expansion programme. Anglo American property services are building both a day-care centre and a mental home in Diepkloof (Fenn et al., 1989).

Residential areas of Soweto were until recently made up mainly of 3- and 4-room dwellings of standard design by public authorities. Since 1976 public and private developers have provided a wide range of houses varying in size, finish and cost as well as a few blocks of flats. By 1988 some 44 private construction firms had developed 7000 sites for housing (Walker, 1989). In some parts of Soweto the original housing stock has been improved relieving the monotony of a landscape of mass-produced public housing. In 1980 the majority of these houses

were based on a 4-room design (70.7%) and almost a fifth (18.9%) had only 3 rooms (Table 2.3). As a result the population density stood at 100 per hectare as opposed to 23 per hectare in Johannesburg (Morris, 1980).

**Table 2.3 Housing Stock in Soweto, 1980**  
(After Morris, 1980)

| No. of rooms incl. kitchen |               |            |
|----------------------------|---------------|------------|
| excl. bathroom             | No. of houses | % of total |
| 2                          | 7,154         | 7.1        |
| 3                          | 19,304        | 18.9       |
| 4                          | 72,069        | 70.7       |
| 4-5                        | 3,407         | 3.0        |
| Total                      | 101,934       | 100.0      |

By 1988 the number of houses in Soweto had risen to an estimated 117,495 units<sup>3</sup>, housing an average 12 people per unit. Some 43,000 shacks exist and provide shelter to 5 people each. Additional shelter for 38,842 people is provided in 9 hostels located in Soweto (Planact, 1988) (Table 2.4).

**Table 2.4 Housing in Soweto, 1988**  
(After Planact, 1988)

|         | Total   | Diepkloof | Dobsonville | Soweto |
|---------|---------|-----------|-------------|--------|
| Houses  | 117,495 | 29,123    | 5,458       | 82,914 |
| Shacks  | 43,000  | --        | --          | 43,000 |
| Hostels | 9       | 2         | 1           | 6      |

3 Different sources give estimates which vary.

In an effort to alter the tenure system in Soweto, the state started selling its township housing stock in 1983. Originally houses were offered to existing tenants at selling prices determined by the original construction cost and replacement cost. Reluctant buyers forced the state to reduce the selling price of the houses. By 1988 almost half (48.4%) of the units were privately owned (including privately constructed homes). At a policy level, the cost to the state of transferring housing to residents is of less importance than the fact that the urban black population has been accepted as a permanent component of the urban population. On the one hand, private home ownership is seen as a means of creating and stabilizing a "middle-class" of urban blacks (Sarakinsky, 1986). A more tangible reason, on the other hand, is the creation of a meaningful tax base for Soweto (Fenn et al., 1989). The Soweto Town Council is confronted by a worsening fiscal crisis resulting from the widespread and prolonged rent boycott. Residents use this method to protest the lack of maintenance of the rental properties, the rising service fee (Table 2.5) and because they feel that the properties should be transferred without cost (Walker, 1989).

**Table 2.5 Monthly Rent and Service Charges of the Soweto Town Council  
(After Planact, 1988)**

|      | House Rent | Site Rent | Service Charge | Total  |
|------|------------|-----------|----------------|--------|
| 1977 | R3.25      | R8.00     | R3.00          | R14.25 |
| 1979 | R3.25      | R11.50    | R3.00          | R17.75 |
| 1983 | R3.25      | R13.32    | R23.73         | R40.30 |
| 1984 | R3.25      | R13.32    | R41.03         | R57.60 |
| 1986 | R3.25      | R13.32    | R45.77         | R62.43 |

In addition, the issue of affordability is of significant importance. It reflects increasing disparity between the cost of housing and the income of the household responsible for its payment. The rent boycott and calls for the transfer of houses at no cost do not address the issue of overcrowding and lack of new housing stock catering to lower-income residents.

### 2.3.2 Population

In 1985 the census recorded a resident population of 871,187 persons for Soweto (Central Statistical Services, 1987). Even with an estimated undercount of 20.4 percent, this figure falls far short of a 1978 estimate of between 1 and 1.5 million people calculated by projecting different occupancy levels per house (Morris, 1980) (Table 2.6). By 1988, the population estimate for people living in Soweto had risen to 2,706,000 (Fenn et al., 1989). In contrast in 1985, neighbouring Johannesburg housed 688,295 people, and Greater Johannesburg (excluding Soweto) 823,376 (Central Statistical Services, 1987).

**Table 2.6 Population Estimates for Soweto 1987**  
(After Morris, 1980)

|        | Persons/house | In houses | In hostels | Total     |
|--------|---------------|-----------|------------|-----------|
| Low    | 7             | 713,538   | 38,095     | 751,633   |
| Medium | 10            | 1,019,340 | 38,095     | 1,057,435 |
| High   | 14            | 1,427,076 | 38,095     | 1,465,171 |

The relatively young population of the township has implications for the provision of schools and also for the demand for employment opportunities (Morris, 1980). A dissimilar situation is found in Johannesburg where the ratio of the economically-active age group is larger than the group of young dependent children and youths (Hart and Lourens, 1977). Up to the 1950s there were more males living in Soweto than females. In recent years, the ratio of males to females has achieved a demographic balance.

### 2.3.3 Brief Review of the Economic Base of Soweto

The economic well-being of an area is essentially dependent on its forces of production and consumption. For Soweto, the consequent flows of finance generate capital for infrastructural development, and for the individual, employment is necessary for economic security and self-reliance.

The population census of 1985 classified 53.3 percent of the people living under the jurisdiction of the Soweto Town Council as "not economically active" (Central Statistical Services, 1987) (Table 2.7). Unfortunately the inclusion in this figure of both the dependent youths and the aged masks the percentage of those unable to find employment in the formal labour force. Unemployment is thought

to have reached critical proportions in Soweto as a result of the economic recession and other structural constraints (Fenn et al., 1989).

**Table 2.7 Occupation of People Living in the Municipal Area  
of the Soweto Town Council, 1985  
(After Central Statistical Services, 1987)**

|   | Males   | Females | Total   | %     |
|---|---------|---------|---------|-------|
| Professional and technical worker               | 4,384   | 8,628   | 13,012  | 2.5   |
| Managerial, executive and administrative worker | 901     | 235     | 1,136   | 0.2   |
| Clerical and sales worker                       | 19,840  | 16,143  | 15,983  | 6.9   |
| Transport and communications worker             | 22,683  | 1,453   | 24,136  | 4.7   |
| Service worker                                  | 15,598  | 25,602  | 41,200  | 7.9   |
| Farmer, fisherman, hunter, farmworker           | 624     | 168     | 792     | 0.2   |
| Tradesman and apprentice                        | 4,124   | 954     | 5,078   | 1.0   |
| Mining, quarrying and production workers        | 32,725  | 17,732  | 50,457  | 10.0  |
| Unskilled worker                                | 10,504  | 2,859   | 13,363  | 2.6   |
| Workers not classifiable                        | 26,615  | 30,572  | 57,187  | 11.0  |
| Not economically active                         | 121,812 | 154,523 | 276,335 | 53.3  |
| Total   | 259,810 | 258,869 | 518,679 | 100.0 |

Ten percent of workers are employed as "mining, quarrying and production workers". As most mine workers live in compounds on the mines, these workers are most likely involved in manufacturing production, a relatively small proportion when compared to workers employed in services and service related industries, a total of 17.5 percent (professional and technical workers - 2.5%; managerial, executive and administrative workers - 0.2%; clerical and communications workers

- 6.9%; and service workers - 7.9%). Female workers predominate in the professional and technical and service fields. The low numbers of tradesmen and apprentices is indicative of the legislative structures which prevented blacks from entering these occupations until recently.

Only 3.8% of the economically active population in Soweto (15,816 people) were formally employed within Soweto in 1979 (Morris, 1980). This employment was distributed mainly in the public service sector in occupations such as nursing, teaching, administrative and the police service. Though levels of employment in these activities has increased over time, their capacity to serve as a multiplier effect is limited and they have not significantly increased the growth of additional employment or of income as essential to expand the tax base of Soweto. More important in this regard are those people who work in Soweto but are self-employed. The vast majority of self-employed are traders with the second largest group being taxi owners. In 1978 the figures of the West Rand Administration Board show that all the self-employed provide some type of service (Table 2.8).

**Table 2.8 Occupations of the Self-Employed in Soweto, 1978**  
(After West Rand Administration Board, 1978; cited in Morris, 1980)

|                                | Number | Percentage |
|--------------------------------|--------|------------|
| Traders                        | 1,562  | 51.3       |
| Taxis                          | 846    | 27.8       |
| Building and home improvements | 251    | 8.2        |
| Cartage contractors            | 120    | 3.9        |
| Wood and coal merchants        | 42     | 1.4        |
| Gardeners                      | 27     | 0.9        |
| Artists                        | 25     | 0.8        |
| Market porters                 | 21     | 0.7        |
| Ministers                      | 15     | 0.5        |
| Doctors                        | 18     | 0.6        |
| Driving instructors            | 13     | 0.4        |
| Other services                 | 104    | 1.5        |
| Total                          | 3,044  | 100.0      |

Since the 1980s an attempt has been made to stimulate small manufacture through the establishment of industrial parks (described previously). These firms are small and have not provided major employment opportunities to the residents of Soweto and thus have not contributed substantially to the tax base of the region.

However, many economic activities which take place in Soweto are not licensed. These "informal" activities involve mainly the selling of food and other goods and childminding, although manufacturing activities are rising. The production of clothing is often undertaken by women working from home.

**Table 2.9 Commuter Transport Mode between Soweto and Johannesburg 1984  
(Victor, 1988)**

| Mode        | Percentage of Commuters | Estimated Number of Commuters |
|-------------|-------------------------|-------------------------------|
| Train       | 56.8                    | 136,500                       |
| Bus         | 27.3                    | 65,800                        |
| Taxi        | 5.5                     | 3,300                         |
| Private Car | 9.4                     | 22,700                        |
| Other       | 1.0                     | 2,300                         |
|             | 100.0                   | 240,600                       |

The rail network which serves the population of Soweto consists of two lines, the main rail route is from Johannesburg to Potchefstroom, and a second line which has its terminus at Naledi station in the southwestern quadrant of Soweto (Fig. 2.2). In 1985 the South African Railways estimated that approximately 211,368 passengers were carried by its services to and from Soweto each day (Roodt, 1988). An internal feeder bus service to stations is provided by Putco Limited, a private utility company.

The recent rise in importance of private "combi taxi" services in Soweto and Johannesburg, in common with the pattern in other South African cities has meant that bus services have encountered severe competition for passengers (Duff, 1988). Despite this bus transport remains the second most common form of commuter transport in Soweto. Data from Victor (1988) shows that 171,989 passengers commute by bus each day on the major routes which terminate mainly in central Johannesburg, and to a much lesser extent in Krugersdorp.

Car ownership in Soweto in 1977 was 0.23 cars per thousand of the population. The most affluent area of the townships complex, Dube, had a ratio of 0.43 cars per thousand of the population (Bureau of Market Research, 1977). The Johannesburg Metropolitan Transportation Study Group (JOMET) estimates that car ownership levels will rise by a factor of five by the year 2000 (Morris, 1980). At present the use of the motor car for both commuting and local travel within the confines of Soweto is limited, and this also limits the consumer's choice of shopping location.

Taxis are an important means of internal transport in Soweto. Most are privately owned and may belong to any one of eleven different taxi associations. The ratio of 'pirate' taxis (a term used to describe those not licensed) to formally registered taxis could be as high as 1 to 3 (Khosa, 1987). Taxis use specific routes in Soweto collecting and dropping passengers along their routes. They also provide an important means of transport to and from Johannesburg for an estimated 63,895 persons each day (Duff, 1988).

From the brief description of transport services given here, the rail, bus and taxi services are predominantly designed to transport commuters from Soweto to their places of employment in and around Johannesburg. From this it would seem that the authorities have not envisaged any reorientation of the population's travel behaviour.

The dormitory status of Soweto has also resulted in the limited development of other basic services such as telephones, electricity, water and sewerage reticulation. Although schemes are being undertaken to develop these services, they remain major problems in Soweto (Morris, 1980). The lack of services has served to discourage economic development within Soweto.

### 2.3.5 Growth in Numbers of 'Formal' Traders in Soweto

The development of the retail function of Soweto is traced historically in Table 2.10.

**Table 2.10 Rates of Growth of Businesses in Soweto (Hart, 1972; Morris, 1980; Soweto Council, 1988)**

| Year | Number of Businesses | Change Per Annum |
|------|----------------------|------------------|
| 1938 | 192                  | -                |
| 1955 | 820                  | 18.17%           |
| 1959 | 1,137                | 2.76%            |
| 1969 | 1,460                | 2.84%            |
| 1978 | 1,562                | 0.78%            |
| 1987 | 1,373                | -2.05%           |

In 1988, there were 1,373 'formal' traders operating from approximately 105,000 square metres of floor space in Soweto. The number of "formal" traders in Soweto is declining in a period when the population is estimated to have risen above 2 million (Fenn et al., 1989).

The limited and even shrinking development of trading in Soweto when examined against the background of the origin and evolution of the urban area, makes appropriate to turn to an examination of the joint roles of the state and its associated authorities, and of white commercial capital in limiting trading in black urban areas in general, and in Soweto in particular.

## **CHAPTER THREE: THE EVOLUTION OF TRADING IN SOWETO**

### **3.1 Introduction**

The paucity of trading in black townships in general and no less so in Soweto reflects the historical underdevelopment of the black businessman in South Africa. Southall (1980) has called this "one of the defining characteristics of the South African political economy". Limited development of black trading, on the one hand, can be seen to reflect the non-traditional status of trading in the structure of indigenous South African societies, for whom the buying and reselling of commodities for profit was alien (Kuper, 1975). On the other, the dual controls of the state and 'white' commercial capital have structurally constrained the development of black trading entrepreneurship (Kuper, 1975; Hart, 1972; Southall, 1980; Rogerson and Beavon, 1982b).

The aim in this chapter is to examine the issues controlling the growth of trading in Soweto as a residential dormitory of Johannesburg, and secondly, the roles of the state (and its surrogate bodies), and 'white' capital in limiting the development of trading in black urban areas and in Soweto.

### **3.2 Issues in the Development of Trading in Soweto 1900-1976**

From the earliest years, black traders have been subjected to severe limitations imposed by the government to protect the interests of 'white' capital. Control on black capital formation in urban areas has been instrumental also in maintaining control over black urbanization and in inhibiting black pressure for political and other rights.

Restrictions emanating directly from the state have related specifically to entrepreneurs operating within the so-called 'formal' sector of the economy; those

whose enterprises might have been small in size but who were licensed and operated from fixed business premises. Trading of an 'informal' nature has not been regulated by central government legislation but has been controlled by legislation and regulation enacted at the level of the province and local government. That legislation has affected both 'formal' and 'informal' black trading in urban areas. It appears in the ordinances of each province promulgated in terms of powers delegated by central government to the Administrator of each province. Black traders have also been affected by by-laws passed by local authorities in terms of provincial ordinances relating to licensing procedures, public health, and procedures involved in the preparation and handling of food.

There is obviously a need for a degree of official regulation on business enterprise. Thus regulations affecting issues concerning health and traffic for example are necessary to avoid urban dislocation and are accepted as being in the public interest. By contrast, regulations which have the effect of stifling development and the growth of enterprises are questionable. Growth is fundamental to business enterprises insofar as their creation and subsequent prosperity is concerned. Excessive regulation stifles and hinders progress, and regulation directly related to specific ethnic or racial groups contradicts the objectives of capitalist development.

Historically, in terms of the economic possibilities open to blacks, it would be true to say that they have been confined to discrete areas of the economy. They were unable to participate in the mining of precious minerals as entrepreneurs because of a lack of financial and technological resources and because of restrictive legislation (Southall, 1980). Black entrepreneurial activity in the late nineteenth century therefore developed in the field of agricultural production, where surpluses could be sold on the open market. The emergent black peasantry,

however, was perceived as a threat to the interests of white agriculture and contrary to the labour needs of white-owned mines. Consequently the labour needs of the economy, combined with the alienation of land by whites (by enforcing the Native Lands Act of 1913), subjected the vast majority of the black population to "selling" their labour. This process limited the ability of blacks to accumulate capital and thus their potential for participating in all forms of capitalist activity (Bundy, 1978).

It is against this background of the economic needs of the dominant white commercial traders and subsequent political needs and expectations of central government that legislation affecting black traders is examined. The legislative programme of the state has reflected three major policy shifts. The first concerns a policy of controlled expansion up to the 1950s. A phase of strict control and repression followed and persisted to the mid-1970s. The third and most recent phase has been underpinned by a policy shift towards actively promoting black trading in urban areas (Section 3.3).

### 3.2.1 Phase I: 1900-1948, Controlled Expansion of Black Trading in Urban Areas

During the first phase, from the turn of the century until the 1950s, state policy on black trading was determined principally by the status of blacks in urban centres and only secondly by the demands of white traders for protection. Prior to and shortly after the Anglo-Boer War white controlled governments in South Africa took up urban development issues that emerged from increasing landlessness and impoverishment of blacks, increasing black urbanisation, urban overcrowding and the spread of disease and petty crime. Governments of the South African territories issued regulations to control the establishment of 'locations' and to provide ways and means to cushion the unfamiliarity of blacks

with the culture of the white man's cities (Davenport, 1971, p. 6). These controls dealt specifically with the status of blacks in urban centres, but there was initially no general policy governing black traders.

By 1906 regulations concerning the establishment and management of locations for blacks were extended to urban areas in each province (Davenport, 1971). These regulations while not dealing specifically with trading, on the one hand, firmly established the status of blacks in urban areas and, on the other, formalised emergent embryonic segregation policies towards different race groups in urban areas. Another feature of the legislation of this period was the precept that black urban areas or locations were to be administered by whites who, by implication, controlled the provision of services in those areas.

By Union in 1910 the number of black traders in South Africa was minimal. Licenses had been issued to black traders in only twenty-seven of the one hundred and forty-six magisterial districts that made up the country at that time. In those twenty-seven districts there were twenty-eight general dealers, one butcher and a trading company operated by blacks. On the Witwatersrand it was estimated that only two or three black traders existed (Phillips, 1938).

Residential 'locations', initially conceived as a solution to the problems of black urbanisation, soon themselves became problems. Thus, for example, the report of the Tuberculosis Commission of 1911 drew attention to the insanitary conditions which favoured the spread of tuberculosis as location finances were appropriated by municipalities for their general revenue accounts and not reinvested in the areas in which they had accrued (Davenport, 1969).

The promulgation of the Native (Urban Areas) Act of 1923 unified the diverse laws concerning the locations in the urban areas of the four provinces. Among its many provisions the Act dealt specifically with black trading. It

allowed administering local authorities the right to let trading sites to the residents of the locations. If, however, in the opinion of the local authority, the needs of the inhabitants were not being met, the Act empowered the local authority to carry on various businesses in its own right.

The Native (Urban Areas) Act of 1923 was concerned more with welfare than with ideology. It defined fields in which the Governor-General, the Minister of Native Affairs and urban local authorities could respectively make regulations (Davenport, 1969). Unlike the other provinces, local authorities in the Orange Free State did not grant any trading licenses in their black urban areas. In consequence, the Act was amended in 1930 to allow the Minister (in consultation with the Administrators of the provinces and local authorities) to grant trading rights in all areas. The amendment brought objections from the Orange Free State Municipal Association and the Town Council of Kroonstad on the grounds that firstly, blacks would cease to be temporary residents in urban areas and would thus obtain a permanent stake in towns, and secondly, that the interests of the white traders should be protected (Hart, 1972).

Throughout the 1930s and 1940s the Orange Free State remained intransigent on this issue, and no direct ministerial powers were exercised to issue trading licences to blacks in the province. Criticism came from eminent individuals such as the academic D.D.T. Jabavu and T. Godlo, president of the South African Congress of Advisory Boards (Hart, 1972). In 1942 official pressure was exerted on the Orange Free State to review its position when the Smit report on Inter-Departmental Committee on the Social, Health and Economic Conditions of Urban Natives commented that the principle of segregation justified the granting of licences to blacks for trading in their own urban areas. The Orange

Free State finally retreated from its intransigent position and agreed in principle to issue trading licenses in the locations of Bloemfontein in 1944 (Hart, 1972).

Elsewhere during the period of the 1930s and 1940s the number of black traders had increased substantially. On the Witwatersrand the number of black traders in 1936 was estimated to be between five and six hundred. Of these at least eighty percent were involved in the trading of groceries, although it was estimated that very few were operating profitable businesses (Phillips, 1938).

State legislation regarding black trading in urban areas in this period represented a phase of partial and incomplete control with no overall structural design in the administration and control of blacks. While permissive legislation did not actively discourage the establishment of black trading concerns it did not actively encourage them either. An amendment to the 1923 Native (Urban Areas) Act (which was enacted in 1930) gave discretionary powers to the Minister and indicated a policy which accepted segregation but conceded certain rights to blacks in the urban areas (Hart, 1972). The attitude of the Orange Free State and the reluctance of the Minister to exercise his rights there suggests some apprehension on the part of political authorities, and apprehension among white commercial interests on the issue of black trading. The issue of black urban status and white traders' fears and demands for protection thus influenced the development of black trading during this relatively permissive phase, with the effect of the former being greater than the latter. An examination of legislation passed during the 1950s and 1960s, however, shows that the demands of white capital for protection from black traders progressively led to the diminution of black urban rights and so retarded the development of black entrepreneurs in urban areas.

### 3.2.2 Phase II: 1948-1976 Strict Control and Repressive Measures against Black Traders in Urban Areas 67

The 1950s and 1960s marked the second phase of government policy on black trading. Policy shifted towards a progressive diminution of the rights of blacks to establish businesses. This period coincided with the refining of the separatist policy of the new government following the election victory of the National Party in 1948.

The Nationalist Government began after 1948 to systematically tighten the degree of segregation between blacks and whites in urban areas and to entrench the ideology that maintained that blacks were temporary residents in white urban areas. Urban blacks were seen as necessary only to service the needs of the economy. Those not required were to be accommodated in 'homelands' under an official resettlement policy (Davenport, 1969).

From 1955 the Native (Urban Areas) Act of 1945 and its 1952 amendment were employed to achieve the objectives of the now established national policy of apartheid. Insofar as black trading was concerned, local authorities were directed to remove black traders who had acquired sites outside the black locations in urban areas. In 1957 the Native Laws Amendment Act prohibited any black male from working on his own account for remuneration unless licensed by the relevant authority (Horrell, 1956/7). This provision in effect implied that black businessmen would require permission to work even in townships. Notwithstanding the increasingly repressive restrictions black traders increased in number. By 1959 1,683 traders were operating in the townships of Johannesburg (Kuper, 1965).<sup>4</sup>

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<sup>4</sup> Reyburn (1960) gives a substantially lower figure of 1,137 traders in Soweto in 1959. This large discrepancy is thought to stem partly from the exclusion of hawkers and speculators from Reyburn's figures and partly from the movement of the enterprises of black traders from the townships to the rural reserves (Hart, 1972).

In the late 1950s evidence emerged of the resistance of white traders to the growth of black trading. At the annual conference of the Afrikaanse Sakekamer in 1958, motions were introduced opposing the granting of licenses to blacks in townships while recommending the establishment of white trading areas on the borders of black residential areas (Kuper, 1965). The Minister of Bantu Administration and Development, in a major statement to the meeting of the Sakekamer the following year, reiterated that black traders were only temporary residents in the locations. Once their businesses had grown substantially they were expected to move their enterprises to the homelands (Southall, 1980). It is not surprising that these measures solicited reaction from the black traders themselves.

In response to the official sanctions to contain black trading more strictly and the growing emphasis on the temporary sojourner status of blacks in urban areas, several black traders' associations emerged. These included the Orlando Traders Association, the African Chamber of Commerce (1955), the African Commercial Travellers' Association (1958), the Orlando African Cartage Association (1958) and the Johannesburg and District Traders Association (1959). The primary objectives of these institutions were firstly, to promote black participation in commerce and manufacture and secondly, to resist the intrusion of white capital in black townships (Southall, 1980). The African Commercial Travellers' Association was one of few organisations formed in the 1950s to survive to the 1970s (Keeble, 1981). In addition two organisations were established at this time to provide financial and business assistance to black entrepreneurs. These were the Bantoe Winkelierse Helpmekaar Vereeniging and the Ikaheng Finance Corporation both formed in 1958. The former used a scheme involving the cession of life insurance policies to serve as security in the raising of capital. No fixed property in black ownership was available for that purpose because the government

regarded blacks in urban areas as temporary residents, and therefore prevented them from owning property.

Attempts were made to unify some of the organisations into the African Chamber of Commerce (ACOC). Personal disputes, however, weakened ACOC and in 1963 the executive altered the name of the institution to the Johannesburg African Chamber of Commerce. Soweto was divided by the Chamber into 18 regions with a total of 233 paid up members.

Further controls on black trading were imposed by the government as a conciliatory move towards the attitudes expressed by (the white) members of the Afrikaanse Sakekamer and as part of its strategy to promote formal apartheid. A set of restrictions was issued in 1963 through a circular (No. A12/1 - A8/1) from the Department of Bantu Administration and Development to local authorities. Its most important provisions were that trading by blacks was not an "inherent primary opportunity" and should it "prove necessary to provide trading facilities in Bantu residential areas," it should be done on the following basis: that trading rights only be granted to blacks qualifying for urban residence in terms of Section 10 clauses of the Black (Urban Areas) Act of 1945 (as amended in 1952). In addition, blacks were not permitted to form companies or partnerships, nor allowed to construct their own business premises. The construction of such premises was to be undertaken only by local authorities. Black businesses were confined only to the provision of 'daily necessities'. The establishment of African controlled financial institutions, industries and wholesale concerns was to be prohibited in white areas, urban areas or black townships. Municipal authorities were not to issue new licenses as a general policy unless out of 'dire necessity' (Kuper, 1965; Hart, 1972; Kitchin, 1978; Southall, 1980).

The 1963 circular created animosity and insecurity among black traders. The National African Chamber of Commerce (NACOC) was created in 1964 to link traders' organisations throughout the country to ensure their survival. NACOC also coordinated a bulk buying scheme in 1964 to curb the influence of white and Indian wholesalers from outside black townships (Southall, 1980). Until 1968 NACOC was organised along provincial lines with local chamber branches affiliated to provincial organisations.

In 1968 further restrictions (R1036 of 14 June 1968) were placed on black businessmen trading in townships under the Black (Urban Areas) Act of 1945 (as amended). The most important of these were that:

- any black businessman with a business or trading interest elsewhere would not be allocated a trading site in an urban black residential area.
- if trading on one site in a black urban area, no trader would be allocated another site even if the proposed business was of a different type to the existing one.
- black traders were not to have business partnerships with non-blacks outside the black urban area.
- no trader was allowed to alter structurally or add fittings to his buildings without the written permission of the local authority.

A protest from the National African Chamber of Commerce against the 1968 restrictions was to no avail (Horrell, 1968). The government was also insistent that before it would negotiate with NACOC, the organisation had to be organised along ethnic lines. This requirement led ultimately to the amalgamation of the various black commercial organisations into the National African Federated Chamber of Commerce (NAFCOC) in 1969. NAFCOC had three objectives, firstly, to seek the removal of all legal restrictions on black business. Secondly, it sought

to mobilise black capital for entrepreneurial use and thirdly it sought to establish a claim for urban leadership so that it might appeal for concessions from the government on the basis that the creation of a black middle class would lead to increased political stability (Southall, 1980; Sarakinsky, 1986).

The rates of growth in the numbers of black traders reflects the increasing controls and restrictions on their activities. From 1938 to 1955 the average annual growth rate of traders in Soweto was 18.7 percent. The increasingly severe restrictions are largely reflected in an annual growth rate of less than three percent in the number of black traders between 1938 and 1969 (see Table 2.3).

### 3.2.2.1 Implementation of State Restrictions on Black Trading in Urban Areas

Up to 1971 the central government exerted control on black traders through the regulations discussed above, working mainly through the agency of provincial and local governments. Certain additional powers were delegated to provinces and local authorities under which they issued ordinances and by-laws which regulated traders. Significantly while central government legislation was directly concerned with 'formal' trade, it was at the lower levels of government that controls on 'informal' traders are issued and implemented.

The most important controls exercised by provincial and local authorities related firstly to town planning standards which influence land-use patterns and therefore the retail function. Secondly, the procedure which entrepreneurs have had to follow to obtain a trading license from local authorities exerted a significant effect on the development of trading.

In 1951 the Nationalist Party, in accord with the implementation of its formal apartheid policy, laid down standards for the development of black urban residential areas. Only those local authorities which complied with these standards

were able to receive financial assistance from the government for the development of their black townships (Kitchin, 1978). The standards used in the planning of shop sites permitted 1 shop with a 20 foot frontage for every 200 persons with 5 shops to be grouped on each site. Groups of shops were to be located at convenient intervals throughout the township. In the case of market and trading stalls, one market site of 0.21 hectare was allowed for each 5,000 persons and smaller sites of 0.021 hectare for each 1,000 persons were to be provided (De Swardt, 1969). The Non-European Affairs Committee of the Johannesburg City Council, recommended a number of guidelines to be used by township administrators in granting licences for businesses in black urban areas. One grocer was to be allocated to each 500 families, one butcher to each 600 families, one fish frier to each 1,000 families, one eating house to each 1,000 families, and one dairy to each 1,000 families (Kitchin, 1978). Although certain changes in these standards were proposed by De Swardt in 1969, they were never implemented.

