

CHAPTER 25

Informality Disallowed: State Restrictions on Informal Traders and Micro-Enterprises in Browns Farm, Cape Town, South Africa* 1

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Introduction

This chapter examines the impact of regulations and law enforcement on the economic activities of informal traders and micro-entrepreneurs in marginalised communities on the urban periphery. Our case site is Browns Farm, Philippi, a township in the City of Cape Town, South Africa, where a micro-enterprise census and business operator survey was conducted in 2011 (Charman *et al*, 2015). The chapter argues that despite the significant number of informal businesses in South African townships, the state continues to pursue efforts that either prevent formalisation or circumscribe informal activities. At the heart of our argument is the assertion that the informal economic practices of the urban poor constitute a ‘lived economy’ whose

* We acknowledge the Sustainable Livelihoods Foundation (www.livelihoods.org) for providing access to the data and spatial maps.

1 Unemployment in South Africa is measured on a strict or ‘official’ definition as those people who desire employment and who take active steps to find employment, and is contrasted with an expanded definition which is simple those people who desire employment, whether or not they have taken active steps to find it.

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dynamics are largely ‘unseen’ by the South African state and thus ‘disallowed’ in most policies. Consequently, informality is more the result of exclusion from state policy rather than exit by informal actors.

The study demonstrates this claim in quantitative and qualitative terms. Quantitatively the study looks to count all the businesses in a geographical sub-section of Philippi, interview the operators of the main business types, and assess how many fall foul of some state law. In the event we found some 1464 businesses, of which we estimate 1082 or 74 percent exist and operate in violation of some law. Qualitatively the study reflects on the nature of the violation observing that the vast majority are the result of zoning restrictions or licensing violations rather than criminal activities or the sale of illegal products. In the majority of cases there is nothing businesses can do to comply with laws like zoning, and thus informality is a product of state exclusion rather than entrepreneurial exit. In addition, we draw attention to the colonial/apartheid origins of zoning, and the views on licenses informed by norms ‘from the suburbs’.

This view resonates with theories of informality as state produced like James C. Scott (1999), Partha Chatterjee (2004) and Anaya Roy (2005). Where Scott sees states as attempting to make society ‘legible’ to control it, and shaping society in its categories, often ignoring and repressing the diversity of local practice, Chatterjee sees a more ambivalent relationship between the state and the poor. Thus while the poor have some power in being able to vote, Chatterjee points out that the poor are also the objects of bureaucratic-driven development, and as such are framed more as populations to managed for their well-being rather than as individual democratic citizens bearing rights. Lastly, writing more specifically of the city, Roy argues that only certain kinds of rule-breaking are designated informal, whereas those of wealthy elites who construct unauthorised settlements are invariably formalised by the city. On all these accounts, the formal versus informal is a product of state choice, often informed by élite bias. More specifically, we follow Perry (2007) in characterising the informality of town ship businesses in South Africa as mostly about policy ‘exclusion’ (in other words involuntary) rather than ‘exit’ (a voluntary choice).

Literature Review

Informal Enterprises and Formalisation

The growth of informal economies presents a potentially worrying scenario for developing country governments. There are valid concerns that informality sustains a segmented labour market, reduces state revenue through excluding profitable businesses from the tax net, and weakens the control of the state over negative business impacts. There is also concern that informality affects

the ability of government to shape macro-economic development through its programmes and incentives (Gelb, Mengistae, Ramachandran and Shan, 2009). Whilst enterprise formalisation should be regarded as an important goal, scholars have argued that it should not be translated into a 'one size fits all' approach, but can be advanced through a 'variegated' approach, recognising that different enterprise sizes have different capacities to comply with regulation and fiscal obligations (see Williams and Nadin, 2014). In developing countries, such approaches need to respond to the lived realities of persons engaged in informal micro-enterprises, whether employees or entrepreneurs. We argue this is not yet the approach in South Africa.

Informal micro-enterprises and activities are important for poor communities in South Africa, even though the level of participation is lower than anticipated for a country of comparable development challenges (Yu, 2012). The informal economy provides a means of survival and livelihood for those excluded and marginalised from formal employment and business opportunities (Neves and Du Toit, 2012). Importantly, informality provides incubation for the emergence of micro-enterprises through affording comparative as well as competitive advantages over formal (larger) businesses. The role that these businesses fulfil in providing employment and economic opportunities has been acknowledged in academic research (Valodia, Davies Altman and Thurlow, 2007; Wills, 2009; Charman and Petersen 2014), though the impact on poverty remains poorly understood. For example, there is little data to quantify the contribution of informal businesses to poverty reduction.

