Exploring the Second Hand Clothes Trade: The Case of
Durban, South Africa.

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Declaration

This dissertation denotes original work of the author and has not been submitted in any other form to another university. Where use has been made of the work of other authors and sources, it has been accordingly acknowledged and referenced in the body of the dissertation.

The research for this dissertation was completed in the School of Development Studies at University of Natal, Durban. Research was undertaken under the supervision of Ms. Caroline Skinner during the period March 2002 to July 2003.

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CHAPTER 1: INTRODUCTION

Escalating unemployment in South Africa has led to the growth of the number of people who participate in informal activities. One activity that has experienced particular growth since 1994 is the second hand clothes trade. Although there is substantial literature both on the clothing industry in South Africa and various aspects of the South African informal economy, there is little or no literature exploring the nature of the second hand clothing trade. It is this gap in the literature that this dissertation seeks to address.

Hansen (1999:193) states that although trade in second hand clothing has a long history, its economic power and global scope were never as vast as they have been since the early 1990s in the wake of the liberalisation of many Third World economies. Although the extent of second hand clothes imports in South Africa in the 1990's has yet to be quantified, there are indications that there has been a substantial increase, the increase in the number of traders selling these goods being a case in point.

The issue of second hand clothes sales poses a particularly perplexing policy dilemma. On the one hand research thus far points out that the formal clothing manufacturing industry in terms of numbers of employees in South Africa is in decline (Rogerson, 2002). The growth in second hand clothes import and trade has been regarded, particularly by trade unions, as a contributing factor to the substantial job losses in formal clothing. SACTWU (2000), for example argues that the importing of second hand clothes has been responsible for the loss of jobs of some of the poorest paid workers in the manufacturing industry. Second hand clothing, it is pointed out is particularly cheap as it is largely sourced for free from charities in the North and thus, it is argued, competes unfairly with domestically manufactured goods. On the other hand the growth in the number of traders, particularly poorer women traders, selling these goods indicates that there are many people depending on this activity for their survival. Second hand clothes traders are able to generate income to provide their households with basic

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needs. Further, this trade is providing cheap clothes for low-income consumers.

So far no research has documented who the traders are, for example where they come from, what their work history is, how many people are dependent on their income. Little is known about the operation of this business particularly the players in the distribution of second hand clothes. Although not aiming to resolve this dilemma, this dissertation seeks to contribute to the policy debate.

The following are the objectives of this research:

- To understand the perspectives of government and trade unions regarding the second hand clothing trade in South Africa
- To find out where second hand clothes are being traded in Durban
- Having located second hand clothes trading nodes in Durban, to find out who these traders are
- To understand the household dynamics of traders
- To determine links between the formal and informal economy in this component of clothing supply and distribution
- To highlight key problems they experience.

1.1. Outline of Chapters

Having introduced the research question in the introductory chapter, Chapter 2 concentrates on the informal economy – how the concept has been defined and the range of schools of thought that have emerged over time to explain it. Increasingly research on the informal economy is drawing on the value chain approach. This is briefly reviewed. The South African informal economy is then briefly considered as well as different policy stances.

Chapter 3 provides a context to the study. Globalisation and the South African government's policy response to it are reviewed. South African clothing industry and second hand clothes trade are explored. The South African clothing industry and the changes in job opportunities with time are

discussed and then the African clothing industry where trade in second hand clothes is discussed.

Chapter 4 reviews the methods employed in this study. Once an initial scan of trading activities was conducted a random sample of 40 traders in three different areas were interviewed. This information was coded on SPSS and analysed. A number of key informant interviews were conducted with suppliers. To assess the state's stance on second hand clothes trade an official from Customs and Excise in Durban was interviewed. Finally the two trade union bodies – the South African Clothing and Textile Workers Union or SACTWU and the International Textile Garment and Leather Workers Federation or the ITGLWF were interviewed. Both interviewees had been active in lobbying against the import of second hand clothes.

Chapters 5, 6 and 7 form the main body of the dissertation as they reflect the findings from the primary research. In Chapter 5 the state's approach to this trade is assessed. The trade union position on this trade is then considered. A discrepancy is discovered in what the rebate item states and how it is being applied. In Chapter 6 the findings from the initial scan are considered. It is argued that black South African women dominate this trade. It was also found that a number of foreigners from other African countries are involved in this activity. The chapter then reflects the demographics of trader interviewees, previous work activities, current residence and place of origin and financial responsibility for the household.

Chapter 7 concentrates on the business activities of traders. It covers, among other issues, how long they have been operating, why they choose this trade rather than any other, issues about their site and whether they belong to any organisation. A group of the traders are employees. Their wages and work conditions are discussed. All information gleaned on sourcing relations and turnover is assessed. Finally, traders' assessment of their own business, future plans and relationship with local authorities is considered.

The concluding chapter - Chapter 8 - summarises the findings and reflects back on the theory introduced in Chapter 2. It concludes with policy recommendations and areas for further research.

CHAPTER 2: THE INFORMAL ECONOMY - DEFINITION, THEORY AND REALITY

Over the past decade or more, informal work is estimated to account for more than half of the new jobs in Latin America and over 80 per cent of the new jobs in Africa. Available evidence suggests that the informal economy accounts for 40 to 60 per cent of total urban employment in most developing countries. (Chen, et al, 2001:5). Chen, et al (2001:4) point out that, despite predictions to the contrary, the informal economy continued to expand. In South Africa the informal economy is very important. According to Skinner (2001), informal activities, like street trading, provide an entry point into the economy for those who have never been formally employed as well as those who have been retrenched. As Preston-Whyte and Rogerson (1991:1) point out due to its potential for providing work and incomes, the informal economy touched and shaped the working lives of the majority of South Africans.

This chapter critically assesses the notion of the informal economy. The theories of the informal economy will be briefly reviewed. There is an increasing focus on making use of the value chain approach in informal economy research. This approach is discussed as it partly informed the way in which this study was conducted. The chapter then goes onto briefly review South African statistics about informal work and concludes with a brief discussion about the policy challenge this phenomenon presents.

2.1. The Concept of the Informal Economy

There has been a great deal of debate about the definition of and hence terminology used for those parts of the economy not included in the formal economy (Lund 1998:15). Although Keith Hart first coined the phrase 'informal sector' in the early 1970s, the International Labour Organization was responsible for popularising it. Their definition of the term has been most widely used since then. According to the ILO (1972:6), the informal sector is characterised by:

a. ease of entry

b. reliance on indigenous resources

c. family ownership of enterprises

d. small scale of operation

e. labour-intensive and adapted technology

f. skills acquired outside the formal school system

g. Unregulated and competitive markets

As Lund (1998:15) points out the ILO definition was never unproblematic particularly as its static definition of 'family' failed to accommodate changing household forms, and gender positions within households. The ILO focus on for example the 'reliance on indigenous resources' fails to accommodate changes in the informal economy. Recently, most informal activities do not rely on indigenous resources. An example is second hand clothing from overseas. Second hand clothes are imported to South Africa as a finished product ready to be sold to the public, so no indigenous resources have been used. The ILO definition fails to acknowledge that many people in the informal economy use the skills acquired from formal schooling to participate in whatever activity they are informally involved in. The definition also fails to accommodate the fact that the informal markets are largely becoming regulated.

A further problem is the idea of a 'sector'. Skinner (2002:4) states that there are two problems with the idea 'informal *sector*':

> "First the term informal sector disguises a significant degree of heterogeneity. Informal activities encompass different types of economic activity (trading, collecting, providing a service and manufacturing), different employment relations (the self-employed, paid and unpaid workers and disguised wageworkers) and activities with different economic potential (survivalist activities and successful small enterprises). A second and related problem is the distinction between the formal and informal sectors as if there was a clear line dividing the two. Close analysis of this phenomenon demonstrates that they are integrally linked."

The term 'economy' implies a greater range of activities than sector. If both formal and informal activities are seen as part of the economy we are better able to see the linkages between the two (Devey, et al 2002:4). Referring to informal employment as being part of the economy also helps to give credit to the considerable amount of income and provision of basic needs that this work contributes to the lives of poor men and women.

There is a recent shift from an enterprise-based definition of the informal economy to an employment-based definition. Chen et al (2001:8) for example suggest a definition of informal work that includes:

a) all employers of informal enterprises;

b) all self-employed persons, except self-employed professionals and technicians; and

c) all wage workers who work without minimum wage, assured work, or benefits, whether they work for formal or informal firms (including employees of informal firms, domestic workers, causal workers, home workers, temporary and part-time workers, and unregistered workers).

Having discussed the definitions given above, the section below will discuss the theoretical approaches to the informal economy.

2.2. Different Schools of Thought about the Informal Economy

Different schools of thought on the informal economy differ primarily with respect to their views on the causes and outcomes of informality and the role of the informal economy in economic growth. They also differ with respect to how they view the relationship between the formal and informal economy (Skinner, 2002:5). The three broad theoretical approaches to the informal economy - the dualist, structuralist and legalist approach - will be discussed.

The dualist approach, largely characterised by International Labour Organisation (ILO), sees the 'formal' and 'informal' sectors as two separate independent entities (Bromley, 1990:336). The dualists view the informal economy as a separate and marginal sector – not directly linked to the formal

sector – that provides the safety net for the poor (ILO, 1972). They argue that the informal economy exists or persists because economic growth or industrial development has failed, as yet, to absorb those who work in the informal economy (Carr and Chen, 2002:6). The ILO acknowledged the efficiency of the informal sector and is arguing for its support (Bangaseer, 2000:9).

The second approach is the structuralist approach. 'The structuralists view the informal economy as being subordinated to the formal economy' (Castells and Portes, 1989). They reject economic dualism and focus on the way in which forms of production, productive units, technologies, and workers are integrated into local, regional and international economies (Rakowski, 1994:36). They further argue for the linkages between the informal economy and the large firms. The term informal economy is preferred over informal sector. 'They argue that privileged capitalists in the formal economy seek to erode employment relations and subordinate those who work in the informal economy in order to reduce their labour costs and increase their competitiveness' (Carr and Chen, 2002:6).

The third approach is the legalist approach best exemplified by Hernando De Soto (Bromley, 1990:338). De Soto 'emphasizes the significance of "informality" rather than any rigid division of the economy and labour market into formal and informal sectors' as the ILO does (Bromley, 1990:338). The informal sector is regarded very positively as "the real heart and human resource of the nation" (Bromley, 1990:339). Legalists see the governmental regulations and the mismanagement of public enterprises as the factors that generate informality. The mere emergence of 'informality challenges the state which grants the privilege of legal participation in the economy to the small elite' (Portes, 1994:427). In the paragraphs that follow these three approaches will be critically evaluated and related to the case study at hand.

The case study of second hand clothing will be used to reflect on these different approaches in the final chapter.

2.3. New Tools in Informal Economy Research: Value Chain Approach

There is a trend in the informal economy analysis to make use of the value chain approach. This is an approach that was originally designed to facilitate understanding the formal economy. The techniques developed through this have some value for understanding informal activity particularly if it is being viewed as economic activity rather than as a poverty or welfare issue.

McCormick and Schmitz (2001:41) argue that the 'value chain is the sequence of activities from the conception of a product to its final consumption'. They go on to point out that the value chain describes the full range of activities that are required to bring a product from its conception, through its design, its source raw materials and intermediate inputs, its marketing, its distribution and its support to the final consumer. In other words, the chain can be seen as incorporating production, exchange, distribution and consumption from the cradle to the grave of a given product or service' (McCormick and Schmitz, 2001:41). See appendix 2 for the illustration of the value chains of second hand clothes.

The figures in appendix 2 show the differences in the chains of fabrics and second hand clothes. Second hand clothes have few links when compared to the fabric chain. From one link to the next, there is income generated and employment opportunities created. So, when there are more links, there will be more income and employment. This is more successfully achieved in the fabric chain than in the second hand clothes chain. This implies that in both chains, incomes and jobs are obtained, but the difference is that there are fewer people benefiting in the second hand clothes chain than in the fabric chain.

One aspect of the research seeks to focus on the sourcing, supplying and distribution of second hand clothes to the final consumer in Durban-Pinetown. The value chain theory represents, or maps, the connections or links between actors who are involved in an activity of production until the last actor in the

chain. Informal economy theory, on the other hand, focuses on the nature of trading in second hand clothes.

The value chain approach has a process called 'Mapping a value chain' which is divided into two stages. First, drawing an initial map which gives the contours of the chain: the main activities carried out locally, their connections to activities elsewhere, the connections to the final markets, some initial indicators of size and importance. Second, elaborating the final map: quantification of key variables, identification of strategic and non-strategic activities, showing gender and skill compositions in these activities, identifying leverage points for action (McCormick and Schmitz, 2001:40).

This study is going to draw on the approach, or be informed by it, but not apply it strictly. Amongst the stages mentioned above, this study will only focus on identifying the links in this activity by stating who the stakeholders are in the trade in second hand clothes. The information on who does what until the second hand clothes reach the final consumer on the streets. The gender composition in this trade will also be discussed. The skills composition will be briefly explored, mainly to find out the skills required to be in this activity as well as the skills that people gain in this activity. It is hoped that this study can thus provide the basis for future value chain analysis aimed at understanding the whole South African second hand clothes distribution chain.

2.4. The Informal Economy in South Africa

Devey, et al (2002:5-6), drawing on recent labour force statistics, conclude that including subsistence agriculture and domestic work between 25% and 30% of those working in South Africa are engaged in the informal economy. They also suggest that the informal economy, as a proportion of the total labour force, has grown over time.

Africans have in the past, and continue to dominate in the informal economy activities (Horn, 1993; Lund, 1998 and Preston-Whyte and Rogerson, 1991).

Devey et al (2002:8) found that one quarter of African workers are engaged in the informal economy and they make up 84% of all workers in the informal employment. They also found that for other groups a significantly smaller proportion of workers are engaged in the informal economy activities with, for example, just 6.5% of white workers in the informal economy.

