

**Informal Economy Within a  
Capitalist System:  
A Focus on Mitchells Plain Town Centre in  
Cape Town, South Africa**

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Unpublished – Written for Masters Class at UCT  
Research Compiled & Written April – June 2009

## **Informal Economy Within a Capitalist System: A Focus on Mitchells Plain Town Centre in Cape Town, South Africa**

South Africa has become a player in the international system of capitalism that has enforced a core and periphery model of development. There are various ways to identify the structure of South Africa's economy, but it cannot be ignored that there are informal and formal sectors that co-exist in creating jobs and income. The informal economy has been questioned all over the world for whom it benefits and fundamentally how it is even defined. This research will explore one area of Cape Town, South Africa: The Mitchells Plain Town Centre, which functions as an informal market for over 1000 traders and hawkers. This market has been subject to much objection by the City of Cape Town and has been under the threat of eviction for over 10 years. In order to understand informal trading in Mitchells Plain, I will question the fundamental structure of South Africa's capitalist system. This research will attempt to understand the logic of capitalism on a broader scale in order to expose the contradictions for a society attempting to accept both informal economic practices and simultaneously appeal to the world system of capitalism. The analysis will then point to the fact that informal economies make up a large number of livelihoods within South Africa and cannot be ignored for keeping the social and economic system from collapsing.

### **Theoretical Understandings of Informal Economy**

The informal economy and informal sector have been difficult to outline, leading to varying definitions. In 1973, Keith Hart coined the term in his writings about the Ghanaian economy and therefore began "the subsequent notoriety of the 'informal sector'" (Guhakhasnobis, *Linking*, 2006, p. 59). Hart's article entitled "Informal Income Opportunities and Urban Employment in Ghana" has been noted by most in being that which started a 'formal' dialogue about informal economies. In this work, Hart calls for a further dialogue to be created around the implications of the informal economy and how it fits with the formal economic structure that is accepted today: "Accra is not unique, and a historical, cross-cultural comparison of urban economies in the development process must grant a place to the analysis of informal as well as formal structures. It is time that the language and approach of development economics take this into account" (Hart, *Informal Urban Income*, 1973, p. 89). What has evolved from the initial pressures from Hart is a breadth of writing on the two economic systems and how they relate to one another, as well as how their relation can be understood in a capitalist system.

Fundamentally, the informal economy is defined by the type of work that is performed and by the rights of the workers within the informal sector. Informal businesses are not factors of private investment and are not under jurisdiction by most business laws of the society. In this same vein, informal economy workers do not benefit from most legal employment policies of the governments. “It refers to unregulated labour-intensive activities, self-employed entrepreneurs, micro and small enterprises, activities that take place outside state regulations or formal firms, unregistered activities...the informal economy is comprised of all forms of ‘informal employment’ – that is, employment without labour or social protection” (Guha-Khasnobis, *Linking*, 2006, p. 59 & 76). There are a number of sectors within the informal economy, adding to the complexity of it. Simultaneously, the more complex the informal economy becomes, the more embedded it is within the society and within the formal framework, regardless of the intentions of capitalism.

The International Labour Office (ILO) and most other international world system structures have further defined the informal economy. But in these definitions, they have manipulated it as being a characteristic of under-developed and un-developed nations. “...dynamic characterization of the informal sector was subsequently lost, however, as the concept became institutionalized within the ILO bureaucracy, which essentially redefined informality as synonymous with poverty” (Smelser, *Handbook of Economic*, 1994, 427). In the mere attempt to understand the term informal, there is a presupposition of the existence of something formal: “Implied in the notion informal is that there is a formal, a norm, against which these other activities can be compared” (Padayachee, *Development Decade*, 2006, p. 311). When the formal economy is that which is idealised by the first world system, the informal economy automatically becomes an assumed element of the third world. “The informal sector read as primitive or traditional, stagnant, marginal, residual, weak and about to be extinguished; a leftover of pre-capitalist formations that the inexorable and inevitable

march of formalization will eradicate” (Williams, *Rethinking*, 2007, p. 18). These ideas that perpetuate misconceptions about more than half the world are what add to opinions surrounding the success of the capitalist system and the need for a first world dominance. “The First World, the supposedly ‘advanced’ economies of the West, is in a major part so defined because it is viewed as having already undergone the transformation from informal to formal modes of production to the greatest extent” (Williams, *Rethinking*, 2007, p. 16).