Despite policy uncertainty over the role of the informal sector, state policies (at national, provincial and local level) continue to circumscribe informal economic activities. These include measures that rely on incentives and those that rely on law enforcement. The latter includes police raids on unlawful street trading, the strategic targeting of unregulated businesses (the most notable example concerns township liquor traders), and the arrest and deportation of economic migrants working informally. There has been limited research on the impact of state action to control and or prohibit informal micro-enterprises. In the Western Cape, where our research is focused, the significance of these actions on livelihoods receives media attention only when the affected parties respond through protest action (Tswana, 2012), violence (Mtyala, 2011) or advocacy (Damba, 2012). The topic is generally presented from a human rights perspective, focusing on the legality or otherwise of the state action, rather than the economic rationale of conducting business informally. The emphasis tends to fall on the illegality of informal trade, overlooking the reasons for informality, including those which Perry (2007) describes as the 'exit' and 'exclusion'. Exit factors discourage businesses (including micro-enterprises) from operating formally when they have little reason to comply (though could potentially meet regulatory requirements), resulting in their

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‘exit’ from formality, whereas exclusion factors are regulatory barriers and other constraints, including land systems that prevent micro-enterprises from operating legally even if they so desired. The former is a cost-benefit analysis; the latter implies no choice.

As one example of exclusion, street traders are subject to a host of municipal regulations, in addition to provincial and national laws, that dictate the spaces and places at which they are permitted to conduct business. Municipal by-laws restricts their activities to operating in certain spaces, such as not within five meters from an intersection, not next to a government building, not in front of a park and not on the pavement so as to obstruct pedestrian walkways (Sithole, 2012; Charman and Govender, 2016; Skinner, 2008). In addition, street traders may not sell counterfeit goods, liquor, drugs or medicines and prepared food (take-aways) and perishable food without a licence and compliance with municipal health regulations and environmental regulations. The great majority of street hawkers would have to cease trading if they were to adhere voluntarily to these laws.

Urban Planning and Land Use Management as Tools of Exclusion

In Huchzermeyer’s *Cities with Slums*, she outlines the state’s systematic blindness towards the lived economy of the urban poor. She notes how post-apartheid cities have embraced the model of ‘competitive cities’ that look to establish themselves as global brands attractive to ‘hyper-mobile capital’, both economic and human (2011: 47-52). These notions, central to the ideal of ‘world class cities’ are evident in the various 2020/2030 vision documents embraced by Durban, Cape Town and Johannesburg, and how they have been implemented around public-private partnerships. The urban poor, Huchzermeyer argues, are marginal to this model as they are ‘a population that is superfluous to growth in the formal economy or embarrassing to those aspiring to world class city status’ (2011: 53).

In support of the concerns expressed by Huchzermeyer, our analysis focus on how spatial development and land use management imposes a vision of urban life that runs directly against the lived economy of the urban poor. Land use management centres on notion of protecting people and the environment from ‘the externalities of development’ (Nel, 2016:258). The main mechanisms in land use management seek to control the density and/or intensity of land use in the belief that the change in these variables would have a negative impact on people, the environment, or wealth generation. This thinking has invited the critique that if land management systems underpin wealth, then on the basis of the principle of equality, the poor should also benefit from these systems (Parnell and Pieterse, 2010). However, the current nature of land management in South Africa either directly excludes the poor, or indirectly marginalises them through failing to take account of the nature

of their lives and settlement conditions. Notably, in South Africa the effects of colonial and apartheid racialised urban spatial control is still felt in most townships. Within these settlements there is almost no commercial land, whilst spatial plans are biased towards residential land use and do not provide land or rights to address the need for residents to operate businesses (Parnell and Pieterse 2010).

In 2013 the Spatial Planning and Land use Management Act (SPLUMA) replaced apartheid era planning legislation, and includes commitments to seeking to bring about spatial justice. It does however, retain an emphasis on spatial control. Indeed, Nel (2016) has argued that although SPUMLA claims to redress past land management system injustices, it actually reinforces exclusionary modernist planning regimes, especially the code approach and the use of zoning schemes. In terms of the spatial management of township localities, municipal governments are further mandated to devise and implement planning schemes, property zones and by-laws. These instruments are intended to enable municipalities to control (and minimise) the perceived negative impacts within settlements, including the impact of businesses on the environment and encroachment of public space.