Historical reasons led to the dominance of Africans in the informal economy. Apartheid disadvantaged the majority of Africans. Under apartheid most informal selling in urban centres and even would-be formal black-owned businesses were defined as illegal (ILO, 2002:40). Lund (1998:7-8) discusses the apartheid policies, which were put in place to control where Africans could live, what they could own, and what they could do. The Land Act of 1913 and the Native (Urban Areas) Act of 1923 removed property rights from Africans and controlled their movements to and in urban areas. This legislation prevented Africans from running their small business in urban areas and more especially in cities where there is a good market.

Although there are more men than women in both the formal and informal economy, the gender difference is not as large in the formal as in the informal economy (Devey, et al 2002). More qualitative research indicates women tend to dominate the poorer end of the informal economy (Lund (1998); Skinner and Valodia (2002), Valodia, (2001)).

Labour force statistics demonstrate that retailing is one of the dominant activities in the South African informal economy (Devey, et al 2002). Lund (1998:16) states that it is difficult to estimate with any accuracy the numbers of people engaged in street trading. This is because often traders are mobile and not fixed on one site. Others do not operate throughout the year and sometimes they are also doing other forms of activities, i.e. part-time jobs. Lund (1998) synthesised all available studies on street trading, found that no study had been conducted on second hand clothes trade in South Africa. It is this gap in the literature that this dissertation seeks to address.

2.5. Informal Economy Policy Interventions

In terms of policy interventions, as Chen et al (2001:17) point out, the informal economy is here to stay. This is corroborated by the national and international statistics that have been reflected in this chapter. Chen et al go on to argue that the informal economy requires appropriate regulations, laws, and policies to correct for biases in existing regulations, laws, and policies that favour the formal economy and disadvantage informal workers.

Bromley, writing in the late 70's, identified the important policy principle highlighted below.

> "It is often mistakenly believed that a single policy prescription can be applied to the whole informal sector, so that governments should adopt similar programmes towards artisans making furniture, towards artisans illegally manufacturing fireworks, towards sellers of basic foodstuff, and towards prostitutes or drug-peddlers. The informal sector is large enough to permit and diverse enough to necessitate a wide range of different policy measures, allowing governments to mix incentives, assistance, neglect, rehabilitation and persecution within the total range of policies " (1978:1034).

Devey et al (2002:29), reflecting on the South African context, argue that there are two characteristics of the informal economy, which are critical for policy considerations.

> "First, ... the informal economy is made up of a heterogeneous set of activities. Therefore, any policies aimed at promoting employment in the 'informal economy' have little, if any, practical application. A sectoral approach to the informal economy, which recognizes the informal economy as linked closely to the formal economy, is more likely to achieve positive outcomes. Second, the informal economy should not be romanticized. ... Most informal economy workers in South Africa are operating as survivalists, unable to find employment in the formal economy."

It is this need for appropriate policy that is informed by the sectoral specificities that informed the choice and design of this research.

CHAPTER 3: THE CONTEXT - THE SOUTH AFRICAN CLOTHING INDUSTRY AND SECOND HAND CLOTHING TRADE

This chapter contextualises this research by reflecting on the international and South African environment. Globalisation and South Africa's response to it are first considered. The changes in the clothing industry are discussed. The international and South African literature on the scope of second hand clothes is reviewed. The chapter ends with the discussion of the impact of this trade on the textile industries in other African countries.

3.1. Globalisation and the South African Economy

Globalisation means different things to different people (Jomo, 2002; Carr and Chen, 2002). In its broadest sense, the term encompasses all types of economic and cultural transfers between nations – including domination of media and widespread use of the worldwide web (Carr and Chen, 2002:1). In the narrower sense, it refers to "the economic exchange of goods and services internationally and international financial flows" (Carr and Chen 2002:1). One upshot of globalisation, as Standing (1999:583) points out, is growing labour market flexibility. He goes on to say new technologies, new labour control systems and reformed forms of work organisation have transformed patterns of labour force participation throughout the world.

Jomo (2002:99) identifies five aspects of economic globalisation that pose serious challenges to the developing world. These aspects include: 1) international trade; 2) foreign direct investment; 3) international finance; 4) strengthened intellectual property rights and technological access; 5) the new institutional economic governance. Since this dissertation is primarily concerned with trade it is imperative to discuss the aspect. Jomo (2002:100) points out that, on the one hand, there are potential gains from trade due to international specialisation and the fact that existing protection is burdensome. He goes onto point out on the other hand however that experience demonstrates that the consequences of trade liberalisation are generally

severe. Many developing countries experienced massive job losses and no guarantees that new jobs will replace lost jobs.

The shift in economic policy by ANC-led Government of National Unity (GNU) from the essentially Keynesian approach of the Reconstruction and Development Programme (RDP) to the more neo-liberial approach of the Growth, Employment and Redistribution Strategy (GEAR) has been argued to be a response to globalisation. Habib and Padayachee (2000:247), for example, explain this shift as the result of the ANC's perception of the balance of economic and political power at both the global and local level.

South Africa's reintegration into the global economy and the 'open trade' policies pursued by the democratic government following the 1994 change in political dispensation, has led to increased pressures on domestic industry to strive to attain international competitiveness in order for its products to cope with intense global competition. Whilst it is assumed that these pressures will induce domestic industry to become competitive, the immediate effect of trade liberalisation has increased unemployment as firms retrench workers and some close down due to an inability to cope with increased competition (Fakude, 1999). Valodia (2001:881) argues that it has, very rapidly, exposed the industrial sector to international competition, and is beginning to shift the economy onto a path of capital intensification. There is evidence that processes identified by Standing are being experienced in South Africa (see Valodia, 2001, Skinner 2002).

The government's Growth and Redistribution (GEAR) plan predicted the growth rates of the economy from 1996 (Nicholson, 2001:14). It established targets of a 6.1% growth rate and the creation of 409 000 jobs per annum by the year 2000 (Habib and Padayachee, 2000:252). However, since 1997, the economy has not done as well as was expected. The employment statistics demonstrate that the predictions of GEAR have not been realised, job losses have increased and there has been little or no job creation.

3.2. The South African Clothing Industry

The South African clothing industry can be traced back to the 1920's. It is an industry that developed behind high tariff barriers. As Fakude (2000:13) notes the clothing sector had traditionally been one of the most highly protected sectors under the import-substitution policies of the previous regime. Skinner and Valodia (2002:3) note that when the clothing sector was at its peak, in the early 1990's, tariffs were on average 90 per cent on clothing and it is estimated that local retailers were sourcing 93 per cent of their goods from the domestic industry. In terms of employment the clothing industry has over the years been a significant employer. Estimates of total employment in the South African clothing sector vary. In 1990 in Greater Durban area there were approximately 450 firms employing between 45 000 and 49 000 people (Skinner and Valodia, 2002:4).

From the early 1990s onwards government embarked on a policy of re-engagement with the global economy and a reduction of tariffs. This made way for the importation of cheap clothes. In this period there have been significant job losses. Skinner and Valodia (2002:5) point out that in a two year period from 1 July 1999 there have been 22 756 jobs lost in the clothing industry throughout South Africa, mostly in the KwaZulu-Natal region.

Research on the clothing industry (see for example Fakude, 2000; Skinner and Valodia, 2002; Valodia, 2001) indicates that whilst some firms decided to shut down, others diversified into other more promising sub-sectors of the clothing industry. Yet others decided to relocate some of their production to outlying areas where labour costs are lower than in the metropolitan areas. Some of the small and medium retailers responded by informalising some of their retail activities and participating directly in the informal retail of imported and domestically produced clothing either by supplying the informal traders or by directly employing them to sell on their behalf. On the other hand, the response of the manufacturers has, in the main, been geared to minimising production costs (especially labour costs).

An aspect of the changes in the clothing industry that has received less research attention is the increase in import and trade in second hand clothes in South Africa. The details about the tariff structure will be reflected on in Chapter 5. There does however appear that, simultaneous to the liberalisation of tariffs on newly made clothes, there was an influx of imported second hand clothes. Wentzel (1993:76) for example states imports of second hand clothes accounted for 95 million units of the 158 million units of clothing imported to South Africa during 1991.

There are different perspectives about the trade of second hand clothes in South Africa. The South African Clothing and Textile Workers Union or SACTWU has claimed that the importing of second hand clothes led to the massive job losses. Second hand clothing however employs a number of street traders who generate income and support their families. Since second hand clothes are cheap and affordable, it enables people to save some income for other basic needs for the household.

3.3. Second Hand Clothes Trade

The second hand clothing trade has a long but unexplored history in Africa. Recent literature on this issue (Hansen, 1999; Deconsult, 1993) highlights how there has been a rapid expansion in exports of second hand clothing from the wealthy countries of the North to the markets of poor countries in the South where it is consumed again. Hansen (1999:193) states that worldwide second hand clothing exports increased six fold between 1980 and 1995. Hansen partly ascribes this to the liberalisation of economies with previously tightly regulated import regimes. She notes (1999:191) that sub-Saharan African countries are among the world's largest importers, with consumption of second hand clothing exceeding that of all other regions. Hansen (1999:193) notes that in 1995 the world's largest exporter of second hand clothes was the United States, followed by Germany, the Netherlands, Belgium-Luxembourg, and the United Kingdom.

Trade in second hand clothes is a well established activity with internet website advertisements where members of the public are requested to donate their used clothes[1]. There appears to be consensus that private charity organisations in the USA, Canada and Europe are the main suppliers of second hand clothes. Authors (Deconsult, 1993, Hansen, 1999) point out that charities like the Salvation Army, Goodwill, St. Vincent de Paul, and Armvets in the United States and Oxfam, Humania, Abbe Pierre, Development Aid from People to People in Europe receive far more donated clothing than they can sell in their thrift stores. The surplus is sold to commercial dealers. Hansen (1999:191) states that in the United States 40 to 60 per cent of clothes donations made are bought by commercial rag dealers or textile recyclers. Rag graders sort the second hand clothes according to type and quality, and press them into bales to be shipped. Deconsult (1993:6) notes that generally the poorest quality second hand clothes are exported to Africa. Kearney (2000) claims that the lion's share of second hand clothes donations are sold to dealers and exported to developing countries and sold at market prices. The used clothing shipped to sub-Saharan Africa by the United States accounts for nearly $60 million in sales annually (Kearney, 2000).

Hansen (1999:191) argues that the international second hand clothing trade provides another example of inequitable North-South relations where poor Africans deal with the West's 'unwanted or cast-off' clothes. It is thus clear that second hand clothing donations are controversial. Western consumers give clothes to charity convinced that their donations will go directly to the poor. Although a small portion of donations go to the poor, a larger portion is sold to the poor at market related prices. Authors do point out the added complication that the profits made from the sale of clothes by charity shops in the North are often used for development assistance. Tvindalert (2002:1) states that more than 4 000 charity shops selling second hand clothes in England raise funds for overseas development and aid work. Deconsult

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[1] An example is TUTT Global Used Clothes & Shoes Company, their website is: http://www.TUTTglobal.com/p/used-c.htm. Other organisations have websites to advertise their second hand clothes and allow for orders to be placed online, an example is www.BizRate.com. TAFTA, in South Africa, advertised in the newspaper for the donation of used clothing to their shops. They stated that funds from the sale go towards helping the needy in the community (Sunday Tribune, 06/08/2001: 5).

(1993:76) makes a similar argument in the case of Development Aid from People to People in Denmark (DAPP) in Zimbabwe and Zambia.

3.4. African Clothing Industry and Second Hand Clothes Trade

Economic history shows that the clothing and textile industry played an important role in the industrialisation of developed countries. This is because of the industry's unique characteristics of being labour intensive and its links with other sectors of the economy such as agriculture (Kinyanjui, et al. 2002). Kearney (2000) points out that in many African countries, the textile sector is a big employer, employing approximate 27 000 people in Zambia, 35 000 in Kenya, 47 000 in Ethiopia, 48 000 in Zimbabwe and 85 000 in Mauritius.

The impact of this second hand clothing trade on developing country economies seems equally complex. On the one hand, as Wegulo (2002:3) points out, trading in second hand clothes is a growing component of the informal economy that offers employment and incomes to a significant proportion of the population thus helping people to escape from economic hardships. This is partly indicated by the terms used to describe these goods. For example in Zimbabwe second hand clothes are called *mupendzanhamo*, meaning 'where all problems end'.[2] Further it seems to provide relatively cheap clothes for consumers.

On the other hand however many others (Kearney 2002 www.itglwf.org) have argued that this trade has had detrimental effects on local production. There has been a decline in domestic demand for the textile output where consumers prefer to buy imported second hand clothes as they seem to be a far better option in terms of price and quality. This led to the decline in volume

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[2] It should be noted that terms used in sub Saharan Africa are not always this positive. In Tanzania for example second hand clothes are called *Ukafa Ulaya*, or 'the clothes of the dead whites'. In other countries like Nigeria and Zambia second hand clothes have more neutral connotations. In Nigeria they are called *'tokunbo'* which means that they come from overseas. In Zambia, they are termed *'salaula'* meaning to select from a pile in the manner of rummaging. In KwaZulu-Natal they are called *amasekeni*, meaning 'second owner of the clothing' in Zulu, a term that does not have particularly negative connotations.

of production resulting to the increase in the number of firm closures. Kearney (2002:2) points out that in many developing countries the textile and garment industry is a significant source of jobs, but in recent years tens of thousand of workers have lost their livelihood largely as a result of the trade in used clothing. He further argues that textiles industries of countries like Kenya, Mozambique, Tanzania, Togo, Ivory Coast and Ghana, among other African countries, are where there have significant job losses. Case studies of Zambia, Zimbabwe and Kenya are briefly discussed below.