The Johannesburg municipality controlled business development in Soweto in accordance with these standards.

Traders, both 'formal' and 'informal', required (and continue to require) a license from the relevant local authority to conduct their enterprise. Local authorities in the Transvaal issued their own by-laws regarding the granting of trade licences in terms of the Transvaal Licencing Ordinance No. 27. In terms of this legislation black traders applying for a license were required firstly to satisfy influx regulations issued at central government level, and secondly, at the provincial level to advertise their intention to trade in local newspapers of both official languages. Before this application procedure could be undertaken, however, permission to trade had to be obtained from the relevant township manager or West Rand Administration Board official. This is one function in the

control of black trading which remained the responsibility of local authorities after administration boards were instituted in 1971.

In conclusion, the second phase of increasingly repressive legislation towards black trading in urban areas, must be seen against the concern of the Afrikaanse Sakekamer to protect the trading interests of white traders against competition from black traders. That concern recalled the earlier attitude of the Orange Free State towards the issue of black business licences in townships. The government responded with policy changes congruent with the broader policy of apartheid which secured the interests of the white trading community, and particularly the Afrikaans business group (Kuper, 1965; Southall, 1980).

From the mid-1970s, the government's attitude towards black trading began to show a dramatic shift in emphasis which was linked to alterations in the basic tenets of the apartheid policy. It is to these changes in attitude on the part of the authorities that the present discussion now turns. Government legislation and private sector attempts to promote black trading in urban areas will be detailed. Following that discussion, attention is given to the trading function of Soweto which existed in 1986.

### **3.3 Issues in the Development of Trading in Soweto, 1975-1986**

In the present section the progressive relaxation of restrictive legislation on black traders is traced and the role of 'white' capital in the development of black trading is examined. The contemporary retail function in Soweto is scrutinized from two perspectives: firstly in terms of the facilities offered and secondly in terms of the potential demand generated by the people who live there.

### 3.3.1 Relaxation of Restrictive Legislation 1976-1986

At the start of the 1970s the Nationalist Government moved towards the final goal of its separatist policy, namely the establishment of 'independent' ethnic homelands. The previous decade had witnessed the consolidation of the policy of separate development, embodied in the Group Areas Act of 1966 which, with other legal constraints, curtailed the mobility of blacks and their movement into urban areas. The policy was also aimed at the removal of those blacks not directly connected with the economy out of the urban areas to their respective ethnic homelands. In the field of trading, policy continued to be directed towards the suppression of black business in the urban areas while it was to be encouraged in the homelands.

The Government, however, acknowledged that the establishment of 'independent' homelands required black support from as many sectors as possible. It attempted to incorporate NAFCOG as the *de facto* spokesman of black business. As matters stood a memorandum concerning the restrictions placed on black businessmen had been sent from that organisation to the then Minister of Bantu Administration, under whose jurisdiction commercial activities in urban areas fell. Following a meeting held with homeland leaders the Minister's response to these representations was the announcement of concessions to urban blacks in January 1975 (Southall, 1980). The concessions removed restrictions imposed on urban traders in 1963 and allowed blacks to own and erect business premises, to legally form partnerships, to establish more than one type of business on the same site and to trade in an increased range of commodities in black residential areas. Businessmen with established concerns in homelands were also allowed to establish operations in black urban areas. At the same time it was agreed that blacks be granted home ownership rights on a 30-year leasehold basis provided they were citizens of their respective homelands.

When revised regulations concerning black traders were published in May 1976 (R764) the concessions they embodied were subject to two conditions. Both conditions affected the status of black traders and their ability to obtain trading rights. Firstly, applicants for trading licences would have to qualify to remain in an urban area in terms of Section 10 of the Bantu (Urban Areas) Consolidation Act before an application could be successful. Secondly, a prior condition for the granting of a business or professional site would be that applicants would have to be in possession of homeland citizenship certificates. The conditions severely constrained the number of would-be applicants for trading rights and suggested a continuance of their temporary status as urban residents. These conditions became a source of considerable dissatisfaction.

Before reaction to these changes in policy could be shown, civil disturbances began in Soweto on 16 June 1976. The widespread and prolonged unrest was precipitated by dissatisfaction with the black education system. The militancy of the populace threatened the control of the government and that of white capital, and both attempted to consolidate and extend the black middle-class to mediate and prevent racial polarization (Southall, 1980; Sarakinsky, 1986). A statement from the Association of Chambers of Commerce (ASSOCOM) (a white organisation) drew attention to the importance of "the creation of a stable African middle-class" (South African Institute of Race Relations, 1978, p. 225). NAFSOC had already established its role as a representative of the emerging black middle class and black traders were to play an important role in forthcoming government agendas (Southall, 1980).

In August of 1976 a delegation representing black businessmen met the Deputy Minister of Bantu Administration. It was the first delegation to discuss the business interests of blacks with the government since 1968 (Keeble, 1981).

Following these discussions the State made important concessions but these were only gazetted after NAFCOG had met the Deputy Minister in August of 1977. In terms of Government Notice R2292 of November 1977 the condition that homeland citizenship certificates were necessary in order to apply for a license were removed. It remained necessary, however, for a potential licensee to be in possession of the Section 10 (1) (a) or (b) rights of the Native (Urban Areas) Amendment Act of 1952 before a license could be issued. Constraint on the size of business sites was relaxed and sites could now be increased to 350 square metres. In addition permission from the Township Superintendent to employ black staff was no longer required, a black trader no longer lost his license if he was away from business for more than 3 months, and although books had to be kept, it was no longer necessary for them to be inspected by the Bantu Affairs Administration Board. Finally, insolvency no longer automatically led to the cancellation of a trading license. These regulations were further amended in December 1977 when, in terms of Government Notice R2488 earlier regulations limiting trading to 'daily necessities' were relaxed. The schedule listing acceptable traders and professions was also removed from the regulations.

In 1978 the Bantu (Urban Areas) Amendment Act (No. 97 of 1978) introduced 99-year leasehold rights to urban land for blacks in their own areas. This was a significant step for black traders. Possession of fixed property meant that properties could be used as security against which capital loans could be raised from financial institutions. In other words real estate could be used as collateral which had previously not been possible.

NAFCOG pressed for further reforms for black business enterprises. Calls were made for the development of industries owned and operated by blacks in urban areas; the relaxation of the maximum size of trading sites; different trading

hours and the removal of the monopoly on liquor outlets, cinemas and hotels by the Administration Boards. In addition NAFCOOC requested changes in the provisions concerning the termination of rights to the occupation of trading sites, and those in which conviction of a criminal charge or on 30-day rent arrears led to the withdrawal of trading licences. They also requested the removal of restrictions limiting a trader to only one site. To these requests NAFCOOC later added an appeal for the opening of the Central Business Districts of the large cities to black traders and requested the removal of restrictions on the formation of companies, partnerships and joint ventures with white entrepreneurs from urban areas, including therefore, the removal of the Section 10 (1) (a) or (b) regulation of the Native (Urban Areas) Act of 1952.

Following the representations made by NAFCOOC in 1978 the government made the following concessions: businessmen were allowed to expand to more than one site, the site area constraint of 350 square metres G.L.A. (gross lettable area) was removed and black enterprises were allowed to employ non-blacks (R1922 of September, 1978). In 1986 legislation was passed and people of all races were permitted to trade in the Central Business Districts of designated cities.

The evolution of government legislation on black traders in urban areas has been outlined in the paragraph above. Legislation currently in force remains centered in the provisions of Government Notice R1036 of 1968 subject to the amendments of 1977 and 1978.

In a broader context black traders remain constrained by the provisions of the Group Areas Act, which limits black traders to their own racially demarcated areas and those central business districts designated as areas where people of any race may trade.

The development of 'formal' retail activity in Soweto and indeed in all black residential areas in South African cities has been very slow despite the relaxation of legislative controls from 1977 and the encouraging recommendations of the Riekert Commission in 1978 (Morris, 1980). Recent attempts by the State to promote the development of shopping in black areas, which has been given considerable impetus by the many prescriptive reports which have recommended the expansion of retailing, have failed to stimulate growth in this activity (Kitchin, 1978; Oosthuizen *et al.*, 1979; Urban Foundation, 1979; West Rand Administration Board, 1983). The number of formally registered retail outlets in Soweto has fallen from 1,562 in 1978 to 1,133 in 1987 (Morris, 1980; Soweto Council, 1988).

### 3.3.2 Black Capital Formation in Trading

The lack of capital among black entrepreneurs has been a serious impediment in the development of black trading. A number of initiatives have been taken to overcome the problem.

The first response to alleviate the shortage of growth capital was the mobilization of black financial resources by NAFCOC, in the formation of the African Bank of South Africa. This initiative was followed by the establishment of the NAFCOC insurance scheme, the development of the Blackchain supermarkets and of the African Development and Construction Company. Although black finance was raised for the major portion of the share capital for each of these ventures, each was and is dependent upon extensive white participation in corporate structure and share capital which in effect creates the basis for a class alliance across racial lines (Southall, 1980).

A second response to the lack of equity for the expansion of urban black trading was the mobilisation of capital from private (white) enterprise in South Africa. An organisation known as the Urban Foundation was formed in 1976 to promote, among other objectives, the concept of free enterprise among urban blacks and to provide low cost housing and an improved urban environment for the 'underprivileged' in South Africa. Expertise from and access to capital facilitated by this organisation contributed to the establishment of the Blackchain Shopping Centre in Diepkloof in Soweto. A similar attempt during the same time period by a group of predominantly Afrikaans businessmen to inject finance and knowledge into trading in Soweto through the Soweto Traders Association was rejected by NAFCOG (Keeble, 1981).

A third response came from the government. The Group Areas Act of 1966 precludes ownership and occupation of immovable property by an individual or company in a racially defined area if such individual or company do not belong to the race group for which the area is allocated. Such a person is referred to as a 'disqualified' person. The Act therefore hampers trading operations by blacks in urban areas by debarring a person from a different race group (who is 'disqualified' in terms of the Group Areas Act) from forming partnerships and companies with blacks in order to supply capital to develop a business enterprise in black urban areas.

The government circumvented these provisions by creating new opportunities for the mobilising of investment capital for black entrepreneurs. To that end the Small Business Development Corporation (SBDC) was created in 1981. This is a state-sponsored institution responsible for fostering entrepreneurship amongst all racial groups in the small business sector. A second avenue opened was a change in legislation affecting partnerships and companies formed by people of

different race groups. The influence of the Small Business Development Corporation will be addressed before describing other legislation which increased investment capital in black urban areas.

The Small Business Development Corporation was formed as a joint venture between the State and the private sector. Although the SBDC is a public company with shareholding equally divided between the State and private enterprise, it had by December 1981 become a company controlled primarily by the private sector (Small Business Development Corporation, 1987). The Small Business Development Corporation has four main areas of activity. These are: (i) to provide financial assistance, (ii) to provide business premises such as small factories and shopping centres at reasonable rentals in areas where these are most needed, (iii) to provide applied training, advisory and after-care services to small business enterprises and (iv) the underwriting of credit facilities granted to small business clients by banking institutions. The SBDC also lobbies for the removal of unnecessary legal restrictions. In this regard it is assisted by the Council for the Promotion of Small Business and the Law Review Project which are State and private organisations respectively, formed to examine legislative and bureaucratic restrictions on small business (Small Business Development Corporation, 1987).

The government has also created new opportunities for investment in black urban areas through the Black Communities Development Act of 1984. In November 1985 new regulations governing the granting of leaseholds in black urban areas were promulgated by the Minister of Constitutional Development and Planning. Section 52 (2) of the Black Communities Development Act states that a leasehold site may be acquired by an association or person who has been approved by the Minister for the holding of such leaseholds. The procedures for obtaining Ministerial approval must, however, be read in conjunction with a number of

regulations in the Black Communities Development Act of 1984, of which the following are particularly significant:

**Regulation 18** states that "a competent person deriving from a qualifying person under Group Areas Legislation", to whom a leasehold site has been leased, shall not be required to obtain or hold any other permission to occupy the leasehold site concerned. The definition of a "competent person" is laid down in the Black (Urban Areas) Consolidation Act of 1945. This Act defines a competent person as including a black person who has resided in a "prescribed" area or any other prescribed areas since his birth or who has worked or resided continuously in such an area for 10 years, or is the wife or child of such a person [Section 10(a) and (b)].

**Regulation 20** states that a partnership consisting only of black persons who are competent persons, or a company or closed corporation in which a controlling interest is held by a black person who is a competent person or a township developer (approved by the Minister), shall be exempt from the Black Communities Development Act for the purpose of holding leasehold and shall be "competent persons" for the purposes of the Act and the 1985 regulations. The definitions of "controlling interest" in the Black Communities Development Act is the same as that outlined previously.

Accordingly, if a black person has a controlling interest in a corporation or company, then that corporation or company is for the purposes of the Black Communities Development Act a competent person, and is not required to obtain any other permission to occupy the leasehold site. The Black Communities Development Amendment Act of 1986 and its regulations published on 12 September 1986 streamlined township establishment in order to provide full (freehold) home ownership rights for blacks. To this end, the Amendment Act

addresses four issues: the procedures for the establishment of townships; the control of land use; the 99 year leasehold and its conversion to freehold ownership and the pricing of public land. The impact of the 1986 Amendment Act on trading in black urban areas is substantial in that it provides a means for the injection of white capital into black urban areas and enables black entrepreneurs through land ownership to raise capital on assets. The potential involvement of black capital regarding ownership of land and buildings in black areas must be stressed. For many years the pension contributions and insurance investments of black workers and the black public have been utilised almost exclusively for investments in developments in white areas. More recently the black trustees of some funds and trade unions have become more assertive in their demands for investments in black areas. These demands are expected to increase in years to come (Koornhof, 1984). Although the sources of capital contributions to many funds remain predominantly 'white' it would be preferable to assemble a consortium of investment capital in which the majority of members or contributors benefitting directly from an investment in a black area will be black. The preference noted here is advanced because black shareholding investments are symptomatic of black financial independence, and this is the primary objective of the development programmes.

### 3.3.3 Legislation Implemented by Local Authorities

After 1971 the State exercised direct control over black trading in urban areas through the Administration Boards. Soweto was under the direction of the West Rand Administration Board from 1973. The Community Councils Act of 1977 returned effective control of Soweto to their own local authorities and ushered in a period of progressive relaxation of restrictive legislation on urban blacks. These relaxations are detailed here.

### 3.3.3.1 Land Use Controls

The gradual recognition by the government of the permanency of the urban black is reflected in the introduction of 99 year leasehold and freehold rights to land. Contingent upon those developments new town planning regulations were promulgated in 1986. Difficulties in creating town planning departments to develop and control town planning schemes in black urban areas were acknowledged (Government Notice R1897, September 1986). The new regulations sought to circumvent the absence of planning regulations. Earlier land use plans had only specified whether a property or site in question was earmarked for residential, business or professional uses and this was also stated on the certificate of registered grant for leasehold. The Amendment to the Act permitted erven to be made subject to registered conditions of title, and in this way regulated land uses by reference to standard land use conditions which were published as an annexure to the new Township Establishment and Land Use Regulations. Tager (1987) has pointed out that these conditions would "cease to have any force or effect if a town planning scheme should ever come into operation in relation to that erf".

A provision which has a bearing on the establishment of small shops in Soweto and which affects residential property is contained in paragraph 8 of annexure F of Government Notice R1897 (12 September 1986). This states that . . .

"8.2 The occupants of a residential building may practise, *inter alia*, their social and religious activities and their occupations, professions or trade, **including retail trade**, on the property on which such residential building is erected. Provided that:

8.2.1 the dominant use of the property shall remain residential;

8.2.2 the occupation, trade or profession or other activity shall not be noxious; and

8.2.3 the occupation, trade or profession shall not interfere with the amenity of the neighbourhood" (emphasis added).

This means that a house may be used for a variety of activities including those that generate income. It also suggests that the standard conditions are appropriate to the socio-economic realities of developing communities where in most instances the small entrepreneur finds the cost of building a separate structure for trading purposes beyond his/her means.

Thus the government in accepting the concept of permanency for urban blacks has also accepted the need to promote entrepreneurial skills through the deregulation of the previously strict land-use controls.

#### 3.3.3.2 Licencing of Traders in Soweto

Licencing regulations are another legal constraint which influences the development of trading by black entrepreneurs.

Entrepreneurs wishing to trade in Soweto are required to obtain a license from the relevant local authorities. These are the Johannesburg City Council's Licencing Department for Soweto, the Roodepoort City Council for Dobsonville and the Peri-Urban Offices in Alexandra for the administrative areas of Diepkloof and Meadowlands. In addition 'informal' traders or hawkers from the latter two areas require permits from their local town councils, at a cost of R5 and R10 per month respectively.

The procedure for obtaining a license to trade from the Johannesburg City Council to trade is controlled by the License and Business Control By-Laws. In order to rent or construct fixed premises in the area controlled by the Soweto

Town Council, applicants tender for any available site. Tenders for vacant sites of less than 1,000 square metres are evaluated by the Trade and Amenities Committee of the Council while tenders for the larger sites are considered by the Executive of the Council. Aspirant entrepreneurs must thereafter obtain recommendations to trade at their fixed premises from the Soweto Council before applying for a license at the Johannesburg Licencing Department. This application must be lodged with application and inspection fees. The application carrying an official stamp must be displayed at the proposed trading premises for 21 days continuously, after which the premises are inspected under the by-laws set up to maintain health standards and those governing fire regulations. If the premises comply with these regulations and no objections have been raised by the public, a license to trade is granted. The license is renewable annually.

Licenses for street vendors or hawkers are obtainable upon request. A form is submitted together with an application fee of R10. Licenses are issued after one day unless inspections by the health authorities are necessary. The licensing by-laws further require that hawkers do not trade within 400 metres of a general dealer, cafe or fruit and vegetable store. Hawkers are also required to move at least 100 metres every hour. This regulation is to be relaxed to moving every two hours. Any authorised council employee or police officer may require the hawker to move if in his/her opinion he/she is creating an obstruction or being a public nuisance (Filmalter, 1988). A similar procedure exists for entrepreneurs wishing to trade in areas under the municipal jurisdiction of Diepmeadow and Dobsonville Councils (Sibeko, 1988).

Traders in black urban areas are further restricted in their dealing in certain foodstuffs which fall under the control of the various marketing boards such as eggs, maize, bananas, dairy produce and meat. These regulations in most

cases relate to registration of dealers and the equipment they use and relate to health protection standards. The various boards admit, however, that in practice these regulations are not applied to informal trading in black urban areas and some produce Control Boards, namely the Maize, Dairy and Meat Boards, have instituted training and information courses for traders.

The discussion now turns to an examination of existing trading in Soweto as of 1987/8. Matters to be dealt with concern the potential demand for facilities, the present supply of retailing in the area and the functional integration of retailing in Soweto into that of metropolitan Johannesburg.

### **3.4 Potential Demand for Shopping by Sowetans**

In most urban areas in a free market environment the pattern of shopping and of other tertiary activity emerges as a consequence of traders operating competitively in response to the demands of consumers. The pattern may, as detailed, be mediated by town planning land use controls. In Soweto, the structural constraints on the development of black trading, as well as the subordinate functional nature of the townships to greater Johannesburg has limited the development of 'formal' retail facilities. It is necessary at this juncture therefore to estimate the potential demand for shopping by Sowetans through an assessment of their buying power.

#### **3.4.1 Population and Income**

As noted earlier, Soweto has an official population of 871,187 persons (Central Statistical Services, 1987) while the unofficial estimate of the population based on periodic home surveys by the Urban Foundation is between 1.5 million and 2 million inhabitants (Morris, 1980). These population figures can be compared

with those of 688,295 persons in Johannesburg and 823,376 persons in Greater Johannesburg (excluding Soweto) (Central Statistical Services, 1987).

The range of annual household incomes in Soweto is given in Table 3.1 where it may be noted that the average monthly income per household in 1983 was R420 (van Loggerenberg, 1985). The van Loggerenberg survey showed that 25.8 percent of households earned less than R190 per month, 48.8 percent of households earned between R190 and R470 per month, while only 7.4 percent earned over R740 per month.

**Table 3.1 Annual Income Levels of Households  
(van Loggerenberg, 1985)**

| Income          | Percent of Households | Cumulative Percent |
|-----------------|-----------------------|--------------------|
| R 0 - R 600     | 3.2%                  | 3.2%               |
| R 601 - R 720   | 1.4%                  | 4.6%               |
| R 721 - R 1080  | 3.0%                  | 7.6%               |
| R 1081 - R 1440 | 7.2%                  | 14.8%              |
| R 1441 - R 1800 | 5.2%                  | 20.0%              |
| R 1801 - R 2280 | 5.8%                  | 25.8%              |
| R 2281 - R 2680 | 14.4%                 | 40.2%              |
| R 2681 - R 3600 | 13.2%                 | 53.4%              |
| R 3601 - R 4560 | 9.6%                  | 63.0%              |
| R 4561 - R 5640 | 11.6%                 | 74.6%              |
| R 5641 - R 7080 | 8.8%                  | 83.4%              |
| R 7081 - R 8800 | 9.2%                  | 92.6%              |
| R 8801 - R11160 | 4.0%                  | 96.6%              |
| R11161 - R14400 | 2.4%                  | 99.0%              |
| R14400          | 1.0%                  | 100.0%             |

Average income per household per month: R420

Average income per working individual per month: R222

A broad spectrum of incomes has been recorded in various townships with the highest levels found in the exclusive area of Dube (Rogerson and Beavon, 1982b). The average household income, however, is estimated to be only a quarter of that in white Johannesburg (Morris, 1980). From these data it is possible to establish the potential demand for individual items or groups of items either for the whole area or for selected geographical divisions.

#### 3.4.2 Expenditure Patterns of Sowetans

Expenditure on major items by households in Soweto between 1970 and 1985 is given in Table 3.2. During this period expenditure levels on food and clothing declined progressively from 40.0 percent to 33.0 percent and from 12.3 percent to 7.1 percent respectively. Expenditure on housing increased substantially from 6.8 percent in 1970 to 15.1 percent in 1985 (B.M.R., 1986). The percentages spent on consumer items such as furniture and household equipment, alcoholic beverages, cigarettes and tobacco, washing and cleaning materials, and personal care and patent medicines all declined between 1970 and 1985. Expenditure increased over this period on other tertiary activities such as medical and dental services, insurance, education, communication and taxes.

**Table 3.2 Distribution of Average Household Expenditure on Items in Soweto, 1970-1985 (Bureau of Market Research Report No. 130.9, 1986)**

|                                     | 1970  | 1975  | 1980  | 1985  |
|-------------------------------------|-------|-------|-------|-------|
| Food                                | 40.0  | 39.9  | 39.1  | 33.0  |
| Clothing, footwear and accessories  | 12.3  | 11.3  | 11.3  | 7.1   |
| Housing (incl. electricity)         | 6.8   | 7.5   | 8.7   | 15.1  |
| Fuel                                | 4.1   | 4.5   | 4.9   | 1.7   |
| Transport                           | 7.2   | 8.5   | 8.0   | 9.7   |
| Medical and dental services         | 1.0   | 1.2   | 1.2   | 2.1   |
| Education                           | 1.3   | 2.0   | 1.5   | 1.6   |
| Insurance and funds                 | 0.6   | 1.9   | 3.3   | 5.5   |
| Recreation, entertainment and sport | 0.6   | 1.1   | 0.6   | 0.5   |
| Furniture and household equipment   | 9.6   | 7.3   | 6.4   | 8.6   |
| Alcoholic beverages                 | 4.5   | 2.5   | 3.3   | 1.5   |
| Cigarettes and tobacco              | 1.8   | 1.3   | 1.5   | 0.5   |
| Washing and cleaning material       | 1.9   | 1.7   | 1.9   | 1.6   |
| Dry cleaning and laundry            | 1.6   | 1.5   | 0.6   | 0.5   |
| Personal care and patent medicine   | 2.9   | 1.9   | 2.1   | 2.3   |
| Communication                       | 0.1   | 0.1   | 0.6   | 2.2   |
| Reading matter and stationery       | 0.6   | 0.8   | 1.2   | 0.7   |
| Miscellaneous                       | 0.9   | 1.0   | 0.6   | 0.3   |
| Support of relatives                | 0.9   | 1.8   | 1.8   | 1.4   |
| Holiday expenses                    | 0.1   | 0.1   | 0.2   | 0.5   |
| Taxes                               | 0.8   | 1.5   | 0.8   | 3.4   |
| Savings                             | 0.4   | 0.6   | 0.6   | 0.2   |
|                                     | 100.0 | 100.0 | 100.0 | 100.0 |

The proportion of disposable income of households spent on food and other consumer items declined, while that on housing showed a substantial increase (Table 3.3).

**Table 3.3 Percentage of Household Income in Soweto Spent on Food, Clothing, Housing and Other Items by Income Group, 1985**  
(Bureau of Market Research Report No. 130.9, 1986)

|                      | R4000 | R4000-<br>R7999 | R8000-<br>R11999 | R12000+ | all income<br>groups |
|----------------------|-------|-----------------|------------------|---------|----------------------|
| Food                 | 45.9  | 39.7            | 34.6             | 26.2    | 33.0                 |
| Clothing             | 5.7   | 7.5             | 7.5              | 7.0     | 7.1                  |
| Housing              | 23.0  | 17.3            | 14.0             | 13.0    | 15.1                 |
| Furniture            | 5.3   | 9.2             | 8.4              | 9.3     | 8.6                  |
| Alcohol              | 1.5   | 1.4             | 1.7              | 1.4     | 1.5                  |
| Washing and cleaning | 2.3   | 2.0             | 1.9              | 1.2     | 1.6                  |
| Other                | 16.3  | 22.9            | 31.9             | 41.9    | 33.1                 |
|                      | 100.0 | 100.0           | 100.0            | 100.0   | 100.0                |

### 3.4.3 Potential Demand for Retail Facilities in Soweto

From the data shown in the foregoing tables a model was prepared to predict the gross potential expenditure on retail items and the amount of retail space in square metres needed to satisfy this demand.<sup>5</sup> The average income per household was apportioned according to the percentage expenditure on household and personal items in Table 3.2 and from these data the annual potential expenditure by item was generated. Acceptable indices were used to convert this potential into demand for retail space (Table 3.4), and if a conservative population estimate of 1.5 million people is accepted, the total trading area required to satisfy demand would be 921,434 square metres. A third of this predicted figure would be for food stores, 8.6 percent for furniture, and 7.1 percent for clothing stores. This compares unfavourably with the existing 87,000 square metres of predominantly

<sup>5</sup> The model derives from the work of Applebaum (1954, 1965, 1966) and was utilized by the author for feasibility studies while employed by a private property firm. For this reason only an outline of the model is given in this document.

Table 3.4 Soweto Potential Retail Expenditure

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|   |           |
|---|-----------|
| Total population of Soweto                                | 1,500,000 |
| Number of households in Soweto                            | 272,727   |
| Average monthly income per household (R's)                | 665       |
| Average annual income per household (R's)                 | 7,980     |
| Potential average annual income for Soweto<br>(R million) | 2,176.36  |

**Distribution of Average Annual Expenditure**

| <u>Commodity</u>                       | <u>1987</u><br>R |
|--|------------------|
| 1. Food                                | 2,633            |
| 2. Clothing, Footwear, and Accessories | 567              |
| 3. Housing and Electricity             | 1,205            |
| 4. Fuel and Light                      | 136              |
| 5. Transport                           | 774              |
| 6. Medical and Dental                  | 168              |
| 7. Education                           | 128              |
| 8. Insurance and Funds                 | 439              |
| 9. Recreation, Entertainment and Sport | 40               |
| 10. Furniture and Household Equipment  | 686              |
| 11. Alcohol and Beverages              | 120              |
| 12. Cigarettes and Tobacco             | 40               |
| 13. Washing and Cleaning               | 128              |
| 14. Dry Cleaning and Laundry           | 40               |
| 15. Personal Care                      | 184              |
| 16. Communication                      | 176              |
| 17. Reading matter and Stationery      | 56               |
| 18. Income Tax, Savings and Sundries   | 463              |
| <b>Total Annual Expenditure</b>        | <b>7,980</b>     |

**Estimated Percentage Annual Retail Expenditure**

| <u>Commodity</u>                      | <u>%</u> |
|---------------------------------------|----------|
| 1. Food                               | 33.00    |
| 2. Clothing, Footwear and Accessories | 7.10     |
| 3. Furniture and Household Equipment  | 8.60     |
| 4. Alcohol and Beverages              | 1.50     |
| 5. Cigarettes and Tobacco             | 0.50     |
| 6. Washing and Cleaning               | 1.60     |
| 7. Dry Cleaning and Laundry           | 0.50     |
| 8. Personal Care                      | 2.30     |

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|                                     |       |
|-------------------------------------|-------|
| 9. Reading matter and Stationery    | 0.70  |
| Total Percent on Retail Commodities | 55.80 |
| Total Disposable Income (R'000000)  | 1,214 |

**Total Potential Retail Expenditure**

| <u>Commodity</u>                      | <u>R000000's</u> |
|---------------------------------------|------------------|
| 1. Food                               | 400.76           |
| 2. Clothing, Footwear and Accessories | 86.22            |
| 3. Furniture and Household Equipment  | 104.44           |
| 4. Alcohol and Beverages              | 18.22            |
| 5. Cigarettes and Tobacco             | 6.07             |
| 6. Washing and Cleaning               | 19.43            |
| 7. Dry Cleaning and Laundry           | 6.07             |
| 8. Personal Care                      | 27.93            |
| 9. Reading matter and Stationery      | 8.50             |
| Total Expenditure (R'000)             | 677.64           |

**Retail Space Required**

| <u>Commodity</u>                      | <u>Square Metres</u> |
|---------------------------------------|----------------------|
| 1. Food                               | 510,963              |
| 2. Clothing, Footwear and Accessories | 75,445               |
| 3. Furniture and Household Equipment  | 187,991              |
| 4. Alcohol and Beverages              | 32,789               |
| 5. Cigarettes and Tobacco             | 12,144               |
| 6. Washing and Cleaning               | 58,292               |
| 7. Dry Cleaning and Laundry           | 10,292               |
| 8. Personal Care                      | 33,518               |
| 9. Reading matter and Stationery      | 0                    |
| Total Square Metres                   | 921,434              |

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low order food stores in Soweto. The potential demand is strongest for clothing and furniture stores; a fact which reflects historical circumstances and the dearth of 'formal' retail facilities in these categories.