In line with this mandate the City of Cape Town has adopted a Spatial Development Framework (SDF), wherein it has established guidelines about 'how and where Cape Town should grow in the future' (City of Cape Town, SDF 2012). The goals of the SDF are supported by the 'Cape Town Zoning Scheme' (CTZS) which appoints and formalises various land use designations on all landholdings. These include residential, agricultural, industrial and commercial activities. The CTZS acknowledges differences between 'township' and 'suburb' residential areas, and 'in recognition of the realities of poor and marginalised communities, development rules . . . are not very restrictive and local employment generation is encouraged' (CTZS, 2012: 40). As per this accommodation, household in formally planned township residential areas are permitted to operate certain home-based business activities including house shops, child care (up to six children), business services, religious businesses and informal trading.

In reality however, the variegation in City policy is limited. Thus the business activities allowed in the CTZS are additional to existing residential use and subject to certain constraints including floor space, signage, and limited opening hours. Buildings used for enterprise activities must have approved plans, a requirement that requires demonstration of land/property ownership and the use of approved building materials. Some businesses are explicitly prohibited including operating video and gaming machines and liquor retailing. Furthermore, the CTZS excludes business activities that may present a 'potential sources of nuisance', broadly defined, and including noise and waste pollution. The definition potentially extends to mechanical repairs,

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panel beating, light manufacturing, glass and metal recycling, traditional beer brewing, live chicken sales, food preparation, appliance repairs and transport services. All such activities can be shut down at City's discretion.

Furthermore, there are planning provisions and regulations for informal trading to control the physical nature of buildings which precludes the use of self-built structures and shipping containers as business venues. Lastly, the CTZS aims to concentrate township business activity within specific and formalised 'local' and 'general' business zones. Business zoning is pertinent to the township environment for it allows for a much wider variety of micro-enterprise activities. In support of policy objectives, zoning has been applied to many high streets and public transport nodes with a view to encouraging business activity migration out of from residential areas. The consequent creation of business 'high streets' has been embraced by political leadership as 'solution' to their policies which seeks to eradicate certain businesses from the township (Meyer, 2012).

Methodology

In 2011 the authors, as part of a research project of the Sustainable Livelihoods Foundation, undertook a micro-enterprise census in Browns Farm, a settlement of about 41,000 persons and 14,355 households within an area of 2km². Browns Farm is located in Philippi, on the Cape Flats, approximately 20km distant from the city centre of Cape Town. Situated adjacent to the Philippi Industrial Area, the township comprises three different settlement typologies: informal settlements (slum), state-built housing and bonded private housing in planned residential areas. The study site encompasses three quarters of the Browns Farm area. The site is bordered by a railway line (South and West), an informal high street (East) and major arterial road (North). Along the northern boundary, the site contains a strip of commercial land. There are few opportunities for formal employment in Browns Farm; indeed, 41% of the labour force is unemployed on the expanded definition¹ (Statistics SA, Census 2011). Formal employment must be sought outside the area and workers access formal labour markets in the Central Business District, industrial areas and middle class suburbs via taxi, train and (relatively uncommon) private vehicles. There is both a train station and taxi rank situated within the site.

The research sought to identify and record the spatial position of all economic activities in the site, whether situated on private or private land. Data was obtained through a surveying process, covering the area street-by-street and recording all identifiable businesses. The research recorded the main characteristics of each business, including the products sold, enterprise structure and spatial position. In the case of those businesses engaged in grocery retailing (spaza shops), liquor trading (informal shebeens and licensed

taverns), the provision of educare/child care services and traditional medicine, detailed interviews were conducted with each entrepreneur or the business operator. These interviews explored specific aspects of business informality, including the sale of contraband/illegal goods, the use of illegal structures and signage, the positioning of businesses in public spaces, the provision of informal employment, and the impact of law enforcement on the business (Charman *et al.*, 2015).