In an attempt to understand the informal economies that exist throughout the world and, specifically, here in the Western Cape of South Africa, the capitalist domination that is fundamental to the existence and persistence of the informal economy cannot be ignored. “...unlike its portrayal by ILO<sup>1</sup> and PREALC<sup>2</sup> as a survival mechanism in response to insufficient modern job creation, informal enterprise represents the irruption of real market forces in an economy straitjacketed by state regulation” (Smelser, *Handbook of Economic*, 1994, p. 427). Informal trading and work is not a backwards way of employment, but in the capitalist structure it is under threat because of the inability for it to fit into the market in a way that the dominant countries and world system can deal with. “The issue of the informal economy is thus intimately tied up with the question of how long national capitalism can continue as the world’s dominant economic form” (Guha-Khasnobis, *Linking*, 2006, p. 23). Essentially it is a paradox of capitalism that the informal sector even exists. The fundamental defining characteristics of the informal economy are contradictory to all capitalist ideals that aim at a structured market. South Africa is in a position of contrasting economic ideals and

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1 International Labour Office

2 International Labour Office’s Employment Programme for Latin America (Smelser, *Handbook*, 1994, p. 427).

needs to reform its policies to understand what type of economic system would work in a society with a history and current position not within the dominating core.

### **South Africa and Informal Economy**

In his work entitled *The Development of Underdevelopment*, A.G. Frank begins by writing “We cannot hope to formulate adequate development theory and policy for the majority of the world’s population who suffer from underdevelopment without first learning how their past economic and social history gave rise to their present underdevelopment” (Frank, *Development*, 1966, p. 17). Frank’s point of the essential need to understand the history of a society before implementing economic standards is often forgotten by the majority of the international system organisations. In the case of South Africa, the history of colonialism and apartheid are so intricately embedded in the legal and social practices of the country that any economy or sector that exists today has a historical reason for being so deeply entrenched.

During the negotiation stages of the ending of apartheid in South Africa, those in place to take over and remove the legal and social bounds of apartheid had initially discussed a programme designed for the redistribution of wealth and land. This programme, labelled the Reconstruction and Development Programme (RDP), was replaced after the political takeover by the African National Congress (ANC), with the Growth, Employment and Redistribution (GEAR) programme (Guha-Khasnabis, *Linking*, 2006, p. 31). This change of programme was not solely a change of name, but also went against the former promises of redistribution for which the RDP was created. “GEAR recognized that, if the government could not enter partnership directly with the people, it would have to rely on international agencies and capital” (Guha-Khasnabis, *Linking*, 2006, p. 32) Therefore, a defining characteristic of GEAR’s policies is its reliance on foreign investment for business and

economic growth. This made South Africa's move from apartheid rule to "independence," one of great international financial ties. "The 'Rainbow Nation' joined the neoliberal world economy with escalating economic inequality as the inevitable result... So South Africa repeated the continent's post-colonial path towards dependence on outsiders" (Guha-Khasnobis, *Linking*, 2006, p. 31-32).