### 3.5 Trading Facilities in Soweto

The formation of retailing in Soweto has been functional to the maintenance of the complex of townships as a dependent residential dormitory for metropolitan Johannesburg. Sowetans rely largely on shopping facilities in Johannesburg to meet their needs. These relationships, when combined with the overlay of legislative measures designed specifically to control the development of retailing activity, have had the effect of constraining the size and type of shops available in Soweto.

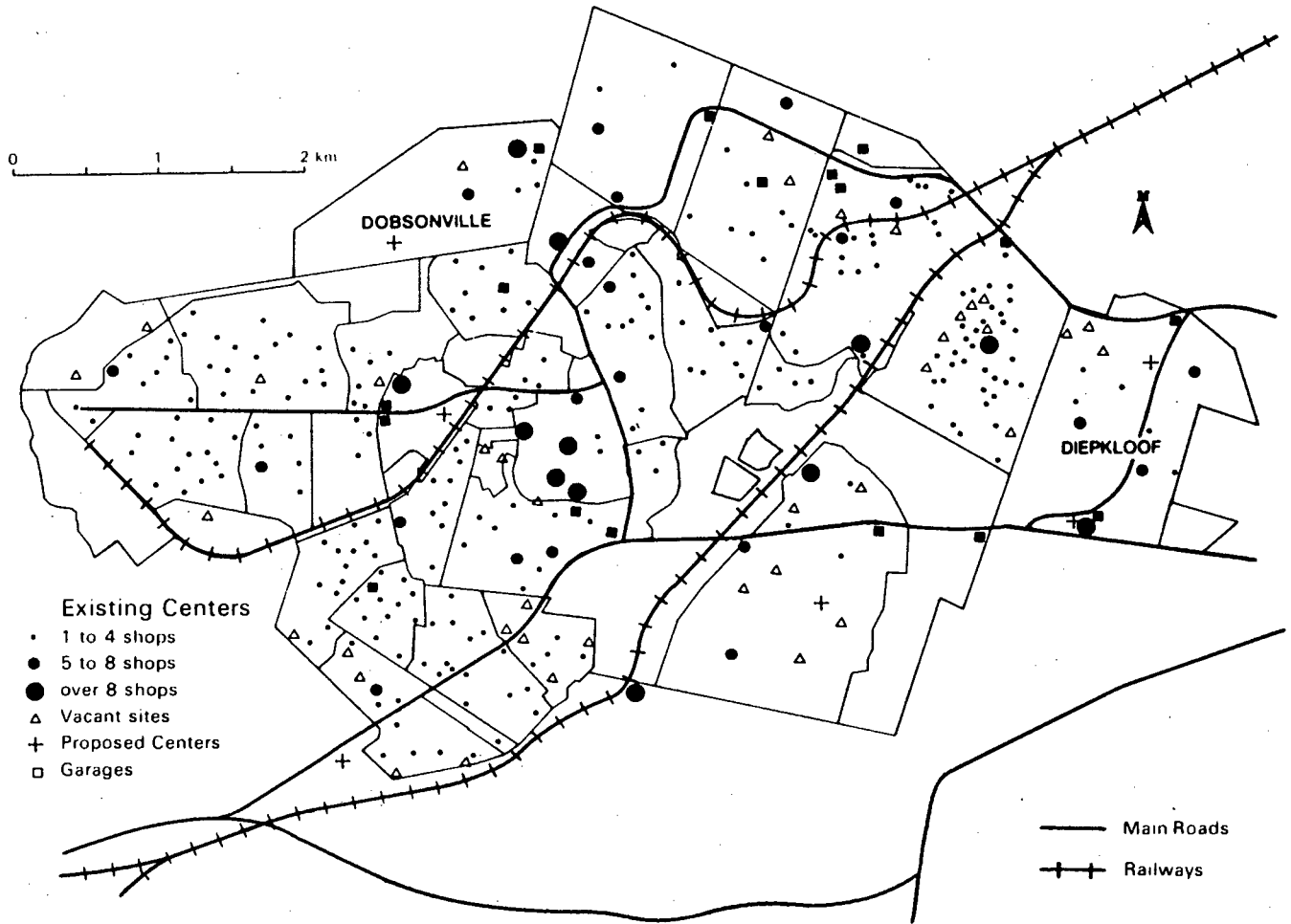
#### 3.5.1 The Size and Distribution of 'Formal' Retail Outlets in Soweto

'Formal' retail stores in Soweto are dispersed and they appear singly or in very small groups in the townships (Figure 3.1). With the exception of Kliptown, there are few centres which have more than eight shops. Four such centres are located in central Soweto, associated with the main bus and taxi routes, while Jabavu, Mofolo North (near the railway station) and Diepkloof (next to the Baragwanath bus and taxi terminus) each possess one centre.

The only well-developed shopping mall with the status of a neighbourhood centre is the Blackchain development in Diepkloof. A smaller, less developed, centre of this type exists in Dube. In 1987 a similar centre of smaller size began trading in Orlando West. Two other centres each with more than eight shops are located in the Dobsonville administrative area while the Kliptown shopping area is situated on the border of Soweto and is made up of a large number of Chinese and Indian owned shops (Morris, 1980).

It is significant that in Soweto more than 10 percent of the shops are found in one township, that of Orlando West (Table 3.5). The relationship between shopping facilities and other activity nodes such as schools, community halls, administration offices, clinics and hospitals and transportation termini, shows that

Fig 3.1 Retail Facilities in Soweto – Existing and Proposed



Source: Morris, 1980

clusters of shops are strongly attracted to transport termini. These are mainly railway stations, bus stations and taxi stations, while smaller clusters of shops have been attracted to schools, churches and other community facilities. Most vacant shop sites are located in sub-optimal locations which are remote from both community and transport nodes (Kitchin, 1978).

**Table 3.5 Retail Outlets in the Administrative Area of Soweto  
(Soweto Council, 1988)**

| Township            | Board | Council | Private | Total |
|---------------------|-------|---------|---------|-------|
| Chiawelo            | 1     | -       | 26      | 27    |
| Chiawelo I          | -     | -       | 2       | 2     |
| Chiawelo II         | 12    | -       | 16      | 28    |
| Chiawelo III        | -     | -       | 3       | 3     |
| Dhlamini            | -     | -       | 18      | 18    |
| Dube                | 4     | -       | 56      | 60    |
| Emdeni              | -     | -       | 35      | 35    |
| Emdeni ext          | -     | -       | 2       | 2     |
| Jabavu Central West | -     | -       | 17      | 17    |
| Jabavu I            | -     | 9       | 16      | 25    |
| Jabavu II           | 1     | 1       | 62      | 64    |
| Jabulani            | 1     | -       | 37      | 38    |
| Jabulani I          | -     | 1       | -       | 1     |
| Klipspruit          | 9     | -       | 3       | 12    |
| Mapetla             | -     | 3       | 36      | 39    |
| Mapetla ext         | -     | -       | 2       | 2     |
| Molapo              | -     | -       | 42      | 42    |
| Molapo ext          | -     | 1       | -       | 1     |
| Moletsane           | -     | 1       | 16      | 17    |
| Mofolo Central      | -     | -       | 29      | 29    |
| Mofolo North        | 32    | -       | 25      | 57    |
| Mofolo South        | -     | -       | 13      | 13    |
| Moroko              | -     | 18      | 34      | 52    |
| Moroko North        | -     | -       | 4       | 4     |
| Naledi East         | -     | 1       | 10      | 11    |
| Naledi West         | 2     | -       | 33      | 35    |
| Naledi ext          | -     | -       | 1       | 1     |
| Orlando East I      | 20    | -       | 86      | 106   |
| Orlando East II     | 8     | -       | 15      | 24    |
| Orlando East III    | 2     | -       | 3       | 5     |
| Orlando West        | 10    | 22      | 109     | 141   |
| Orlando West ext    | -     | -       | 18      | 18    |
| Phiri               | 1     | -       | 34      | 35    |

|                 |   |   |    |    |
|-----------------|---|---|----|----|
| Pimville Zone 1 | 7 | - | -  | 7  |
| Pimville Zone 2 | - | - | 2  | 2  |
| Pimville Zone 3 | 4 | - | 4  | 8  |
| Pimville Zone 4 | - | - | 1  | 1  |
| Pimville Zone 5 | - | - | 2  | 2  |
| Pimville Zone 6 | - | - | 1  | 1  |
| Pimville Zone 7 | - | - | -  | -  |
| Protea North    | - | - | 1  | 1  |
| Senaone         | - | 5 | 31 | 36 |
| Tladi           | - | 1 | 16 | 17 |
| Zola North      | - | - | 17 | 17 |
| Zola South      | - | - | 39 | 39 |
| Zondi           | - | 6 | 23 | 29 |

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Structural constraints on the development of black trading have meant that the majority of shops in Soweto are of the convenience type. These provide mainly food and related items (Table 3.6). Two percent of the stores in Soweto are owned by the Soweto Town Council, while the remainder are privately owned. Store size in Soweto is small with the average gross rentable floor space per store amounting to only 74 square metres (van Loggerenberg, 1985) giving a total trading area of 83,842 square metres in 1987. By contrast the Central Business District of neighbouring Johannesburg had 1,042,080 square metres of retail space in 1983 (Johannesburg City Council, 1985). The C.B.D. of Roodepoort had 204,630 square metres and that of Vereeniging to the southeast had 199,590 square metres of retail space. Each of these neighbouring urban areas had populations significantly smaller than that of Soweto (van Loggerenberg, 1985).

**Table 3.6 Soweto (Administrative Area): Total Number of Traders, by Type, 1987  
(Soweto Council, 1988)**

|                 |              |
|-----------------|--------------|
| Butchers        | 84           |
| Fish Frier      | 59           |
| General Dealers | 381          |
| Eating Houses   | 37           |
| Greengrocers    | 98           |
| Dairies         | 20           |
| Garages         | 29           |
| Wood and Coal   | 135          |
| Dry Cleaners    | 28           |
| Undertakers     | 26           |
| Others          | 236          |
| <b>Total</b>    | <b>1,133</b> |

Thirty-five percent of the total shops surveyed in 1983 had annual turnover figures of between R11,000 and R40,000, with 11 percent having a turnover of less than R5,000 per annum. Only 19.0 percent had an annual turnover in excess of R90,000. These data are representative of an average turnover of R1044 per square metre of trading floor space (van Loggerenberg, 1985). The turnover by the different retail categories suggests that shops which sell food and beverages (8.1%), (1.4%), and those providing special services (9.5%) have annual turnovers of more than R300,000. These figures contrast with the majority of the dealers whose turnovers fall into the mid-range income categories of R7,000 - R60,000 per annum. The comparative positions are shown in Table 3.7.

**Table 3.7 Turnover Levels by Retail Outlet Type  
(van Loggerenberg, 1985)**

|                          | Up to<br>R7000 | R7001-<br>R2500 | R25001-<br>R60000 | R60001-<br>R130000 | R130001-<br>R300000 | R300000+ |
|--------------------------|----------------|-----------------|-------------------|--------------------|---------------------|----------|
| Clothing and<br>footwear | 40.9           | 27.2            | 18.1              | 9.0                | 4.5                 | -        |
| Household Items          | 12.5           | 50.5            | 37.5              | -                  | -                   | -        |
| Food and<br>beverages    | 12.1           | 32.3            | 24.0              | 14.4               | 9.2                 | 8.1      |
| Personal items           | 22.8           | 33.3            | 19.1              | 4.8                | -                   | -        |
| General dealers          | 13.7           | 47.6            | 18.0              | 16.6               | 2.8                 | 1.4      |
| General<br>services      | 38.0           | 38.1            | 12.7              | 11.1               | -                   | -        |
| Special<br>services      | 14.3           | 28.5            | 27.0              | 12.7               | 8.0                 | 9.5      |

The characteristics of 'formal' trading operations in Soweto outlined here show their limited size, their small turnover and their limited variety. Although shops are evenly spread geographically, as has been noted, only those in Dube and Diepkloof fall into the category of shopping malls. This is simply further evidence of the external factors which have underdeveloped the 'formal' retail functions and generated a complex mass of traders operating in the 'informal' sector (Rogerson and Beavon, 1982b).

### 3.5.2 'Petty' Trading in Soweto

The emergence of 'informal' or 'petty' trading in black urban areas is a consequence of the socio-economic conditions which black entrepreneurs have experienced under apartheid (Matsetela *et al.*, 1980; Rogerson and Beavon, 1982b). In particular the growth of this type of activity has been due to increasing poverty resulting from rising unemployment (Simpkins, 1978; de Klerk, 1979), inadequacies in State unemployment and welfare benefits (Rogerson and Beavon, 1982b) and the difficulties experienced in gaining access to alternative occupations (Webster, 1979; Matsetela, *et al.*, 1980).

The number of participants in the 'informal' sector in Soweto has been estimated at 2,535 individuals (De Coning, 1986) or between 10-20 percent of the economically active population employed in Soweto (Rogerson and Beavon, 1982b). A study in Moroko by Morris (1980) revealed that 10 percent of the households were involved in some informal income-producing activity. Other researchers regard this figure as an under-representation of reality (Suchard, 1979; Webster, 1979).

Table 3.8 Types of 'Informal' Activities in Soweto

|                             | Morris<br>1980 | De Coning<br>1986 | De Montille<br>1987 |
|-----------------------------|----------------|-------------------|---------------------|
| Sellers (food and clothing) | 27.8           | 23.9              | 24.6                |
| Manufacturers (small goods) | 19.6           | 1.2               | 14.7                |
| Liquor sellers              | 31.3           | 39.7              | 20.9                |
| Other                       | 22.3           | 35.2              | 49.8                |
|                             | 100.0          | 100.0             | 100.0               |

Trading is the main 'informal' activity encountered in Soweto (Table 3.8) and the sellers of food and liquor predominate in this activity. Selling takes the form of hawking which is either a mobile operation or takes place from stationary stalls. A recent innovation in 'informal' trading is the SPAZA store (a colloquial term) which is a space set aside in a trader's residence from which stock, especially groceries and convenience goods, is sold to nearby residents. In much the same way liquor sellers dispense either traditionally brewed beer or commercial liquor from household premises.

Informal liquor outlets, called shebeens, fulfill an important recreational and social function in the lives of the residents of Soweto. They provide facilities where food and alcohol may be consumed in congenial surroundings and they represent local foci of social interaction (Hart, 1982).

The spatial patterns of hawking in Soweto can be explained in terms of demand theory or in terms of the available income-producing opportunities. They also reflect the existence of complementary or competing trade and the regulatory practices of local law enforcement agencies (Rogerson and Beavon, 1982b). The

major hawking foci are found in locations similar to those chosen by the formal retail traders, namely near taxi ranks, bus stops, railway stations, close to clinics, hostels, schools, sports' stadiums, police stations and adjoining Baragwanath hospital (Figure 3.1). Rogerson and Beavon (1982b) found that sellers of prepared foodstuffs and sweets and cold drinks tend to concentrate near schools, and are more highly concentrated geographically than sellers of other goods.

Most of the hawkers in Soweto are women, and they dominate the food trade. Men predominate in the category of mobile clothes hawkers. It is significant, however, that research findings have shown that no material differences exist in the incomes earned by the two sexes. Information from the survey of Rogerson and Beavon (1982b) shows that fifty percent of the hawkers earned less than R70 per week in 1982, although incomes range from between R10 to R150 per week. These results demonstrate a complexity of differentiation among the 'informal' traders of Soweto which is similar to the findings of comparable studies elsewhere (Moser, 1977; McGee and Yeung, 1977; Bromley, 1978b).

### **3.6 Functional Integration of Trading in Soweto and Greater Johannesburg**

As has been noted elsewhere, a full understanding of trading in Soweto can only be achieved if there is recognition of the origins and evolution of the complex of townships as a dependent urban residential dormitory for workers employed in Johannesburg. The townships are the physical expression not only of social control but also of economic control (Southall, 1980). The townships have therefore not been constituted to generate their own internal economic activities. Thus the very strong daily commuter patterns between Soweto and Johannesburg are the manifestation of the reliance of Sowetans on shopping facilities and work

opportunities in the Central Business District of Johannesburg in particular. Kitchin's (1978) study supports this contention and reveals that on a national basis in 1970 nearly eighty percent of all black retail trade was handled by 'non-black' outlets beyond the boundaries of the black urban areas.

Van Loggerenberg's (1985) study conducted in 1983 drew similar conclusions and shows that almost ninety percent of all shopping for clothing and 66.4 percent of all shopping for groceries by residents of Soweto was carried out in the Central Business District of Johannesburg. By contrast the bulk of purchases of fresh produce, meat, fish and dairy products take place within Soweto (Table 3.9). The same survey reveals that 60.1 percent of retail expenditure by Sowetans was in white areas adjacent to Soweto (see Table 3.1) (van Loggerenberg, 1985). In order to redress this obvious imbalance of 'formal' shopping facilities *vis-a-vis* Johannesburg and Soweto, a number of retail developments have been proposed to serve the residents of Soweto.

**Table 3.9 Retail Expenditure of Households in Soweto  
(van Loggerenberg, 1985)**

| Items                              | Place of Expenditure |              |                 |              |                                    |                                     |
|------------------------------------|----------------------|--------------|-----------------|--------------|------------------------------------|-------------------------------------|
|                                    | Don't Buy<br>%       | JHB-CBD<br>% | Roodepoort<br>% | Vendors<br>% | Elsewhere<br>within<br>Soweto<br>% | Elsewhere<br>outside<br>Soweto<br>% |
| Women's Clothing                   | 3.4                  | 80.0         | 3.9             | 1.3          | 2.3                                | 3.2                                 |
| Men's Clothing                     | 18.7                 | 92.0         | 3.6             | 0.8          | 0.8                                | 2.4                                 |
| Children's Clothing                | 6.4                  | 89.5         | 3.6             | 0.2          | 1.7                                | 4.8                                 |
| Material and Wool                  | 31.6                 | 81.2         | 3.0             | 0.6          | 4.5                                | 10.5                                |
| Footwear                           | 0.9                  | 89.8         | 3.7             | 0.2          | 2.6                                | 3.5                                 |
| Furniture and Floor<br>Covering    | 10.9                 | 93.1         | 3.0             | 0.0          | 1.6                                | 2.1                                 |
| Electrical Appliances              | 41.6                 | 89.0         | 4.3             | 0.3          | 00.6                               | 5.5                                 |
| Household Textiles                 | 12.4                 | 87.4         | 3.5             | 0.3          | 4.2                                | 4.4                                 |
| Glassware and Crockery             | 9.2                  | 88.0         | 4.2             | 0.0          | 1.8                                | 5.8                                 |
| Metalware and Kitchen<br>Equipment | 9.4                  | 87.7         | 3.4             | 0.2          | 2.9                                | 5.6                                 |
| Sport Equipment                    | 49.6                 | 89.2         | 3.0             | 0.0          | 3.3                                | 4.2                                 |
| Coal, Paraffin and Gas             | 7.7                  | 4.1          | 0.2             | 7.5          | 86.3                               | 1.6                                 |
| Fresh Fruit and<br>Vegetables      | 0.4                  | 15.4         | 0.6             | 3.7          | 76.1                               | 3.9                                 |
| Bread and Flour                    | 0.0                  | 5.2          | 0.5             | 0.0          | 92.7                               | 1.5                                 |
| Fresh Meat and Fish                | 0.4                  | 39.9         | 1.2             | 0.0          | 56.4                               | 2.3                                 |
| Dairy Products                     | 1.4                  | 38.1         | 0.7             | 0.0          | 58.8                               | 2.3                                 |
| Groceries                          | 0.7                  | 66.4         | 4.3             | 0.2          | 24.6                               | 4.2                                 |
| Alcoholic Beverages                | 42.1                 | 21.9         | 0.9             | 0.0          | 57.6                               | 19.4                                |
| Jewelry                            | 26.6                 | 91.5         | 2.2             | 0.5          | 3.2                                | 2.3                                 |
| Music and Photo<br>Equipment       | 34.4                 | 83.8         | 4.2             | 4.2          | 2.0                                | 5.6                                 |
| Personal Care Items                | 14.7                 | 73.6         | 3.4             | 0.0          | 22.2                               | 0.6                                 |
| Cigarettes and Tobacco             | 43.3                 | 32.5         | 0.5             | 0.0          | 61.4                               | 5.4                                 |
| Stationery and Books               | 24.4                 | 74.8         | 3.5             | 0.0          | 19.9                               | 1.6                                 |
| Feed: Pets and Garden              | 62.0                 | 66.0         | 4.8             | 0.0          | 20.5                               | 8.5                                 |
| Beauty Care                        | 53.3                 | 65.3         | 4.2             | 0.0          | 27.4                               | 2.9                                 |
| Dry Cleaning                       | 3.7                  | 55.6         | 2.4             | 0.0          | 40.2                               | 1.6                                 |
| Total                              | 0.0                  | 53.8         | 2.3             | 0.9          | 39.1                               | 4.3                                 |
| Total Retail Market<br>(R 000)     | 357,273              | 192,107      | 8,206           | 3,086        | 139,550                            | 14,322                              |

### 3.6.1 Shopping Developments in Soweto

A number of proposals have been put forward to establish shopping facilities in Soweto. These are outlined here although many are still in the preliminary stages of planning by development companies, and it is possible that for political and economic reasons some may not be built. Information regarding the developments has been drawn from officials of the relevant town councils, the Chambers of Commerce, and in some instances from property developers. From these investigations it emerges that those interested in developing the 'formal' shopping component in Soweto operate in isolation from one another, a fact which from a planning perspective should be viewed with concern. Soweto is a geographical entity with many homogeneous features which requires that a planning framework which addresses the needs of the population in its entirety should be established to ensure coordination of development. The Urban Foundation (1979) advised the Minister concerned in that year that a neutral management agent or agency would be the appropriate body to coordinate the activities of the interested parties, many of whom had and continue to have conflicting interests in the development of shopping facilities for Greater Soweto.

### 3.6.2 The Central Business District Site of Soweto

A site, 70 ha in area, has been allocated for a central business district for the Soweto region (Fig. 3.1). It is centrally located in the township of Jabulani and will serve the whole urban system. It will contain not only shopping, but will also be a social focus for the community. Plans for the C.B.D. include the accommodation of civic, administrative and entertainment facilities, and those associated with banking and other financial institutions. The first phase of the development has started and comprises a small shopping node called Kwazakele.

Two major retailers (branches of white owned chain stores) will be anchor tenants in the remaining development of the first phase. The second phase of the development will include a stadium and cinemas on a portion of the 13,6 ha area allocated for those purposes.

The consortium tender has been accepted but the capital required for the project has yet to be raised. The retail outlets which are part of the plan will thus not be available in the near future. Approximately 25,2 ha of land has been allocated to the third phase of development of the Central Business District but the uses to which this parcel will be put are as yet not public.

Apart from the major developments planned for the Central Business District there are a number of widely distributed smaller centres which have either recently opened or which are in an advanced planning stage. These are described in the following section and their locations are shown on Fig. 3.1.

### 3.6.3 Smaller Planned Shopping Centres in Soweto (See Fig. 3.1)

A small shopping centre commenced trading during 1987 in Orlando West. It contains a supermarket, a bottle store, line stores and a night club. Another small shopping centre was opened in 1987 in Tladi with a supermarket and line stores. A shopping centre has been approved for construction in Mapetla. A proposal for a larger regional shopping centre has been put forward for a parcel of land close to the Midway Railway Station but no development finance has yet been raised. This land, although geographically within Soweto, is classified as a 'controlled area' which means that it is not reserved for any particular race group and is zoned as Industrial 2 which permits utilization by commercial activities and light industries. The development of the infrastructure for this site has begun, although Ministerial approval has yet to be granted. The centre which will be

erected on the site will add 28,000 square metres of shopping to Soweto. Only one shopping centre is proposed on the land under the jurisdiction of the Dobsonville Town Council. The centre, which is to be built in Dobsonville Extension 2, has been reduced in size because the site encroaches upon the water soluble structures of the Transvaal dolomites. That formation poses problems for the erection of large buildings because of its susceptibility to subterranean cavity-formation.

Four neighbourhood shopping centres are proposed on land in Diepkloof and Meadowlands, both townships fall under the jurisdiction of the Diepmeadow Town Council. Another development is planned near the existing Blackchain centre in Diepkloof Zone 6. This will contain a hotel, shops and a petrol filling station, and will be approximately 18,000 square metres in area. A second new development called Nedcity, with 25,000 square metres has been mooted, but its location is as yet unknown. A development of 10,000 square metres of shopping space at Hekrodt Circle is also proposed. It will be an extension of the development which is already in place. A shopping mall development is also planned for Diepkloof Zone 3.

This description of the small neighbourhood and sub-regional shopping centres which have been built in recent times, or are in the planning stages, and all still dependent to some degree on white capital, reveals the *ad hoc* nature of the development of commercial centres in Soweto. It demonstrates the circumstances which arise in the absence of an overall guide plan and the consequences of a procedure which is defective in both concept and design both for the developers and the population at large. The list of developments provided here is necessarily incomplete because developers are reluctant to publicise plans for fear of attracting opposing interests.

Having developed the contextual framework of trading in Soweto as a whole it is now possible to investigate, in greater depth and against this background, trading activities in four discrete parts of the area.

## CHAPTER FOUR: A CASE STUDY OF TRADING IN SOWETO

### 4.1. Introduction

The absence of contemporary comparative studies of trading in Soweto as noted in the introduction to the thesis is the prime motivation of this work. In addition, important issues that have been identified in contemporary theory and for which little empirical evidence has been provided, have suggested more specific foci for research.

#### 4.1.1 Aims and Objectives

To facilitate an understanding of the sequence of empirical research reported in this chapter it is appropriate at this point to recall the principal objectives of the empirical research undertaken in the thesis. They are:

1. to establish contemporary structural profiles of traders in Soweto in both the formal and informal bands of the trading continuum, and differences between traders of food, clothing and alcoholic beverages.
2. to determine the dimensions, orientation and degree of relations that might be shown to exist between formal and petty traders in Soweto. The measurement of the degree to which petty trading is functional, beneficial and complementary to formal trading in the townships will be a particular focus of concern.
3. to explore the dimensions, orientation and degree of relationship that may be shown to exist between: (i) formal trading in Soweto and the formal sectors of the metropolitan economy, (ii) petty trading in Soweto and formal sectors of the metropolitan economy. At issue will be the degree to which petty trading may be shown to be functional and complementary to the formal metropolitan economy, and to serve as a means of maintaining a reserve pool of labor, (iii) to search for evidence which might be used to show that entry to petty trading is being used as

a means to overcome low wage rates in the formal sector of the economy, and (iv) to assess the capacity of petty trading as a generator of employment and income.

The analyses that have been undertaken have, as will be shown, provided evidence that suggest that at least some of the constructs of that theory are not borne out in the case of Soweto. The necessity therefore arose to explore the literature for an alternative framework of interpretation. That process has necessitated the inclusion of a fourth objective. To that end a preliminary exploration of the concept of structuration as an alternative theoretical framework for the study of trading has been undertaken.

#### 4.1.2 Survey Areas

A full field survey of Soweto was beyond the scope and resources of the present study. To solve the problem, discrete sample areas upon which field study could be focused were selected. Four townships or portions of townships were chosen (Figure 4.1). They are Dube and a portion of Orlando West ext., Diepkloof zone 6, Pimville zone 5 and 6, and Moletsane.<sup>6</sup> (Table 4.1)

Table 4.1 Survey Areas

| Area  | Reasons for Selection        | Area (ha) |
|---|------------------------------|-----------|
| Dube<br>(and a portion of<br>Orlando West ext.) | high income, nodal shopping  | 202.4     |
| Diepkloof zone 6                                | low income, nodal shopping   | 190.0     |
| Moletsane                                       | low income, scattered shops  | 112.2     |
| Pimville zone 5,6                               | high income, scattered shops | 92.4      |

<sup>6</sup> Unless stated otherwise the terms Diepkloof, Dube, Moletsane and Pimville used in the thesis refers to these specific areas.



The following factors were taken into account in selecting the four townships:

- (i) socio-economic status
- (ii) presence or absence of a significant shopping node
- (iii) geographical location

Two of the townships were selected on the basis of existing information and are classified as of a higher economic status (Dube and Pimville) than Diepkloof and Moletsane. The terms higher and lower economic status are used in a relative sense in the context of the townships of Soweto. One township of each pair is served by a significant retail node, namely Diepkloof and Dube. The four discrete study areas were selected to be as closely representative of Soweto as a whole as possible. The statistical findings reported naturally refer only to the four areas and there is no guarantee that they will necessarily be fully representative of trading conditions in Soweto as a whole. The findings however are likely to be good indicators of the nature of that activity in the geographical area.