In Zambia the second hand clothing trade has had both positive and negative effects. According to International Textile Garment and Leather Workers Federation (ITGLWF) (2002:9), when trade controls were relaxed large quantities of cheap, second hand clothing came into the country duty free. They (2002:9) point out that these clothes were imported 'without paying production, labour costs or the tariffs that once protected local manufacturers from foreign competition'. The ITGLWF points out that Zambian clothing and textile factories have shed roughly 325 000 jobs since 1990. They claim that this is because Zambia's textile producers simply could not compete with the influx of western clothes. The ITGLWF does however recognise that Zambians buy bales of second hand clothes at a reasonable price and can manage to make a living from trading it.

In Zimbabwe the reduced demand for products and reduced exports led to job-losses. It is estimated that 15 000 people in clothing and textile industries lost their jobs over the past seven years (Kuveya, 2002 www.itglwf.org). The Zimbabwean Textile Workers Union claimed that Danish development aid in the form of sale of second hand clothes from DAPP resulted in these job losses (Deconsult, 1993:1).

In Kenya, Wegulo (2002:3) notes that trade in second hand clothes is a growing component of the informal economy. The influx of second hand clothes was due to the government's reversal of duty on second hand clothes (Your World of Financial Services, 2002:1). Since Kenya's textile industry is said to be struggling, the reversal of duties meant more problems for the

industry, the country's economy and the people. It is argued that government's move would kill local textile and garment industries (YWFS, 2002:1). According to Kearney (2002:1) indeed there have been job losses in Kenya due to the government reversing duties.

Hansen (1999) argues that as a strategy of dealing with the issues discussed above, garment and textile manufacturers in several countries have called for prohibition of the import and trade in second hand clothing. This is because this growing import poses a threat to domestic production. Countries like Mali charge high import tariffs on second hand clothing, seeking to reduce its volume, with the aim of protecting the domestic textile industry. Other countries – including Cote d' Ivoire, Kenya, and Nigeria, have banned the commercial import of second hand clothes. In practice such rules are unable to restrict the flow of this popular commodity across Africa's notoriously permeable borders (Hansen, 1999:193). For the producers, this activity has created uncertainty about the future viability of the industry. They recommend that the government should control, charge higher duties or ban the trade flows of these clothes from the supplying countries.

Due to this negative impact of trade in second hand clothes, trade unions like SACTWU together with ITGLWF lobbied against the importation of second hand clothes. At the eighth Congress of ITGLWF held in Sweden they came up with a resolution supporting the continuation of the campaign against the second hand clothing trade in the continent of Africa until it is completely stopped. SACWTU worked together with the clothing and textile industries in South Africa to lobby against the import and trade in second hand clothes.

CHAPTER 4: METHODOLOGY

This study is the combination of qualitative and quantitative methods. This chapter details the range of research methods used to address the research question.

4.1   Initial Scan of Trading Areas

The researcher conducted an initial scan of second hand clothes trade during late June to early July 2002.   The densest trading node in Durban – the central business districts of Durban and Pinetown - were visited.   It was also observed that second hand clothing trade was also occurring in township areas. One such area, Clermont, was therefore selected to be part of the study.   The researcher observed trading activities in these three areas over a three day period.   The objective of this component of the research was to identify where this trade was happening, to estimate the overall numbers of traders and to make general observations about the gender and nationality of traders. A few street traders were informally interviewed during the initial scan.

4.2.   Interviews with Street Traders: The Process

Forty street traders were interviewed: 15 respondents in Durban, 15 in Clermont and 10 in Pinetown. The findings from the scan demonstrated that Durban and Clermont had larger concentration of second hand clothes street traders and unlike the traders in Pinetown they are at their sites every day. Given that only a general sense of the universe (and not a rigorous sampling frame) had been obtained the objective was not to get a representative sample but a random sample with enough interviews in each area to be able to make comparisons by area.

The sampling method used for this study has been non-probability sampling. Within each community a snowball sampling technique was used to obtain the population sample to be interviewed. Street traders were chosen based on availability and willingness. The research aims and focus were explained to

traders who demonstrated that they were willing to participate. Appointments were made for formal interviews. In general all traders except foreigners were willing to be interviewed. This can be attributed to the fact that some foreigners do not have appropriate documents for being in South Africa and so are suspicious that the researcher could be feeding information to the Department of Home Affairs. In the end only one foreigner agreed to be interviewed.

Interviews with street traders took place at their trading site and in the first language of the traders - Zulu. Interviews were conducted in July and August 2002. Traders were assured that their names would be kept confidential. Each interview took approximately forty-five minutes to one hour. Sometimes they took longer because respondents had lots to share and the researcher was willing to listen and record the relevant information.

When conducting these interviews, the researcher took notes. Initially, the researcher planned to use a tape recorder during interviews. Recorders help the researcher recall events and observe what does not happen, or non-responses, which are easy to miss (Neuman, 2000: 366). However, given that most interviews took place in the trading sites along the streets, where there is a lot of noise, tape recording was best avoided. So notes of all responses have been taken and recorded in spaces provided on the questionnaires (see the questionnaire in appendix 1).

During the interview the researcher also made use of observation. For example, the clothes' labels were looked at to confirm the source. This is because some respondents would say that they sell local clothes, whilst their labels are from overseas retailers.

Once all the questionnaires were complete they were coded and entered onto the data processing package SPSS.

4.3   Interviews with Street Traders: The Content

In the structured interviews traders were asked both about themselves, their previous work experience and also about their business. (See the questionnaire in appendix 1) Questions on previous work activities were asked to find out how the previous work relates to the current activity they were engaged in and also whether selling these clothes generates more or less income for them when compared to their previous jobs. They were asked about their current work activities to understand if it helps them to supporting their households financially. There were also questions on the source of the stock to understand where they source these clothes. Questions regarding the business performance were also asked to find out how much income they generate in their businesses. Site related questions were asked to understand the conditions they work in as far as the site is concerned. They were asked about their future plans to understand if people are planning to be in this business for long or not. Since some of them were owners of the stock, questions about job creation were asked to find out if they employ other people to assist them in this business and even for childcare whilst they are away. Since developments are taking place in the informal economy with an emergence of organisation for the participants, questions regarding their affiliations were asked to find out how well are they established. Finally, they were asked of what interventions they could recommend the government to do so that their businesses will operate, as they want them to.

4.4   Interviews with Suppliers

Five suppliers of second hand clothes were informally interviewed. Suppliers were found through street traders and through the initial scan. Two shops visited were in Durban and three in Pinetown. However, this does not mean that there are more second hand clothes shops in Pinetown. This means that the researcher gained access to more shops in Pinetown than in Durban. The interviews that were secured were conducted in English and they took place at their shops.

The intention was to interview more suppliers but a number of problems were experienced. Shops were difficult to locate because they are not well sign posted and because they are mostly in arcades and difficult to identify. Even when the suppliers were identified most of them refused to be interviewed. This reluctance is likely to be because of the element of illegal trade in this business, meaning selling illegally imported goods.

The researcher had to pose as a buyer to find information from some suppliers. Suppliers were thus informally interviewed.

Due to these difficulties the findings of this component of the research are limited.

4.5.   Stakeholder Interviews – The Trade Unions and the State

Three key informants were interviewed. Two were officials from trade unions, South African Clothing and Textile Workers' Union (SACTWU) and International Textile Garment and Leather Workers Federation (ITGLWF) and another official was from Customs and Excise, Durban. Trade union officials were approached because they are dealing with issues of clothing and textile workers. They were included in the study to understand what they know about the trade in second hand clothes, its impact in the clothing industry and also their standpoint on this activity. The researcher made appointments to see the key informants after having discussed the objectives of the study with each of them telephonically and through a series of emails. Interviews took place at their respective offices.

The researcher interviewed an official from the International Textile Garment and Leather Workers Federation (ITGLWF). Previously he worked for South African Clothing and Textile Workers' Union (SACTWU) and has done work regarding the distribution and trade in second hand clothes in South Africa. This interview provided valuable information on the position of trade unions regarding the distribution and trade in second hand clothes. Mainly, the

information provided was about where these clothes come from and the action that the trade unions took to deal with this issue. In addition to the information supplied by ITGLWF official, an official from SACTWU was interviewed. For more information, and the relevant documents on trade unions position, the researcher was referred to the Trade Union Research Project (TURP) based in University of Natal-Durban. Informal discussions were held with students from other African countries that are studying in the university to share what they know about the second hand clothes trade.

On 9 October 2002, a meeting was held with the Customs and Excise official in his office in Durban. The meeting was held with him because they control the imports through the Durban Port. It was hoped that he would have some information of the importation of second hand clothes and the regulations regarding this activity. The meeting was useful and interesting information was gathered. However, there were no statistics on the amount of imports of second hand clothes in Durban port. The Customs and Excise official could not help in providing these statistics because he said they do not keep them since this activity is not allowed in South Africa. The Board of Tariffs and Trade in Pretoria were emailed for these statistics but there has been no response to date.

CHAPTER 5: THE INSTITUTIONAL ENVIRONMENT

This chapter explores different perspectives on the issue of second hand clothes trade. First, the position of Custom and Excise is investigated. Through Customs and Excise, the influx of second hand clothes is controlled. Illegal goods are confiscated and the legal ones are allowed to go through. This government department is thus a key player in regulating distribution. Second, the perspectives of the trade unions and their actions to stop second hand clothes imports are reflected on.

5.1. The Government's Perspective

The Customs and Excise official was at pains to point out that the South African government is totally against the importation of second hand clothes for individual gain and for income generation. He pointed out that second hand clothes are only allowed to be imported for charitable organisations if they are not going to generate income by selling them. The concerned organisations have to apply to import these clothes and get a permit from the Board of Trade and Industry in Pretoria. When possessing a valid Rebate Permit from the board, they are exempted from paying the customs duties. The stock is weighed and allowed in. The Import and Rebate Permits are once off items, which are overwritten after the transaction. The applicant has to reapply for another permit to be able to be exempted again.

The requirements to import second hand clothes include:
- being a registered welfare organisation
- possession of the Rebate and Import Permits which are authorised by the Board of Trade and Industry in Pretoria. This enables the clothes to be free of customs duties and Value Added Tax (VAT).
- A need to comply with the Rebate Item 405.04 regulations (See Appendix 3)

The official noted that there are many illegally imported clothes that have been confiscated and they are continuing to confiscate more. Currently, according

to the official 'there are hundreds of seized clothes in the warehouse'. This is confirmed by research done by SACTWU. In their 2000 Congress Report it was noted that by October 2000, SARS had confiscated over 757 469kg clothing and textiles. In Durban, 286 172kg of clothing and 153 561kg of textiles were confiscated alone. (SACTWU, 2000:100). East London also seems to be an entry point for these goods. A Daily Dispatch (25/08/1999) report, for example, noted that the East London Customs and Excise officials seized two containers in the harbour containing second hand clothing with an undeclared tax value of 1.1 million.

The customs official agreed that there seemed to still be imported second hand clothes being sold and noted concern about this. The official argued that second hand clothes are being imported via other provinces' ports as people import these clothes using false permits. Second hand clothes move through South Africa between countries like Lesotho and Swaziland. Lesotho is said to be the main importer of second hand clothes. This implies that control measures still need improvement. He further stated that:

> "The problem facing the government is that of not knowing how these clothes end up on the streets. It is also unknown how they escape the controls in the ports. The role players in this distribution are not yet known and this is a concern. The rapid growth in this activity has detrimental future implications for the country as a whole. Finally, the charitable organisations are also not easy to trust, given that they are the only organisations, which can have permits to import these clothes. So, this means that it has been through some of these organisations that the clothes ended in the streets."

The Customs and Excise official noted that the Board is planning to be more selective when granting import permits, so reducing the number of permits.

In conclusion, according to the Customs and Excise official, importing of second hand clothes for income generation is prohibited in South Africa. The main reason for this is that this activity threatens the clothing industry and causes job losses. It was however acknowledged that there were loopholes in their system. It is important to note that the sale of locally sourced second hand clothes is not seen as a threat to the clothing industry.

5.2. The Trade Union's Perspective

Officials from SACTWU and ITGLWF were interviewed. They share the perspective that the second hand clothes trade causes substantial job losses in the clothing and textile industries in South Africa. The SACTWU official stated that there were 114 000 jobs lost between June 1995 to June 2000. He argued that second hand clothes trade was amongst the factors, which led to job losses in the clothing industry.

The ITGLWF official pointed out that there are two sources of these clothes. One is residential area of middle class South Africans. Here traders knock door-to-door looking for unwanted second hand clothes from people willing to exchange them for items or money. He stated:

> "The locally-sourced second hand clothes are not a threat to the clothing and textile industries and jobs for South Africans. This is because they are a South African product."

The other source is imports, which concern them most as they argue that it led to the decline of the clothing industry. He said:

> "More and more South Africans are made to rely on the 'rubbish' of the overseas rich people. This is an insult to South Africans that they have to wait for those people to wear their new clothes and, when they are tired of them, send to poor people."

The SACTWU official said there had been widespread abuse of the regulations. He said:

> "We have evidence of abuse of the facility by charities, certain churches and a range of middlemen who emerged to exploit the rebate provision in the regulations."

SACTWU official held that one of the loopholes is that private companies bribe the Church Ministers by paying them to falsely import second hand clothes on their behalf. Since churches are also regarded as charitable organisations they are allowed to import second hand clothes for the poor.

The officials argued that they have tried several measures to ensure that this activity is controlled or curbed to ensure that its negative impacts are no longer experienced. The ITGLWF official stated the following:

> "We noticed the growth of the influx and trade in second hand clothes and lobbied against it in the mid-1990s. We worked in collaboration with the clothing and textile industries. We pressurised government to permit the search of the containers and confiscation of illegally imported second hand clothes."