Research Results

Micro-Enterprise Activities

The research identified 1601 micro-enterprises. The businesses were then classified according to the services and goods sold and grouped under thirty categories. The spatial distribution of the categorised businesses within the site are presented on a map (Figure 1). In order to investigate the influence of land use planning on business position, the distribution of these micro-enterprises was overlain on land use zones as determined in the City of Cape Town spatial development framework (Figure 2). Then in order to consider the specific relationship between enterprise sectors and land use zones, we examined a portion of the site in depth. The selected portion included the area surrounding the Philippi train station and taxi rank, which constitutes the main point of entry and exit into the site (Figure 3).

The Scale of Informality

In order to quantify the tension between the lived economy of Browns Farm and city policy, we examined the status of each micro-enterprise in terms of three criteria: first, the legality of the business with respect to regulatory requirements; second, the spatial position of the business and its legality in terms of land use restrictions; and third, whether there was trade in illegal products. Our analysis excludes a consideration of the citizenship status of the entrepreneurs or informal employees (i.e. were they illegal immigrants) as well as the legality of informal workers in terms the statutory requirements of labour legislation. We have also excluded the business contravention of signage by-laws. These two sets criteria would definitely influence the results further, pushing the final figure up a significant degree. Nevertheless, in terms of the three initial considerations, our analysis found that 74 percent (or 1082) of the total number of micro-enterprises (1464) in Browns Farm operate illegally. The results for each enterprise category are shown in Table 1.

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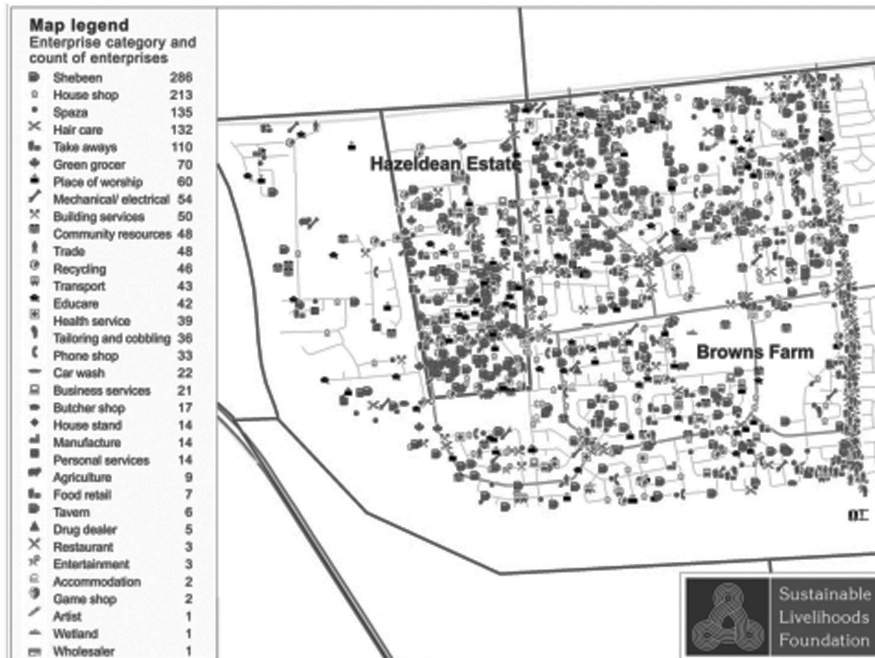


Figure 1: Distribution of Micro-Enterprises by Enterprise Category, Browns Farm and Hazeldean Estate, Philippi, November 2011



Figure 2: Distribution of Identified Micro-Enterprises in Context of Land Use Categories, Browns Farm and Hazeldean Estate, Philippi, November 2011



Figure 3: Distribution of Identified Micro-Enterprises in Context of Land Use Categories, Browns Farm and Hazeldean Estate, Philippi, November 2011

About half of these businesses are subject to regulation or licensing. Apart from educares and shebeens, the enforcement of regulations would curtail accommodation businesses (motels), butchers, traditional healers and doctors, vendors selling prepared food, informal taxis and spaza shops (on the basis that all shops sell perishable food products such as milk). Excluding these micro-enterprises, land use restrictions would affect over 400 other micro-enterprises including businesses rearing livestock; building services like welding; vehicle repair businesses like panel beaters; businesses operating out of shipping containers (game shops, greengrocers, hair care/barber shops, phone shops, hardware sale and tailoring businesses); businesses engaged in micro-manufacturing in public space; recycling businesses where materials are stored on public land; and street traders. Land use restrictions would significantly impact on 74 of the 135 spaza shops in Browns Farm (55%) as they operate either out of shipping containers or from purpose built shacks. About 50 micro-enterprises sell a significant volume of contraband and counterfeit goods.