#### 4.1.3 The Trader and Consumer Samples

The findings reported in the paragraphs that follow emerge from surveys on formal and petty traders (Table 4.2) and consumers in the selected areas of study. The term "formal trade" in this analysis is used to refer to those traders operating from fixed licensed premises, while the term "petty trader" or "informal trader" or some equivalent refers to those traders who are small in scale and operate from informal, unlicensed premises or are mobile. An attempt was made to cover all formal trading in the categories of food and clothing in the discrete geographical areas. A small but unknown number of formal traders could not be located by the

fieldworkers and are therefore excluded. The coverage achieved is estimated to be 15 percent of formal traders in these categories of activity.

The selection of petty traders for survey is a notoriously difficult task. No systematic listing of informal traders or their location exists. Many petty traders, in addition, do not necessarily routinely locate at fixed sites. The process of selection was dependent on the initial preparation of a list of petty traders that could be located in the four geographical areas. That listing constituted the universe of traders from which a sample was drawn. The precise proportion of the petty traders listed of their total number in the four geographical areas is impossible to determine accurately. The number listed however was sufficient to be statistically relevant. The survey of petty traders was concentrated on three categories of traders: those dealing in food, clothing and alcoholic beverages. These categories represented the dominant types of trade encountered. In the consumer survey the systematic sampling framework used was employed. The data collecting process was based on questionnaire interviews of traders and consumers. Details of the sampling procedures and questionnaires are contained in Appendices A and B.

**Table 4.2 Number of Traders Interviewed**

|                | Complete<br>Sample | Diepkloof | Dube | Moletsane | Pimville |
|----------------|--------------------|-----------|------|-----------|----------|
| Formal traders | 70                 | 16        | 20   | 19        | 15       |
| Petty traders  | 100                | 32        | 33   | 16        | 19       |
| Total          | 170                | 48        | 53   | 35        | 34       |

## 4.2 Characteristics of Traders

Data captured in the sample survey shows that for both formal and petty traders in Soweto trading in foodstuffs is the dominant activity (Table 4.3). More than 22.9 percent of formal traders and 37.6 percent of informal traders interviewed dealt in foodstuffs.

Table 4.3 Trader by Commodity

|                        | Total            | Diepkloof       | Dube           | Moletsane       | Pimville        |
|------------------------|------------------|-----------------|----------------|-----------------|-----------------|
| <b>Formal traders:</b> |                  |                 |                |                 |                 |
| Food                   | 22.9 (39)        | 18.8 (9)        | 28.3 (15)      | 22.9 (8)        | 20.6 (7)        |
| Clothing               | 15.3 (27)        | 10.4 (5)        | 7.5 (4)        | 28.6 (10)       | 20.5 (7)        |
| Other                  | 4.2 (7)          | 8.4 (4)         | 1.9 (1)        | 2.9 (1)         | 2.9 (1)         |
| <b>Petty traders:</b>  |                  |                 |                |                 |                 |
| Food hawker            | 37.6 (64)        | 31.2 (15)       | 50.9 (27)      | 31.5 (11)       | 32.3 (11)       |
| Clothing hawker        | 3.5 (6)          | 12.5 (6)        | --             | --              | --              |
| Other hawker           | 1.8 (3)          | --              | 3.8 (2)        | 2.9 (1)         | --              |
| Shebeen                | <u>14.7</u> (25) | <u>18.8</u> (9) | <u>7.5</u> (4) | <u>11.4</u> (4) | <u>23.5</u> (8) |
|                        | 100.0 (170)      | 100.0 (48)      | 100.0 (53)     | 100.0 (35)      | 100.0 (34)      |

### 4.2.1 Personal Characteristics

Petty trading in the sample area is dominated by women (60.6%) and the profile of age groups shows that 25.8 percent are aged between 50 and 64 years, and almost a tenth of those surveyed are over 65 years of age (Table 4.4). A high proportion of these traders (64.0%) have only a Standard Six level of education or less. Only 16 percent have matriculated or completed some form of post

matriculation education. Only 9.5 percent of petty traders have had some business training.

In contrast, formal trading is marginally dominated by men (54.3% of traders). The traders have a younger age profile than petty traders with 25.8 percent between 25 and 34 and 51.5 percent in the 35 to 49 year old age group. Similarly, the level of secondary and tertiary education is higher than that of petty traders. Twenty-five percent of formal traders interviewed had completed some form of business training.

In general the petty traders have a lower level of education and their average age is older than formal traders which may indicate that they have fewer opportunities open to them in terms of regular jobs and turn to petty trading as an option. Alternatively, they may have moved from regular employment after displacement by more educated younger workers.

**Table 4.4 Traders -- Personal Characteristics**

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|                | Formal Traders | Petty Traders |
|----------------|----------------|---------------|
| a. Sex         |                |               |
| male           | 54.3 (38)      | 39.4 ( 39)    |
| female         | 45.7 (32)      | 60.6 ( 61)    |
| Total          | 100.0 (70)     | 100.0 (100)   |
| b. Age (years) |                |               |
| 16-24          | 1.5 ( 1)       | 2.1 ( 2)      |
| 25-34          | 25.8 (18)      | 19.6 (19)     |
| 35-49          | 51.5 (36)      | 44.3 (43)     |
| 50-64          | 18.2 (13)      | 25.8 (25)     |

|                      |            |             |
|----------------------|------------|-------------|
| > 65                 | 3.0 ( 2)   | 8.2 ( 8)    |
| Total                | 100.0 (70) | 100.0 (97)  |
| c. Education         |            |             |
| Standard 6 or below  | 28.9 (20)  | 64.0 (64)   |
| Standard 8           | 33.3 (23)  | 20.0 (20)   |
| Standard 10          | 20.4 (14)  | 10.0 (10)   |
| Post-matriculation   | 17.4 (12)  | 6.0 ( 6)    |
| Total                | 100.0 (70) | 100.0 (100) |
| d. Business training |            |             |
| course completed     | 25.0 (18)  | 9.5 ( 9)    |
| no training          | 75.0 (52)  | 90.5 (96)   |
| Total                | 100.0 (70) | 100.0 (95)  |

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#### 4.2.2 Business Characteristics

Most petty traders started their businesses because they felt that they were more likely to make money (45.4%), while more formal traders stated that they preferred to be involved in their own businesses (28.1%) (Table 4.5). Both petty and formal traders rely on other employment and additional income. Over thirty-five percent (35.9%) of additional income in the case of petty traders stems from pension payments, a finding which is not altogether surprising given that many in this group are over 65 years of age. Over sixty percent (61.9%) of the petty traders interviewed started their trading enterprises with under R100, revealing the small scale of these operations. On the other hand, almost half (45.6%) of the formal traders needed more than R1000 of capital to set up their business.

Table 4.5 Traders -- Setting Up Operations

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|                              | Formal traders | Petty traders |
|------------------------------|----------------|---------------|
| <b>a. Reason:</b>            |                |               |
| no other job                 | 6.3 ( 4)       | 6.2 ( 6)      |
| more money                   | 21.9 (15)      | 45.4 (44)     |
| prefer own business          | 28.1 (20)      | 18.6 (18)     |
| other                        | 43.8 (31)      | 29.9 (29)     |
| Total                        | 100.0 (70)     | 100.0 (97)    |
| <b>b. Other employment:</b>  |                |               |
| yes                          | 17.4 (13)      | 20.0 (20)     |
| no                           | 82.6 (57)      | 80.0 (80)     |
| Total                        | 100.0 (70)     | 100.0 (100)   |
| <b>c. Additional income:</b> |                |               |
| pension                      | 25.0 ( 4)      | 35.9 (14)     |
| family                       | 62.5 (10)      | 53.8 (21)     |
| none                         | 12.5 ( 2)      | 10.3 ( 4)     |
| Total                        | 100.0 (16)     | 100/0 (39)    |
| <b>d. Start-up costs:</b>    |                |               |
| 0-R100                       | 26.5 (19)      | 61.9 (62)     |
| R101-R1000                   | 28.0 (20)      | 30.9 (31)     |
| > R1001                      | 45.6 (32)      | 6.3 ( 6)      |
| Total                        | 100.0 (70)     | 100.0 (99)    |

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Examination of the employment characteristics of informal traders reveals that although they are characteristically viewed as one-man enterprises, almost 30 percent of the petty traders surveyed offered employment to others (Table 4.6). However, 47.7 percent of these employees are family members mostly paid weekly (31.4%), although 14.3 percent are paid in kind.

In contrast, formal traders offer considerably more employment opportunities and 9.0 percent employ 11 or more people in their operation, mostly paid on a weekly basis (56.8%).

From these data it appears that petty traders are smaller in scale than traders operating from fixed premises.

**Table 4.6 Traders -- Employment Offered**

|                                | Formal traders | Petty Traders |
|--------------------------------|----------------|---------------|
| <b>a. Number of employees:</b> |                |               |
| none                           | 42.4 (30)      | 70.1 (70)     |
| 1-10                           | 49.5 (35)      | 28.9 (29)     |
| > 11                           | 9.0 ( 6)       | 1.0 ( 1)      |
| Total                          | 100.0 (70)     | 100.0 (100)   |
| <b>b. Members of family:</b>   |                |               |
| yes                            | 35.0 (14)      | 47.7 (21)     |
| no                             | 65.0 (26)      | 52.3 (23)     |
| Total                          | 100.0 (40)     | 100.0 (44)    |
| <b>c. Payment:</b>             |                |               |
| daily                          | 0.0 ( 0)       | 14.3 ( 5)     |
| weekly                         | 56.8 (21)      | 31.4 (11)     |

|              |            |            |
|--------------|------------|------------|
| monthly      | 37.8 (14)  | 20.0 ( 7)  |
| not at all   | 2.7 ( 1)   | 20.0 ( 7)  |
| in kind      | 2.7 ( 1)   | 14.3 ( 5)  |
| Total        | 100.0 (37) | 100.0 (35) |
| d. Training: |            |            |
| given        | 65.7 (23)  | 43.8 (14)  |
| none         | 34.3 (12)  | 56.3 (18)  |
| Total        | 100.0 (35) | 100.0 (32) |

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Some on-the-job training was supplied by petty traders (43.8%), though this is lower than that given by formal traders (65.7%) (Table 4.6d). In no instance was any charge made for this training.

Unlike petty traders, formal traders conducted 2.9 percent of their trade with other businesses. It is probable that these formal traders are selling to the petty traders who purchase their stock from retail outlets in Soweto (Table 4.7a). Where traders were able to specify the income level of their customers, it was found that petty traders served more low income clients (16.1%), and formal traders dealt with more high income customers (5.0%) than petty traders (1.0%) (Table 4.7b). Similarly, where traders were able to categorize the employment of the customers, petty traders felt that many of their customers were scholars (16.3%) and formal traders indicated that 6.6 percent of their customers are public service employees namely teachers, nurses, and government workers (Table 4.7c).

**Table 4.7 Traders -- Customers**

|                         | Formal Traders | Petty Traders |
|-------------------------|----------------|---------------|
| <b>a. Type:</b>         |                |               |
| individuals             | 97.1 (66)      | 100.0 (99)    |
| businesses              | 2.9 ( 2)       | 0.0           |
| Total                   | 100.0 (68)     | 100.0 (99)    |
| <b>b. Income level:</b> |                |               |
| high                    | 5.0 ( 3)       | 1.1 ( 1)      |
| middle                  | 5.0 ( 3)       | 5.4 ( 5)      |
| low                     | 13.3 ( 8)      | 16.1 (15)     |
| mixed                   | 76.7 (46)      | 77.4 (72)     |
| Total                   | 100.0 (60)     | 100.0 (93)    |
| <b>c. Employers</b>     |                |               |
| public sector           | 6.6 ( 4)       | 2.0 ( 2)      |
| private sector          | 4.9 ( 3)       | 5.1 ( 5)      |
| unemployed              | 3.3 ( 2)       | 3.1 ( 3)      |
| scholars                | 4.9 ( 3)       | 16.3 (16)     |
| unknown                 | 80.3 (49)      | 73.5 (72)     |
| Total                   | 100.0 (61)     | 100.0 (98)    |

The merchandising and marketing procedures adopted show variation between formal and petty traders. Formal traders tend to advertise their enterprises (42.9%) while petty traders do not (17.2%). In promoting their

businesses informal traders tend to rely mainly on word of mouth (61.1%). Formal traders, on the other hand, rely more on newspaper advertisements (20.0%) and business cards (36.7%) (Table 4.8a). The majority (58.0%) of formal traders determine their selling prices by adding a fixed percentage to the cost price of an article. Price determination of petty traders tends to be more flexible. The majority (54.5%) appears to be satisfied to make a profit whatever level it may be and only 30 percent adopt the more formal practice of a fixed mark-up. These traders are also more influenced by the prices being charged by competitors than their formal counterparts (Table 4.8b).

The granting of credit to customers is a practice followed by only a small proportion of both formal and petty traders. In both cases credit may be extended to a few favoured and well-known customers (47.5 and 47.4 percent of traders respectively) (Table 4.8c). These findings are not acceptable when traders have limited knowledge of their customers and where the level of trading provides for small financial margins that constrain the granting of credit.

**Table 4.8 Traders -- Marketing and Merchandising**

|                 | Formal Traders | Petty Traders |
|-----------------|----------------|---------------|
| a. Advertising: |                |               |
| yes             | 42.9 (30)      | 17.2 (17)     |
| no              | 57.1 (40)      | 82.8 (83)     |
| Total           | 100.0 (70)     | 100.0 (100)   |
| Method:         |                |               |
| talking         | 33.3 (10)      | 61.1 (11)     |

|   |            |            |
|---|------------|------------|
| newspaper                               | 20.0 ( 6)  | 5.6 ( 1)   |
| business cards                          | 36.7 (11)  | 11.1 ( 2)  |
| other                                   | 10.0 ( 3)  | 22.2 ( 4)  |
| Total                                   | 100.0 (30) | 100.0 (18) |
| b. Method of determining selling price: |            |            |
| cost and markup                         | 58.0 (40)  | 30.3 (30)  |
| prices similar to competitors           | 5.8 ( 4)   | 15.2 (15)  |
| prices which ensure profit              | 6.2 (25)   | 54.5 (54)  |
| Total                                   | 100.0 (69) | 100.0 (99) |
| c. Credit extended to customers:        |            |            |
| most                                    | 8.5 ( 6)   | 11.6 (11)  |
| few                                     | 47.5 (33)  | 47.4 (45)  |
| nobody                                  | 44.1 (31)  | 41.1 (39)  |
| Total                                   | 100.0 (70) | 100.0 (95) |

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Stock is purchased by petty traders mainly from wholesalers (47.8%).

However, a significant number of the traders purchase stock from retail outlets (22.8%) and produce markets (27.2%) (Table 4.9). The small scale of these enterprises is further revealed by the proportion of their stock sold on a daily basis (26.0%), and the relatively high proportion of stock purchases which cost less than R100 (47.6%). The majority of formal traders, on the other hand, purchase their stock from wholesalers (71.0%) and stock turnover is mainly on a weekly (64.4%) and monthly (22.0%) basis. Similarly, the stock purchases of over half (53.0%) of the formal traders cost more than R500. In both formal and petty trading operations the trader was the principle purchaser of stock.

Table 4.9 Traders -- Stock Purchases

|                     | Formal Traders | Petty Traders |
|---------------------|----------------|---------------|
| <b>a. Source:</b>   |                |               |
| wholesaler          | 71.0 (50)      | 47.8 (44)     |
| factory             | 6.5 ( 5)       | 2.2 ( -2)     |
| retail              | 11.3 ( 8)      | 22.8 (21)     |
| produce market      | 8.1 ( 6)       | 27.2 (25)     |
| other               | 3.2 ( 2)       | 0.0           |
| Total               | 100.0 (70)     | 100.0 (92)    |
| <b>b. Turnover:</b> |                |               |
| daily               | 10.2 ( 7)      | 26.0 (26)     |
| weekly              | 64.4 (45)      | 63.5 (64)     |
| monthly             | 22.0 (15)      | 6.3 ( 6)      |
| other               | 3.4 ( 2)       | 4.2 ( 4)      |
| Total               | 100.0 (70)     | 100.0 (100)   |
| <b>c. Cost:</b>     |                |               |
| 0-R100              | 20.4 (14)      | 47.4 (47)     |
| R101-R500           | 26.5 (19)      | 37.8 (38)     |
| > R501              | 53.0 (37)      | 14.6 (15)     |
| Total               | 100.0 (70)     | 100.0 (100)   |

The responses emerging from the survey show that the benefits accruing to individuals who join co-operatives are substantial, as traders are able to buy goods at discounts and also have marketing networks available for their enterprises.

Petty traders rely more heavily on church organizations for these benefits (26.7%), unlike formal traders more of whom belong to a commercial buying group such as Spar and Score (Table 4.10).

**Table 4.10 Traders -- Co-operative Behaviour**

|                         | Formal Traders | Petty Traders |
|-------------------------|----------------|---------------|
| church                  | 13.9 (10)      | 26.7 (16)     |
| private                 | 42.6 (30)      | 38.3 (23)     |
| buying group            | 34.8 (24)      | 23.3 (14)     |
| mogodisano <sup>7</sup> | 6.5 ( 5)       | 6.7 ( 4)      |
| none                    | 2.2 ( 2)       | 5.0 ( 3)      |
| Total                   | 100.0 (70)     | 100.0 (60)    |

The perceived credit risk of petty trading enterprises is reflected in the low use of credit facilities by this group (8.4%) when compared to that of formal traders (37.1%) (Table 4.11). Sources of finance other than daily turnover for petty traders is principally from friends and family (10.5%), while formal traders receive almost 5 percent of their finance from customers who leave deposits for goods and services.

<sup>7</sup> mogodisano--members pay an amount of money to one member of the group each month.

Table 4.11 Traders -- The Use of Credit

|                             | Formal Traders | Petty Traders |
|-----------------------------|----------------|---------------|
| a. Sources of finance:      |                |               |
| credit                      | 37.1 (26)      | 8.4 ( 7)      |
| other                       | 62.9 (44)      | 91.6 (76)     |
| Total                       | 100.0 (70)     | 100.0 (83)    |
| b. Finance to run business: |                |               |
| daily turnover              | 82.4 (58)      | 84.2 (80)     |
| deposits from customers     | 4.4 (37)       | 1.1 ( 1)      |
| money lender                | --             | --            |
| bank                        | 2.9 ( 2)       | 2.1 ( 2)      |
| friends/family              | 5.9 ( 4)       | 10.5 (10)     |
| supplies                    | 2.9 ( 2)       | 2.1 ( 2)      |
| other                       | 1.5 ( 1)       | --            |
| Total                       | 100.0 (70)     | 100.0 (95)    |

For petty traders a strong correlation exists between higher startup costs and higher profits of their concerns (Table 4.12). Those petty traders who initially invested more money in their enterprises received proportionally higher returns during the course of their business operations.

**Table 4.12 Traders -- Regression Analysis for Profit**

|                | Formal Traders |        | Petty Traders |        |
|----------------|----------------|--------|---------------|--------|
|                | Estimate       | PR>T   | Estimate      | PR>T   |
| sex            | 0.20           | 0.55   | 0.11          | 0.56   |
| age            | - 0.56         | 0.19   | - 0.08        | 0.70   |
| education      | - 0.12         | 0.52   | - 0.40        | 0.72   |
| ownership      | - 0.37         | 0.47   | - 0.60        | 0.06   |
| experience     | 0.32           | 0.27   | 0.08          | 0.59   |
| startup costs  | 0.23           | 0.13   | 0.26          | 0.02*  |
| tax payment    | 1.06           | 0.00** | 0.79          | 0.00** |
| R <sup>2</sup> | 0.51           |        | 0.45          |        |
| mean (profit)  | 4.68           |        | 2.71          |        |

\*0.05

\*\*0.001

Approximately half of all traders in Soweto feel that the possession of a license has no effect on their business. However, 30.1 percent of petty traders viewed this issue in a negative light, while 38.7 of formal traders felt positively about the possession of the license to trade (Table 4.13a). Informal discussions with petty traders by the author revealed that these traders do not wish to become "legitimate" and "recorded" by the relevant authorities as they will be liable for income tax and have to comply with health regulations. The level at which informal undertakings pay income tax confirms these assertions (Table 4.13b). Thirty-five percent of all petty traders are unlicensed. Reasons for not being licensed to trade are given in Table 4.13c. These data must however be viewed with caution as suspicion and distrust may render misleading returns.

Table 4.13 Traders -- Licensing

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|   | Formal Traders | Petty Traders |
|---|----------------|---------------|
| a. Effect of possession of a license:   |                |               |
| positive                                | 38.7 (27)      | 10.8 ( 9)     |
| negative                                | 14.5 (10)      | 30.1 (25)     |
| no effect                               | 46.8 (33)      | 59.0 (49)     |
| Total                                   | 100.0 (70)     | 100.0 (83)    |
| b. Payment of income tax:               |                |               |
| yes                                     | 55.9 (39)      | 26.4 (23)     |
| no                                      | 44.1 (31)      | 73.6 (64)     |
| Total                                   | 100.0 (70)     | 100.0 (87)    |
| c. Reason for not possessing a license: |                |               |
| not needed                              | 41.7 (10)      | 24.5 (13)     |
| no chance of obtaining                  | 12.5 ( 3)      | 15.1 ( 8)     |
| application lodged, waiting             | 4.2 ( 1)       | 15.1 ( 8)     |
| don't know how to                       | 16.7 ( 4)      | 20.8 (11)     |
| business too new or small               | 8.3 ( 2)       | 5.7 ( 3)      |
| too expensive                           | 4.2 ( 1)       | 9.4 ( 5)      |
| then liable for tax                     | 4.2 ( 1)       | 1.9 ( 1)      |
| application refused                     | 8.3 ( 2)       | 7.5 ( 4)      |
| Total                                   | 100.0 (24)     | 100.0 (53)    |

---

Though a marginally higher proportion of traders (44.6% and 46.2% respectively) noted that black consumer boycotts of white-owned enterprises in Johannesburg had no effect on their enterprises, almost equal proportions noted that the effect had been negative (43.1% and 43.0% respectively) (Table 4.14). The responses are surprising. Expectations might have been that boycotts of white-operated enterprises would positively affect black-operated enterprises. It is possible that respondents misunderstood the intent of the question and were indicating their perceptions of the impact upon white-operated businesses rather than black-operated enterprises.

The majority of respondents noted that intimidation had not affected their enterprises (56.9% and 61.2% respectively). A relatively high proportion of formal traders (31%), however, noted that the effect had been positive. The responses may indicate a positive flow of business to formal black traders arising from the intimidation of prospective black customers of white enterprises. That nearly 25 percent of black informal traders experienced a negative effect is disturbing. It may reflect a vulnerability of unprotected informal traders to lawless street behaviour.

Though a marginal majority of respondents felt that the imposition of the state of emergency had no effect on their enterprises, it is significant that relatively high proportions of formal and informal traders (34.8% and 41.9% respectively) noted a negative effect.

**Table 4.14 Traders -- Political Constraints**

|   | Formal Traders | Petty Traders |
|---|----------------|---------------|
| <b>a. Effect of consumer boycott of white-owned stores:</b> |                |               |
| positive  | 12.3 ( 8)      | 10.8 (11)     |
| negative  | 43.1 (28)      | 43.0 (43)     |
| no effect   | 44.6 (29)      | 46.2 (46)     |
| Total   | 100.0 (65)     | 100.0 (100)   |
| <b>b. Effect of intimidation by individuals/groups:</b>     |                |               |
| positive  | 31.0 (18)      | 14.1 (10)     |
| negative  | 12.1 ( 7)      | 24.7 (40)     |
| no effect   | 56.9 (33)      | 61.2 (43)     |
| Total   | 100.0 (58)     | 100.0 (93)    |
| <b>c. Effect of the state of emergency:</b>                 |                |               |
| positive  | 7.6 ( 5)       | 3.2 ( 3)      |
| negative  | 34.8 (23)      | 41.9 (39)     |
| no effect   | 57.6 (38)      | 54.9 (51)     |
| Total   | 100.0 (66)     | 100.0 (93)    |

#### 4.2.3 Spatial Characteristics

The locational choice and spatial distribution pattern of traders interviewed in the survey is indicated for each township in Figures 4.2 to 4.5. Approximately half of the formal traders observed that theirs was the only location available to them due to the historical lack of infrastructural development. Almost a third (29.9%) chose to be close to their customers. Although five percent of petty traders

were mobile, their responses were surprisingly similar to those of formal traders. Petty traders, unlike their formal counterparts, more often collect stock using public transport such as combi taxis, buses or borrowed vehicles. While petty traders draw more customers from passing trade, both groups felt that customers generally travel from their homes to purchase goods (Table 4.15).

**Table 4.15 Traders -- Spatial Characteristics**

|   | Formal Traders | Petty Traders |
|---|----------------|---------------|
| <b>a. Choice of location:</b>             |                |               |
| only available                            | 46.3 (31)      | 39.4 (39)     |
| close to home                             | 23.9 (16)      | 30.3 (30)     |
| close to customers                        | 29.8 (20)      | 28.3 (28)     |
| mobile                                    | ---            | 2.0 ( 2)      |
| Total                                     | 100.0 (67)     | 100.0 (99)    |
| <b>b. Frequency of collecting stock:</b>  |                |               |
| daily                                     | 18.1 (11)      | 22.7 (22)     |
| weekly                                    | 34.4 (21)      | 35.1 (34)     |
| fortnightly                               | 29.5 (18)      | 35.1 (34)     |
| monthly                                   | 4.9 ( 3)       | 1.0 ( 1)      |
| not applicable                            | 13.1 ( 8)      | 6.2 ( 6)      |
| Total                                     | 100.0 (61)     | 100.0 (97)    |
| <b>c. Vehicles used to collect stock:</b> |                |               |
| own vehicle                               | 62.3 (38)      | 50.0 (47)     |
| borrowed vehicle                          | 4.9 ( 3)       | 8.5 ( 8)      |
| taxi                                      | 21.3 (13)      | 21.3 (20)     |
| bus                                       | 4.9 ( 3)       | 10.6 (10)     |

|                    |            |            |
|--------------------|------------|------------|
| other              | 6.6 ( 4)   | 9.6 ( 9)   |
| Total              | 100.0 (61) | 100.0 (94) |
| d. Customers from: |            |            |
| home               | 76.8 (53)  | 66.7 (12)  |
| work               | 15.9 (11)  | 14.0 (13)  |
| passerby           | 7.3 ( 5)   | 19.3 (18)  |
| Total              | 100.0 (69) | 100.0 (93) |

#### 4.3 Trading of Food, Clothing and Alcoholic Beverages

Since food trading makes up a high proportion of all trading sampled (Table 4.16), it is unlikely that the patterns for the trading of food will vary much from those of the total. However, shopping for clothing and alcoholic beverages form a major portion of the purchase of "convenience" goods by virtue of the regularity of their purchase and importance in satisfying the basic needs of a population. Therefore, the following discussion isolates those characteristics for traders of clothing and alcoholic beverages which differ from those of food traders.