He stated that there were several meetings regarding this issue. The Eighth Congress of ITGLWF held in Sweden came up with the resolution stating that they will continue campaigning against the import of and trade in second hand clothes.

There are, they claim, achievements resulting from their struggles against the trade in second hand clothes. The SACTWU official, who is also a member of the Board of Tariffs and Trade for a period, stated that SACTWU had been successful in changing the import conditions. In May 2000 the Board of Tariffs and Trade changed the rebate item allowing welfare organisations to import second hand clothes duty free. The ITGLWF official confirmed this by saying that the section in the rebate item, the rebate item 405.04 that the Customs official made reference to, which allowed for second hand clothes to be imported, was amended. Basically, only second hand clothes that were to be shredded for rags and those imported for the recovery of fibre were permitted.

The Rebate Item 405.04 contained in the appendix 3 is the rebate item that the customs official produced stating 'we are still following the regulations in this document, nothing has changed'.

Both SACTWU and the ITGLWF noted that there are bales and bales of confiscated second hand clothes in warehouses in Durban and Chatsworth. They suggested that these clothes be shredded into commercially usable

textile by-product. Preparations were undertaken to establish a shredding plant but that was curbed by news that they still had to wait for Cabinet's approval. On the other hand, SARS proposed selling these clothes to export tender. SACTWU points out that these kinds of moves needed to be closely monitored, as there were often irregularities and shortfalls (SACTWU, 2000).

5.3. Conclusion

The discrepancies between the accounts of the trade union representatives indicate certainly in the Durban Harbour that the changes celebrated by SACTWU above is only a reality in writing. They bring into question how well regulations are being implemented.

CHAPTER 6: SECOND HAND CLOTHES TRADERS IN DURBAN – WHO ARE THEY?

This chapter reflects on the main research findings with respect to where second hand traders operate and who they are. The chapter starts out by reflecting on the results of the initial scan. It then goes on to reflect on findings from the interviews with street traders with respect to demographics – sex, age, marital status; their educational background and previous work activities; their current residence and place of origin and the financial responsibility for the household.

6.1. Second Hand Clothes Traders – How Many and Where?

As Lund (1998:16) points out it is difficult to estimate with accuracy the numbers of people engaged in activities like street trading. She gave the example of how estimates of the number of street traders trading in the Warwick Junction Area – the primary commuter point in the inner city of Durban - varied. Traders sometimes chose to trade and sometimes not. They are also mobile.

During weekdays in the inner city of Durban there were the following number of what appeared to be consistent second hand clothes traders - 10 traders in Pine Street, 30 traders in Russell Street under the bridge, 20 traders in Victoria and Queen Streets, and 50 in Warwick Avenue near the Early Morning Market. It is thus clear that there can be over 100 traders operating in the inner city Durban in any one day. The areas referred to are largely the areas that in the apartheid era were zoned as an Indian area. All traders except for those in Pine Street are close to the Warwick Junction. In the Pinetown central business district there were fewer consistent second hand clothes traders - approximately 30.

On Sundays there are two flea markets held in the Durban inner city. They cumulatively have approximately 300 second hand clothes traders operating there.

As previously mentioned second hand clothing trade was observed not only in central business districts but also in a township area – Clermont. A number of second hand traders operate in this area. There are approximately 40 traders who trade every day near a commuter point. During the payment of pension grants over 80 second hand clothes traders can be observed plying their trade.

The scan demonstrated that there is a spatial clustering of second hand clothes trading. Second hand clothes traders tended not to operate in the areas previously zoned for whites. This is likely to be the case because these traders tend to service poorer consumers who frequent the poorer sides of town. Second hand clothes traders, like other traders tend to gravitate towards commuter points, as these are the areas where there are more passing feet. Finally selling second hand clothes happens both in township and inner city areas.

In terms of gender, the scan demonstrated that there were both men and women involved in this trade. However, the number of females greatly exceeds that of males. Those men involved, bar a few exceptions, tended to be foreigners from other African countries.

The scan demonstrated that there were foreigners from other African countries involved in the sale of second hand clothes. This contradicts Hunter and Skinner's (2002:16) claim that foreign traders trade in new, often imported, commercially manufactured clothes whilst South African traders dealt in pinafores (made by informal street traders) and second hand clothes. Unfortunately, many foreigners encountered refused to participate in the study. The one who was formally interviewed made the interview process difficult for the researcher. Others were not willing to participate in the study. It was observed that foreigners were selling good quality second hand clothes compared to South African traders.

Interestingly, there were no foreigners in Pinetown and Clermont selling second hand clothes. It was discovered that there is an element of dislike of foreigners by South African second hand clothes street traders. A respondent from Pinetown said:

> "We do not like the foreigners to compete with us here because they pull us down. They have good clothes but they do not want to tell us where they get them. Their clothes sell very fast compared to our poor quality ones."

This means that South Africans do not like foreigners because they are better traders than they are. There has been a similar finding from the study by Hunter and Skinner (2002:49) where they stated that one of the core sources of tension is that foreign traders are said to be better traders than their South African counterparts.

6.2. Demographics of Interviewees – Sex, Age and Martial Status

As stated in the methods section 40 interviews were conducted. This section reflects on the sex, age and marital status of interviewees.

In terms of sex, as mentioned above, the initial scan indicated that there were very few male traders selling second hand clothes. It is estimated that over 60 per cent of South African traders are women (Lund, et al, 2000). Lund's finding is similar to the survey results by DRA[3] (1997:5) who found that women make up 61 percent of street traders in Durban. Women disproportionately dominate second hand clothes trade. Of the forty interviewees there were only two male respondents. Most of the men involved in this activity are foreign. Figure 1 below shows the age distribution of the sample.

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[3] The study done by DRA for the Durban Metro has not been published. It will be called 'the DRA study'.

Figure 1- Age Distribution
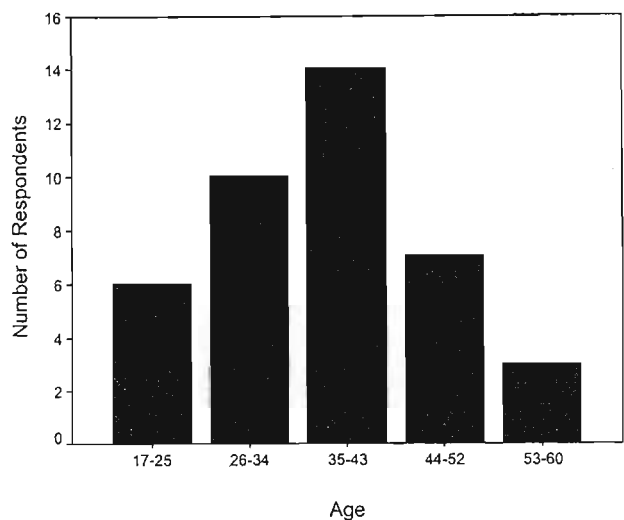
The age of the respondents ranged from 17 to 60 years. The majority of the interviewees (22) were aged between 26 and 43 years. These people are of working age. This implies that they are in this business because they are unemployed or retrenched. The above finding is close to the finding of the synthesis study by Lund, et al (2000:12) that 'surveys show that most street traders are between the ages of 25 and 49.'

The 60 year old woman was asked if she was receiving a pension, she said:

> "I do not get pension. I have tried several times and I am still trying and hoping that I will get it one day. Currently, I do not have to sit down and cry doing nothing. I am selling these clothes to generate income to survive" (Respondent 31).

According to Ardington and Lund (1995:6) old-age pension grants are given to women at the age of 60 and men at the age of 65. Thus the respondent qualifies for this grant but has failed to obtain it after several attempts. This implies inefficiency in the provision of services by the welfare department. Due to this situation people are compelled to make a living in the informal economy.

Figure 2 below shows the marital status of the respondents.

Figure 2- Marital Status

Marital Status
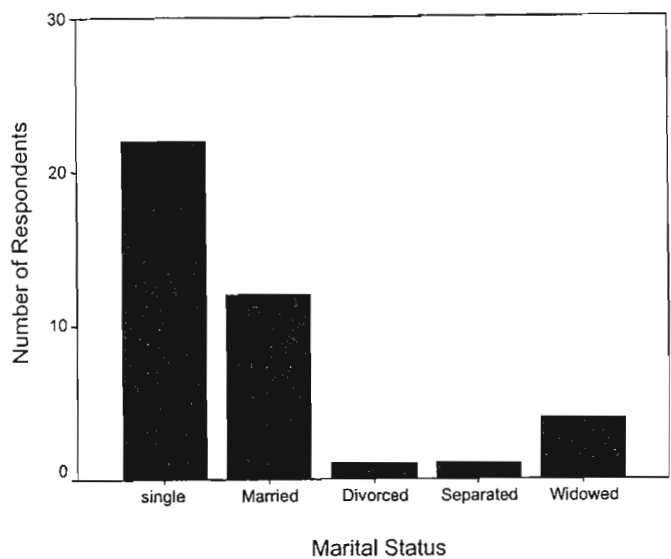
There are 12 married respondents in the sample. The rest have never been married (22), others have been widowed divorced or separated.

6.3. Educational background

The majority of respondents (30) have reached secondary education level whilst 10 have only a primary education. Amongst 30 who have secondary education, 11 of them completed matric (grade 12). This shows that the level of education of second hand clothes street traders is high. This is similar to the study by Wegulo (2002:11) where he stated that most of the respondents (86%) had completed secondary school.

Table 1: Distribution of respondents according to Level of Education and Age

Age	Education		
	Primary	Secondary	Total
17-25	-	6	6
26-34	2	8	10
35-43	4	10	14
44-52	1	6	7
53-60	3	-	3
	10	**30**	**40**

Table 1 shows that street traders in the age groups 26-34 and 35-43 have a higher level of education than older street traders. There are no street traders in the age group 53-60 who obtained secondary education. This is similar to the finding of Lund, et al. (2000:12) stating that in general, younger street traders have had a better formal education, and the level of education drops as the age of traders increases.

Many respondents, 21, have received some training after schooling whilst 19 have not received additional training. It is interesting that although a number of interviewees have matric they are still working as street traders. This can be attributed to the high level of unemployment, even of those with relatively good education levels, in the formal economy. This has implications for policy or support interventions. While Rogerson (2000:689) notes that those entrepreneurs with larger stocks of human capital, in terms of education and/or vocational training, are better able to adapt their enterprises to constantly changing business environments. Further training interventions would have to take account of these different educational levels.

Figure 3 below reflects the additional training respondents had received after school.

Figure 3 - Additional Education / Training
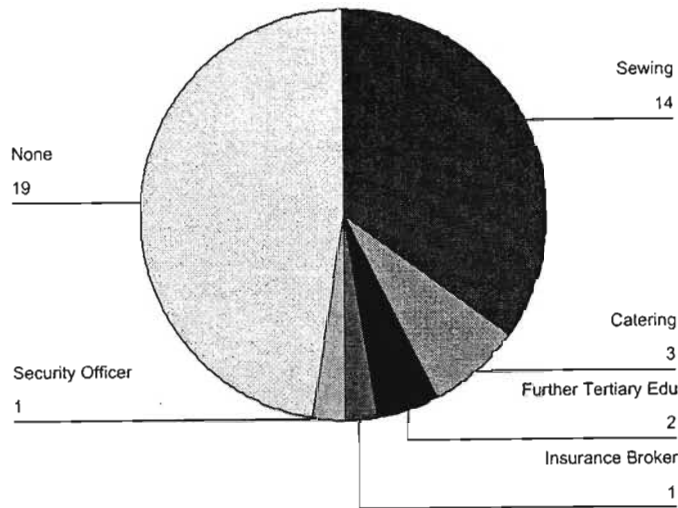
Respondents' types of training were important in determining the relationship between the skills they trained and acquired and the second hand clothes trading job they were currently doing. It is notable that of the 21 respondents who had further training, 14 of them had been trained in sewing skills. Although they are not sewing they are still involved in clothing industry.

It is notable that there are many people in this group who had no training skills. This shows the low entrance levels necessary for this work.

6.4. Previous Work Activities

On the question of their previous work activities, respondents gave an interesting list. Fourteen respondents had previously been involved in street trading but selling another item. Ten traders did domestic work before this activity. Three respondents were government employees while five others did nothing before selling second hand clothes. There were only three traders who had worked in the textile industry and two who had worked as insurance brokers. Finally, one was at school, one worked as a car guard and one

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worked as chef in restaurant. The previous work activities were important in determining the relationship between the skills acquired in the previous job and their relevance in the present job. In this regard the fact that many respondents had been participating in street trading was relevant to the job they are currently doing of selling second hand clothes on the streets.

It has also been found that most second hand clothes traders have a secondary education and they have also received other training. Some were employed, either formally or informally, before selling these clothes. Some mentioned that they have done more than two jobs before selling these clothes.

> "I started working for the Department of Education being as a teacher. I then worked as a pipe fitter for companies like Shell and Engen. I also worked as a Chef in restaurants. The list is endless."

This implies that these people have different valuable skills. It is a disadvantage that all these skills they have are not used in this activity.

> "This activity kills skills. I have a sewing and designing skill, which I do not use in this activity."

It can be argued that their skills are wasted in this business. So, selling second hand clothes does not improve people's skills as much as it does not empower them with new skills. One respondent noted that she has been in this business for 18 years now.

> "The service is not recorded, there are no benefits and no pension for one when reaching retirement period."

Traders were asked what had made them change from their previous work. They stated several reasons that made them change their previous jobs and this will be shown in Figure 4 below.