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Table 1: Scope and Scale of Informality Disallowed in Browns Farm

Micro-Enterprise Categories	Identified Businesses	Economic Informality Disallowed		
		Regulation (Licencing)	Land Use Restrictions	Illegal Products
Accommodation	2	2		
Agriculture	10		10	
Building Services	54		9	
Businesses Services	25			
Butcher Shops	17	17		
Car Washes	22			
Drug Dealers	8			8
Educares	42	26		
Electrical and Mechanical Repair	54		54	
Entertainment	3			
Food Retail	7			
Game Shops	4		4	
Green Grocers	72		1	
Hair Care	132		92	
Health Services	47	41		3
House Shops	228			
House Stands	14			
Micro-Manufacture	13		7	
Other	2			
Personal Services	14	4		
Phone Shops	34		24	
Places of Worship	61		61	
Recycling	67		67	
Shebeens	287	287		
Spaza Shops		135	74	34
Tailoring and Cobbling	36		1	
Take Aways	110	110		
Taverns	7			
Trade (General)	49			5
Transport	45	40		
		662	404	50
Total	1464	1082		

Source: SLF Business Census Philippi.

Notably, the majority of these disallowed micro-enterprises sustain value chains to formal businesses that manufacture the legal products that they retail informally. This is indisputable in the case of shebeens, spazas, house shops, hair salons, green grocers and the street vendors selling chips, sweets and cigarettes. Strong informal-formal linkages are also evident among street butchers who obtain spent hens from battery farms, the 5th quarter off-cuts from abattoirs, and specialist food retailers who sell dairy products, processed and frozen foods. The disallowed businesses also provide employment, with shebeens and spaza shops having an employment factor greater than two. Indeed, a study on the economic impact of shebeens in the Western Cape found that these micro-enterprises provide on average 2.7 permanent jobs and 0.8 part-time jobs (Petersen and Charman, 2010). At least half this number again, moreover, benefit indirectly from employment or economic opportunities through downstream multipliers in businesses such as street braais, cash washes, and glass recyclers.

The Violation of Spatial and Aesthetic Policy Objectives

The distribution of micro-enterprises defies the spatial and aesthetic objectives of the City's Spatial Development Framework and allied regulations on business activities. Apart from seven taverns, 16 educares and about a dozen other businesses, most businesses are unregistered and violate regulations in one or more aspect of their practice. Their spatial distribution in Figure 2 illustrates this contestation. The majority of Browns Farm micro-enterprises are situated in the heart of residential areas, away from major roads, with the exception of the street traders clustered either side of the 'high street' leading towards the taxi rank/train station. Under the CTZS designations, the Browns Farm case study site contains areas designated 'residential', 'limited use', 'community local' and 'general industrial'. These categories do not reflect either existing settlement typologies or micro-enterprise activities, but rather the 'lived economy' of the urban poor.

Notably, the density of micro-enterprise distribution is greatest in areas of informal settlement, most of which are located on land designated as 'limited use'. In areas designated as residential land, the distribution of micro-enterprises is highly even, confirming that homes are important sites for economic activities. The most significant home-based activities are liquor trading (shebeens), grocery retailing (spaza shops and house shops) and food takeaways. The spatial distribution of shebeens and spaza shops is remarkably evenly dispersed (Figures 2 and 3), revealing how the positioning of these businesses is determined by localised demand. These businesses are located in close proximity to people's homes, combining accessibility with customer safety. The idea that these enterprises could (or should) be relocated to high streets or non-residential areas along high streets defies organic

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business development, economic logic, local consumer preferences and most importantly the livelihoods of the entrepreneurs themselves (Charman, Petersen and Piper, 2012). In short, throughout residential areas, work and home life are closely intertwined.