**Table 4.16 Numbers of Traders by Commodity**

|                     |           |
|---------------------|-----------|
| Food                | 103       |
| Clothing            | 32        |
| Alcoholic Beverages | <u>35</u> |
| Total               | 170       |

Fig 4.2: Spatial Distribution of Traders Interviewed in Diepkloof Zone 6

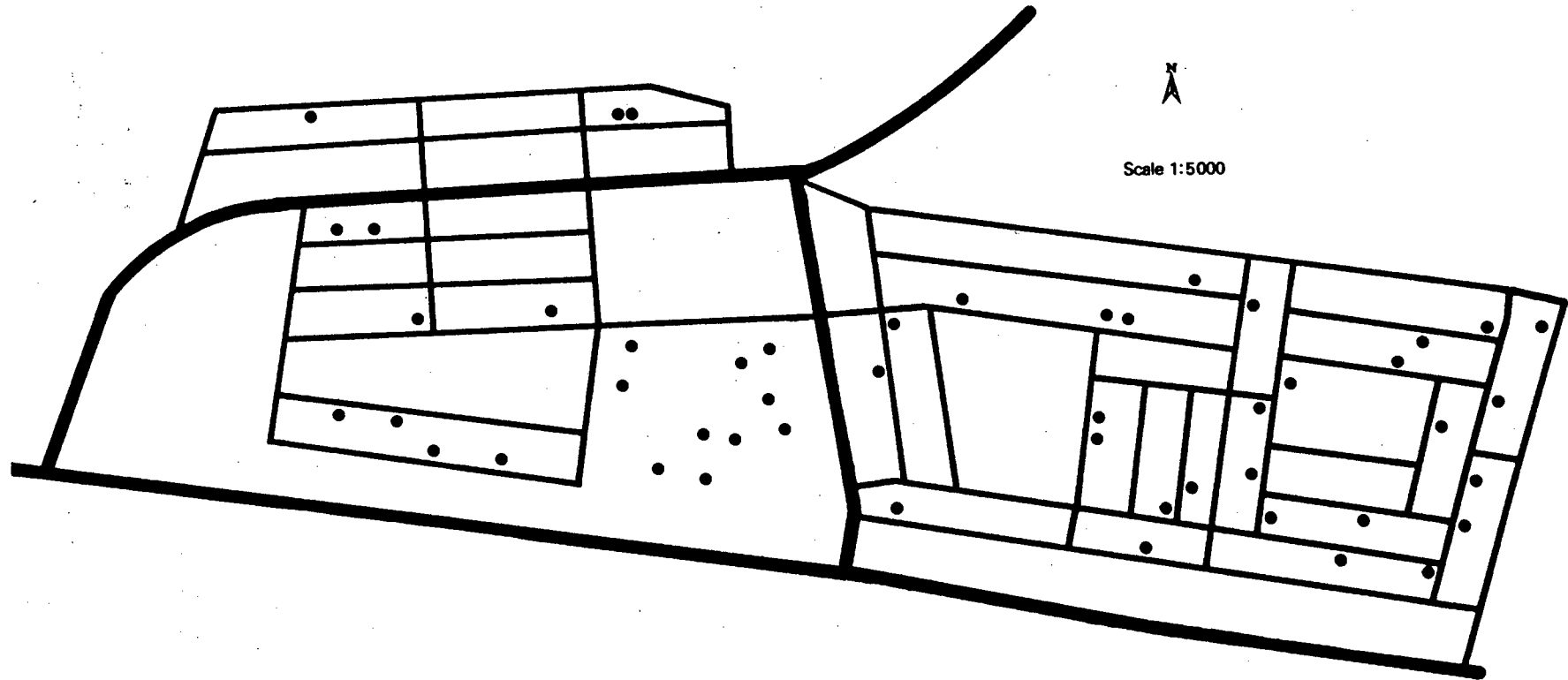


Fig 4.3: Spatial Distribution of Traders Interviewed in Dube and Orlando West Extension

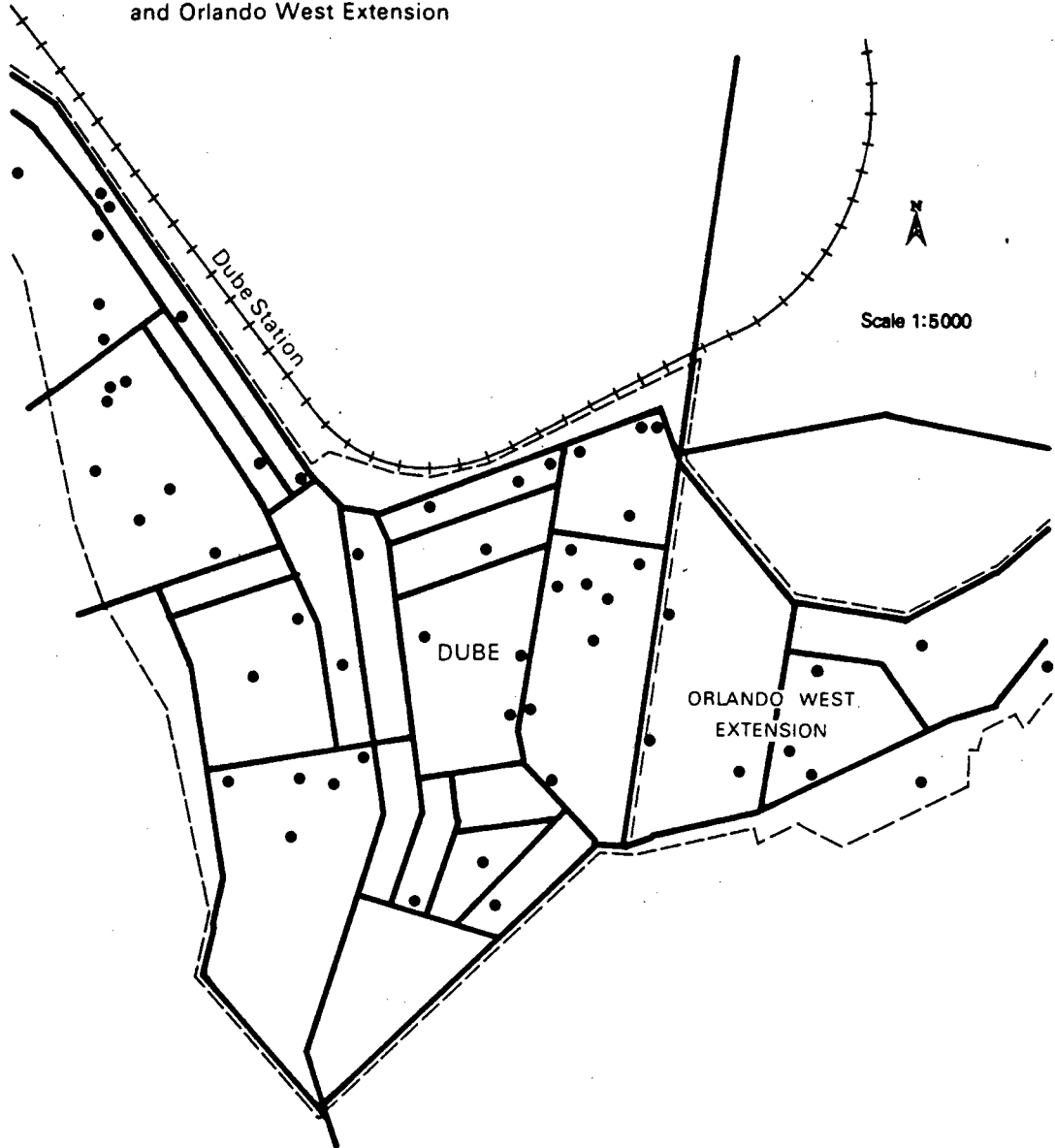


Fig 4.4: Spatial Distribution of Traders Interviewed in Moletsane

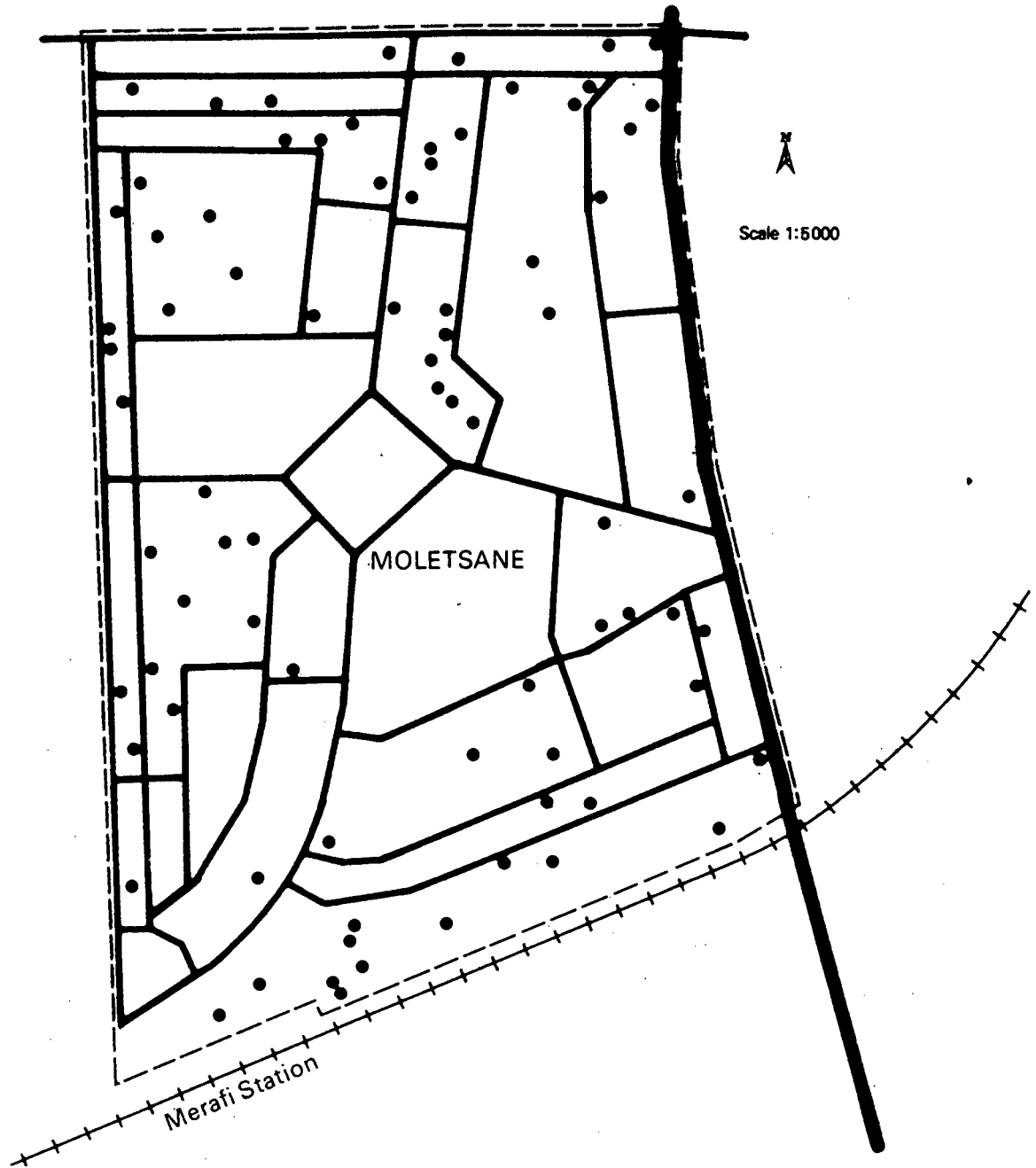
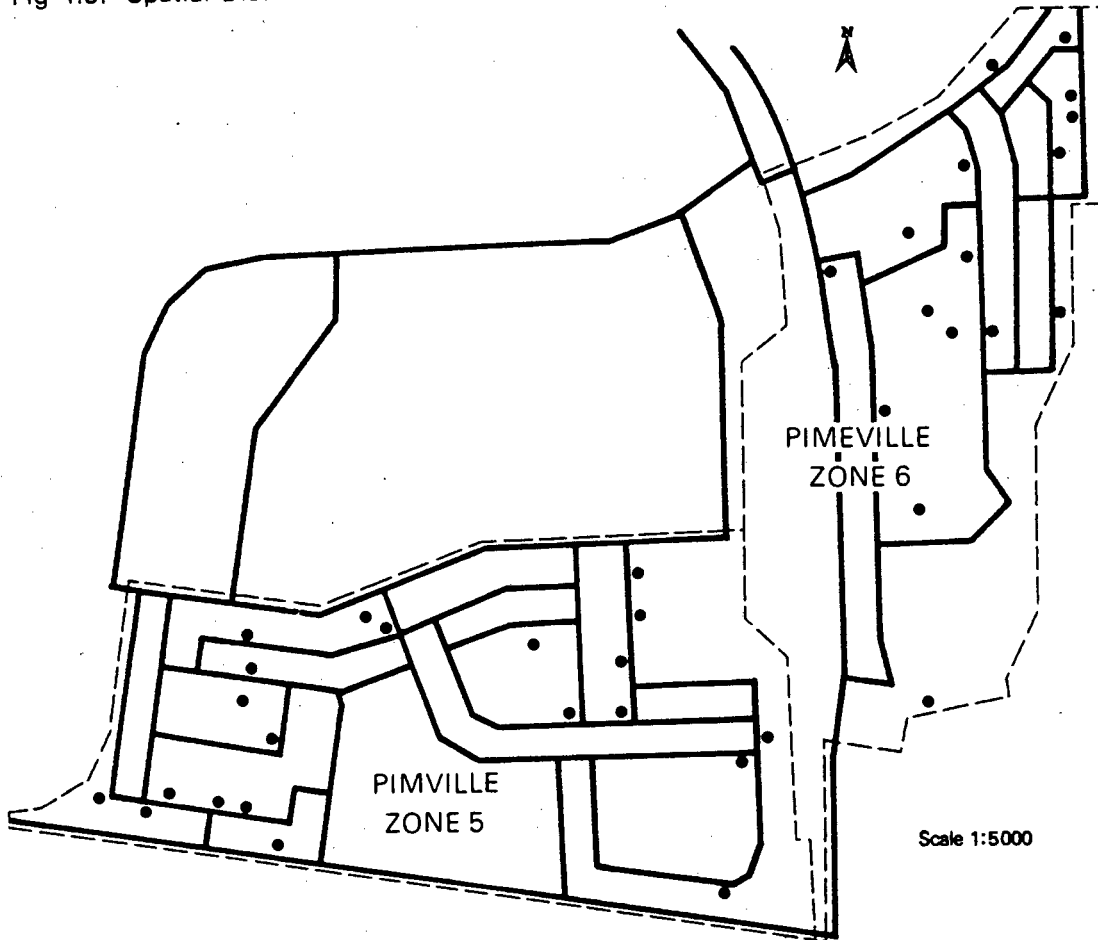


Fig 4.5: Spatial Distribution of Traders Interviewed in Pimville



The trading of food and other household necessities is undoubtedly the best developed category of trading enterprises in Soweto. Of the 103 enterprises interviewed in the survey, 60.9 percent were petty traders and 39.1 percent formal traders.

The numbers of clothing traders and sellers of alcoholic beverages encountered in the sample survey were small in comparison. The numbers indeed do not permit statistical analysis in the separate categories of formal and informal traders. Sellers of alcohol included traditional beer brewers, people who resell commercially-brewed beer and owners of shebeens.

Traders of alcohol and clothing differ from food traders in some significant respects. In contrast to the category of food traders, females predominate in the selling of clothing and alcohol. In addition, these traders have generally completed more secondary school education, although 40 percent of the sellers of alcohol have no schooling at all (Table 4.17). These characteristics may be related to the form and scale of business enterprises in the respective categories.

**Table 4.17 Traders -- Sex Distribution and Education Levels**

|                     | Food        | Clothing   | Alcohol    |
|---------------------|-------------|------------|------------|
| <b>a. Sex</b>       |             |            |            |
| male                | 50.5 (52)   | 34.4 (11)  | 29.2 (10)  |
| female              | 49.4 (51)   | 65.6 (21)  | 70.8 (25)  |
| Total               | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>b. Education</b> |             |            |            |
| none                | 7.8 ( 8)    | 6.3 ( 2)   | 40.0 (14)  |
| below Std 5         | 23.5 (24)   | 6.3 ( 2)   | 8.0 ( 3)   |

|             |             |            |            |
|-------------|-------------|------------|------------|
| Std 5       | 8.8 ( 9)    | 9.4 ( 3)   | 12.0 ( 4)  |
| Form I      | 15.7 (16)   | 15.6 ( 5)  | 24.0 ( 8)  |
| Form III    | 23.5 (24)   | 37.5 (12)  | 24.0 ( 8)  |
| matric      | 10.8 (11)   | 15.6 ( 5)  | 16.0 ( 6)  |
| post-matric | 9.8 (10)    | 9.4 ( 3)   | 12.0 ( 4)  |
| Total       | 100.0 (103) | 100.0 (32) | 100.0 (35) |

---

The major reason given by traders in alcohol for starting their enterprises was to "earn more money" (Table 4.18a). The response differs from those given by traders of other commodities. This considered choice, when related to other responses to the questionnaire, produces a profile which differs from those for traders of food and clothing. Alcohol traders start their businesses with less capital than the other groups, replenish their stock more frequently with half their purchases from retail outlets, and extend more credit to their customers (Table 4.18a). In addition, these traders work shorter hours than food traders and rely more on second jobs and income from alternate sources than traders of food and clothing (Table 4.18b). Thus it would appear that the sellers of alcohol are involved in smaller-scale, supplementary trading enterprises when compared to traders of other commodities and that the opportunity cost of selling alcohol is greater than that for food or clothing.

**Table 4.18 Characteristics of Traders by Commodity**

|                             | Food        | Clothing   | Alcohol    |
|-----------------------------|-------------|------------|------------|
| <b>a. Reason for entry:</b> |             |            |            |
| no other job                | 6.3 ( 7)    | 9.7 ( 3)   | 4.0 ( 1)   |
| more money                  | 34.7 (36)   | 25.8 ( 8)  | 56.0 (20)  |
| prefer own business         | 23.2 (24)   | 29.0 ( 9)  | 12.0 ( 4)  |
| other                       | 35.8 (37)   | 35.5 (11)  | 28.0 (10)  |
| Total                       | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>Startup capital:</b>     |             |            |            |
| 0-R100                      | 43.4 (45)   | 53.1 (17)  | 54.2 (18)  |
| R101-R1000                  | 29.4 (30)   | 28.2 ( 9)  | 41.7 (15)  |
| > R1001                     | 27.3 (28)   | 18.9 ( 6)  | 4.2 ( 2)   |
| Total                       | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>Stock turnover:</b>      |             |            |            |
| daily                       | 17.8 (18)   | 13.0 ( 4)  | 29.2 (10)  |
| weekly                      | 73.3 (16)   | 30.4 (10)  | 66.7 (23)  |
| monthly                     | 5.9 ( 6)    | 43.5 (14)  | 4.2 ( 2)   |
| other                       | 3.0 ( 3)    | 13.0 ( 4)  | ---        |
| Total                       | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>Buy stock from:</b>      |             |            |            |
| wholesaler                  | 58.3 (60)   | 65.4 (21)  | 41.7 (15)  |
| factory                     | 1.0 ( 1)    | 15.4 ( 5)  | ---        |
| retail                      | 10.4 (11)   | 15.4 ( 5)  | 50.0 (16)  |
| market                      | 29.2 (30)   | ---        | ---        |
| other                       | 1.0 ( 1)    | 3.8 ( 1)   | 8.3 ( 4)   |

|                                   |             |            |            |
|-----------------------------------|-------------|------------|------------|
| <b>Total</b>                      | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>b. Time spent on business:</b> |             |            |            |
| 0-5 hours/day                     | 53.4 (55)   | 73.3 (24)  | 44.0 (15)  |
| 6-11 hrs/day                      | 41.7 (43)   | 20.0 ( 6)  | 56.0 (20)  |
| more than 11 hrs/day              | 4.9 ( 5)    | 6.7 ( 2)   | ---        |
| <b>Total</b>                      | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>Other job:</b>                 |             |            |            |
| yes                               | 19.4 (20)   | 9.7 ( 3)   | 28.0 ( 9)  |
| no                                | 80.6 (83)   | 90.3 (29)  | 72.0 (26)  |
| <b>Total</b>                      | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>Other income:</b>              |             |            |            |
| pension                           | 36.4 (37)   | 23.1 ( 7)  | 28.6 (10)  |
| family source                     | 57.6 (59)   | 53.8 (18)  | 71.4 (25)  |
| none                              | 6.1 ( 7)    | 23.1 ( 7)  | ---        |
| <b>Total</b>                      | 100.0 (103) | 100.0 (32) | 100.0 (35) |
| <b>c. Daily net income:</b>       |             |            |            |
| 0-R50                             | 45.6 (47)   | 29.4 (9)   | 58.3 (20)  |
| R51-R100                          | 14.6 (15)   | 29.4 ( 9)  | 8.4 ( 3)   |
| R101-R200                         | 11.8 (12)   | 17.6 ( 6)  | 16.7 ( 6)  |
| R201-R300                         | 5.9 ( 6)    | 11.8 ( 4)  | 8.3 ( 3)   |
| R301-R500                         | 16.2 (17)   | 11.8 ( 4)  | ---        |
| > R501                            | 5.9 ( 6)    | ---        | ----       |
| <b>Total</b>                      | 100.0 (103) | 100.0 (32) | 100.0 (35) |

**Numbers of employees:**

|       |             |            |            |
|-------|-------------|------------|------------|
| 0     | 52.0 (54)   | 77.4 (25)  | 60.0 (22)  |
| 1-2   | 13.3 (14)   | 3.2 (1)    | 32.0 (11)  |
| 3-5   | 16.3 (17)   | 16.1 ( 5)  | 4.0 ( 1)   |
| 6-10  | 24.3 (25)   | 3.2 ( 1)   | 4.0 ( 1)   |
| 11-20 | 1.0 ( 1)    | ---        | ---        |
| > 21  | 3.1 ( 3)    | ---        | ---        |
| Total | 100.0 (103) | 100.0 (32) | 100.0 (35) |

**Employees who are family members:**

|       |             |            |            |
|-------|-------------|------------|------------|
| yes   | 39.0 (40)   | 75.0 (24)  | 38.5 (14)  |
| no    | 61.0 (63)   | 25.0 ( 8)  | 61.5 (21)  |
| Total | 100.0 (103) | 100.0 (32) | 100.0 (35) |

While higher profits are earned by food traders, clothing traders earn more than sellers of alcohol. Clothing traders also employ more family members (Table 4.18c).

In summary, the analysis of traders by commodity reveals that enterprises of traders in food are both larger in scale and more capital intensive than those of alcohol and clothing traders. The latter are the more profitable of the two and rely on family members for assistance. Sellers of alcohol are attracted by the prospect of easy earnings and while their profits are very low in relation to their initial outlay, their businesses provide an additional source of income to the traders.

#### 4.4 Petty Trading and the Wider Economy of Trading in Soweto

In considering links which may exist between petty traders and formal traders in the wider economy of Soweto, it is necessary to consider several questions separately, although in reality they are intertwined.

These relate, firstly, to the function which petty trading serves in the wider Sowetan economic system. Secondly, the issue of the existence of petty trading as a form of resistance to exploitation by capital must be addressed. The question may be reformulated by asking if participants avoid working in capitalist enterprises and make the existence of petty trading dysfunctional to capitalism. Thirdly, the influence of, and linkages with, trading beyond the geographical boundaries of Soweto must be established. This applies particularly to petty trading and secondarily to formal trading in Soweto.

##### 4.4.1 Is Petty Trading Functional to Formal Trading in Soweto?

Writers from various stances in the Marxian dialectic have suggested that the function of petty commodity production or petty trading is to serve the interests of firms in the formal band of the economic spectrum (Kennedy, 1981). A manifestation of this functional relationship is the provision of low cost goods which, it is claimed, effectively subsidize the low wages paid by capitalist enterprises (Bromley, 1982; Gerry, 1979; Williams and Tumusiime-Mutebile, 1978).

If this is indeed the case, it may be asked if petty trading similarly functions to service the needs of formal trading in Soweto. The present study makes no direct attempt to correlate prices charged by petty traders and those operating from fixed premises. Information gleaned from responses in the consumer survey, however, throws some light on the question. Although hawkers received a very small proportion of consumer patronage (0.5%), the items most

often purchased were fruit and vegetables (51.7%) and groceries (28.9%). These were purchased from street hawkers (12.8%), stalls (5.3%) and Spaza's<sup>8</sup> (7.8%). The reasons given for such purchases were firstly those of accessibility (47.7%) and secondly those relative to the lower prices of the goods (42.3%) (Table 4.19).

**Table 4.19 Consumer Purchases from Petty Traders**

|  | Purchase   | No Purchase |
|--|------------|-------------|
| <b>a. Food purchased during the previous week:</b> |            |             |
| street hawkers (area of residence)                 | 50.8 (101) | 49.2 (98)   |
| street hawkers (elsewhere)                         | 19.6 (40)  | 80.4 (159)  |
| spaza (area of residence)                          | 36.7 (73)  | 63.3 (126)  |
| spaza (elsewhere)                                  | 11.1 (22)  | 88.9 (177)  |
| stall (transport termini)                          | 28.7 (57)  | 71.9 (142)  |
| <b>b. Other goods:</b>                             |            |             |
| street hawkers (area of residence)                 | 17.1 (34)  | 82.9 (165)  |
| street hawkers (elsewhere)                         | 8.0 (16)   | 92.0 (183)  |
| spaza (area of residence)                          | 11.1 (22)  | 88.9 (177)  |
| spaza (elsewhere)                                  | 4.5 ( 9)   | 95.5 (190)  |
| stall (transport termini)                          | 6.5 (13)   | 93.5 (186)  |

<sup>8</sup> Spaza--a small grocery store set up in a room of a private house.

## c. Type of goods purchased:

|                     |                 |
|---------------------|-----------------|
| fruit and vegetable | 51.7 (101)      |
| groceries           | 28.9 (57)       |
| meat                | 2.7 ( 5)        |
| clothing            | 7.4 (14)        |
| newspapers          | 1.3 ( 2)        |
| pharmaceuticals     | 4.7 (10)        |
| cold drinks/beer    | 2.0 ( 4)        |
| other               | <u>1.4 ( 2)</u> |
|                     | 100.0 (199)     |

## e. Reason for purchase:

|                      |                 |
|----------------------|-----------------|
| cheap                | 42.3 (84)       |
| access               | 47.7 (95)       |
| prefer               | 4.0 ( 8)        |
| no sales tax         | 1.3 ( 2)        |
| to support trader    | 3.4 ( 6)        |
| no convenient stores | 0.0 ( 0)        |
| superior quality     | 0.0 ( 0)        |
| credit advanced      | 0.7 ( 1)        |
| other                | <u>0.7 ( 1)</u> |
|                      | 100.0 (199)     |

---

If the lower priced goods are functional to the maintenance of low wages in the capitalist sector in Soweto and in the metropolitan area, one would expect patronage of petty traders to be dominated by low-income buyers, who probably

rely on credit advances for their purchases. The income level of customers as used in the following discussion is a subjective evaluation by petty traders of their customers. The survey of petty traders indicated that low income earners made up 16.1 percent of their customers, with middle income earners accounting for 5.4 percent and the high income group not represented. The income levels of the remainder (77.4%) were unknown to the traders (Table 4.20). Setting aside for the moment the notion that petty traders indicated that they did not know by whom the bulk of their clients were employed (73.5%), those reported were scholars with little or no income (16.3%), unemployed persons (3.1%), private sector employees (5.1%) and public service employees (2.0%) (Table 4.20).

**Table 4.20 Traders -- Customer Information**

|  | Formal Traders | Petty Traders |
|--|----------------|---------------|
| <b>a. Estimate of customer's income:</b> |                |               |
| high                                     | 5.0 ( 4)       | 1.1 ( 1)      |
| middle                                   | 5.0 ( 4)       | 5.4 ( 5)      |
| low                                      | 13.3 ( 9)      | 16.1 (15)     |
| mixed                                    | 76.7 (53)      | 77.4 (77)     |
| Total                                    | 100.0 (70)     | 100.0 (99)    |
| <b>b. Customers employed by:</b>         |                |               |
| public sector                            | 6.6 ( 5)       | 2.0 ( 2)      |
| private sector                           | 4.9 ( 4)       | 5.1 ( 5)      |
| unemployed                               | 3.3 ( 2)       | 3.1 ( 3)      |
| scholars                                 | 4.9 ( 4)       | 16.3 (16)     |
| unknown                                  | 80.3 (55)      | 73.5 (74)     |
| Total                                    | 100.0 (70)     | 100.0 (100)   |
| <b>c. Credit advanced to customer:</b>   |                |               |
| most                                     | 8.5 ( 6)       | 11.6 (11)     |
| few                                      | 47.5 (33)      | 47.4 (45)     |
| nobody                                   | 44.1 (31)      | 41.1 (39)     |
| Total                                    | 100.0 (70)     | 100.0 (95)    |

It appeared from the sample that although petty traders advanced more credit to most of their customers (11.6%) than formal traders (8.5%), almost half of the respondents reported giving no credit to their customers (Table 4.20).

A related issue is the contention of many writers that petty traders are dependent on capitalism, or put differently, that petty traders complement and perform outwork for large scale capitalism (Forbes, 1981c; Roberts, 1978). Petty traders could be said to complement large-scale formal enterprises if it could be proved that they are linked to such operations as "outworkers," or are dependent and disguised wage workers for formal trading.

In contradiction to Kennedy's (1981) findings in his survey of Accra, there is no evidence from the present study to support the view that informal traders are dependent or disguised wage workers (Bromley and Gerry, 1979). Without exception formal traders interviewed in Soweto indicated that they sold to individuals, while only 2.9 percent of trade from fixed premises went to other businesses. It can be reliably speculated that these "businesses" were in fact informal traders, but the small numbers must exclude any dependency explanation.

Allied to the functionality thesis is the notion that the so-called informal sector provides a pool of labor which "limits the bargaining strength of organized labor, thus reducing wage costs" (Williams and Tumusiime-Mutebile, 1978). This in turn implies that participants in this sector are simply waiting to be absorbed by the capitalist sector (Gerry, 1979; Lister, 1980; Stuckey and Fay, 1981). If this is the case, one would expect the empirical data to reveal the reason for entry into informal trading to be related to unemployment. This was not true in Soweto. The majority of residents noted that their entry to the informal sector was to make more money (45.4%) and only 6.2 percent of the respondents indicated that they had no other job available to them. This may indicate that wages earned in the formal sector (generally and not necessarily in Soweto) are too low for people to maintain a reasonable standard of living and that they are driven into the informal sector to make up the difference.

Petty trading is said to exist in a gap in the market resulting firstly, from capitalism's preoccupation with the export market particularly in manufacturing (LeBrun and Gerry, 1975), and secondly from the unprofitability of some types and scales of activity in the market (Bienefeld, 1975; Roberts, 1978). The present study operates on an urban and not international scale and focuses on tertiary activity, thus quantitative evidence does not relate to the first assertion.

Nearly 80 percent of the petty traders sampled in Soweto report a net profit of under R200 a week (Table 4.21). The small scale of operations may therefore render the market served by petty traders unattractive to large-scale formal trading operations. In the Soweto case, however, the severe restrictive legislation enforced until recently is more likely to explain why capital is not filling this niche in the market.