Figure 4 - Reasons for Changing Previous Work
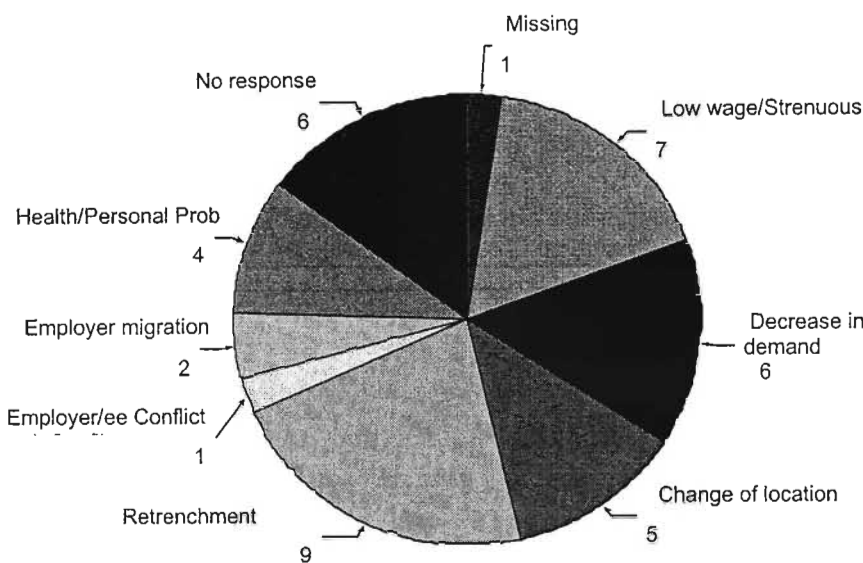
There are several reasons, which made people change their previous employment. Nine traders changed their previous jobs because of being retrenched, resigning or because their contracts expired. Other respondents (seven) changed their previous jobs because of the low wages they earned and also because their jobs were strenuous. The decrease in demand for the services they previously offered made six respondents change their jobs. This is similar to the findings of the Durban Metropolitan Council study (1998). They argued that large numbers of unemployed people who have skills and experience to be employed are pushed to street trading during periods when demand for their labour in the formal sector is low or declining (1998:10-11).

6.5. Current Residence and Place of Origin

Traders were asked what their current place of residence was. Most respondents (30) presently reside in Durban townships. Respondents selling in Pinetown and Durban live in townships and travel daily to the metro area to sell their stock. There were five respondents lived in inner city flats, three respondents presently living in the suburbs, and only two respondents live in the informal settlements.

Interviewees were asked to describe their houses. Most of them (33) described their houses as formal buildings compared to only seven who described their houses as shacks. Half the respondents, 20, are paying rent for the houses they live in while 19 respondents own their houses. Finally, one respondent lives with parents. Since half the sample owns houses, it can be argued that, although poor, they are not among the most destitute.

The present location of the respondents was important in comparing the distance travelled to buy and sell the stock. Also the costs involved when going to the sites. Most respondents commute daily from their homes to the sites. Clermont traders walk to their trading sites. Some of them spend R2 per trip to and from their trading sites. For the Durban and Pinetown traders, there are costs involved for travelling to and from their trading. The average amount spent on transport is R10 a day.

Interviewees were asked if they had always lived in Durban. Figure 5 below presents the finding from this section of the questionnaire.

Figure 5 – Place of Origin
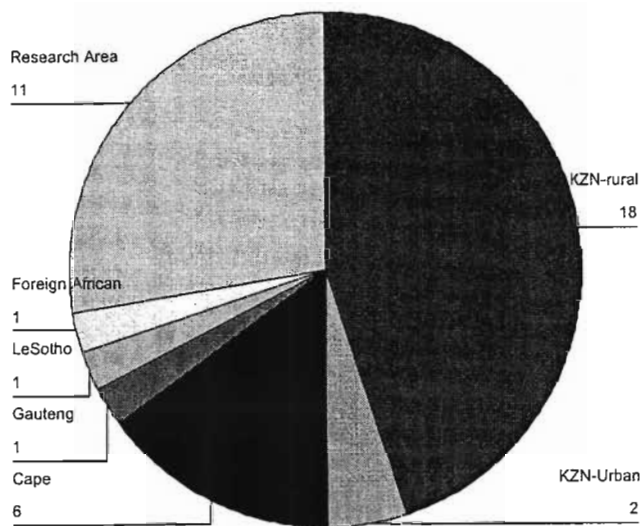
Only 11 of those interviewed originated from Durban-Pinetown. Many respondents, 18, are originally from the nearby KwaZulu-Natal rural areas while six are from the Eastern Cape and two from urban areas of KwaZulu-Natal other than the Durban-Pinetown area. Finally, respondents from Gauteng, Lesotho and other foreign African countries comprise one each, respectively. The period the interviewees lived in Durban-Pinetown will be shown in the table below:

Table 2 - Period in Years, Lived in Durban-Pinetown

Period in Durban-Pinetown	Frequency	Relative Frequency
Born and Bred	11	27.5%
Below a Year	3	7.5%
1 to 3 years	5	12.5%
4 to 6 years	3	7.5%
7 to 9 years	1	2.5%
10 years and above	17	42.5%
Total	**40**	**100%**

From the table it is clear that some respondents, 17, have lived more than 10 years in Durban-Pinetown. Those who were born and bred in Durban-Pinetown comprised 11. This shows that the majority (the 11 born there and

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the 17 who have lived there for over 10 years), i.e. 70 per cent, have been in the area a long time and are not new arrivals experiencing difficulty in finding work.

6.6. Financial Responsibility for a Household

Traders were asked how many income earners there were in the household. The majority of respondents, 26, are the primary breadwinners in the household compared to the 14 sharing financial responsibilities with other household members. Other income earners were other family members like spouse/husband and siblings.

Interviewees were asked how many people depended on their income. Findings are presented in the figure 6 below.

Figure 6 - Dependants
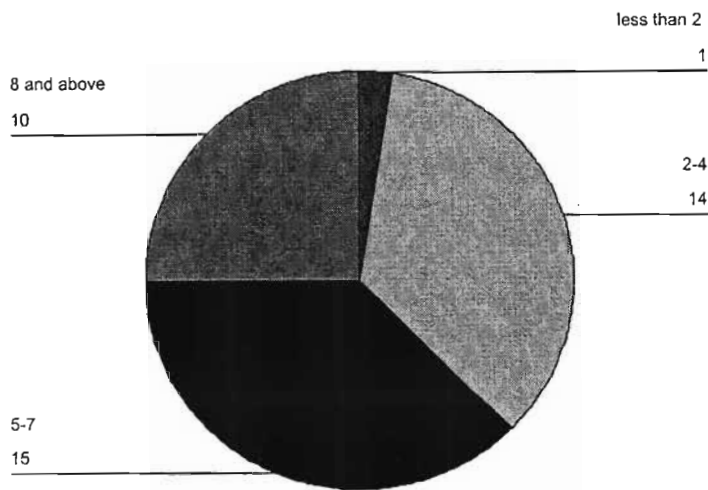
Most of the respondents (18) supported between two and four dependants. There were 11 respondents who support five to seven dependants. There were 10 respondents who reported supporting more than eight dependants. Finally, only one respondent supports less than two dependants. More than half thus supported five dependants or more on what they earned as street traders. These findings indicate that there are a lot of people dependent on

these incomes. These results are similar to results obtained in previous surveys that have shown that traders have relatively high dependency ratios in their households (Skinner, 2001).

6.7 Conclusion

This chapter showed that there are a number of second hand clothes street traders but it was difficult to establish accurate numbers due to trader mobility. Africans and women dominate this activity. There are also traders from other foreign African countries involved in second hand clothes distribution. Some of the traders have undergone other training after schooling but the main concern is that they cannot utilise these skills in this activity. Policy interventions need to consider these skills. It was also clear that there are high dependency ratios for respondents indicating that this activity goes some way to assist families with their basic needs.

CHAPTER 7: SECOND HAND CLOTHING TRADERS BUSINESSES

This chapter concentrates on traders businesses. It starts by reflecting on how long they have been trading in second hand clothes, where they got their start up capital and why they chose second hand clothes rather than another product. A group of the traders are employees. Their wages and work conditions are discussed. Issues around trading sites are considered. All information gleaned on sourcing relations and turnover is assessed. Finally, traders' assessment of their own business, future plans and relationship with local authorities is discussed.

7.1. Length of Operating

Traders were asked how long they had been trading in second hand clothes. The findings are reflected in the figure below.

Figure 7: Time Involved in Second Hand Clothing Trade
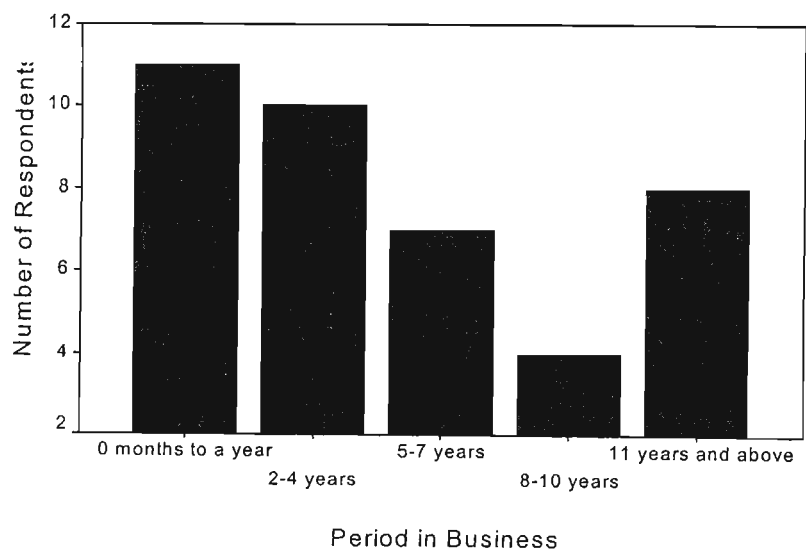
What the above figure shows is that there are many new traders in this activity. Eleven have been in the business for less than one year and ten for two to four years. It is clear that this activity attracts new entrants – what is less clear is whether most new entrants then move on to other activities

(i.e. that there is a constant influx of new traders) or whether this signifies a trend of increasing involvement in the sale of second hand clothes.

It is interesting to note that there are a group of better-established traders - eight traders have been in the business for more that 11 years. This shows that a number of businesses have been in place a long time. This is despite Apartheid legislation restricting such activities. As one respondent noted:

> "I have been in this business since my childhood. I have not worked in the factories since I was born. Through the income I generate in this business, I managed to educate all my children, currently they have decent jobs."

7.2. Start up Capital

Traders were asked how they got capital to start their current business activities. Unsurprisingly no traders had received any assistance from a bank or non-governmental organisation. Eighteen traders used money they saved, mostly from their previous job. Eleven traders used money from relatives indicating the strong social networks at work. The remaining nine are employees so they did not require capital. According to Wegulo (2002:13) the main source of start-up capital for the Kenya street traders has been from other family members, which is a similar finding to this study. Most street traders who are owners said that they did not have to spend much to start the business. As one respondent noted 'the poor can afford to be in this business'.

7.3. Choice of Stock

Traders were asked why they chose to sell second hand clothes and not other goods. Traders noted a range of issues. The most frequently cited reason was that these are goods that do not perish. Unlike, for example, fruit and vegetables, there is no waste or loss when keeping clothes. Traders explained if the stock is not sold immediately it is simply piled neatly and sold the next day.

Other traders noted that this business could be started with small amounts of capital; while others identified a demand for these goods. Some traders said that this was the first and most easily available option. Finally, some traders chose this activity because it is easy and enjoyable to do.

One respondent summed up the advantages by stating:

> "These clothes do not perish. They can be displayed everyday until they are sold out without perishing. They are good quality and strong. Finally, they are selling at a very reasonable price which is affordable to poor people."

7.4. Self Employed or Employee

The majority of respondents - 31 - are self-employed. This finding is similar to that of DRA's study where the majority of street traders owned their own business with only 21 percent indicating that the business was not their own (DRA, 1997:10). Some of these self employed traders reported employing others.

Nine respondents interviewed are employees, selling second hand clothes on the streets on behalf of their employers and in return they earn a weekly wage. Interestingly a wholesale distributor employs one, whilst street traders who want to expand their businesses employ the remainder.

Six of the employees interviewed reported earning between R60 to R80 per week whilst another three reported earning between R90 and R100 per week. Overall, the wages earned by all these employees are low. One elderly respondent said:

> "My boss pays me R100 per week. I live in RDP houses near Clermont. I have 8 dependants. I cannot afford bus fare since I do not earn enough to cover my household needs. So, I have to walk from Pinetown to my house every morning and afternoon. It is worse if it happens that some items go missing from the stock. My boss deducts the amount of those items from my salary then I end up taking very little

money home. I am not happy with the money I earn here but I have no alternative"

It is clear from the above quote that the employees are vulnerable. It is shown that the risk is devolved down to the employee.

These frequencies were important in determining the job creation potential of the second hand clothes trade. In this sample second hand clothes have created jobs for nine respondents and empowered 31 to be independent and be owners of the business.

7.5. Site Description, Reason for Choice of Site and Site Payment

All respondents are fixed site rather than mobile traders. There are no mobile traders interviewed. All respondents interviewed are displaying their second hand clothes on the ground. Some hang their clothes on rails and combine this with displaying on the ground.

Traders were asked why they had chosen to trade in their current location. The responses are reflected in the table below.

Table 3: Reasons for the Choice of Site

Reason	Frequency	Percent
Busy Site	22	55.0%
Only available/vacant	8	20%
Located by municipality	3	7.5%
Employer's choice	4	10%
Near my residence	3	7.5%
Total	40	100%

The choice of site for many respondents depended on where the market is. Most respondents (22) chose their sites because there was a lot of passing traffic. They are located where many people pass like bus and taxi ranks, pavements and also near the shops. This has been a similar finding to the study of DRA where a majority of street traders (63%) indicated a choice of their site on the basis of the concentration of customers (DRA, 1997:11).