In order to benefit from the comparative advantage of the home position in terms of its proximate market or situate the business close to high volume pedestrian traffic, entrepreneurs have utilised a range of mobile, semi-mobile and stationary structures. These include shacks built from corrugated iron, metal shipping containers, stalls and stands. Most of these business structures do not adhere to regulations on building standards and informal trade, with shipping containers a particular target of City law enforcement, especially where these are situated on city land. One of the major policy concerns in respect of these businesses is their supposed aesthetic impact on the character of the neighbourhood. Traders must obtain a specific permit to use a container (City of Cape Town, 2013). Yet these business structures are highly sought after, especially among entrepreneurs running hair salons, spaza shops, hardware stores, phone shops and businesses involved in the repair of electrical and mechanical goods. Shipping containers provide greater security because they are difficult to break into and enable the entrepreneur to link their business to a tradable property that can be sold as one entity.

The widespread use of advertising on spaza shops renders absurd the efforts of local government to uphold residential aesthetics. Spazashops have become brand ambassadors. Shop frontages have been painted to enhance the brand identify of sponsors (typically with advertising for cell phone or cooldrink companies). Many shops also sport billboards declaring the name of the business and the logo of the company that sponsored the sign. Municipal regulations on signage are thus widely flouted. Hair care businesses similarly disregard the aesthetics of moderate signage. Both the business name and examples of popular styles are painted on the outside of the container or shack to achieve maximum exposure.

Resisting 'Enforced Informalisation'

We have argued elsewhere that the use of regulation to set standards impossible for informal traders of legal goods to meet constitutes the prevention of formalisation or 'enforced informalisation' (Charman, *et al*, 2012). The case of unregulated liquor provides the clearest example. In addition, we disagree with the argument of Kanbur (2009) that the enforcement of law on unregulated informal businesses will result in these businesses moving away from deliberate evasion towards either avoidance or compliance. We have argued that many informal businesses will continue to evade regulation through reorganising the business in a way that minimises risks of detection

and the consequences of prosecution. This has happened among shebeens in Browns Farm.

Our research was conducted at a time in which the South African police was systematically targeting liquor traders under the Western Cape Provincial Government's policy objective to remove liquor trading in residential areas (Meyer 2012, Mtyala, 2011). The research found that shebeens were the most common type of enterprise in Browns Farm, with 286 shebeens compared to just seven licenced taverns. Similarly, the number of unregulated educare exceeded regulated businesses by 26 to 16. Furthermore, only one of the traditional healers we identified and interviewed was formally registered though some were aligned with informal networks. All these micro-enterprises operate in spite of the law enforcement risks. The level of risk varies in accordance with policy priorities, with unregulated liquor traders subject to more systematic arrest and prosecution than either educare businesses or traditional healers. Over sixty per cent of the liquor traders we interviewed (n=239) had been raided by police in the preceding 12 months. The targeting of shebeens has resulting in their downscaling and the use of strategies to obfuscate prosecution through for example, storing liquor off site.

Notably, law enforcement has neither resulted in significant numbers of these businesses closing down (compliance) or moving to sectors where regulation is less onerous such as fast food retail (avoidance). The most common response to police harassment and prosecution is an acceptance of the cost association of confiscated stock and fines, and treating law enforcement as an informal system of taxation. Indeed, many business owners bribe the police to continue their business (Charman, Herrick and Petersen, 2014; Herrick and Charman, 2013). The 'enforced informalisation' of liquor traders impacts negatively on those micro-enterprises that benefit from economic multipliers, such as the micro-enterprises that collect beer and spirit bottles for recycling or the street braai that serve shebeen customers. As shebeens go underground, these businesses have to curtail their activities. The range of affected businesses is broad and includes car guards, car washes, spaza shops selling cigarettes, cool drinks and airtime, DJs and poster-makers, as well as larger businesses that provide juke-boxes, pool tables and table soccer machines.

The object of regulation in the liquor sector is to control supply rather than maintain product integrity. There are several sectors, in contrast, that sell products that are produced informally and thus avoid state controls and taxation. State regulation of these products is ineffective or haphazard at least. Our research found that 34 spaza shops in Browns Farm, for example, sold contraband tobacco products, though the actual number is probably far greater. All the spaza businesses we identified, nevertheless, sold cigarettes as loose items in contravention of the Tobacco Control Act, to customers of

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all ages including school children. Most of the street butchers sold meat not inspected and declared safe for human consumption, while on-site slaughtering of livestock is common. Traditional healers (and pharmacists of traditional medicine) stocked and produced medicines from illegally harvested and legally protected resources, including both fauna and flora indigenous to the *fynbos biome*. We further identified a number of street vendors selling bootleg CDs and DVDs, counterfeit shoes and clothing brands and in some cases, stolen goods.