**Table 4.21 Traders -- Net Weekly Profit**

|             | Formal Traders | Petty Traders |
|-------------|----------------|---------------|
| 0-R250      | 39.6 (23)      | 79.8 (71)     |
| R251-R500   | 12.1 ( 7)      | 7.9 ( 7)      |
| R501-R1000  | 8.6 ( 5)       | 4.5 ( 4)      |
| R1001-R1500 | 12.1 ( 7)      | 1.1 ( 1)      |
| R1501-R2000 | 3.4 ( 2)       | 1.1 ( 1)      |
| > R2001     | 24.1 (14)      | 5.6 ( 5)      |
| Total       | 100.0 (58)     | 100.0 (89)    |

#### 4.4.2 Does the Government Accrue Benefits from the Existence of Petty Traders in Soweto?

Petty trading is seen as providing advantages for Third World governments. In the first instance, it is expected to create employment and reduce the responsibilities of government in circumstances of large scale unemployment. Almost 30 percent (29.9%) of the petty traders studied generated employment opportunities, with 23.7 percent employing up to 5 people and 6.2 percent up to 15 people (Table 4.22). More petty traders interviewed (35.9%) received additional income from a government pension than formal traders (25.0%). The latter however received greater additional income from family sources (62.5%) than petty traders (53.8%). More instructive is the fact that slightly more participants in formal trading received no extra income (12.5%) as opposed to those in petty trading (10.3%) (See Table 4.5c).

**Table 4.22 Traders -- Employment Generation**

| No. of Employees | Formal Traders | Petty Traders |
|------------------|----------------|---------------|
| none             | 42.4 (28)      | 70.1 (68)     |
| 1-2              | 15.2 (10)      | 13.4 (13)     |
| 3-5              | 21.2 (14)      | 10.3 (10)     |
| 6-10             | 12.1 ( 8)      | 5.2 ( 5)      |
| 11-15            | 3.0 ( 2)       | 1.0 ( 1)      |
| 16-20            | 1.5 ( 1)       | ---           |
| > 20             | 4.5 ( 3)       | ---           |
| Total            | 100.0 (66)     | 100.0 (97)    |

These results suggest the need to supplement government pensions adding support to the thesis that the government accrues benefits from the "informal sector" with regard to the supply of social services. These findings concur with the conclusions drawn in the study of hawking in Soweto by Rogerson and Beavon (1982b).

#### 4.4.3 Is Petty Trading in Soweto a Form of Resistance to Exploitation by Capital?

Certain Marxian writers have presented a counter argument that the "informal sector" or petty commodity production may be dysfunctional to capitalism (Moser and Young, 1981).

In particular, participation in the "informal sector" is seen as a form of resistance to low wages paid by the capitalist sector (Rogerson and Beavon, 1982b). The present study reveals that most participants in petty trading begin their enterprises in order to make "more money" which would appear to lend credence to this argument (see Table 4.5a).

#### 4.4.4 Does Petty Trading Generate Significant Opportunities for Employment and Income?

A number of writers in the reformist tradition have pointed to the creation of employment opportunities as the single most important function of petty trading (I.L.O., 1972; Hart, 1973; Sethuraman, 1981). Employment generation is not confined to the owner of the enterprise, but includes those who are employed by petty traders.

Traditionally, hawkers are thought of as one-man enterprises; however, almost 30 percent of petty traders generate employment and thus income opportunities (see Table 4.6).

When viewing net income on a daily basis, petty traders earn considerably less than their counterparts in formal trading. Over 40 percent of petty traders earn less than R25 per day, while 67.5 percent of formal traders have a net income of between R100 and R500 per day (Table 4.23).

**Table 4.23 Traders -- Net Daily Income**

|           | Formal Traders | Petty Traders |
|-----------|----------------|---------------|
| 0-R25     | 10.0 ( 4)      | 40.0 (30)     |
| R26-R50   | 5.0 ( 2)       | 21.3 (16)     |
| R51-R75   | 5.0 ( 2)       | 6.7 ( 5)      |
| R76-R100  | 17.5 ( 7)      | 5.3 ( 4)      |
| R101-R200 | 12.5 ( 5)      | 14.7 (11)     |
| R201-R300 | 12.5 ( 5)      | 5.3 ( 4)      |
| R301-R400 | 17.5 ( 7)      | 1.3 ( 1)      |
| R401-R500 | 7.5 ( 3)       | 2.7 ( 2)      |
| > R500    | 12.5 ( 5)      | 2.7 ( 2)      |
| Total     | 100.0 (40)     | 100.0 (75)    |

More important is the ability of the "informal sector" to generate employment at relatively low capital cost when compared with the "formal sector" (Kennedy, 1981). The lower cost of starting petty trading enterprises in the present study is revealed in Table 4.5d.

The statistical analysis of the effect of various variables such as age, education, experience in a similar business, startup costs, and form of ownership, reveals that startup costs have a statistically significant effect on the number of

employees engaged by each firm. From the regression analysis completed, one notes that the greater the startup costs of the business, the greater the number of employees per business (Table 4.24).

**Table 4.24 Traders -- Regression Analysis for Number of Employees  
(dependent variable)**

| Independent Variables | Formal Traders |        | Petty Traders |        |
|-----------------------|----------------|--------|---------------|--------|
|                       | Estimate       | PR>T   | Estimate      | PR>T   |
| sex                   | 0.24           | 0.19   | 0.09          | 0.31   |
| age                   | 0.08           | 0.76   | - 0.05        | 0.60   |
| education             | - 0.01         | 0.93   | 0.04          | 0.46   |
| experience            | 0.33           | 0.06   | 0.05          | 0.49   |
| startup costs         | 0.24           | 0.00** | 0.13          | 0.00** |
| ownership             | 0.22           | 0.44   | - 0.27        | 0.07   |
| taxpayer              | 0.45           | 0.04*  | 0.60          | 0.00** |
| R <sup>2</sup>        | 0.59           |        | 0.54          |        |

\*0.05

\*\*0.001

A similar result is obtained with the analysis of profits where the greater startup costs result in greater profits.

From these tables (4.24 and see 4.11) one notes that it is statistically significant that if income tax is paid from the earnings of a business, there will be more people employed and the profits will be greater. This variable in turn shows that the proprietors, insofar as stock control, employee training, and business are

concerned, are more professional in their demeanor than those who do not pay tax on the incomes from their businesses.

The assertion therefore that the "informal sector" is able to provide employment and income at relatively low capital cost is true from the statistical analysis of the sample survey, although the level of income generated is shown to be directly proportional to the amount of capital used to start the business.

#### **4.5 The Effect of Metropolitan Johannesburg on Trading in Soweto**

The role of the state in promoting or at least maintaining the interests of the largely white owned and controlled urban economy is manifest in restrictive legislation which in the past seemingly constrained the growth of trading in Soweto. The considerable potential demand for retail services in the township has been met by retailers located in white areas of metropolitan Johannesburg. That pattern of supply by a circular relationship now serves to constrain the development of retail services in contemporary Soweto. White-owned retail establishments in metropolitan Johannesburg have been able to capitalize upon demand that arises from flows of black commuter traffic and the necessity to shop on journeys to and from work centers. In that context the importance of commuter routes by train, bus, taxi or private car, and of public transport termini as locations to capture black retail service demand is substantial.

The restricted development of Soweto as a purely residential dormitory has meant also that producers and wholesale suppliers to the retail trade which have been established are located in white metropolitan Johannesburg. Flows of money in that sphere of exchange are thus also directed towards the largely white-owned economy.

Johannesburg and its environs may be termed the principal retail centers of South Africa. Its superior buying power has led to the evolution of the country's largest and most diverse shopping complexes.

The central business district (CBD) of Johannesburg has 1,042,000 square meters of retail space (Johannesburg City Council, 1985). The nodal concentration of shops in the metropolitan area has encouraged the development of a wide range of specialist shopping facilities. These facilities are clearly demonstrated by the subregional centers of Sandton City (100,000 square meters\*), Eastgate (100,000 square meters\*), Rosebank (80,000 square meters\*), Westgate (80,000 square meters\*), and the central business district of Roodeport (200,000 square meters\*) (Figure 4.6).

In capturing the growing Soweto market, white entrepreneurs have initiated major retail developments close to the borders of Soweto (see Figure 4.7). A development having great impact on consumer shopping patterns is the regional shopping centre of Highgate. This centre of 41,000 square meters is located at a major point of egress from Soweto at the junction of Main Reef Road and New Canada Road. The main tenants are the country's largest food and clothing stores with smaller clothing and speciality stores.

Another regional shopping centre is proposed to serve the new southern suburbs of Johannesburg but with easy access to residents of Soweto. This centre, called Southgate, was originally proposed to be 80,000 square meters in size but this has drawn objections and its size has been reduced by half. Approval from the administrator of the Transvaal has yet to be received and no completion date is available. The third major shopping development on the periphery of Soweto is to be known as Golden Gate. This centre will be located on the southwestern

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\* approximate

Fig 4.6: Regional Shopping Nodes in Metropolitan Johannesburg

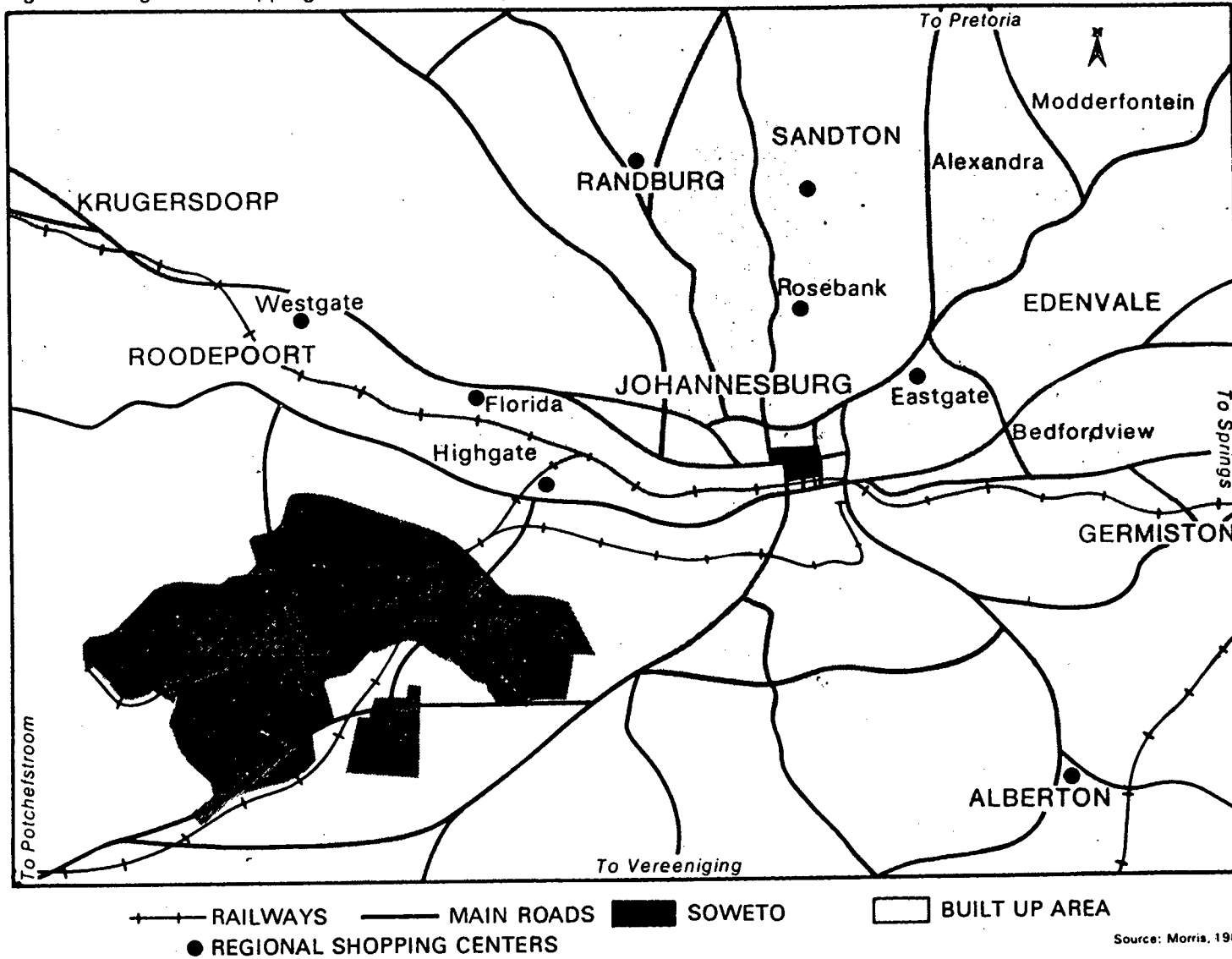
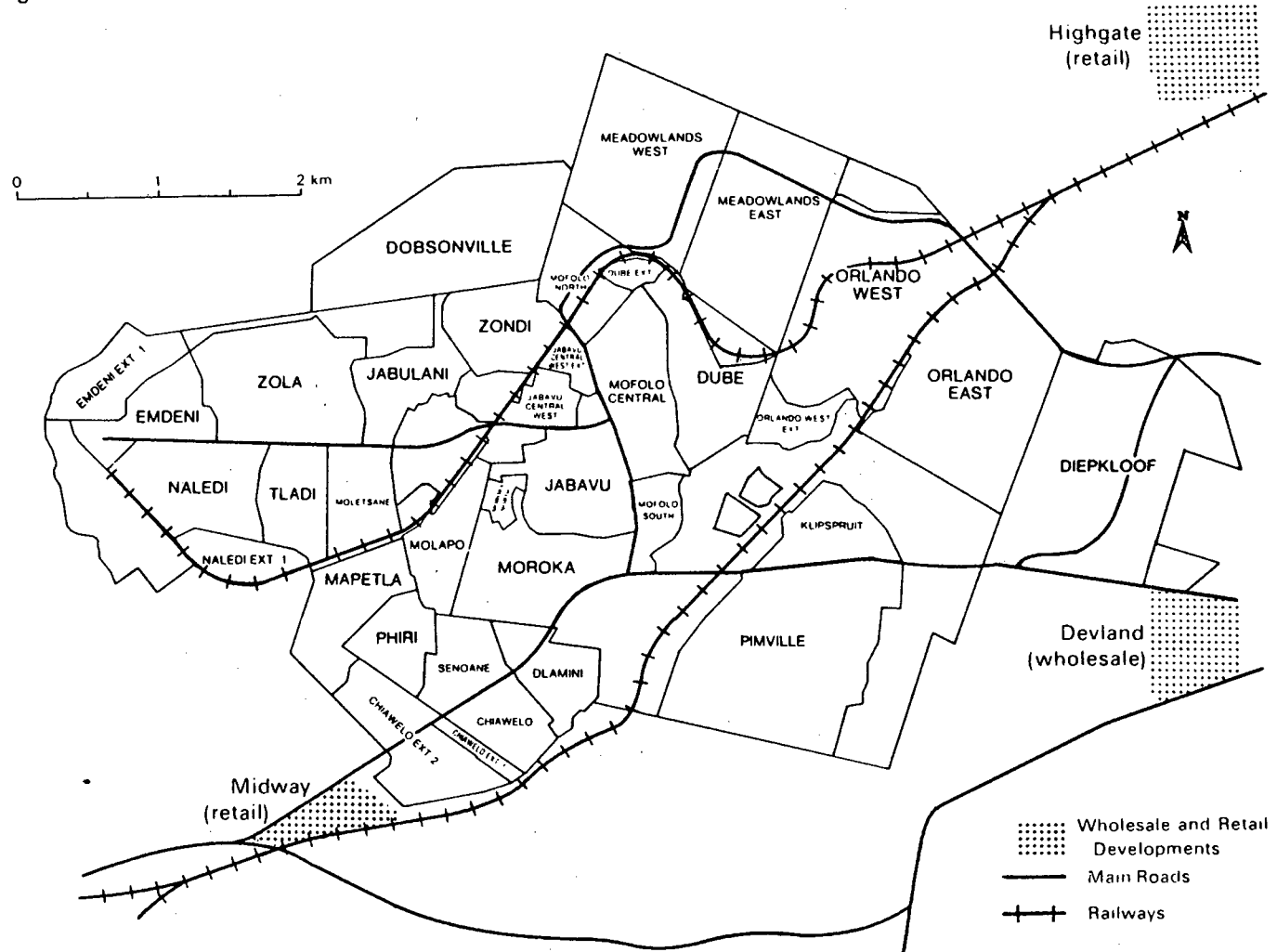


Fig 4.7: Wholesale and Retail Developments bordering Soweto



periphery of Soweto next to the Midway railway station. Although smaller (28,000 square meters) than the other retail developments, Golden Gate is geographically contiguous with Soweto and is likely therefore to enjoy considerable support from its townships.

Shopping patterns once established are difficult to alter unless new retail developments offer a wide range of goods and prices and an innovative environment. Although the findings of the study suggest that a normal tendency for consumers is to use a conveniently located nearby nodal centre, for example Dube and Diepkloof (48% and 38% of shopping respectively). That tendency could be a positive factor which might influence development of shopping centers in Soweto and assist them in making a success of such developments. Retail developments of this order furthermore require substantial capital inputs and in present circumstances are most likely to remain in the control of 'white' entrepreneurs and property developers who have easier access to finance and who require safeguards before proceeding with investment. Unfortunately, the problems encountered with land tenure and consolidation, rezoning, administrative difficulties and security considerations, all mitigate against large-scale retail developments within Soweto. Undoubtedly, Sowetan shoppers will be drawn to Highgate, Southgate and Golden Gate and this must be seen as an exacerbating factor for the development of trading in Soweto.

In the face of the new competitive developments existing retail establishments in Soweto are likely, because of their relative convenience in location and the buying power they are able to tap, retain their existing levels. Their expansion and growth potentials, however, are likely to be affected. Major new retail developments in Soweto would certainly face severe competition from the large, white owned centers of Highgate, Southgate and Golden Gate with 30,000

square meters of retail space. These centers in effect encircle Soweto and command access to major commuter flows.

#### 4.5.1 Impact on Consumers in Soweto

Before an examination of how the consumer behavior of Sowetans is influenced by the retail facilities in the Johannesburg, it is necessary to examine the structural profiles of the consumers interviewed. As described in Appendix A, 200 consumers were interviewed in the townships of Dube, Diepkloof, Moletsane and Pimville. The major shopper for the household was interviewed from houses selected on a systematic sampling basis from each of these areas. An examination of the results of the survey reveals the different profiles in socio-economic status of the discrete geographical areas and their varying shopping patterns.

An analysis of the personal profile of the sampled consumers shows that although the average age was 43 years for the group as a whole, consumers in Diepkloof (52 years) and Dube (52 years) were considerably older than those living in Moletsane (34 years) and Pimville (32 years). The average number of dependents also varied spatially with households in Pimville supporting only 2 or 3 dependents as compared to the other three areas where 6 to 7 dependents were found in each household. Occupationally Pimville had the greatest number of interviewees in the professional and managerial category with the second largest percentage (22.4%) employed in the administrative field. Dube had the largest body of administrative and clerical workers (26.0%). The largest group of unemployed persons was found in Moletsane (Table 4.25).

**Table 4.25 Consumers -- Occupation**


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|                          | Total             | Diepkloof        | Dube             | Moletsane        | Pimville         |
|--------------------------|-------------------|------------------|------------------|------------------|------------------|
| professional/managerial  | 14.6 (28)         | 14.0 ( 7)        | 10.0 ( 5)        | 14.0 ( 7)        | 20.4 (10)        |
| administrative/clerical  | 16.6 (33)         | 12.0 ( 6)        | 26.0 (13)        | 6.0 ( 3)         | 22.4 (11)        |
| skilled blue collar      | 13.1 (26)         | 20.0 (10)        | 20.0 (10)        | 8.0 ( 4)         | 4.1 ( 2)         |
| semi-skilled blue collar | 12.1 (24)         | 16.0 ( 8)        | 12.0 ( 6)        | 8.0 ( 4)         | 12.2 ( 6)        |
| unskilled blue collar    | 14.1 (24)         | 14.0 ( 7)        | 12.0 ( 6)        | 12.0 ( 6)        | 18.4 ( 8)        |
| domestic                 | 12.1 (24)         | 12.0 ( 6)        | 10.0 ( 5)        | 18.0 ( 9)        | 8.2 ( 4)         |
| unemployed               | 12.1 (24)         | 12.0 ( 6)        | 6.0 ( 3)         | 20.0 (10)        | 12.2 ( 6)        |
| other                    | 5.0 (10)          | 0.0 ( 0)         | 4.0 ( 2)         | 4.0 ( 2)         | 2.0 ( 1)         |
| <b>Total</b>             | <b>100.0(199)</b> | <b>100.0(50)</b> | <b>100.0(50)</b> | <b>100.0(50)</b> | <b>100.0(49)</b> |

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The monthly income of Soweto households in 1983 was found to be R420 (Van Loggerenberg, 1985). The present survey found that the average monthly household income had risen to R665 in 1987. Households in Pimville and Dube had more high income earners (above R931) at 12.0 percent and 14.3 percent respectively than Moletsane (4.0%) and Diepkloof (4.1%) (Table 4.26).

**Table 4.26 Consumers -- Monthly Household Income**

| R's            | Total      | Diepkloof | Dube      | Moletsane | Pimville  |
|----------------|------------|-----------|-----------|-----------|-----------|
| 0-150          | 9.5 (19)   | 16.3 ( 8) | 4.0 ( 2)  | 6.0 ( 3)  | 12.2 ( 6) |
| 151-300        | 20.7 (40)  | 20.4 (10) | 24.0 (12) | 32.6 (16) | 10.1 ( 5) |
| 301-590        | 20.9 (41)  | 20.3 (10) | 28.0 (14) | 20.0 (10) | 12.2 ( 6) |
| 591-930        | 8.0 (16)   | 12.2 ( 6) | 4.0 ( 2)  | 6.0 ( 3)  | 10.3 ( 5) |
| > 931          | 8.6 (17)   | 4.1 ( 2)  | 12.0 ( 6) | 4.0 ( 2)  | 14.3 ( 7) |
| refused/unable | 26.3 (52)  | 26.5 (13) | 28.0 (14) | 20.0 (10) | 30.6 (16) |
| unemployed     | 5.6 (10)   | 0.4 ( 1)  | 0.0 ( 0)  | 12.0 ( 6) | 10.2 ( 5) |
| Total          | 100.0(199) | 100.0(50) | 100.0(50) | 100.0(50) | 100.0(49) |
| average        | R665       | R538      | R677      | R625      | R854      |

A further characteristic of socio-economic status relates to private motor vehicle ownership. Most households interviewed owned one vehicle. Dube (38%) and Pimville (31.9%) have more 2-car households when compared with Moletsane (24%) and Diepkloof (22.4%) (Table 4.27).

**Table 4.27 Consumers -- Motor Vehicles per Household**

| No. of Vehicles | Total      | Diepkloof | Dube      | Moletsane | Pimville  |
|-----------------|------------|-----------|-----------|-----------|-----------|
| 1               | 64.8 (129) | 69.4 (35) | 54.0 (27) | 74.0 (37) | 61.7 (31) |
| 2               | 29.1 (58)  | 22.4 (12) | 38.0 (19) | 24.0 (12) | 31.9 (15) |
| 3               | 4.6 ( 9)   | 6.1 ( 3)  | 6.0 ( 3)  | 0.0 ( 0)  | 6.4 ( 3)  |
| none            | 1.5 ( 3)   | 2.0 ( 1)  | 2.0 ( 1)  | 2.0 ( 1)  | 0.0 ( 0)  |
| Total           | 100.0(199) | 100.0(50) | 100.0(50) | 100.0(50) | 100.0(49) |

Examination of the above variables of a socio-economic nature, albeit incomplete, reveals that of the four discrete sampling areas Dube and Pimville house more people employed in higher earning occupations such as professional/managerial and administrative/clerical workers than Diepkloof and Moletsane. Similarly, residents of Pimville and more marginally Dube have greater incomes and also enjoy more two car households than the other two areas. It is against these spatially different socio-economic backgrounds that the responses of consumers to shopping facilities in metropolitan Johannesburg are examined.

Consumers interviewed in this survey (see Appendix A) tended to shop predominately in the central business district of Johannesburg for furniture (98.5%), clothing (94.9%) and, to a lesser extent, for food (52.8%). Clothing was also purchased in Roodepoort (1%), Rosebank (1%) and Eastgate (2%) with smaller centers such as Norwood hypermarket and Ormonde contributing 3.5 percent (see Figure 4.6).

The consumer behaviour of Sowetans reflects the influence of retail facilities available in the wider Johannesburg metropolitan area as well as the commuter behaviour of economically active Sowetans. In 1980 the total number of opportunities for wage employment within Soweto was only 1600 jobs (Rogerson and Beavon, 1982b), leaving the bulk of the workers travelling to places of employment outside of Soweto in metropolitan Johannesburg.

At present in the survey area, consumers purchase only 28.6 percent of their food, 2.5 percent of their clothing, and 1.5 percent of their furniture in Soweto. Similarly at the time of the survey, consumers shopped predominantly in the C.B.D. of Johannesburg for clothing, furniture and electrical appliances, but to a lesser extent for foodstuffs. Residents of Dube purchased 48 percent of their food in

Dube itself which has a nodal concentration of shops. Residents of Diepkloof do 38 percent of their food purchases at their local Blackchain shopping centre and 54 percent in the Johannesburg CBD. In Pimville and Moletsane, which have no nodal shopping centers, residents do the bulk of their food shopping (approximately 60%) in the CBD of Johannesburg, with support of nearby stores in Kliptown (14.3%) by Pimville residents and in Jabulani (14%) by people living in nearby Moletsane (Table 4.28).

**Table 4.28 Consumers -- Spatial Analysis of Shopping Patterns**

|                                   | Total      | Diepkloof | Dube      | Moletsane | Pimville  |
|-----------------------------------|------------|-----------|-----------|-----------|-----------|
| <b>Food:</b>                      |            |           |           |           |           |
| Johannesburg: CBD                 | 52.8 (105) | 54.0 (27) | 32.0 (16) | 66.0 (33) | 59.2 (29) |
| Soweto: Diepkloof                 | 4.0 ( 8)   | 38.0 (19) | 2.0 ( 1)  | 4.0 ( 2)  | 8.2 ( 4)  |
| Kliptown                          | 13.1 (26)  | ---       | 2.0 ( 1)  | ---       | 14.3 ( 7) |
| Dube                              | 3.5 ( 7)   | ---       | 48.0 (24) | 4.0 ( 2)  | ---       |
| Jabulani                          | 4.0 ( 8)   | ---       | ---       | 14.0 ( 7) | ---       |
| Elsewhere in Soweto               | 3.0 ( 3)   | ---       | 4.0 ( 2)  | 8.0 ( 4)  | 4.1 ( 2)  |
| Hawkers                           | 0.5 ( 1)   | 2.0 ( 1)  | 6.0 ( 3)  | ---       | 4.1 ( 2)  |
| <b>Metropolitan Johannesburg:</b> |            |           |           |           |           |
| Rosebank                          | 1.0 ( 2)   | ---       | 2.0 ( 1)  | ---       | ---       |
| Eastgate                          | 0.5 ( 1)   | ---       | ---       | ---       | 4.1 ( 2)  |
| Norwood                           | 0.5 ( 1)   | ---       | ---       | ---       | 2.0 ( 1)  |
| Devland                           | 0.5 ( 1)   | 2.0 ( 1)  | ---       | ---       | ---       |
| Ormonde                           | 0.5 ( 1)   | ---       | ---       | ---       | ---       |
| Langlaagte                        | 0.5 ( 1)   | ---       | 2.0 ( 1)  | 4.0 ( 2)  | ---       |
| Robertsham                        | 2.5 ( 4)   | 2.0 ( 1)  | 2.0 ( 1)  | ---       | 2.0 ( 1)  |

|                                      |            |           |            |            |           |
|--------------------------------------|------------|-----------|------------|------------|-----------|
| Hillbrow                             | 1.0 ( 2)   | 2.0 ( 1)  | ---        | ---        | --        |
|                                      | 100.0(199) | 100.0(50) | 100.0(50)  | 100.0(50)  | 100.0(49) |
| Clothing:                            |            |           |            |            |           |
| Johannesburg CBD                     | 94.9 (190) | 96.0 (48) | 92.0 (46)  | 94.0 (47)  | 97.9 (47) |
| Roodeport CBD                        | 1.0 ( 2)   | ---       | 2.0 ( 2)   | 2.0 ( 1)   | ---       |
| Soweto: Diepkloof                    | 1.0 ( 2)   | 4.0 ( 2)  | ---        | ---        | ---       |
| Kliptown                             | ---        | ---       | ---        | ---        | ---       |
| Dube                                 | ---        | ---       | ---        | ---        | ---       |
| Jabulani                             | ---        | ---       | ---        | ---        | ---       |
| Elsewhere in Soweto                  | 1.0 ( 2)   | ---       | ---        | 2.0 ( 1)   | ---       |
| Hawkers                              | 0.5 ( 1)   | ---       | ---        | ---        | ---       |
| Metro Johannesburg:                  |            |           |            |            |           |
| Rosebank                             | 0.5 ( 1)   | ---       | ---        | ---        | 2.1 ( 1)  |
| Eastgate                             | 0.5 ( 1)   | ---       | ---        | ---        | 2.1 ( 1)  |
|                                      | 100.0(199) | 100.0(50) | 100.0(50)  | 100.0(50)  | 100.0(49) |
| Furniture and electrical appliances: |            |           |            |            |           |
| Johannesburg CBD                     | 98.5 (196) | 98.0 (49) | 100.0 (50) | 98.0 ( 49) | 97.9 (48) |
| Soweto: Diepkloof                    | 0.5 ( 1)   | 2.0 ( 1)  | ---        | ---        | ---       |
| Kliptown                             | 1.0 ( 2)   | ---       | ---        | 2.0 ( 1)   | 2.0 ( 1)  |
|                                      | 100.0(199) | 100.0(50) | 100.0(50)  | 100.0(50)  | 100.0(49) |

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As indicated in Chapter Two the bus, rail and taxi routes to and from Soweto converge in the central business district of Johannesburg. The main route structure of transport figures strongly in the perception and knowledge of shopping opportunities by consumers surveyed. The attraction power of the

obliged to establish functional linkages of supply to enable them to operate effectively. Given the context of this study, the form and nature of those linkages becomes an important issue. Major sources of stock purchased by formal and petty traders in Soweto are located beyond the boundaries of the township. Manufacturing and warehousing functions in Soweto are very weakly developed. Formal traders purchase stock predominantly from wholesalers in metropolitan Johannesburg (65.7%). Petty traders rely to a far greater extent on purchases from stores in Soweto (18.4%) than do formal traders in the area (2.9%). Petty traders also exhibit strong linkages with distributive traders outside of Soweto purchasing 18.4 percent and 45.9 percent of their goods from the produce market and wholesalers in metropolitan Johannesburg respectively (Table 4.30a). These findings show the lack of development of black wholesale-industrial production and the resultant flow of patronage and money to the white owned economy. Both factors indicate past constraints on black enterprise and the resultant constraints on opportunity.