South Africa then entered the world economic system relying on foreign investment and international capital at a state when redistribution and social revitalisation programmes were at the forefront of need. The analysis of GEAR by Gillian Hart, a current development theorist, is as follows: "The central premise of GEAR was that an orthodox neoliberal package – tight fiscal austerity, monetary discipline, wage restraints, reducing corporate taxes, trade liberalization, and phasing out exchange controls – would lure private investment (both domestic and foreign), unleash rapid growth, tighten labor markets, and drive up wages" (Hart, *Disabling Globalization*, 2002, p. 18). The system that South Africa became a part of is one that which does not make room for informal economies, but instead increases levels of poverty and inequality. "...the investment of capital abroad disrupts and distorts the existing internal development potential of the colonial and semi-colonial nations... It doesn't take over everything but it influences the very direction of a country" (Magdoff, "Capitalism", 2003, p. 5). A further understanding of the history of the current world economic order must be presented in order for any further analysis of the contradictory involvement of the informal economy in South Africa's economic system can be seen.

### **Current World Capitalism & Peet**

In his work entitled *Unholy Trinity: the IMF, World Bank and WTO*, Richard Peet outlines the originations of these three world institutions and further explores their detrimental nature. The International Monetary Fund (IMF), World Bank and the World Trade Organization (WTO) originated from the Bretton Woods conference of 1944. At this time in

history, the world had engaged in two world wars and had seen some major economic downturn. The Bretton Woods conference became the drawing board for “the world” to create global systems that would see the levelling of the economic crisis and be a space for the revamping of the gold standard system. Prior to Bretton Woods, the world was relying on the gold standard system that saw all currencies in relation to a quantity of gold. “Currencies were, at least theoretically, freely convertible into gold, which was allowed to cross borders without restrictions” (Peet, *Unholy Trinity*, 2003, p. 29). Economic struggles were beginning and were projected to continue after the end of the Second World War. Therefore, the dominating regions of the United States of America (USA) and the United Kingdom (UK) worked to create a new world economic system that would rely on free market capitalism. The dialogue of the Bretton Woods conference portrayed that “...the world was publicly described in terms of the free market with sovereign autonomous states enjoying equal opportunity in an ‘open international system’” (Peet, *Unholy Trinity*, 2003, p. 33).

The Bretton Woods conference was held in Bretton Woods, New Hampshire in the USA with the participation of 44 nations, only 15 of which were represented by finance ministers (Peet, *Unholy Trinity*, 2003). By the limited numbers of nations that participated, it is clear that the conference was not aimed at a global economic order that intended to benefit all nations. The USA and the UK used the Bretton Woods conference as a way for their ideas and negotiations of two years to concretize: “Through a succession of bilateral agreement, the USA and the UK worked together towards forming... a world that matched their own economic interests as industrially dominant powers” (Peet, *Unholy Trinity*, 2003, p. 40).

According to Peet, the Bretton Woods conference saw the emergence of three conditions of the world economic system. The first condition is obvious from the number of nations represented at the conference. The interests of only a few nations, primarily the USA and the UK, were making decisions for all nations of the world. Not only is this obviously

detrimental, but it also ignores the ideas of A.G. Frank in the fact that a world system cannot be put into place for countries with vastly different histories. And the fact that the nations primarily involved had been some of the leaders of the colonial era proves the continued dominance in decision-making that these nations feel they can assert on the rest of the world. The second condition asserted by Peet is such that there was an assumed notion that what was needed and good for the world was an economic order that would bring about international peace "...with political and military security being of primary importance" (Peet, *Unholy Trinity*, 2003, p. 39). The fundamental idea that economics can lead to international peace and needs to be at the forefront of international order perpetuates the capitalist system that has proven to be the leader in creating poverty and inequality. "...Bretton Woods was conceived in a world already characterized by relations of severe inequality, especially in terms of economic development" (Peet, *Unholy Trinity*, 2003, p. 33). Therefore, the creations of the institutions at Bretton Woods began on uneven ground and have been instrumental in perpetuating this uneven footing. This then encourages a core and periphery model of dependence of most nations on the political and economic well being of a few. It is quite obvious that the third condition relies on the fact that the USA stepped into the position of world dominance and leadership. Once there was a firm space for the USA to claim its desires, the process leading to a shift of the core of the world system from Europe carried on very smoothly. The IMF, World Bank and WTO became the offspring of a conference that centred its needs on a select few and therefore the creation of these institutions have added to this framework. These structures create and perpetuate international debt, the misconception of international aid as willing and untied and labour standards as being fair and equal. They also add to a system that sees a standard of social, political and economic order that does not and cannot appeal to all nations.