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When asked whether they pay for the sites, 30 traders said that they do not pay for the sites. Particularly those trading in the inner city in Durban said they did rent sites before but, currently, they do not. There is one respondent who did not have an idea since she is an employee. Nine traders stated that they pay for their sites. Seven of them are from Pinetown. The respondents who said that they pay for the sites that they use gave a list of payees. Those include the Bambanani Office, Martin West, Municipality, Hlanganani, original owner of the site, African Council of Hawkers and Informal Business (Achib) and the so called 'Association'. No traders should be paying associations to use public space. It is interesting to note that a number of trader organisations are extorting traders particularly in the Pinetown area. This indicates that when local authorities do not regulate public space organisations often fill the gap.

7.6. Selling Elsewhere

Nine of the forty traders interviewed respondents also sell their stock somewhere else. Those places include Tugela Ferry, Mpangeni, Harding, Umzimkhulu, Swartburg, Mandeni, Estcourt, Mthwalume, Swayimane and Umlazi. Most of these are in KwaZulu-Natal. Out of the nine respondents who sell their stock in another town eight of them do not charge the same price per unit in another town, whilst only one does. This one said that she even gave customers credit. She did not charge more because she wants the stock to get sold so she can obtain income. Those who charge more argued that they want more profit and that they want additional income to cover transport and other related costs. Durban thus seems to be a nodal point in second hand clothes trade in the province.

7.7. Daily Records

Half of the respondents said that they keep daily records of their business whilst half said they do not. A number of those who keep records, 20, argued that this enables them to monitor business performance or to see the profit they gain from this activity. Five, who are employees, argued that they keep

records as per employer's instructions. Those who do not keep records, some owners of stock, argued that they do not see the need since they use the daily income for household consumption. Also they argued that there is no need for keeping records because there are days when they make absolutely nothing.

This has implications for policy or support interventions. Since it has been mentioned earlier that some traders have matric, they have to be assisted to make their education work for the success of their businesses. This is in line with Rogerson's (2000:689) argument that education and training are seen as central to the enterprise's ability for 'learning to compete' in the context of globalisation.

Table 4: Distribution of Respondents According to Level of Education and Daily Turnover Records

Highest Education Level	Daily Turnover Records		
	Yes	No	Total
Primary	3	7	10
Secondary	17	13	30
Total	**20**	**20**	**40**

The above table shows that respondents with better education, secondary (17) are more likely to keep records when compared to only 3 with primary education who said that they keep records.

7.8. Organisational Affiliation

Traders were asked if they were members of any organisation. Seventeen respondents said they were not. The 23 traders who said they are members of organisations are only members of rotating credit schemes or stokvels[4] and not other organisations or unions of street traders or small business operators. Sixteen respondents argued that being members of organisations, like a stokvel, does not help with business, rather, it helps with their personal

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[4] Stokvel is an activity where a group of people collectively save money. This money is then loaned to other people (including members of the stokvel) to accumulate interest. This money is divided amongst the members by the end of the year. This can either be in a form of money or they buy groceries and divide it equally amongst members.

financial needs. Most respondents said that they do not know organisations like Self Employed Women's Union (SEWU). This shows that these organisations, which are known to be working for the benefit of street traders in the Durban area, fail to effectively disseminate information to the relevant people.

7.9. Source of Stock

As Hunter and Skinner (2002:21) point out questions about supply relations are often sensitive. Respondents were asked where they sourced their stock. One respondent (the only foreign national in the sample) refused to respond. Some interviewees were reluctant to respond. Two interviewees, who were employees, did not know as their employer simply brought the goods to them.

Almost half of those interviewed – 18 respondents - said they sourced their stock from local middle class residential areas. One respondent stated how the process takes place:

> "I get my stock from the houses of rich white and Indian people. I give them either picnic baskets or fresh vegetables in exchange for their used clothes."

Motala (2000:20) also found a bartering system. She stated that a group of women displayed a variety of ceramic ornaments, which they would exchange for good quality second hand clothes. One trader noted that this bartering system was new. She said:

> "The whites were giving us their used clothes free of charge before. But now, they are selling these clothes to us. I believe that they are merciless because of the changes in the government of South Africa".

Nine traders reported buying from the two second hand clothes markets that operated on a Sunday in the inner city in Durban. The researcher visited these two markets. A minority of traders at these markets seem to be people from middle class residential areas, mainly white and Indians selling their own used clothes. The rest of the traders are people who say they are employed

by 'middlemen' to sell the second hand clothes on their behalf or are foreigners from other African countries. Most of the clothes sold by these two groups appear from the labels to be imported.

Another seven traders reported buying from white South African suppliers. They stated that they place their orders telephonically then the supplier comes directly to the sites to deliver the goods to traders. These respondents said they were not sure where their suppliers got their goods. One trader noted:

> "Our suppliers' points of trade are not easily identifiable and accessible. There is a secret operation, which I believe our suppliers gain a lot from it. Only few people get into contact within the suppliers and we happen to buy from them."

One trader did however identify that the origins of these goods are as follows:

> "There is a white man who delivers a stock to us some days in a week. I think he gets the stock from his suppliers in the Durban harbour who import it from overseas".

Other respondents have never met their suppliers as their suppliers employ people to deliver.

As already noted there are a number of foreigners from other African countries selling second hand clothes on the streets. As previously mentioned this group was particularly reluctant to be interviewed. This is likely be due in part to the hostile policy environment they experience in South Africa (see Hunter and Skinner, 2003 for further details). The research however indicated that there may be another issue. A number of traders interviewed noted that the clothes sold by foreigners were particularly good quality and very cheap. One South African trader noted:

> "I believe that there is an illegal element in these foreigners trade. Maybe they pay little or nothing to get these clothes. I say this because their clothes are cheap and very good quality. These people are mostly coming from the very poor countries. Maybe these clothes have been donated to their poor people, but they illegally take them and sell to us. The main purpose of these clothes, of reaching the poor, is not met".

Another trader noted:

> "I believe that these clothes were donated for poor people. Now they are sold to us and not given free of charge to them. This is an illegal operation from the suppliers' side and this is a reason why they are not known."

The foreigner who agreed to be interviewed was difficult. When he was asked about where he gets his clothes, he said:

> "Why do you want to know the source? I cannot tell you where they get these clothes. It is a supplier's secret and my secret."

He then demanded that the researcher end the interview.

The dynamics between South Africans and foreigners however are complex since some South African traders buy from foreigners. Three of those interviewed said that they get their stock from suppliers from foreign African countries. They all also confirmed that foreigners were selling very good quality second hand clothes. Further some of those buying from the flea markets are likely to buy from foreigners.

These findings indicate that there are a variety of sourcing relations. A significant proportion of those interviewed - just under 50% - collect goods from residential areas. This is the group that those opposed to the trade in second hand clothes are not concerned about. The supply routes for the remaining 50%, the research demonstrates, seem to often involve foreigners and Indian and white businessmen. Although further investigation is necessary, the involvement of foreigners gives some weight to SACTWU's claim that second hand clothes are entering the country through the borders with our neighbouring countries. The involvement of 'middlemen' also requires further investigation. What is clear from these interviews however is that some of them go out of their way not to be visible – a sign that their activities are not legal. Further, some of the traders themselves think that these goods are coming directly from the harbour.

7.10. Formal Business Suppliers

Although none of the traders reported sourcing their goods from formal shops during the initial scan a number of second hand clothes shops were identified. The researcher visited these shops to shed further light on sourcing issues. There are five suppliers who were informally interviewed in their shops in Central Pinetown and Durban. Suppliers seem to be mainly white and Indian South Africans. They either work as a family, in partnerships or individually. Supplier 1 is an Indian man working with his wife. Supplier 2 is a partnership of a white woman and an Indian man. Supplier 3 is a white woman and an Indian woman. Supplier 4, is two white men and finally, Supplier 5 is an Indian man. Although the sample is small this would seem to indicate that in this segment of the chain there are many more white and Indian South African players and more men than women.

The form of trade is similar in both Durban and Pinetown shops. They sell loose items or bales. With loose items people can pick and choose the items of their choice. Prices of loose items range from as little as R1 to about R60, depending on the item one buys. In the shop of Supplier 3, loose items are sold at only two prices, either R5 or R10. With the bales customers are not allowed to open and see the condition of the contents but have to buy the bale as it is. Prices of bales range from R10 to R1000.

The suppliers sell both to individuals and to traders. They sell at special prices for customers who buy in bulk, as one supplier stated:

> "Most of my customers buy in bulk. If my customer buys R900, I make it R750 so that they can earn more profit. Even if I sell the bale at its stipulated price, my customer can still make enough profit because we made them cheap to accommodate them."

It was difficult to get information regarding the source of stock and more especially the links involved in this process as shop owners were reluctant to disclose. In all but one of the shops goods were sold in bales. The fact that

clothes are in bales indicates that they are likely to have been shipped. Interestingly one supplier admitted:

> "I sell second hand clothes from overseas countries. I fetch them from the containers in Durban harbour, sort them in the shop and sell to the public."

In the shop where goods were not sold in bales the owner noted that their goods were sourced from surrounding residential areas.

As much as they still generate income from this business, they all stated that the business performance has dropped. One supplier said:

> "Business is not as busy and profitable as before. We have been in this business for more than 10 years. We were doing very well long ago. Maybe people do not have enough money to buy our stock since many people are unemployed."

The findings from this component of the research go some way to indicate that goods are being sourced directly from the Durban harbour.

7.11. Shift to Local Second Hand Clothes

From the interviews, it came out repeatedly that many people started this business selling overseas second hand clothes. However, some of them are adding local clothes to the overseas stock. Others have shifted from selling overseas clothes to local used clothes. Despite the sophisticated economic and academic reasons that can be attributed to their shift, they had very simple reasons. One trader stated:

> "The clothes we get from the bales are in a very poor condition and this requires me to sell them cheaper so that they will go. In that way I lose, because I sometimes do not get profit or even the money I paid to buy the bale."

So, it is clear that people are not making enough profit from the overseas bales.

Another trader noted how she often encountered surprises and disappointments when opening the bale at home.

> "Sometimes other items are torn, so I have to mend them. Those which are badly torn, I have to throw them away."

Another respondent who only sells local used clothes said:

> "Imported clothes are usually worn out and they are of low quality."

This was related back to the fact that traders were often not allowed to check the goods. As one trader said:

> "As customers, we are not allowed to check the contents of the bales or even to pick and choose. You buy the contents as they are and no complaints are entertained."

From the interviews it seemed as if quality of imports was more of an issue than availability. The stricter import controls may have resulted in the restricting the better quality goods. The fact remains that the goods still seem to be bypassing customs controls.

7.12. Information on Income Generated

It is notoriously difficult to assess incomes in the informal economy. This is because

> "Income in the informal economy is erratic – changing from day to day, month to month, year to year. Informal businesses seldom keep records that reflect these changes. Further, there is often little separation between business income and business expenditure, and business and household expenditure" (Hunter and Skinner, 2002:18).

To try and avoid these problems but also not spend the majority of the interview attempting to assess profit, respondents were asked what their profit was in a good week and what their profit was in a bad week. Particular difficulties were experienced with this question. This is partly due to translation of the term 'profit' into Zulu. The term 'imali oyenza' which literally means 'the

money you make' was used, as there is not a direct translation of the more technical term profit. During the interview process it was clear that traders were reporting turnover figures rather than profit figures. When asked if they were subtracting their input costs, for example transport and the money spent on buying the clothes, they admitted they were not. It became clear that respondent's found reporting on turnover easier.

This information was originally coded and analysed. It was found however that there were too many inconsistencies in the amounts reported. Instead it was decided to present a few case studies as follows:

Case Study 1: Woman Selling Imported Clothes in Victoria Street Durban
She is 47 years old and has been in this business for 3 years. She buys her stock from her white supplier who she says 'has connections with top suppliers'. Her clothes come from overseas countries, as she stated, America and Italy. She says on a good day she turns over R1600 and on a bad day her turnover is R100. She keeps daily records because she wants to monitor the performance of the business. She employs two assistants and pay each of them R100 a week. She also covers their weekly bus coupons. In addition she also allows them to take the clothing items they like from the stock. She pays R1 400 per bale and she earns a profit of R3 000 from one bale.

This respondent reported the highest turnover of any of the traders interviewed. The respondent seems to be doing extremely well in this business. She sells good quality clothes and she seems to have many customers. She was well dressed and owned a house in middle class residential area, Woodlands. She was very confident about her income figures.

Case Study 2: Woman Selling both Imported and Domestically Sourced Goods in Hill Street, Pinetown

She is 43 years old and has been in this business for 6 years. She buys her stock from different sources. She buys them from flea markets, foreigners and mainly from her white supplier who has a second hand clothes wholesaler in Power Centre (Pinetown Industrial Park). She even gave the contact details of her supplier. Her clothes come from overseas countries. Her turnovers are as follows. She does not keep her daily records but estimated that on a good day she had a turnover of about R600 and in a good week R1 600. On a bad day she would sell nothing and in a bad week about R500 worth of goods. She said it was very difficult to estimate how much she spent sourcing her goods.

This respondent seemed unsure of these figures. This woman seemed as if she might be inflating her figures. She looked poor, hopeless and tired.

Case Study 3: Woman Selling Locally Sourced Goods, in Clermont

She is 58 years old and has been in this business for 32 years. She only buys her stock from the white middle class residential areas in Durban. She keeps daily records because she wants to monitor the performance of the business. Her turnovers are as follows. In a good day she will make R100 and in a good week R200. On a bad day she makes R4 or nothing and in a bad week she would make R100. As much as she said she keeps records the figures she gave she was struggling to come up with. During the day of the interview she only had sold R4 worth of items and the time was 14h30. She too looked tired and hopeless.

Case Study 4:   Woman Selling Locally Sourced Goods, Warwick Junction

She is 36 years old and has been in this business for 10 years. She buys her stock from white middle class residential areas in Durban and also in flea markets. Her clothes come from both local and overseas countries. She estimates that on a good day she makes R300 and in a good week she makes R700. On a bad day she makes R40 and in a bad week R200.