The purchase of equipment by traders in Soweto reveals similar linkages with the wider region. While half of the formal traders obtain their equipment from manufacturers located outside of Soweto, 44.4 percent of petty traders buy equipment from retailers in Johannesburg (Table 4.30b). Formal traders are able to utilize credit facilities (37.1%) for the purchase of equipment while petty traders with less access to the credit system rely on cash purchases (91.6%) (Table 4.30c).

Temporal linkages are revealed by an examination of the time spent by traders to collect stock. Formal traders spend more time travelling to collect stock from manufacturers, wholesalers and retailers located in the wider metropolitan region than do petty traders in Soweto (Table 4.30d). Similarly, traders who operate from Dube and Moletsane, townships a considerable distance from the CBD

of Johannesburg, spend correspondingly more time travelling to collect stock than their contemporaries who are located closer to major wholesalers (Table 4.31).

**Table 4.30 Linkages between Traders in Soweto and Metropolitan Johannesburg**

|                                       | Total       | Formal Traders | Petty Traders |
|---------------------------------------|-------------|----------------|---------------|
| <b>a. Purchase of stock from:</b>     |             |                |               |
| wholesalers outside Soweto            | 52.8 (90)   | 65.7 (46)      | 45.9 (45)     |
| factories outside Soweto              | 8.9 (15)    | 12.9 ( 9)      | 4.1 ( 4)      |
| stores in Soweto                      | 11.1 (19)   | 2.9 ( 2)       | 18.4 (18)     |
| stores outside Soweto                 | 11.4 (18)   | 14.3 (10)      | 6.1 ( 6)      |
| produce market<br>(outside Soweto)    | 15.6 (26)   | 4.3 ( 3)       | 25.5 (25)     |
| Total                                 | 100.0 (170) | 100.0 (70)     | 100.0 (98)    |
| <b>b. Purchase of equipment from:</b> |             |                |               |
| manufacturers outside Soweto          | 39.1 (66)   | 50.0 (35)      | 11.1 (11)     |
| wholesalers outside Soweto            | 17.4 (30)   | 10.0 ( 7)      | 22.2 (22)     |
| retailers outside Soweto              | 26.1 (44)   | 20.0 (14)      | 44.4 (44)     |
| private co-operative                  | 8.7 (15)    | ---            | 22.2 (22)     |
| loaned (outside Soweto)               | 8.7 (15)    | 20.0 (14)      | ---           |
| Total                                 | 100.0 (170) | 100.0 (70)     | 100.0 (98)    |
| <b>c. Payment:</b>                    |             |                |               |
| cash                                  | 79.0 (134)  | 69.9 (39)      | 91.6 (89)     |
| credit                                | 21.0 (36)   | 30.1 (23)      | 8.4 ( 8)      |
| Total                                 | 100.0 (170) | 100.0 (62)     | 100.0 (98)    |

Table 4.31 Traders -- Time Spent Collecting Stock

|                    | Total          | Formal Traders | Petty Traders  | Diepkloof     | Dube          | Moletsane     | Pimville      |
|--------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| less than 1/2 hour | 11.1(19)       | 4.8( 3)        | 15.9(16)       | 13.3( 6)      | 6.4( 3)       | 8.3( 3)       | 17.6(6)       |
| 1/2 - 1 hour       | 25.3(43)       | 16.1(11)       | 31.8(32)       | 33.3(16)      | 14.9( 8)      | 13.9( 5)      | 41.2(14)      |
| 1 - 2 hours        | 28.4(48)       | 24.2(17)       | 30.7(30)       | 37.8(18)      | 36.2(19)      | 27.8(10)      | 5.9(2)        |
| 2 - 3 hours        | 19.8(34)       | 29.0(20)       | 13.6(14)       | 11.1( 5)      | 19.1(10)      | 33.3(12)      | 17.6(6)       |
| > 3 hours          | 15.4(26)       | 25.8(19)       | 8.0( 8)        | 4.4( 3)       | 23.4(13)      | 16.7( 5)      | 17.6(6)       |
| Total              | 100.0<br>(170) | 100.0<br>(70)  | 100.0<br>(100) | 100.0<br>(48) | 100.0<br>(53) | 100.0<br>(35) | 100.0<br>(34) |

Thus far in the analysis of trading in Soweto, structural profiles of formal and petty traders, ranked as a continuum of economic activities, reconfirm that petty traders are generally small in scale and are situated at the lower end of the spectrum, while formal traders run larger scale operations situated at the upper end of the continuum. However, overlap exists between large-scale petty operations and small-scale formal operations. Although instructive with regard to business, personal and spatial characteristics, the structural profile offers little insight to the reasons for the existence of petty traders in Soweto. The present analysis finds scant evidence that petty trading serves the needs of capital by supplying low cost goods (thus sustaining low wages), or that petty traders are disguised or dependent wage workers for the formal sector. Of more importance is that petty traders acknowledge the possibility of increased earnings from operating their enterprises and this, coupled with dependence on alternative sources of income, may support the thesis that the government is accruing benefits in the

form of smaller welfare payments. However, the identification of petty trading (a condition) as enabling the government to obtain benefit (the consequence) does not mean that petty trading is either a property or a need of the system per se (Giddens, 1981). The analysis of trading in Soweto to this point has sacrificed detail at the level of the individual and over time in order to examine aggregate responses to determine relationships between the different groups involved in this tertiary function of Soweto. The inherent weakness outlined suggests that an alternative method of examining trading in Soweto should be pursued in order that deeper insight should be gained into the phenomenon of black trading in Soweto. To this end the discussion turns to a preliminary exploration of structuration as a methodology to examine trading in Soweto.

#### **4.6 A Preliminary Exploration of the Concept of Structuration to Trading in Soweto**

Giddens's theory of structuration, which accords primacy to neither agency nor system, carries important consequences for analytical research. The theory of the duality of structure implies that agency and system are of equal importance in the reproduction of society. Interaction between agency and system occurs through 'instantiated' structure. This means that an empirical structurationist account must not be simply a blending of two separate analyses, one at the level of system, and the other at the level of the individual. This problem is avoided by what Giddens (1984) terms "bracketing," which places agent (analysis of 'strategic conduct') and system (institutional analysis) on an equal footing integrating both areas of concern even though the focus may be on one or the other (see Chapter 1). Thus, the collection of data for the analysis of Giddens' theory concerns both the actors and institutions involved in retailing in Soweto. Actors are represented by consumers and traders in Soweto as interviewed in the survey.

Archival research is necessary to set the research in its historical context and particular position against the background of separatist legislation and Soweto's position as a 'dormitory' of Johannesburg.

Similarly, the present context of trading must be investigated with regard to political organizations such as local government, the National African Federated Chamber of Commerce, the Soweto Chamber of Commerce, the Department of Community Development, the Small Business Development Corporation and Urban Foundation both development organizations. Private developers in retail projects in Soweto were also consulted.

The results which follow are based in part on the results of structured questionnaires completed by consumers and traders, archival research and contact with private and public organizations concerned with retailing in Soweto completed in July 1987.

The analysis of retailing in Soweto is viewed from the perspective outlined in Figure 1.4. Namely, knowledgeable actors draw on rules and resources (conditions both acknowledged and unacknowledged) through institutional filters (political, economic, legislative and social) which are instantiated structures to produce outcomes both intended and unintended.

An analysis of strategic conduct of actors (or individuals) gives primacy to their practical and discursive knowledge and to strategies of control within defined contextual boundaries. The emphasis is on the manner in which knowledgeable individuals draw upon structural properties in everyday practices.

Consumers in the sample studied, revealed discursive knowledge about their shopping behaviour. Their actions in purchasing, for instance, clothing and furniture from the Central Business District of Johannesburg indicates knowledge of a practical nature, not revealed in the questionnaire. This is shown in their

understanding of the comparison of size and variety of shops in Soweto and Johannesburg, the availability of credit and banking facilities, and the effect of competition on the price of goods. Similarly, consumers were asked in the survey to transfer certain practical knowledge relating to their patronage of hawkers and informal traders into discursive knowledge. Consumers make conscious decisions to purchase goods based on their different types of knowledge. Thus, consumers and traders cannot be seen as a simple subject-object study, but should rather be seen through the duality of structure, namely, that the decisions consumers make to purchase from certain trading outlets affects these outlets, which in turn affect the consumers' decisions to purchase from them.

The traders interviewed also expressed their discursive knowledge based on their practical knowledge of the social system. For instance, the reason most traders started their enterprises was 'to make more money.' This implies knowledge about the availability (or lack of) opportunities for wage-work open to them, as well as knowledge concerning remuneration for such work, and the conditions of work. It also reveals a knowledge of the tax payable on income, as seen by a later response when many traders stated that they would not apply for a license, as this would make them liable for income tax. The motivation of individuals to become traders in Soweto reveals their purposive action within defined contextual boundaries.

Giddens (1984) refers to strategies of control which influence the actions of actors. In the case of trading in Soweto certain strategies for control may be identified within this specific context which influence the actions of traders and thus trading. The first of these strategies is allocative control of material resources involved in the generation of power. Allocative control in trading in Soweto involves access to resources, namely, stock, equipment, labour and capital.

For example, as a result of the regulations issued by central government in 1968, black traders were legally only allowed to trade in convenience goods, mainly food, and the use of labour was circumscribed. Ten years later these formal authoritative controls were removed by revised legislation affecting black traders. Presently in Soweto, traders face allocative controls in the acquisition of stock. The small-scale of operations of traders in Soweto (with a few exceptions) and a lack of capital, prohibits purchases of stock directly from the manufacturer. These traders therefore rely on wholesalers to purchase small quantities of goods. Wholesalers (with the exception of Blackchain in Diepkloof) are located outside the boundaries of Soweto. The closest is to the northwest, and a growing cluster of wholesalers to the southeast of Soweto. These wholesalers operate specifically to supply small traders in Soweto. This allocative control is concentrated in a group of people who are separated from black traders both in space and by racial classification. This latter issue of allocative control is of cardinal importance, given South Africa's political policies, and is seen as an area of conflict in the development of black trading in Soweto.

A second example of allocative and authoritative controls is the procedure for obtaining a license to trade which was, until recently, a severe constraint on the development of trading in Soweto. Applicants in the early nineteen thirties had to apply to the local headman and Bantu authority for a trading site. The Council was then approached, which passed the specific building and determined if the applicant was of good character. Only then could the trading license be obtained from the Minister of Bantu Administration and Development through the Department of Inland Revenue (Keeble, 1983). In the 1970's, Soweto traders had to obtain a recommendation from the Soweto Council before applying to Johannesburg's local licensing board. Advertisements of the intended business had

to be inserted in newspapers of both official languages, and permission from the relevant departments had to be obtained before a license could be issued. This time-consuming and expensive process has been considerably simplified. At present, a prospective trader in Soweto submits an application and the relevant fees to the Johannesburg Licensing Board, displays his application at his place of trade for 21 days, and if the fire and health facilities of the premises are adequate, the license is issued on an annual basis.

Thus, the legislative constraints on obtaining a license for black traders have altered over time. The motivations of traders in obtaining a license operate within these constraints, establishing conditions and consequences which affect the options open to others. In the present survey the predominant reason for not applying for a license is that it was not needed (31%); that individuals had no chance of getting a license (12.9%); that an applicant was waiting on a lodged application (10.6%); that individuals 'didn't know how to apply for a license' (18.8%); that the agents felt that their business was 'too small or too new' (8.2%); that the licensing procedure was 'too expensive' (7.1%); that the business would be taxed by the Receiver of Revenue if licensed (2.4%) and that an application for a license had been refused (8.4%). These responses reveal the motivation of the individual trader for not possessing a license to trade and as such points to both discursive and practical knowledge possessed by the agent. It must not be overlooked that questionnaire technique is also influenced by the knowledge of interviewees which can lead to responses which mask the true reasons for their actions.

The spatial structures which constrain the action of traders and consumers relate to their perception of space. For example, consumers interviewed in Diepkloof and Dube reveal that their perception of bus transport from these areas

of residence to Johannesburg is closer than that of residents in Moletsane. Consumers living in Moletsane perceive the space as being more difficult to cross in terms of bus transport. In reality little variation exists in bus transport from these areas to Johannesburg. In a similar manner, the spatial structure for traders relating to wholesalers operating on the outskirts of Soweto, suggests that although the absolute space is minimal, the perceived spatial structure in terms of trader's frames of reference is altered. This difference enables traders to act more easily in obtaining merchandise from these wholesalers than those situated in Johannesburg.

Institutional analysis focuses on the distribution of resources and the nature of rules, and how they institutionally affect different individuals or groups.

The economic institutions most obviously concerned with trading are the banks and other financial institutions which participate in trading or are used by traders in Soweto. Included are institutions such as pension funds which seek to invest in property development in and around Soweto. As has been shown, a large shopping development in the central area of Soweto, Jabulani, which was to have been financed in this manner, was not accepted because of the aspirations of certain individuals and that of a political institution, the Council of Soweto. The present study shows that traders interviewed in Soweto do not rely heavily on banks for credit facilities, so that the participation of these institutions in trading in Soweto is at a low level. The African Bank and the Urban Foundation are two institutions which have made capital available for the development of the neighbourhood shopping centre at Diepkloof. The Urban Foundation, in its role as a political institution, also participated in removing legal obstacles from the path of this development insofar as land-ownership was concerned.

The local authorities are, to hawkers and traders, institutions of a political and legislative kind. The town councils of Soweto, Diepmeadow and Dobsonville deal with traders at the level of locale or concrete space, while the Johannesburg Licensing Board and Peri-Urban offices in Alexandra deal with licensing at the level of region. Thus a practice such as the issuing of trading licenses is embedded through institutions in wider reaches of time and space.

Other organizations such as the National African Federated Chamber of Commerce (NAFCOC), the Soweto Chamber of Commerce and the Soweto Traders Association, are institutions through which practices or actions of individuals occur. These institutions, which are primarily economic and political institutions, are formal organizations formed to further the position of businessmen and traders both in a wider context and specifically in Soweto. In the 1970's when the central government altered legislation enabling black-white business partnerships on a 51-49 percent basis in black urban areas, NAFCOC formally opposed the idea. Three traders in Soweto entered into such partnerships, against the wishes of the institution, and were subsequently expelled from NAFCOC (Keeble, 1983). These three individuals are at present successful businessmen and politicians in Soweto. This example can be viewed as an unintended consequence of the actions of members of NAFCOC in expelling the three men from their organization.

Institutions, principally economic, political and legislative, may act as filters which both enable and constrain retailing in Soweto. These institutions may intervene to alter routines followed by traders in their actions (for example, in obtaining licenses, stock and capital and as such may be seen as filters to the rules as well as resources which actors draw upon in the reproduction of overall societies or inter-societal systems).

Structuration avoids the functionalist-structuralist implications of many social theorems although the concept of constraints introduces functional overtones. Conceptually, however, the most obvious shortcoming concerning structuration relates to the duality of structure. If the agent influences the structural properties or institutions and the institutions or structures constrain and enable the agent, which--subject or object--is in a pre-eminent position? For example, do consumers not patronize shops in Soweto because of restricted merchandise and high prices or do shops not keep wide-ranges of low priced goods because there are not enough customers? This inherent tautology is a major shortcoming of structuration theory as it is presently conceived. Secondly, and methodologically, it is difficult, if not impossible, to ascertain the intentions and knowledge of actors as well as intended or unintended consequences and unacknowledged conditions. A third shortcoming in Giddens's structuration theory is his conception of space. He refers to locale as meaning place or absolute space and uses the concept of distanciation to denote relative space. However, unless relative space is conceived as a structure which is instantiated, it is of little value for empirical research.

Structuration, when applied to the specific research project, reveals its explanatory capabilities when used as a perspective and not as a rigid mathematical model. The contextual aspect of structuration would be enhanced by, for example, a more time-geographic approach such as input from time diaries. Similarly, the effect of routine behaviour of individuals in a research topic has not been investigated. In researching retailing in Soweto it would appear that, for instance, entrepreneurial behaviours amongst traders is non-routine. Perhaps an examination of routine would lead to a more rigorous analysis of social practices. In conclusion, structuration, while providing an attractive theoretical formulation, is unwieldy when translated directly into an empirical model. If it were used,

however, to provide an overview for the analysis of an empirical problem, such as trading in Soweto, an analysis of the processes based on the duality of structure within specified time and space could avoid functional-structuralist interpretations of social systems.

## CONCLUSION

The findings of this study although limited by its scope are significant. The major shortcomings are related to the sample size and the relevance of the information obtained to a structurationist account of trading in Soweto. As the findings of the case study have already been outlined in detail, they will not be repeated here unless necessary. The conclusion of this study must be seen in relation to its aims and objectives as well as the findings of the wider literature and that on South Africa which relates to the topic in question.

The first aim of this study was to examine the legislation of central government which affects trading by blacks in South Africa. These laws may be viewed as theoretical predictors of the retail structure and form assumed by the trading operations by black businessmen. As was discussed earlier, legislative constraints severely restricted the development of formal trading enterprises in Soweto. In the face of changing legislation and the active promotion of black entrepreneurs by state and private organizations the number of formal traders in Soweto has however continued to fall. From a high of 1562 traders in 1978 the number has fallen to 1373 in 1988, a number initially reached in 1959. If laws are used as theoretical predictors of reality, then the changes of legislation regarding trading by blacks have fallen short of this expectation. It would be expected that the development of formal retailing in Soweto would be greatly enhanced by the relaxing of restrictive legislation on trading contained in regulations published in 1977 and 1978 and the Black Communities Development Act of 1985 (as amended). The opposite effect has in fact been realized. The causes for this phenomenon must therefore be sought outside of legislative constraints. Several possible reasons

are put forward for this decline in the development of trading facilities in Soweto. Firstly, established patterns of store location and more importantly commuter patterns to workplaces outside of Soweto are unlikely to change in the foreseeable future and shopping patterns are thus unlikely to change with the bulk of consumer spending taking place in the Central Business District of Johannesburg. As it is difficult to effect change to the physical infrastructure as it relates to shopping, namely shopping premises and transport networks, the probability of consumers transferring their allegiance to comparable shopping facilities, if they existed in Soweto, is slim. Secondly, developers of large retail complexes are aware of these entrenched shopping and work patterns, and this combined with problems concerning land tenure and security has led to a series of large retail developments, either built or proposed, which will serve the residents of Soweto without being situated within the geographical boundaries of the area. These retail developments which effectively ring Soweto further depress the development of trading within Soweto. Thirdly, the figure of 1373 traders in Soweto gives no indication of the size and scale of these operations and may in fact mask the development of larger retail outlets. Although not specifically investigated in this study, it is known that relatively few large retail outlets exist in Soweto. Finally, the increase in the number of petty traders although beyond the scope of this study to determine for Soweto has been estimated at 20 percent of the population. Current indications appear that this may be an underestimation of the situation. These petty traders are constrained by factors such as lack of capital and training and must occupy the niche left by the incomplete operations of the underdeveloped formal trading operations.

The second major aim of this study has concerned the analysis of informal or petty trading and its relationships in the wider economy. Analysis has been guided by the debate on the role which informal economic activities play in capitalist economies. On the one hand, the literature groups a set of authors who adopt a positive and reformist view on the development and role of informal activities. On the other are those writers who support a Marxian-based view in which informal activities are seen to be constrained by the capitalist sector. It is to the testing of the hypotheses set out by workers in that school that the analysis is directed in particular.

Intrinsic to this viewpoint is the concept of unequal exchange. Unequal exchange is said to lead to the generation of surplus value by petty activities to the advantage of larger, formal firms in the capitalist mode of production. Furthermore it is seen to create and reinforce economic dependence of petty activities (Moser, 1978). The articulation of petty and formal capitalist activities has been described by proponents in this school of thought, in terms of the conservation and dissolution of informal activities in response to the needs of the formal capitalist sector (Forbes, 1981a; Le Brun and Gerry, 1975; McGee, 1978b, 1979). The notion that petty economic activities fulfill a "need" of the capitalist sector, has been termed the functionality thesis (Bromley, 1982; Gerry, 1979; Kahn, 1980; Lister, 1980; Long and Richardson, 1978; Stuckey and Fay, 1981; Williams and Tumusiime-Mutebile, 1978).

In the functionality thesis it is maintained in the first instance that informal activities supply low-priced goods which enables the capitalist sector to pay low wages (Forbes, 1981a; Roberts, 1978). In the present study, it was found that street hawkers were patronized primarily for their accessibility and not low

prices. Secondly, the thesis proposes that participation in petty economic activities is a "holding" occupation to be preserved until the capitalist sector needs and can absorb more workers (Kahn, 1980; Williams and Tumusimme-Mutebile, 1978). According to the petty traders interviewed in Soweto, they entered those activities for more positive reasons and in order to make money and not because "no other jobs were available." The third claim of the functionality thesis, is that people involved in informal activities are seldom "truly self-employed" as they were said to be in the seminal paper by Hart in 1973. Rather employment is said to range along a continuum from truly self-employed, through dependent wage-work to disguised wage-work and on to "true wage work" (Birkbeck, 1978b, 1979; Bromley, 1978b, 1982; Bromley and Gerry, 1979; Gerry, 1979). The present study revealed no dependent or disguised wamework in that petty traders supplied individuals and showed no overly dependent relationships with particular suppliers, in either the wholesale or retail spheres. Fourthly, the functionality thesis claims that petty activities fill a gap in the market which capitalism is unwilling to exploit either because of its pre-occupation with the export market (Le Brun and Gerry, 1975) or because the market is considered to be unprofitable (Bienefeld, 1975; Roberts, 1978). The present study found no evidence of the former assertion. Field data did, however, indicate that the small scale of operation of petty traders interviewed filled a gap in the market which capitalist operations would be unwilling to exploit because it would be unprofitable given their economies of scale.

The final assertion of the functionality thesis concerns the benefits which may accrue to government through the development of an "informal sector" (McGee, 1979). These include the provision of employment and the decreasing

necessity to provide welfare services such as old age and unemployment pensions. Evidence from the present study supports the view that informal activities are functional to the government. The petty traders revealed that some 23.7 percent of their number employed up to 5 people and 6.2 percent employed between 6 and 15 persons. Almost ninety percent of those involved in petty trading received additional income either from family (53.8%) or pension (35.8%) as opposed to formal traders receiving 62.5 percent and 25 percent respectively. Reliance on additional income from family may be a cultural expression of social values and extended family structure as well as a need to increase income by traders. Informal traders tend to possess levels of education lower than those of their counterparts in the formal sector perhaps reducing pressure on the state for educational resources. Similarly, most informal traders indicated that their skills were obtained during previous formal employment thus relieving the state of the need to provide occupational training. Training given to employees was provided by 43.8 percent of informal employers which compared favorably to the 65.7 percent given by formal enterprises. Evidence from the present study thus supports the functionality thesis only insofar as it may be shown that informal activities benefit the government in important respects. Furthermore these activities fill a gap in the market which is unprofitable to the formal capitalist sector. No evidence was obtained which conclusively supports the contentions widely voiced in the literature that the lower prices of goods, "provision of" readily available labor, the dependent wage work nature of informal activities and the filling of the gap in the market caused by capitalists pre-occupation with the export market, by petty traders, are functional to capitalism.

An alternative thesis offered by many authors on petty or informal economic activities is the opposite of the above, namely that this sector exists because it is dysfunctional to capitalism (Cohen, 1980; Moser and Young, 1981; Schimtz, 1982; van Onselen, 1976). It has been claimed that participants in petty commodity production or trading enter these activities in order to avoid low wages offered by capitalist enterprises. Evidence drawn from the present study suggests that the main reason given by petty traders interviewed for commencing their enterprises was "to make more money." This response implies that the traders felt that they had a better chance of earning more money than if they had been employed by capitalist enterprises (where they would be presumably paid "low" wages). The congruence with the dysfunctionality thesis found in the present study, supports the assertion by Schimtz (1982) that participants in informal activities do so in search of upward mobility.

In examining petty trading in relation to the wider economy, the present study also sought to empirically test the claim of reformists that the "informal sector" should be actively promoted because of its ability to generate employment and income opportunities (I.L.O., 1978; McGee, 1978; Rimmer, 1982). The present study revealed that some 30 percent of petty traders provided employment. Only a small number of these employees were family members. The statistical regression revealed, however, given higher initial capital costs and payment of income tax for the business enterprise that the number of employees of petty enterprises was higher. This implies that the larger and more "formalized" the petty trader, the more people would be employed. The statistical analysis on the profitability of informal trading reveals similar results.

Although the study of black townships has been described as terra incognita for South African geographers (Beavon, 1982), numerous studies have been undertaken by both geographers and other social scientists into "informal sector" activities in this country. The literature is predominantly reformist in ideology although many influential studies have been conducted based in a Marxian dialectic. These studies are essentially descriptive, and have been undertaken at the level of micro-analysis (for example, Du Plessis and Levin, 1986, 1987; Hutton-Squire, 1979; Jacobs, 1982; Maasdorp and Humphreys, 1975; Maasdorp and Pillay, 1978; Morris, 1980; Mullins, 1986), and at the macro-level (for example, Louw, 1981; Maasdorp, 1983; Natrass, 1984; Suchard, 1979; Truu and Black, 1980). A relatively small but significant number of works in the field are based in the Marxian dialectic. The functionality thesis, as it refers to hawking activities in Soweto occupying an unprofitable gap (to capitalism) in the market, has been described (Rogerson and Beavon, 1982b; Webster, 1979), similar to the results obtained here. Several studies in the wider literature have described informal activities as a mechanism for "surviving" or "coping" under adverse economic conditions (Aryee, 1977; Bromley, 1978b, 1978c; Forster, 1975). Similar conditions are advanced for the persistence of these activities in South Africa (Rallis, 1981; Rogerson, 1980; Rogerson and Beavon, 1982a, 1982b). These studies imply that participants in the sector are passive or "structural dupes" constrained by external factors. The preliminary exploration of the motives of petty traders in starting their operations indicates that these traders make active choices from the options available to them notwithstanding the fact that their options are constrained by structures of a political, economic, legislative and social nature. An emphasis on the importance of constraining structural factors in an economy on petty activities is manifest in

the wider literature (Forbes, 1981c; Gerry, 1979; Moser, 1978). Similarly studies in South Africa (Beavon and Rogerson, 1980; Dewar and Watson, 1981; Louw, 1981; Rallis, 1981; Rogerson and Beavon, 1982b) stress the importance of political and legislative structural constraints as well as those of a purely economic nature.

A major criticism of these studies is the implied passive state of the participants who are constrained by political, economic, and social structures. That observation leads to the third aim of the study, namely the exploration of structuration as an alternative theoretical construct in the study of trading in Soweto. The findings in that section of the present study, in the first instance, reiterate the influence of the constraints such as legislative and political structures which have been imposed by dominant state power, and economic structures which affect the operations of petty traders in Soweto (Rogerson and Beavon, 1982b; Webster, 1979). The theory of structuration advanced by Giddens (1979, 1981, 1982, 1984) suggests that the analysis of social systems must take into account the knowledgeability of the individual (or agent) as well as the structures and institutions which affect his actions. These structures are both constraining and enabling in the actions of individuals. The duality of structure and the emphasis on the individual, represents an advance on the current Marxian and Reformist theories. Giddens' ideas are a fusion of concepts drawn from those theories and those based on a voluntarist view of behaviour. In that way the major shortcomings of both sets of ideas are eliminated. Giddens' work is important not because it represents a radical departure from accepted ideas but rather because it synthesizes the positive features of several sets of theory in a "general theory of social actions" which is philosophically justified. Thus, the passivity accorded to those involved in petty economic activities is rejected. Studies emphasizing the

flows within the petty economic activities have emerged in the writings of workers of a Marxist persuasion (Forbes, 1981a, 1981b, 1981c; Rimmer, 1982). Moreover, reformist literature has implied that informal activities possess an internal dynamism. Structurationist analysis advances, however, the theoretical basis of analysis and provides a scheme whereby these activities can more easily be analyzed without losing sight of the importance of individual choice as well as institutions which affect behavior patterns. From the preliminary structurationist account of trading in Soweto, it is apparent that traders are making active choices from different alternatives within the structural constraints imposed upon them. The role of the unintended consequences of their actions is also explored as it alters the conditions under which these agents operate. The structurationist account of trading in Soweto is of necessity preliminary as a complete exposition of this nature is beyond the bounds of the present study.