Bretton Woods allowed for the formalised ideas of the USA and the UK to become implemented as ways to further world power. The initial thoughts on the conference began with the ideas of Adam Smith, a father of free market economic theory, who "...thought that the gain of one nation was not necessarily based on the loss of another" and the theories of John Stuart Mill who believed that "...commerce not only brought about peace, but also rendered war obsolete" (Peet, *Unholy Trinity*, 2003, p. 32). No matter what idealised theory upon which the conference once stood, the practical implications of Bretton Woods have encouraged global inequality. Essentially Bretton Woods was a manipulation of nations and the entire system: "...one nation state uses the entire system to subordinate other nations that are weaker economically, for example through unequal trade, which makes less developed nations dependent on more developed ones" (Peet, *Unholy Trinity*, 2003, p. 33).

### **Core and Periphery Model**

African intellectual theorist Samir Amin, is a proponent of the core and periphery model as an explanation of the global system of order that encourages inequality. Countries on the periphery of this model are subject to exploitation and dependency. The mercantilist period history, which occurred prior to colonialism, was characterized by "the emergence of the two poles of the capitalist mode of production: proletarianization resulting from the decline of feudal relationships, and the accumulation of wealth in the form of money (Amin, *Underdevelopment*, 1972, p. 109). The mercantilist system began its exploitation of Africa by using the continent for slave labour to increase production. Amin notes that during this historical period, Africa took the position of an extreme periphery country. In this position, Africa lost all its autonomy and became the dependent continent that it remains today as a result of the core modes of capitalism that have exploited it.

Due to the nature of the model and the dominance the core has on peripheral countries, the core has outlined standards that peripheral countries should strive to fulfil,

regardless of their history and inequality. The hierarchy of development created by the core is built upon notions of the First and Third Worlds that make the ideal model that of First World nations. Gillian Hart, writes extensively on the elements of development and how the periphery countries are affected by the current system. In her article entitled, "Beyond Neoliberalism?: Development Debates in Historical & Comparative Perspective," she outlines her theory regarding development. Hart claims that two different types of development exist and are related to different core and periphery countries: "'Big D' Development I define as a post-World War II project of intervention in the 'third world' that emerged in the context of decolonization and the Cold War. 'Little d' development refers to the development of capitalism as geographically uneven, profoundly contradictory historical processes of creation and destruction" (Hart, *Beyond Neoliberalism*, 2004, p. 3).

In Hart's writing, it becomes clear that "Big D" characterises the modern development of the First World that works within a capitalist framework. "Little d" development is that which is applicable to the peripheral countries, including South Africa. In her notion of "little d" development, Hart is recognising the importance of history and historical understanding that Frank so persistently puts forth when also analysing development. Hart emphasises the need to understand what is happening on the ground in countries that are seen as requiring Development by First World standards. In her "little d" theory, development is a ground-up process that is embedded in the notion of specificity. What must be grasped in this notion are the different processes besides capitalism that have to be part of the development process of countries that do not lie at the core. But, in the case of South Africa, it plays by many of the rules of the world capitalist system and therefore is prone to contradictions because of its position on the periphery.