This respondent seemed to be doing well in this business. She was well dressed and seemed to be sure of what she was relating. She stated that is not struggling with anything. She has managed to educate her children and bought herself a house from this income she generates in this activity.

Case Study 5: Male Trader Selling Local Goods, Hill Street, Pinetown

He is 40 years old and has been in this business for 10 years. He sells only locally sourced stock, which he gets from his friend who works in a factory shop. The friend asks people around for their used clothes and buys them. His turnovers are as follows. On a good day he will turnover R200 and in a good week R500. On a bad day he will turnover R50 and in a bad week R200. The respondent appeared to be struggling and even confirmed to be experiencing financial constraints because of no profit in this business.

Case Study 6: Female Trader, Multiple Sources, Operating in Clermont

She is 38 years old and has been in this business for 10 years. She buys her stock from flea markets, garage sales and middle class residential areas. Her clothes come from South Africa. She reported turnovers smaller than others. In a good day she has a turnover of R140 and a good week of R300. In a bad day she will turnover R40 and in a bad week R100. The respondent appeared to be poor. She was sickly and had a very bad cough. She said she is on a Tuberculosis (TB) treatment. She was poorly dressed and seems to be struggling in life. She was not clear in most of what she was saying.

These case studies confirm how difficult it is to do income analyses with those working in the informal economy. Few traders had calculated their input costs. Many traders struggled to even report turnover figures. It was therefore not possible to make accurate profit calculations. This is critical information for making informed business decisions and reconfirms the importance of business skills training in the informal economy.

What these case studies seem to demonstrate is the following. Although this is not true in all cases those selling imported clothing seem to be doing better than those selling goods sourced from middle class residential areas. Those selling goods in Clermont on the whole seemed to be much worse off than those selling in Durban central. There is often a discrepancy between turnovers reported for good days and good weeks and bad days and bad weeks. The former is not simply a multiple of five of the latter. This indicates that in a five-day period it is unlikely that turnovers are consistently bad or consistently good.

Even though traders struggled to put figures to the economic benefits they derived from their trade they frequently related what they achieved through this activity. Many noted how they managed to feed, clothe and educate their children.

As one respondent noted:

> "This is a good job for me. I am the main breadwinner with no assistance from other people. I manage to finance the studies of my five children and those of my late brother. I even afford paying fees for my child who is in an expensive multiracial school."

Another respondent said:

> "I own a house which I bought from the income I generated from these clothes."

This activity empowered the unemployed to move from joblessness to be self-employed. A respondent said,

"I was an insurance broker. Due to the HIV/AIDS impact, we lost most of our clients when their policies lapsed. I lost my job, so I had to sell my house. Selling second hand clothes helped me to get my life back together. Now I afford living in a flat in Pinetown."

Women who live in a situation where husbands do not take responsibility for supporting their families are empowered by trade in second hand clothes. One respondent said:

"I suffer domestic violence. My husband is irresponsible. I sell these clothes without his knowledge or permission. If he can know, he will demand me to stop. I manage to feed, clothe and educate my children. This is the good activity to the disempowered women like me."

7.13. Traders Assessment of the Business and Future Plans

To lay a foundation for government intervention, people were asked if they have any problems with this activity. Five traders reported that they did not have any problems.

Of the 35 traders who said they have problems 18 said that over time their business had declined. They attributed this to increased competition. Respondents noted that there are many people who are in the business of second hand clothes. This creates problems since there is increased competition and some people generate much less income for the day than do others. As one respondent noted:

"The business was very good before but now it is performing very badly. Sometimes one earns nothing for the day."

Eight traders noted that lack of shelter was a problem as when it rains they cannot sell their products. Another seven mentioned customers disappearing once credit had been extended to them as a problem. Two of the employees noted that their main problem was that their employers did not treat them well.

As much as the above problems are experienced in the business, people also noted some positives. Most respondents (27) argued that the business

primarily enables them to provide their family members with financial support. Some (five) have a sense of independence, where they have a source of income and so do not find themselves depending on other people for their survival. Two respondents did not find anything interesting in this activity.

Although many traders reported that their businesses were not as profitable as before the majority of traders - 26 - said that they want to continue trading in second hand clothes. Fifteen traders view this activity as a stepping-stone. Some of these traders are looking for better jobs; others stated that they are planning to further their studies. This finding is supported by the finding stated in the study of Durban Metropolitan Council (1998) that some people enter street trading as a temporary income earning activity.

7.14. Relations with Government and Priority Policy Interventions

Traders were asked what contact they had had with government officials. All respondents stated that they did not have any contacts with any government officials except those who had experienced police harassment. Five respondents argued that they encounter problems of eviction, with the police and municipality harassing them and moving them from their site. Some mentioned that they had encountered this problem before but that it does not take place anymore. No traders reported that they had received any assistance from government.

Traders were asked what policy interventions they would prioritise. The majority of respondents (34) identified provision of shelter as being the main priority intervention by local government since they are not protected from environmental problems like rainfall, scorching heat of the sun and wind. A number of traders said if it rains they could not go to work because their clothes will be wet. They also mentioned the problem of unemployment and three suggested that job opportunities be created for customers so that they will have the money to buy from them. They also mentioned issues like financial assistance in the form of loans from government. Others said they wanted assistance with getting supplies of cheap clothing. Finally, they

mentioned a need for skills development and training, because they have their skills but they cannot use them in this activity.

7.15. Conclusion

The findings go some way to understand sourcing relations. Suppliers were very reluctant to provide information regarding the source of their stock. On the other hand, traders stated three sources of their stock. Those are overseas bales, local second hand clothes from the middle class residential area and also the combination of both. It was interesting to note that there is a shift from overseas second hand clothes to the locally sourced ones. Some South African traders who were selling overseas stock stated that there are some problems with the overseas stock and they decided to change. It has been discussed that many people are still planning to be in business for long and have identified interventions for government, which include mainly the provision of shelter.

CHAPTER 8: CONCLUSION

Globalisation and the opening of trade led to the influx of cheap imports including second hand clothes from overseas to South Africa. Using the case study of second hand clothes trade in South Africa, it has been shown that this phenomenon is very complex.

First, this study shows that a second-hand clothes trading is an important livelihood activity for many people. Since South Africa is characterised by a high unemployment rate, there are many people who do not have a means of survival. The findings of this study indicated that selling second hand clothes enables the poor and unemployed to survive. Most of them intend continuing with this activity indicating the importance of policy interventions that strengthen their livelihoods.

Second, this study has gone some way to contribute to understanding supply chains. It was clear that these clothes come from both overseas and locally. However, it was identified that more and more people are shifting from selling overseas sourced clothes. They sometimes sell a mix of local and overseas clothes or simply sell locally sourced clothes. There were indications of illegality in this activity. This can partly be attributed to the loopholes in the controls in ports and also rebate documentation by the Board of Trade and Industry.

8.1   Informal Economy Theory

This study demonstrates that the dualist position, in as far as it sees the informal economy as absorbing those who have been retrenched from the formal economy or those who can not find employment elsewhere, as correct. Eight respondents had previously been formally employed while the rest were either employed in the informal economy or unemployed.   The dualist position's contention that formal and informal economies are not linked but operate as two separate entities however, in the case of second hand clothes,

is not. The research demonstrates that the supply links are complex involving a variety of actors not all of whom are in the informal economy.

The legalists' position that informal activities are largely generated by government rules is not born out in this case. There are not many rules that govern the activity of street traders in the areas investigated. Very few traders identified government regulations as a problem in the operation of their business. Their advocating that there be a complete relaxation of rules may imply in this case that there should be no regulations governing the import of second hand clothes. As already indicated this is likely to undermine jobs in the formal manufacturing clothing sector.

The structuralists claim that the informal economy is subordinated to the formal economy and so pay particular attention to the links between the formal and informal economies. May and Stavrou (1989:4-5 highlight five forms of formal informal linkages. Given that this is a particular focus of this dissertation some attention is paid to this. Firstly, they (1989:4) argue, the activities of the informal sector act as an indirect transfer that benefits the urban capitalist sector - by producing cheap goods and services, the overall cost of living is kept down thus reducing workers' wage demands in the capitalist sector thereby allowing larger profits to be made by the capitalists. Significant benefactors in the second hand clothes trade are consumers. Whether this leads to the consumers then not demanding higher wages however is inconclusive. Secondly they note that by producing primarily low cost, marginally profitable goods and services for the domestic market, it allows the formal sector to concentrate on the production and distribution of more profitable goods and services for both the domestic and export market. Simultaneously, the informal sector provides a protected market for the products of the formal sector (May and Stavrou, 1989:4). Since second hand clothes are a finished product the parts of this argument do not apply to this case. It could however be argued that the distribution of second hand clothes satisfies poorer consumers so reinforcing the trend to greater specialisation in the South African clothing industry. Thirdly, they claim there is a direct transfer of profits from the informal sector to the formal and state service

sectors in the form of hire fees, interest repayments on loans, bribes, licences and taxes. Such payments can reduce by a substantial proportion the actual returns received by petty commodity producers (1989:4). A minority of traders in this study - 25% - did report that they were paying for the sites they operated on. Some of these were paying to organisations, so this argument partly holds. The amounts reported however were not particularly high. No traders reported securing loans. This it can not be argued 'substantially' reduced traders gains. Finally they (1989:5) note that, because the informal sector often comprises family employment with household heads offering employment to their relatives, this reduces the burden on the state to introduce adequate systems of social security and welfare. This argument also applies in this study because this activity mainly provides employment to family members and relatives. Some members look after the children whilst other members are at the trading sites and this indeed shifts the responsibility of government for providing social security and welfare. Finally, the existence of the informal sector, characterized by labour intensity, alleviates the 'employment crises' experienced in much of the third world (Rogerson, 1986:7) cited in May and Stavrou (1989:5) and may promote political stability. Since many people in South Africa are unemployed, trade in second hand clothes provides them with a means of survival.

This case demonstrates that the relationship is more complex. With second hand clothes, informality is not subordinated under formality. A group of formal suppliers depend on the existence and effective operation of the informal traders for their formal businesses to flourish. And this also applies to other segments of the clothing industry like the pinafore[5] trade.

With reference to value chains approach, it has been stated earlier that this study will only focus on identifying the links in this activity by stating who the stakeholders are in the trade in second hand clothes. The information on who does what until the second hand clothes reach the final consumer on the

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[5] Pinafores are full aprons (like dress), which are culturally important amongst African women. They are made by informal manufacturers. All the inputs are obtained in the formal economy.

streets. This is because it was very difficult to get suppliers and it was clear that they do not want to be found. It can however be assumed that there are a number of suppliers in this activity. This activity seems to be well established but also difficult to trace. Traders were in comparison to their suppliers easy to find. It was successful in identifying that South African trade in second hand clothes does not only involve overseas second hand clothes but also involve local clothes and even the combination of both.

8.2   Policy Recommendations

In terms of regulating imports this study indicates that there are loopholes in the current government's stance. Although they claim that the distribution of imported second hand clothes for gain is illegal it is clearly still happening. The lack of clarity within Customs and Excise as to what the policy approach is, needs to be addressed.   The fact that there are warehouses full of confiscated second hand clothes in the Durban area also needs to be addressed. The government stance on what to do with these clothes needs to be clarified. Whatever the decision is they need to act on it quickly. Having warehouses full of second hand clothes lays fertile ground for corruption and is likely to be one of the sources of the 'invisible suppliers' found in this study.

The Government of South Africa (1995:16) stated that support for small business has to include steps to upgrade the skill level of small, medium and micro enterprise (SMME) operators, strengthen the use of appropriate modern technologies and boost the capacity to create long-term jobs. The South African government is thus committing itself to develop this activity in a way that will help these people increase their income. The question, which remains now, is whether we regard this activity as temporary or permanent and whether there is a career in the informal economy?

Since it has been discussed that South Africa is characterised by high unemployment rates, it is imperative that interventions, which will be put in place, create jobs for most unemployed and retrenched people. This study indicated that there are many people interviewed who have other interesting

skills which will be beneficial to South Africa if they can be given opportunities to utilise them since this activity (trade in second hand clothes) does not give them such an opportunity.

There are also young traders in this activity for which it can be recommended that they further their studies and acquire skills, which will enable them to live better lives. Training interventions are important because it will help them improve their businesses or pursue their dreams, which may be different from this activity. Training may include bookkeeping and financial management, and general business skills. Training should be designed to assist those traders who want to continue trading in second hand clothes. Training could also assist those who want to get involved in other activities.

The problem of shelter was also identified by a number of respondents. Shelter has been one of the main problems reported. The municipality has provided shelters to street traders in West and Smith Streets and also along the Early Morning Market and that makes the lives of traders easier. The provision of shelter is likely to significantly improve the environment in which traders work. These shelters should not only protect the traders and their goods from bad weather conditions like rain and sun, but also include a way in which traders can hang their clothes.

8.3   Areas for Future Research

This study has not addressed the issue of the extent to which second hand clothes distribution has lead to job losses in the formal manufacturing industry. Such an analysis would entail estimating the quantity and quality of second hand clothes imports over time and then comparing this to the segments of the clothing industry that have experienced the most firm closures.

What this study does demonstrate is that this would be hard to get detailed information about quantities of imports. Imports seem to be coming across our borders from our neighbouring countries, probably in small quantities carried by cross border traders. There is also an illegal element with

middlemen obtaining false permits as well as managing to get goods through Customs and Excise. Stakeholders involved in these kinds of activities are likely to be very reluctant to disclose anything about their activities.