The findings of the present study presented in this conclusion indicate that future research endeavors should concentrate on two main issues. The first issue relates to a post-apartheid society in South Africa in which the abolishment of restrictive legislation will lead to changes in the retail structure and trading patterns of black entrepreneurs. The second issue relates to the proposition that an unequal exchange takes place between formal and petty forms of production and that the surplus extracted flows mainly towards the formal sector. According to Marxian theory, surplus extraction under capitalism is a predominant characteristic of the wage relationship (and not of the "normal" market exchange *per se*) (Kennedy, 1981). In the absence of evidence suggesting that petty traders in Soweto represent "disguised" or "dependent" wage workers, it may be asked if unequal exchange is taking place between small and large enterprises. Even if it

were to be accepted that some unequal exchanges are taking place, then criteria are necessary to differentiate between the market exchanges and unequal exchanges. Further, if it is accepted that unequal exchanges do take place in developed economies, it becomes necessary to question why the relationships between petty traders, and capitalist traders and their consumers, in developing countries are particularly different and "special." If they are not, then is development in the Soweto context (given the structural constraints) different from development of trading in the developed urban areas in the country? And if this development is not dissimilar, then one must ask if the perceived differences in the patterns of world capitalist development owe more to the theoretical requirements of certain kinds of Marxist thinking rather than to reality (Kennedy, 1981).

These limitations of current thinking on development suggest that underdevelopment theory which continues to structure much of the work in the field, has outlived its usefulness, and that alternative theoretical constructs must be sought. The theory of structuration as outlined by Giddens is felt to provide one such alternative. It might enable students to locate, substantiate and interpret reality in a different manner.

## APPENDIX A: COLLECTION OF DATA FOR CASE STUDY

### 1. Questionnaire Design

In accordance with the aims and objectives of this study, it was necessary to obtain information from two contrasting sources, namely consumers and traders. Different questionnaires were designed to interview these two groups (Appendix B). Care was taken to confine questions to issues directly related to the aims and objectives of the study.

Advice regarding questionnaire structure was sought from authoritative sources at the Human Science Research Council, the Rand Afrikaans University and the Universities of Cape Town and the Witwatersrand. The trader's questionnaire was based on a prototype compiled by the author and run by third year geography students in Soweto in 1985 (de Montille, 1987). Both the trader's and consumer's questionnaires used for this study were used by the author in preliminary investigations in Soweto early in 1987. From the pilot interviews certain problems emerged. These related to sample size, to communication, and to the problem of comprehending an African language, and perhaps most importantly, to establishing trust between respondents and interviewees. These problems were particularly evident when interviewing "informal" traders and consumers. It became apparent that valid results could only be obtained if interviewing was done by individuals with a similar racial, linguistic and cultural background to those being interviewed. It was therefore decided to employ senior students living in Soweto, and a fieldwork programme was accordingly devised. (Table 1a)

Before students were allowed to conduct interviews, they attended a training course on interviewing techniques extending over two days. In the course of training they familiarized themselves with the trader's and consumer's

questionnaires. The course was conducted by two senior researchers of the Human Sciences Research Council, Mr. L. Bogoshi and Mr. P. Maseko.

The interviewers were issued with numbered questionnaires and they then conducted interviews over a two week period, from 13 June to 24 June 1987. In addition to the nineteen fieldworkers finally selected, two senior students were trained as controllers. Their task was to reinterview individuals already interviewed by the students, to ascertain the accuracy and reliability of the data collected.

The fieldwork programme (Table 1b) was organized to allow students to work in, or close to, their own residential areas, so that communication, transportation problems and differences in socio-economic background were minimized.

**Table 1: Fieldwork Programme**

**a: Number of Questionnaires per Area**

| Interviewers | Area          | Consumer   | Trader    |
|--------------|---------------|------------|-----------|
| 5            | Dube (1)      | 55         | 50        |
| 5            | Diepkloff (2) | 55         | 50        |
| 5            | Moletsane (3) | 55         | 50        |
| <u>5</u>     | Pimville (4)  | <u>220</u> | <u>50</u> |
| 20           |               | 220        | 200       |

**b. Questionnaire Time Schedule**

Number of Questionnaires

| Week 1  | Area (1) | (2) | (3) | (4) | Controllers     |
|---------|----------|-----|-----|-----|-----------------|
| 13.6.87 | TRAINING |     |     |     |                 |
| 14.6.87 | TRAINING |     |     |     |                 |
|         | 5X4      | 5X4 | 5X4 | 5X4 |                 |
| 15.6.87 | 5X4      | 5X4 | 5X4 | 5X4 | Consumer 2 X 20 |
| 16.6.87 | 5X4      | 5X4 | 5X4 | 5X4 | Questionnaire   |
| 17.6.87 | 5X4      | 5X4 | 5X4 | 5X4 | (18.8%)         |

|         |     |     |     |     |               |
|---------|-----|-----|-----|-----|---------------|
| 20.6.87 | 5X4 | 5X4 | 5X4 | 5X4 |               |
| 21.6.87 | 5X4 | 5X4 | 5X4 | 5X4 |               |
| 22.6.87 | 5X4 | 5X4 | 5X4 | 5X4 | Traders       |
| 23.6.87 | 5X4 | 5X4 | 5X4 | 5X4 | Questionnaire |
| 24.6.87 | 5X4 | 5X4 | 5X4 | 5X4 | (20%)         |

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## 2. Consumer Sampling Technique

In consultation with Professor Stoker, Vice President and former Head of Statistical Analysis at the Human Sciences Research Council, it was decided to employ a systematic sampling technique to locate consumers to be interviewed. This was preferred to random sampling because of the small size of the sample areas in relation to Soweto as a whole, and the limited resources available to employ fieldworkers. The systematic sampling technique also has the advantage of producing an even spread over an area. Accordingly, maps at the scale of 1:5000 of Dube, Diepkloof Zone 6, Moletsane and Pimville Zone 6 and Zone 5 were used to locate houses on a stratified sampling basis, using the following formula:

$$K = \frac{N}{n}$$

where

N = Total number of units in area, i.e., number of stands.

n = Sample size required, i.e., 50 questionnaires per area.

K = Number of each kth unit to be sampled from a randomly selected starting point.

At the conclusion of fieldworker training, each individual was given a map on which specific houses has been marked. Fieldworkers were instructed to interview the member of each household who was most involved in shopping for goods. An additional five consumers per area (20 in total) were interviewed so

that the total sample for each area (50) could be maintained. This was to account for problems which might arise with questionnaires during the control period or with contacting specific households (Table 2)

**Table 2. Questionnaires Administered by Fieldworkers**

| <b>Interviewers</b> | <b>Traders Questionnaire Nos.</b>   |      |
|---------------------|---|------|
| <b>Moletsane</b>    |   |      |
| P. Kubheka          | 88,89,90,91,92,93,94,95,96,97,98,194,196,197,201                                | - 15 |
| E. Mkhabela         | 171,172,173,174,175,176,177,178,179   | - 9  |
| E. Motsieloa        | 149,153,154,156,157,159   | - 6  |
| I. Nkomo            | 119,120,121,122   | - 4  |
| A. Nkosi            | 193,195,198,199,200,202   | - 6  |
| <b>Pimville</b>     |   |      |
| E. Jamjam           | 223,224,226,229,235,216,217,218,219,220,221                                     | - 6  |
| A. Moholo           | 203,204,205,206,207,208,209,210,211,212,213,214,215                             | - 19 |
| P. Zwane            | 130,131,132,133,134,135,136,137,138,139,140,141,142,<br>143,144,145,146,147,148 | - 19 |
| <b>Interviewers</b> | <b>Consumer Questionnaire Nos.</b>  |      |
| <b>Dube</b>         |   |      |
| P. Lebusa           | 71,72,73,74,75,76,78,79   | - 8  |
| T. Mbata            | 22,23,24,25,26,27,28,29,30,31   | - 10 |
| A.V. Ngubane        | 62,63,64,65,66,67,68,69,70  | - 9  |
| A. Phale            | 53,54,55,56,57,58,59,60,61  | - 9  |
| P. Sikhauli         | 70,80,81,82,83,84,86,87   | - 8  |
| <b>Diepkloof</b>    |   |      |
| A. Maseanganyi      | 182,182,183,184,185,186,187,188,189,190,191,192                                 | - 11 |
| A. Mdakane          | 99,100,101,102,103,104,105,106,107,108,110                                      | - 11 |
| G. Molonyana        | 39,40,41,42,43,44,45,48,49  | - 10 |
| J. Moshokoa         | 32,33,34,35,36,37,38,47,50,51   | - 10 |
| C. Motimele         | 160,161,162,163,164,165,166,167,168,169,170                                     | - 11 |

| <b>Interviewers</b>                 | <b>Traders Questionnaires Nos.</b>  |      |
|-------------------------------------|---|------|
| <b>Dube</b>                         |   |      |
| P. Lebusa                           | 71,72,73,74,75,76,86,87,26,27   | - 10 |
| T. Mbata                            | 22,23,24,25,30  | - 5  |
| A.V. Ngubane                        | 62,63,64,65,66,67,68,69,70  | - 9  |
| A. Phale                            | 53,54,55,56,57,58,59,60,61  | - 9  |
| P. Sikhauli                         | 1,28,29,31,77,78,79,80,81,82,83,84,85,124,126,127                               | - 16 |
| <b>Diepkloof</b>                    |   |      |
| A. Maswanganyi                      | 182,183,184,185,186,187,188,189,190,191,192                                     | - 11 |
| A. Mdakane                          | 99,100,101,102,103,104,105,106,107,108,222                                      | - 11 |
| G. Molonyana                        | 43,44,45,46,47,48,49,50,51,52   | - 10 |
| J. Moshokoa                         | 32,33,34,35,36,37,39,40,41  | - 9  |
| C. Montimele                        | 160,161,162,163,164,165,166,167,168,169,170                                     | - 11 |
| <b>Interviewers</b>                 |   |      |
| <b>Consumers Questionnaire Nos.</b> |   |      |
| <b>Moletsane</b>                    |   |      |
| P. Kubheka                          | 89,90,91,92,93,94,95,96,97,98   | - 10 |
| E. Mkhabela                         | 171,172,173,174,175,176,177,178,179   | - 9  |
| E. Motsieloa                        | 149,150,151,152,153,154,155,156,157,158,159                                     | - 11 |
| I. Nkomo                            | 119,120,121,122,123,124,125,126,127,128,129                                     | - 11 |
| A. Nkosi                            | 193,194,195,196,197,198,199,200,201,202   | - 10 |
| <b>Pimville</b>                     |   |      |
| E. Jamjam                           | 223,224,225,226,227,228,229,230,231,232,233,234,<br>235,236,237,238             | - 16 |
| A. Mohohlo                          | 203,204,205,206,207,208,212,218,220,269   | - 11 |
| P. Zwane                            | 130,131,132,133,134,135,136,137,138,139,140,141,<br>142,143,144,145,146,147,148 | - 19 |

### 3. Trader's Sampling Techniques

The trader's questionnaire was administered to traders falling into both the formal and informal categories of trading. By their nature, traders in the latter category, are sometimes difficult to locate. Two methods were used to locate them. Firstly, the controllers were required during the first week of interviews, to

establish and note the names and addresses of "informal" traders. Secondly, included in the consumer questionnaire was a list of "informal" traders used by a particular consumer. On the first day of the second week of fieldwork, each interviewer was given a list of "informal" traders, compiled from those sources and was also instructed to conduct door to door searches if necessary, to find informal traders to interview. Lists of "formal" traders obtained from the Soweto Council were also supplied to each fieldworker. Each student interviewed and completed the following numbered questionnaires (Table 3).

**Table 3: Questionnaires Completed 13.6.88 - 24.6.88**

| <u>Interviewer</u> | <u>Consumers</u> | <u>Traders</u> | <u>Marks</u> | <u>Total</u> | <u>Comment</u> | <u>Controller</u>  |
|--------------------|------------------|----------------|--------------|--------------|----------------|--------------------|
| J. Moshokoa        | 33,32            | 33,34,35       | 11           | 100          | 3/5            | Fair S. Bogatsu    |
| C. Motimele        | 160,161,160      | 161,162        | 11           | 101          | 4/5            | V. Good S. Bogatsu |
| P. Kubheka         | 89,88            | 88,91          | 01           | 10           | 2/4            | Good K. Kgomo      |
| E. Mkhabela        | 172,173,171      | 171,172        | 111          | 11           | 5/5            | Good K. Kgomo      |
| E. Motsieloa       | 159              | 151            | 0            | 1            | 1/2            | Fair K. Kgomo      |
| I, Nkomo           | 120,121,199      | 129,121        | 011          | 01           | 3/5            | Fair K. Kgomo      |
| A. Nkosi           | 199,200,193      | 197,193        | 111          | 11           | 5/5            | Good K. Kgomo      |
| E. Jamjam          | 224,225          | 240,225        | 11           | 111          | 5/5            | Excell. S. Bogatsu |
|                    |                  | 235            |              |              |                |                    |
| A. Mohohlo         | 207,220          | 203,205,       | 11           | 111          | 5/5            | Excell. S. Bogatsu |
|                    | 106              |                |              |              |                |                    |
| P. Zwane           | 187,134,136      | 130,135        | 1110         | 011          | 5/6            | Excell. S. Bogatsu |
|                    | 131              | 136            |              |              |                |                    |

#### 4. Control Measures for Questionnaire Accuracy

The author, on the advice of statisticians of the Human Sciences Research Council, selected randomly from the completed questionnaires, questionnaires to be re-interviewed by the controllers. Specific questions which were incontrovertible were selected from the questionnaire for control purposes, in order to make allowances for changes of individual opinion following the primary interview. In instances where a single response differed from that in the original interview, the entire questionnaire was rejected, and in this way a control table was completed with 18 percent and 20 percent of the sample for the traders and consumers questionnaires being controlled and checked in the field. These results are tabulated in Table 4.

Each questionnaire was checked and discrepancies or omissions were verified with the interviewee. In some cases interviewers returned to interviewees to confirm responses.

Table 4: Results of Interviews Controlled in the Field

| Interviewer   | Consumers            | Traders  | Marks | Total | Comment | Controller         |
|---------------|----------------------|----------|-------|-------|---------|--------------------|
|               | Questionnaire Number |          |       |       |         |                    |
| P. Lebusa     |                      | 79       | 1     | 1/1   | Fair    | E. Kgomo           |
| T. Mbata      | 24                   | 24,26    | 1     | 11    | 3/3     | Excell. E. Kgomo   |
| A.V. Ngubane  |                      | 62,69    |       | 11    | 2/2     | Fair E. Kgomo      |
| A. Phale      | 55,57,58             | 58       | 111   | 0     | 3/4     | Good E. Kgomo      |
| P. Sikhauli   | 77,78,79             | 80       | 111   | 1     | 4/4     | Excell. E. Kgomo   |
| A. Maswangani | 181,183,187          | 182,185  | 101   | 111   | 5/6     | V. Good S. Bogatsu |
|               |                      | 186      |       |       |         |                    |
| A. Mdakane    | 100,99,103           | 99,103   | 101   | 101   | 4/6     | Good S. Bogatsu    |
| G. Molonyane  | 50,49                | 41,40,42 | 10    | 110   | 3/5     | Fair S. Bogatsu    |

## 5. Statistics

Information contained in the controlled questionnaires is captured in a computer using facilities available at Vista University. The statistics were analyzed under the guidance of statisticians of the Institute of Statistical Research of the Human Sciences Research Council. To analyze the raw data, descriptive (univariate) as well as analytical (multivariate) statistical methods were employed. The computer programmes SAS PROC FREQ and UNIVARIATE were used to obtain descriptive statistics for all variables of interest. Specified 2x2 contingency tables were constructed and each table was analyzed by employing the chi-squared test statistic for independence. For this purpose use was made of the SAS FREQ procedure. To investigate multiple relationships between certain dependent variables and a fixed set of independent variables the statistical method of multiple linear regression analysis was employed. These regression analyses were obtained by means of the program SAS PROC GLM. In multiple linear regression analysis the dependent variable is continuous or ordinal on a specific scale. Since some dependent variables of concern are categorical the statistical method of logistic regression analysis was employed. The computed SAS PROC CATMOD was used for this purpose.

VISTA UNIVERSITY

**INTRODUCTION:** Good morning/afternoon/evening. My name is .....  
represent the Geography Department of Vista University in Soweto, an  
organisation doing surveys on various subjects. The results of this survey  
are strictly confidential and we greatly appreciate your time and assistance.

INTERNAL RECORDS  
(CONSUMER SCHEDULE)

Date:..... Questionnaire Number:.....

Person interviewed: Name:.....

Address:.....

Phone: (H)..... (W).....

Interviewer:.....

Editor:.....

Control Mark:.....

Field check by:..... Date:.....

Control mark:.....

Questionnaire number

Area

Interviewer's number

Controller

**CONSUMER SCHEDULE**

**MARK LOCATION ON MAP OF QUESTIONNAIRE NUMBER**

**Residence type**

- House 1
- Semi-detached house 2

**Age (of person doing shopping):**

- 16 - 24 1
- 25 - 34 2
- 35 - 49 3
- 50 - 64 4
- 65+ 5

**What is the occupation of the head of the household?**

- Professional 1
- Proprietors and managers 2
- Administrative/clerical 3
- Skilled labour 4
- Unskilled labour 5
- Semi-skilled labour 6
- Domestic/housewife 7
- Unemployed 8
- Other (specify) 9

**How many people normally live in this household?**

- Adults 1
- Children (under 15 years of age) 2
- Total 3

**Who in this household does most of the shopping for -**

| Husband | Housewife | Children |
|---------|-----------|----------|
| 1       | 2         | 3        |
| 1       | 2         | 3        |
| 1       | 2         | 3        |

- Food and groceries
- Clothing and footwear
- Furniture and electrical appliances

**How often do you usually shop for:**

- Daily
- Once a week
- More than once a week
- Once a fortnight
- Once a month
- No particular pattern

| Food and Groceries | Clothing and Footwear | Furniture and appliances |
|--------------------|-----------------------|--------------------------|
| 1                  | 1                     | 1                        |
| 2                  | 2                     | 2                        |
| 3                  | 3                     | 3                        |
| 4                  | 4                     | 4                        |
| 5                  | 5                     | 5                        |
| 6                  | 6                     | 6                        |

**When do you usually go shopping?**

- Monday 1
- Tuesday 2
- Wednesday 3
- Thursday 4
- Friday 5
- Saturday 6
- Sunday 7
- No particular day 8
- Month end 9

8. What time of the day do you normally go shopping?

before work  
 morning  
 lunch time  
 afternoon  
 after work

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |
| 5 |

9. How do you get to the shop(s)  
 (one answer only)

Car  
 Bus  
 Train  
 Taxi  
 Motorcycle  
 Bicycle  
 Walk

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |
| 5 |
| 6 |
| 7 |

Is there a bus that travels  
 from where you live to:

|            | Johannesburg<br>Cewntral area | Roodepoort<br>Central Area | Where you shop<br>in Soweto |
|------------|-------------------------------|----------------------------|-----------------------------|
| Yes        | 1                             | 1                          | 1                           |
| No         | 2                             | 2                          | 2                           |
| Don't know | 3                             | 3                          | 3                           |

10. How many motor cars does  
 this household have at its disposal?

None  
 One  
 Two  
 More than two

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |

11. At which shopping area do you shop most often for -

|   | Food and<br>groceries | Clothing and<br>footwear | Furniture and<br>electrical<br>appliances |
|---|-----------------------|--------------------------|---|
| Johannesburg central area                           | 1                     | 1                        | 1   |
| Roodepoort central area                             | 2                     | 2                        | 2   |
| Diepkloof   | 3                     | 3                        | 3   |
| Kliptown  | 4                     | 4                        | 4   |
| Dube  | 5                     | 5                        | 5   |
| Jabulani  | 6                     | 6                        | 6   |
| Elsewhere in Soweto                                 | 7                     | 7                        | 7   |
| Hawkers/informal Sector<br>Activities (show photos) | 8                     | 8                        | 8   |
| Other (specify)                                     | 9                     | 9                        | 9   |

2. Have you in the past week bought any food or other things from:

|  | Food |    | Other things |    |
|--|------|----|--------------|----|
|  | Yes  | No | Yes          | No |
| street hawker(s) in you own residential area | 1    | 2  | 1            | 2  |
| street hawkers in other areas                | 1    | 2  | 1            | 2  |
| hawker at the bus terminus                   | 1    | 2  | 1            | 2  |
| stalls at the bus terminus                   | 1    | 2  | 1            | 2  |
| private persons in your own residential area | 1    | 2  | 1            | 2  |
| private persons in other areas               | 1    | 2  | 1            | 2  |

3. If "yes" what did you buy and for what reason did you buy from them?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_
- e. \_\_\_\_\_

4. Where are the hawkers/informal activities that you use?

List:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. How much of (for example 1/4. 1/2. 3/4. all) your total monthly shopping for food and clothing do you buy during lunch time or on your way to or from work?

- 1/4
- 1/2
- 3/4
- All
- Don't buy
- Don't work
- Buy at other times

| Food | Clothing |
|------|----------|
| 1    | 2        |
| 2    | 2        |
| 3    | 3        |
| 4    | 4        |
| 5    | 5        |
| 6    | 6        |
| 7    | 7        |

6. If shops selling convenience goods (food, drink, groceries, personal care items) and clothing and furniture were in the following areas, at which area would you prefer to shop for

| Convenience Goods | Clothing & footwear | Furniture & electrical appliances |
|-------------------|---------------------|-----------------------------------|
| 1                 | 1                   | 1                                 |
| 2                 | 2                   | 2                                 |
| 3                 | 3                   | 3                                 |
| 4                 | 4                   | 4                                 |
| 5                 | 5                   | 5                                 |
| 6                 | 6                   | 6                                 |
| 7                 | 7                   | 7                                 |

Johannesburg Central area

Roodepoort central area

Diepkloof

Kliptown

Dube

Jabulani

Other existing shops

in Soweto

7. Do consumer boycott actions affect your shopping?

|     |   |
|-----|---|
| Yes | 1 |
| No  | 2 |

If "yes" why? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8. Can you please tell me into which of these your TOTAL MONTH INCOME fall?

Up to R 50 per month

R 51 - R 70 per month

R 71 - R 90 per month

R 91 - R 120 per month

R 121 - R 150 per month

R 151 - R 190 per month

R 191 - R 240 per month

R 241 - R 300 per month

R 301 - R 380 per month

R 381 - R 470 per month

R 471 - R 590 per month

R 591 - R 740 per month

R 741 - R 930 per month

R 931 - R1200 per month

R1200+

Don't know

Refused

|    |
|----|
| 1  |
| 2  |
| 3  |
| 4  |
| 5  |
| 6  |
| 7  |
| 8  |
| 9  |
| 10 |
| 11 |
| 12 |
| 13 |
| 14 |
| 15 |
| 16 |
| 17 |

VISTA UNIVERSITY

**INTRODUCTION:** Good morning/afternoon/evening. My name is .....  
I represent the Geography Department of Vista University in Soweto, an  
organisation doing surveys on various subjects. The results of this survey  
are strictly confidential and we greatly appreciate your time and assistance.

---

INTERNAL RECORDS  
(TRADERS SCHEDULE)

Date:..... Questionnaire Number:.....

Person interviewed: Name:.....

Address:.....

Phone: (H)..... (W).....

Interviewer:.....

Editor:.....

Control Mark:.....

Field check by:..... Date:.....

Control mark:.....

---

Questionnaire number

---

Area

---

Interviewer's number

---

Controller

---

INTERVIEWER TO RECORD FOLLOWING INFORMATION: FORMAL/INFORMAL

1. Enter questionnaire number on map:

2. Price of goods/services: goods/service \_\_\_\_\_ price \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

3. Estimate the area used by business: Selling area m<sup>2</sup>

4. Mark type of enterprise

| <u>Trader</u>           |    | <u>Services</u>    |    | <u>Manufacture</u> |    |
|-------------------------|----|--------------------|----|--------------------|----|
| Clothing                | 01 | Shoe repair        | 01 | Clothing           | 01 |
| Shoes                   | 02 | Bicycle repair     | 02 | Cottage Industry   | 02 |
| Perseys                 | 03 | Car repair         | 03 | Furniture          | 03 |
| Furniture               | 04 | Upholsterers       | 04 | Bakery             | 04 |
| Electrical appliances   | 05 | Funeral            | 05 | Gravestones        | 05 |
| Fruit+veg./gen. dealer  | 06 | Barber/Hairdresser | 06 | Construction       | 06 |
| Butcher                 | 07 | Laundry            | 07 | Other (sp)         | 07 |
| Beer/shebeen            | 08 | Childminder        | 08 | Electrician        | 08 |
| Bakker-food/gen. dealer | 09 | Photography        | 09 | Bricklayer         | 09 |
| -clothing               | 10 | Welder             | 10 | Plumber            | 10 |
| -fruit+veg.             | 11 | Taxi               | 11 | Carpenter          | 11 |
| -other                  | 12 | Nursing            | 12 | Other (sp)         | 12 |
| PAZA                    | 13 | Herbalist          | 13 |                    |    |
| Other (specify)         | 14 | Shebeen            | 14 |                    |    |
|                         |    | Other (sp)         | 15 |                    |    |





4. Do your customers visit you from

home  
work  
passers-by

|   |
|---|
| 1 |
| 2 |
| 3 |

5. Where do your customers live?

Dube Hostel  
Jabulani Hostel  
Nancefield Hostel  
Chiawelo  
Dhlamini  
Diepkloof  
Dube  
Emdeni  
Jabavu  
Jabulani  
Mapetla  
Meadowlands West  
Meadowlands East  
Mofolo Central  
Mofolo South

|    |
|----|
| 1  |
| 2  |
| 3  |
| 4  |
| 5  |
| 6  |
| 7  |
| 8  |
| 9  |
| 10 |
| 11 |
| 12 |
| 13 |
| 14 |
| 15 |

Molapo  
Moletsane  
Moroka  
Moroka North  
Naledi  
Pimville  
Orlando  
Orlando West  
Orlando East  
Phiri  
Senaoane  
Tladi  
Zondi  
Zola  
Dobsonville  
All over  
Travellers

|    |
|----|
| 16 |
| 17 |
| 18 |
| 19 |
| 20 |
| 21 |
| 22 |
| 23 |
| 24 |
| 25 |
| 26 |
| 27 |
| 28 |
| 29 |
| 30 |
| 31 |
| 32 |

6. What transport do you use to collect the goods you sell?

own vehicle  
borrowed vehicle  
hired taxi  
bus

Other (specify)

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |
| 5 |

7. How often do you travel to collect these goods?

daily  
more than once a week  
weekly  
every two weeks  
monthly  
not applicable

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |
| 5 |

8. How much time do you spend travelling on each journey?

less than 30 min.  
between 30 min. and 1 hour  
between 1 hour and 2 hours  
between 2 hours and 3 hours  
more than 3 hours  
not applicable

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |
| 5 |
| 6 |

Business Characteristics

Employment:

1.1 How many people do you employ? 0 1  
 1-2 2  
 3-5 3  
 6-10 4  
 11-15 5  
 16-20 6  
 21+ 7

1.2 Are they family members? yes 1  
 no 2

1.3 Are they paid? daily 1 R  
 weekly 2 R  
 every two weeks 3 R  
 monthly 4  
 not at all 5  
 in kind 6

1.4 Do you give them in job training? yes 1  
 no 2

1.5 If yes do you charge for this? yes 1  
 no 2

1.6 How much R \_\_\_\_\_ 3

Customers:

1.1 Who are your main customers? individual people 1  
 (eg for household use)  
 storekeepers (eg business) 2

1.2 If "individual people" are they? high income earners 1  
 middle income earners 2  
 low income earners 3  
 mixed 4

1.3 Do they work for: public sector 1  
 (eg govt, council)  
 private firm 2  
 unemployed 3  
 school attenders 4  
 don't know 5

1.4 If you sell to shopkeepers, do they sell your goods. to customers in their store 1  
 to another firm 2  
 not applicable

1.5 On which days do you sell more goods? monday 1  
 tuesday 2  
 wednesday 3  
 thursday 4  
 friday 5  
 saturday 6  
 sunday 7  
 public holidays 8  
 month end 9

How long does it usually take to sell this much stock?

daily  
weekly  
monthly  
other (specify)

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |

How much do you pay for it?  
(specify)

7.6 Details of selling:

Basic unit of sale:  
Price:  
Estimate of average quantity sold per day:  
Trader's estimate of Average daily net income:

|  | 1 | 2 | 3 |
|--|---|---|---|
| Basic unit of sale:                            | 1 | 1 | 1 |
| Price:   | 2 | 2 | 2 |
| Estimate of average quantity sold per day:     | 3 | 3 | 3 |
| Trader's estimate of Average daily net income: | 4 | 4 | 4 |

8. Legislative factors:

8.1 Do you have a licence from:

WRAB/Dev. Board  
Soweto Council  
Jhb City Council  
no licence

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |

8.2 If no licence, why not?  
Specify: \_\_\_\_\_

8.3 Do you pay income tax for this business?

yes  
no

|   |
|---|
| 1 |
| 2 |

8.4 Have you been harassed by

WRAB Dev. Board officials  
Soweto Council officials  
Jhb City Council "  
Other (specify)

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |

9. Credit:

9.1 Where do you get your money to run the business?

day to day turnover  
advances/deposits customers  
money lenders  
banks  
friends, family  
credit from suppliers  
other (specify)

|   |
|---|
| 1 |
| 2 |
| 3 |
| 4 |
| 5 |
| 6 |
| 7 |

9.2 If you borrow money, state at what interest rate: \_\_\_\_\_

9.3 Do you give credit to:

most customers  
few customers  
nobody

|   |
|---|
| 1 |
| 2 |
| 3 |



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