An essential element of capitalism is the production of goods aimed at the accumulation of wealth. In a free market capitalist system, there is no intervention into the

growth and accumulation of wealth, but rather an encouragement of it. In order for governments to continue to prosper within this market, there must be a means of taxation of businesses so that the public needs can still be met. Unfortunately, the growth of this system leads to poverty and an increase in the separation of groups of wealth. According to Harry Magdoff, who offers a clear explanation of capitalism and its growth to imperialism, “Overcoming the ills of capitalism calls for the creation of a sharply different society, based on a transfer of power devoted primarily to meeting the basic needs of all the people. This would mean removing the dictates of markets in search of maximizing profits” (Magdoff, “Capitalism”, 2003, p. 2). Due to the nature of the informal economy and markets, they are therefore incompatible with the capitalist system in general. The informal economy in South Africa cannot be disregarded because of its prominence and its inevitable support of the formal economy as well. The true paradox then becomes clear: capitalist markets do not make room for the informal economy, but the informal economy exists, and in the mere fact that it exists it adds support to the formal economy that is a creation of the capitalist market.

### **South Africa’s Informal Economy & Mitchells Plain Town Centre**

South Africa is amongst one of the smallest informal economies on the continent, but still “one in four jobs is in the informal economy” and “in Western Cape and Gauteng, the two wealthiest provinces, the informal sector accounts for about one-quarter of all employment” (Williams, *Rethinking*, 2007, p. 53 & 57). In order to further understand the presence of the informal economy in South Africa, I have conducted research of an informal trading area in the Western Cape of South Africa. In this research I have attempted to provide a case study of the current problems and faults of the system that discourage the existence of informal markets regardless of the fact that “the South African [informal] economy has been estimated to be 34 percent of total employment in the year 2000” (Williams, *Rethinking*, 2007, p. 53).

The informal trading area of Mitchells Plain Town Centre lies in the historically identified city townships of Cape Town. The Town Centre is a busy location with a central taxi rank and a formalized mall that houses private investor businesses. Another defining characteristic of Mitchells Plain Town Centre is the informal market with nearly 1000 hawkers who trade seven days a week. Nationally the informal sector accounts for a variety of jobs and a variety of work: “27 percent is in the agricultural sector, 25 percent in domestic services, and of the remainder some 30 percent is in the construction and trade sectors” (Williams, *Rethinking*, 2007, p. 57). Within the trading sector of Mitchells Plain, traders sell everything from produce to spices to prepared food to clothing to accessories to crafts. Many traders have been working as hawkers all their lives supporting families, trading with spouses and relatives and depending on the income from this work for their livelihoods. Due to the nature of the informal economy not being supported by the government and the size of the Town Centre, there have always been threats from the city and the government for renovations and evictions. This year the Mitchells Plain Town Centre has been under serious threat by the city of Cape Town for eviction, but the traders have organized together to further their needs and rights as workers.

There are a number of renovations happening currently in and around Mitchells Plain Town Centre. At the end of May, the city of Cape Town also decided that the number of traders would be reduced. In 1999 the city attempted to legalize aspects of informal trading in the Town Centre, with the ultimate desire to formalize the sector. It has become obvious to the traders that the city does not want to further encourage or support the informal economy, but instead to open the area for private investors and private businesses. Private investors “...become partners in suppressing people’s movements aimed at changing the power structures and freeing countries from the imperialist network” (Magdoff, “Capitalism”, 2003, p. 9). The traders of Mitchells Plain Town Centre have organized and formed alliances with

one another in order to make their needs known to the city. Most of the research for this case study has been done with The Concerned Hawkers and Traders Association (CHATA), as their organization has grown and organized around the current reallocation process quite substantially. One chairperson in particular, Mischka Cassiem, has been a leader in educating me and allowing me the space to understand the current situation in Town Centre.

There is a history of evictions of the Mitchells Plain traders that have resulted in the organization of traders in order for them to sustain their working livelihood. It has never been an easy task for the Town Centre traders to work within the structure of the capitalist economy in Cape Town. The city began consulting with the traders, and seemingly listening to their opinions, regarding the renovation process that they had promised to the Town Centre. This desire for collaboration put forth by the city was, although, done by a hired consultant by the city whom the traders did not feel respected. Most traders are not opposed to the involvement of the city in renovations of the informal trading. Most would be happy with physical renovations to the Town Centre that would provide covering to the trading bays and in general be a more conducive space for workers. The city promised the traders that the renovation process would be transparent and would be a space for all to address their concerns and suggestions.