Order Above Opportunity in Formal Market Places

The City of Cape Town has constructed a number of ‘market places’ for informal trading, situating these markets at important transport interchanges and entry points into the townships (City of Cape Town, 2013). One of these markets has been built at the Philippi train station. The market structure comprises a taxi rank and row of 20 enclosed, semi-detached, stalls. The present occupants use these stalls to sell fruit and vegetables, air time, electrical goods, traditional medicine, take away food and drink, and operate a shebeen and shoe repair business. On the high street leading away from the station, no sites have been demarcated for street traders. This implies that the City sought to constrain the geographic boundaries of the market to the station precinct. If order and control was its objective, the City’s efforts have not succeeded for the actual market place of this transport zone embodies a profusion of informality. The spatial distribution of informal businesses operating within the broader geographic area of the Philippi train station is shown in Figure 3.

Whereas the taxi rank was intended to impose order through centralising the point of passenger collection/drop off, it serves a relatively small portion of commuter traffic. From outside the rank along the high street operates a fleet of informal taxis, collecting and dropping off passengers wherever the client desires. These taxis are not registered with the Provincial transport authorities. Known colloquially as ‘cockroaches’, they operate with the sanction of taxi associations because they provide the important link between the side streets and high street. The taxi drivers advertise their service by repeatedly sounding car horns.

The existing informal arrangements of businesses create an extensive shopping opportunity for local residents and commuters. Along the street, numerous micro-enterprises operate from street stands, corrugated shacks, shipping containers and buildings. In order to position their business as close to the passing pedestrians, most of these businesses have encroached upon the pathway, thus contravening municipal by-laws. The range of these businesses is quantitatively more diverse than possible in the formal market place. They comprise fruit and vegetable stalls, stands selling sweets and cigarettes, a cluster of traditional healers, home improvement services, business services

(typing and internet access), furniture manufacture, car spares and repair, prefabricated houses, second hand clothes and shoes, plastic containers and versions of Tupperware and a plethora of food takeaways. There are over 100 street traders positioned along the main road between the station entrance and the first major intersection.

One of the most numerous (and significant) businesses along the high street, however, are barber shops and hair salons. These businesses enable commuters to get their hair cut or beards shaved from a business of their preference on route to their destination. The experience of the Philippi high street shows that commuters regard travel as an opportunity to attend to other business matters including shopping, preferring the diversity and flexibility offered by informal micro-enterprises along the street to the restriction of choice that ordered, formalised, market places necessitate.

Conclusions

This chapter has attempted to show the significant scale of informal business in South Africa's townships, and how this informality survives despite the exclusionary policies of the state. Illustrated through a census of all businesses in a section of Browns Farm, Philippi, in the City of Cape Town, the chapter demonstrates how zoning practices, as well as by-laws on health and safety, congestion and aesthetics run counter to the 'lived economy' of poor, black residents of the city. Indeed, despite some small steps by the City of Cape Town in the direction of a more variegated approach to business development the vast majority of informal enterprises exist in tension with city zoning and licensing laws. Thus not only does the lived economy of the township thus remain largely 'unseen' by the state, but the City continues to adopt policies that prevent formalisation and circumscribe informality.

A key objective of this chapter has been to make visible the 'lived economy' by offering some insight into the scale and nature of informal business. Thus in respect of scale we estimate that over 70 percent of informal businesses do not meet the standards of the law. In respect of nature, we draw attention to the difference between exit from formality and (involuntary) exclusion by formal actors. It is clear that some businesses could operate formally choose to operate informally for cost-benefit reasons. This is informality as exit. However, we argue that in most cases informal businesses retail legal products but are unable to formalise as the standards of formality are either entirely exclusionary (e.g. zoning) or unrealistically high for a poor and crowded settlement (e.g. space requirements for educare). Thus while both 'exit' and 'exclusion' co-exist, and sometimes the boundary between the two is blurred, our research confirms that planning approaches as well as enterprise formalisation policies simply do not recognise the realities of the lived economy of informal micro-enterprises, business activity and localised

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demand. If anything, these approaches reflect the suburban imaginary of Cape Town as a ‘world-class city’, and informality remains disallowed.

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