In terms of assessing the quantity of imports an analysis of all Customs and Excise data over time would go some way to addressing this gap. As noted this research experienced real difficulties in interviewing foreigners and suppliers in the second hand clothing trade. One way around this might be for the researcher to pose as a trader. With respect to the cross border trade, time could be spent at certain key border posts estimating imports. Full co-operation from Customs officials would assist in this. The data on firm closures is more readily available. SACTWU for example has detailed information about which firms have closed and what they were manufacturing.

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APPENDIX 1 - QUESTIONNAIRE

EXPLORING THE SECOND HAND CLOTHES TRADE: THE CASE OF DURBAN, SOUTH AFRICA

Interview Number :...

Name of Interviewee :...

Date of Interview :...

Time of Interview :...

Venue (exact place) :...

Types of clothes :...

RESEARCH QUESTIONNAIRE
DEMOGRAPHICS

1. How old are you?...

2. Are you single, married or widowed?...

3. Gender..

4. What is the highest standard you passed? ....

5. Have you received other training after schooling?...............................

6. If yes, please state the type of training you received............................

7. Are you originally from Durban/Pinetown?...

8. If no, where do you come from? ....

9. When did you come here in Durban/Pinetown?....................................

10. Where do you currently live?..

11. Can you describe your house (shack/formal building)..........................

12. Are you renting a room/owning a house?...

13. Are you a breadwinner / sharing financial responsibilities?....................

PREVIOUS WORK ACTIVITIES

14. What were you doing before selling these second hand clothes? ....
....

15. Please tell me about your work history?...
....

16. Where did you work?...

17. What made you change?..

CURRENT WORK ACTIVITIES

18. How many people in your household depend on your income.................

19. Does your household members have other sources of income? ....

20. If yes, please state the source(s) ....

21. When did you start selling second-hand clothes?.................................

22. Why did you decide on selling second-hand clothes and not other stock?

 ....

 ....

23. Where did you get your money to start a

 business?..

24. How long have you been doing this job?...

25. Are you the owner of this stock or you are selling for somebody else?

 ....

26. Who decides on the unit price? ....

SOURCE OF THE STOCK

27. Where do you buy or get your stock? ....

28. Do you have an idea where your suppliers get these clothes? ....

29. If yes, where do they get these clothes? ....

BUSINESS PERFORMANCE

30. Do you keep your daily records? ....

31. Why?...

32. Are you subtracting your transport and stock costs from your total

 income?...

33. What turnover do you make on a good day? ....

34. What turnover do you make on a bad day? ....

35. If you are an employee, how much do you earn per week/month? ....

SITE RELATED QUESTIONS

36. Do you normally sell on this site? ....

37. Why did you choose this spot in particular? ....

....

38. Do you have to pay rent for using this site? ....

39. Where or whom do you pay? ....

40. Do you encounter problems of dismissal from here if you use this site

    without permission? ....

41. Site description: cabin/ sheltered/displaying on the ground?

    ....

FUTURE PLANS

42. What are your future plans? ....

....

43. Do you want to grow this business? ....

JOB-CREATION

44. Do you have a maid who looks after your kids while you are here selling

    your stock? ....

45. Do you sell another stock to another town, or in rural areas? ....

46. Do you have another assistant who sells another stock somewhere else

    for you? ....

47. Do you charge the same price per unit at another town too? (given your

    transport cost and time involved) ....

ORGANISATIONAL AFFILIATION

48. Are you a member of any organization like stokvels, church groups,

    SEWU, etc? ....

49. How does membership to these organizations help your business?

    ....

50. Do you have any problems in your business? ....

51. If yes, please state the problems you encounter. ....

....

52. Is there anything interesting about this business you want to share with

me?..

PRIORITY INTERVENTIONS OF THE GOVERNMENT

53. Do you have any contact with government officials? ....

54. Who are those officials? ....

55. If you were in the city council or local government, what are the three (3)

priority areas of interventions that you can identify? ....

....

....

56. Do you have any questions? If yes, please state them. ....

....

....

****

LOCALLY PRODUCED/
IMPORTED FABRICS

SECOND-HAND CLOTHES
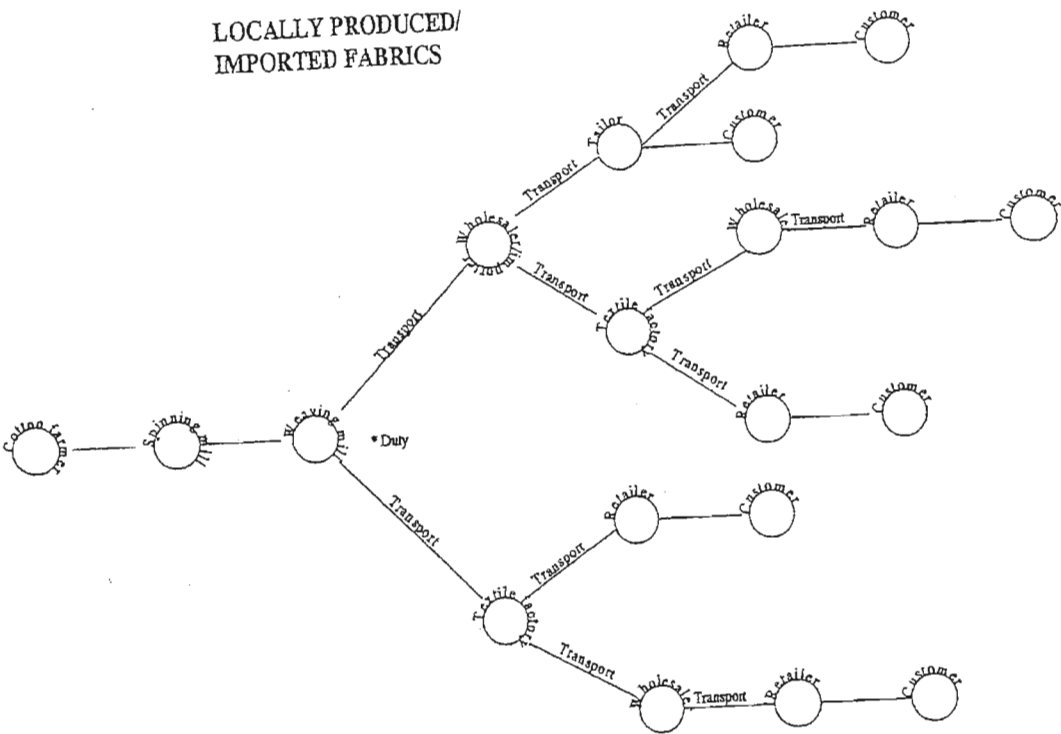
- transport
- duty
- sales tax
- rent
- wages/salaries
- investments
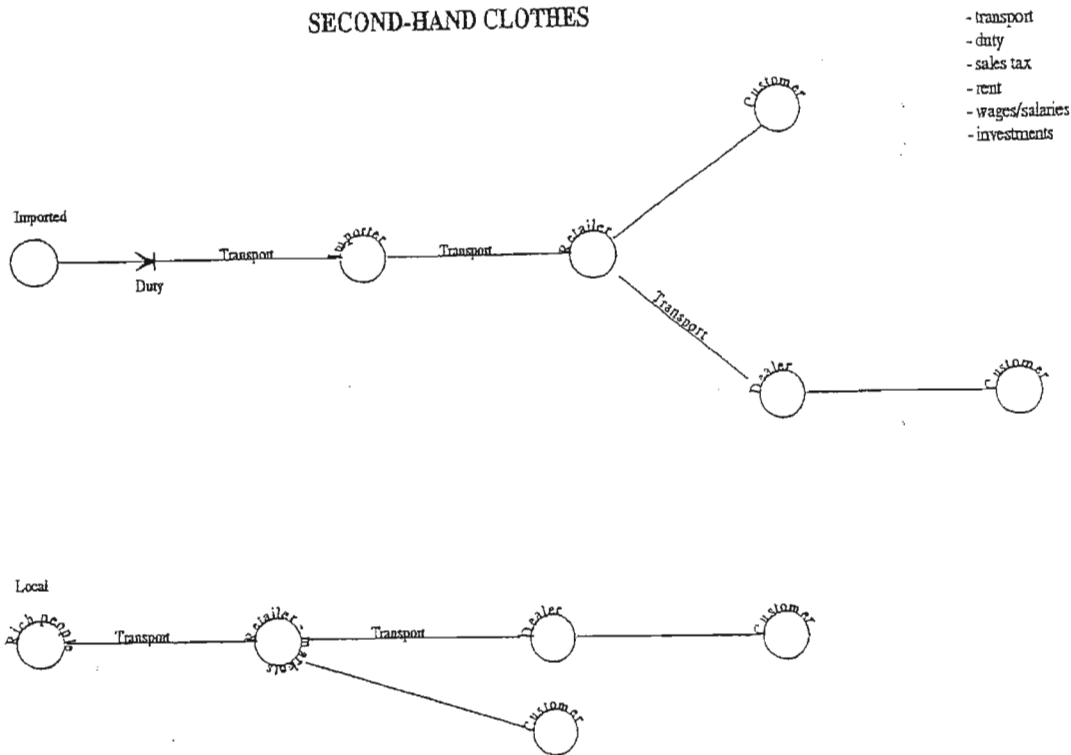
IMPORTED CLOTHES

Deconsult (1993) "Effects of Second-Hand Clothes Sales in Developing
Countries". Report Commissioned by the Danish Ministry of Foreign Affairs

Rebate Item	Tariff Heading	Rebate Code	C D	Description	Extent of Rebate	Anno= tations
405.04				Goods for disabled persons or for the upliftment of indigent persons:		4420
	00.00	01.00	07	Goods (excluding motor vehicles) specially designed for use by persons with physical or mental defects, subject to the production of a certificate from an official of the South African National Council for the Blind, South African National Council for the Deaf, the South African National Council for Mental Health, the National Council for the Physically Disabled in South Africa or the South African National Epilepsy League or of a body which is affiliated to the Council or League concerned, that such goods are for use exclusively by such handicapped persons, such certificate being endorsed by the Director-General: Trade and Industry that such or similar goods are not ordinarily nor satisfactorily made in the Republic	Full duty	4420
		02.00	01	Machines, implements and materials for use in the manufacture of goods by persons with physical or mental defects, subject to the production of a certificate from an official of the South African National Council for the Blind, the South African National Council for the Deaf, the South African National Council for the Physically Disabled in South Africa or the South African National Epilepsy League or a body which is affiliated to the Council or League concerned, that such machines, implements and materials are for the exclusive use by such handicapped persons, such certificate being endorsed by the Director-General: Trade and Industry that such or similar goods are not ordinarily nor satsifactorily manufactured in the Republic	Full duty	4420
		04.00	00	Goods (excluding clothing) forwarded unsolicited and free to any organisation registered in terms of the National Welfare Act, 1978 (Act No. 100 of 1978), entered in terms of a specific permit issued by the Director-General: Trade and Industry, for the distribution free of charge by such organisation	Full duty	5029
		05.00	05	Goods (excluding clothing) forwarded unsolicited and free to any organisation registered in terms of the National Welfare Act, 1978 (Act No. 100 of 1978), entered in terms of a specific permit issued by the Director-General: Trade and Industry, for the official use by such organisation	Full duty	5029
		06.00	09	Goods (excluding foodstuffs and clothing) forwarded free, as a donation, to any educational organisation, hospital (including a clinic), welfare organisation, religious organisation or sporting organisation, recommended by the Board on Tariffs and Trade, in such quantities and under such conditions as the Director-General: Trade and Industry, on the recommendation of the Board on Tariffs and Trade, may allow by specific permit and the Director-General is satisfied that the issuing of such permit will not have a detrimental effect on local industry within the common customs area: Provided that the applicant and anybody responsible for the distribution have furnished an undertaking that - (a) such goods are for use of the organisation or for free distribution; (b) such goods will not be sold, leased, hired or otherwise disposed of for gain without the duty which has been rebated being paid to the Commissioner; and (c) no donation or other counter-performance may be accepted by anybody in respect of such goods	Full duty	9181

bate em	Tariff Heading	Rebate Code	C D	Description	Extent of Rebate	Anno= tations
5.04	00.00					
		07.00	04	Goods (excluding foodstuffs) forwarded free, as a donation, to any educational organisation, hospital (including a clinic), welfare organisation, religious organisation or sporting organisation, recommended by the Board on Tariffs and Trade, cleared for the purpose of this rebate provision on or before 31 August 2000, in such quantities and under such conditions as the Director-General: Trade and Industry may allow by specific permit issued on or before 30 April 2000, or issued after this date in respect of applications received before 30 April 2000 and the Director-General is satisfied that the issuing of such permit will not have a detrimental effect on local industry within the common customs area: Provided that the applicant and 'anybody responsible for the distribution have furnished an undertaking that -' (a) such goods are for use by the organisation or for free distribution; (b) such goods will not be sold, leased, hired or otherwise disposed of for gain without the duty which has been rebated being paid to the Commissioner; and (c) no donation or other counter-performance may be accepted by anybody in respect of such goods	Full duty	9182
	85.24	01.00	44	Recordings known as talking book records and talking book tapes: Provided that the package is marked to indicate that it only contains such articles for use by the blind	Full duty	6654
05.05				Goods for religious instruction or purposes:		
	00.00	01.00	09	Altars, fonts, lecterns, pulpits, church decorations, vestments and other appointments (excluding furniture), for use by a religious body	Full duty less the duty in Section B of Part 2 of Schedule No. 1	
		02.00	03	Goods (excluding petroleum products and oils and other products of the distillation of high temperature coal tar) for use by The Bible Society of South Africa for official operations	Full duty	
	85.19	01.00	43	Apparatus, capable of sound reproduction only, manually operated, whether or not also suitable for use with batteries, entered for use by a religious body for religious instruction	Not exceeding the duty in Section B of Part 2 of Schedule No. 1	6191
05.09	00.00	01.00	06	Goods of any description, for use by the National Sea Rescue Institute of South Africa, the South African Lifesaving Society and SA Lifesaving	Full duty	