At the beginning of May of 2009, the city went forward with a reallocation process of trading bays that would only allow space for 500 of the current 1000 traders. This would force the excluded traders to move their trading bays, if even possible, on the outskirts of the Town Centre, where very little business takes place. The new bays would increase by nearly two times in rent, up to 200 rand from 80 rand per month. The rent paid to the city for the allocated bays will be regulated by a permit system that would force traders out if they cannot pay the proper bay fee. This formalization of the trading area comes after over 25 years of

self-regulation of the traders by themselves. The traders feel that there needs to be an upgrade of the Town Centre, but not a formal regulation regarding their businesses.

The traders became aware of the reallocation procedure on the 7<sup>th</sup> of May 2009 and objected to it due to the reasons outlined above. Knowing this objection and also claiming their desire to work with the traders in order to make the process transparent, the city still went ahead and processed the reallocation of bays on the 25<sup>th</sup> of May 2009. This reallocation required that traders apply for bays, but was not a process that was open to all. Many traders who I spoke with were unaware of the application process or were denied the ability to apply for new bays. On the 26<sup>th</sup> of May 2009, the city held a meeting with the traders, which was initially intended to be another planning meeting for the allocation process, although the process had already been initiated the prior day. The meeting was attended by a group of traders from CHATA, two fire department officials, two city officials, and a media representative. The meeting was quickly stopped by the traders who expressed their frustrations regarding the reallocation process and the fact that the allocation of bays had already been initiated without their consent or input. The traders immediately left after noting that it is obvious the meetings are not held for the traders nor do they exist for the traders and city to collaborate on ideas regarding the renovations. But instead, the traders feel that the meetings are formal procedures for the city, which simultaneously ignore the opinions of the traders in the planning of the Town Centre. The traders finished by stating that they have been marginalized in the reallocation process and are prepared to seek legal advice and move the case to court.

It is quite obvious to the traders that the city would rather engage in formal business agreements with private investors in the renovations of the Mitchells Plain Town Centre. What has been ignored in the analysis of informal trading and the informal economy is the coexistence and participation that the informal traders also have in the formal business sector.

Without benefitting from state regulation and social policies, the hawkers of Mitchells Plain still contribute to the formal business revenue. Ultimately, the informal and formal economy "...are integrally linked. With the exception of illegal activities, there are few examples of informal operators who are not linked into the formal economy. As Peattie (1987:858) points out, 'if we think about the world in terms of a formal and informal sector we will be glossing over the linkages which are critical for a working policy and which constitute the most difficult elements politically in policy development'" (Padayachee, *Development Decade*, 2006, p. 311). The informal trading area of the Town Centre creates over 1000 jobs, sells sustainably, does not rely on government grants, still pays taxes on the products they inevitably have to purchase from formal businesses and contribute to government revenue due to the taxes they pay on the goods they subsequently sell tax-free. Therefore, the hawkers are making an income from the informal economic structure, but are still contributing to the formal businesses and therefore to the larger South African capitalist economy.

The city has not openly admitted to their desire to engage in private investor business and is instead basing their eviction and reallocation decisions on legal matters. Since the beginning of the renovation negotiations, there have been a few by-laws written that are directly related to the informal traders in the Town Centre and which give the city legal ground for eviction. The main by-law that is being used to defend the city's decisions is in reference to fire hazards that the number of current informal traders poses to the safety of the Town Centre. Specifically affecting a lane of the centre called "Symphony Lane", these by-laws state that this lane does not allow for passable access of a fire truck or an ambulance in the case of an emergency. There are a number of problems regarding this defence mechanism and it is seemingly being used to cover the capitalist motives of the city aimed at eliminating informal trading.

In 2004 the city repainted trading bay spots in the Mitchells Plain Town Centre for the informal traders. These spots, designated by yellow paint on the pavement, organized the Town Centre in the way it is today, including designated areas for traders in “Symphony Lane.” Since 2004 the city has decided to write by-laws now preventing “Symphony Lane” hawkers the right to trade in the once city-designated trading bays. South African Business Act 71 of 1991 states that by-laws cannot be enforced without the participation and agreement of all parties affected by the laws. Contradictory to this act, the city has enacted and enforced by-laws without the consultation of the hawkers affected. These two contradictions played out by the city of Cape Town have undoubtedly affected the livelihoods and jobs of over 1000 informal traders in one informal trading area of Cape Town. Due to the high numbers of people working in the informal economy in the country of South Africa, this type of state reaction is also happening in other areas.

The reaction from the traders in Mitchells Plain has been extraordinary. The amount of solidarity internally has shown the persistence of the traders, their confidence and the energy they have to fight for what they know is right and what inevitably dictates their survival. Since its inception in mid-year of 2008, CHATA, in particular, has grown to over 500 members. Among a number of other achievements, CHATA has organized fundraisers, legal support, nearly bi-weekly meetings and written protest letters, as well as a formal organizational constitution. CHATA has continually taken peaceful and just action against the city and intends to further do so. On the other hand, the city has forcefully and sometimes violently evicted the traders against their rights. One eviction case in particular occurred on the 13<sup>th</sup> of March 2008 that resulted in the raising and demolition of a number of trading bays. The hawkers quickly organized against this eviction and were back to trading in their bays in under two days.

Unfortunately, the recent reallocation process has created inevitable tension amongst the hawkers in the Town Centre. These divides are due to the limited number of traders that will be part of the renovations and the fact that the city only allowed a certain number of traders the ability to even apply for new trading areas. Regardless, the alliances and strength of the hawkers' movement has remained and has been backed by the Western Cape Anti-Eviction Campaign (WCAEC). CHATA in particular, has felt that the larger movement of the WCAEC has created necessary exposure to the struggle. Collaboration with a larger movement has allowed the traders access to a larger understanding of their rights and a fulfilling collaboration on common goals against the city regarding unlawful evictions. Due to the strength of the traders and the support of the WCAEC, on the 9<sup>th</sup> of June 2009, the city announced that the reallocation process has been stopped. Therefore there will be a subsequent return to the drawing board and consultations regarding the renovations of the Town Centre. This is undoubtedly a victory in many ways, but one that requires continued pressure because what has become apparent is that the process has been stopped for the City and not for the Traders. The traders have noted that they need clarification regarding the reasons for the stop to the process and that if the process and consultation continues, then it must include the complete participation of the traders.

### **Conclusion**

Essentially what is apparent by understanding the current case of Mitchells Plain Town Centre is the oppositional position that the city of Cape Town has taken to the informal economy in general. Similar cases are occurring all throughout the country of South Africa. By understanding the historical progression of economics in South Africa and its current involvement in the capitalist system, it is obvious that it does not support the informal sector, as it does not see it as a benefit to the economy. However, it has been shown that informal markets provide jobs for nearly a third of the economy and simultaneously support the formal

sector by the mere fact of their existence within the system. The slight victories and the solidarity among the movements of the traders and the larger campaign against evictions have proven the energy behind the informal economy. Although the grand policies of the government do not support the movements of the people and often discourage them, there is still strength in the collaboration of struggles. Pressure must continue to be put on government policies that perpetuate the structure of dominance from the First World. These core countries see informal economics as a backwards sector. It must be understood that the informal economy works to react against the detrimental economic structures put in place by the core that arguably can be blamed for continued inequality and poverty in countries on the periphery. Movements must then continue to question a government that appeals to the structures of these dominating countries.

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