

Understanding the economy





written for Sewu by Jillian Nicholson of the
Trade Union Research Project

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Foreword

The Self Employed Women's Union (Sewu) has decided to produce this book in order to fill two gaps. Firstly, we believe that every person can understand how the economy works, even without a university education. But most books about the economy are written in such a way that they are difficult to read without a university education. This book is meant for all those people who want to read more about the economy but have not been able to find anything which explains it in a way that everyone can understand.

Secondly, most people who write about the economy only seem to recognise the formal economy. All those economically active people who work outside the formal economy are usually invisible, as if they were not part of the full picture. This book shows both the formal and the informal sides of our economy and gives proper recognition to all those workers, especially women, whose contribution to the economy normally goes unnoticed.

Sewu hopes that this small book will play a large role in expanding discussion and knowledge about the economy among people who have not been part of economic debates before.

Sewu is grateful to the Trade Union Research Project (Turp) for its work in writing this book and preparing it for publication.



Pat Horn

Self Employed Women's Union

What is an economy?

The economy of a country includes many different activities.

All work that is done in a country is part of the economy of that country. Work includes services such as child caring, domestic work or teaching as well as producing goods and growing food.

The economy is concerned with how these goods are made. This is called production. It is also concerned with the way that production is carried out. Sometimes a lot of machinery is used and only a few people. Other types of production use more people than machines.

An economy always has buyers and sellers of goods and services. For an economy to work well, there must be enough buyers and enough sellers. Buyers need to have money so that they can pay for what they need and sellers must produce the goods or services that the buyers want. The buying and selling of goods is called trade. The economy will have a problem if there are too many sellers, or if buyers do not have enough money, or do not want to buy the goods that are produced.

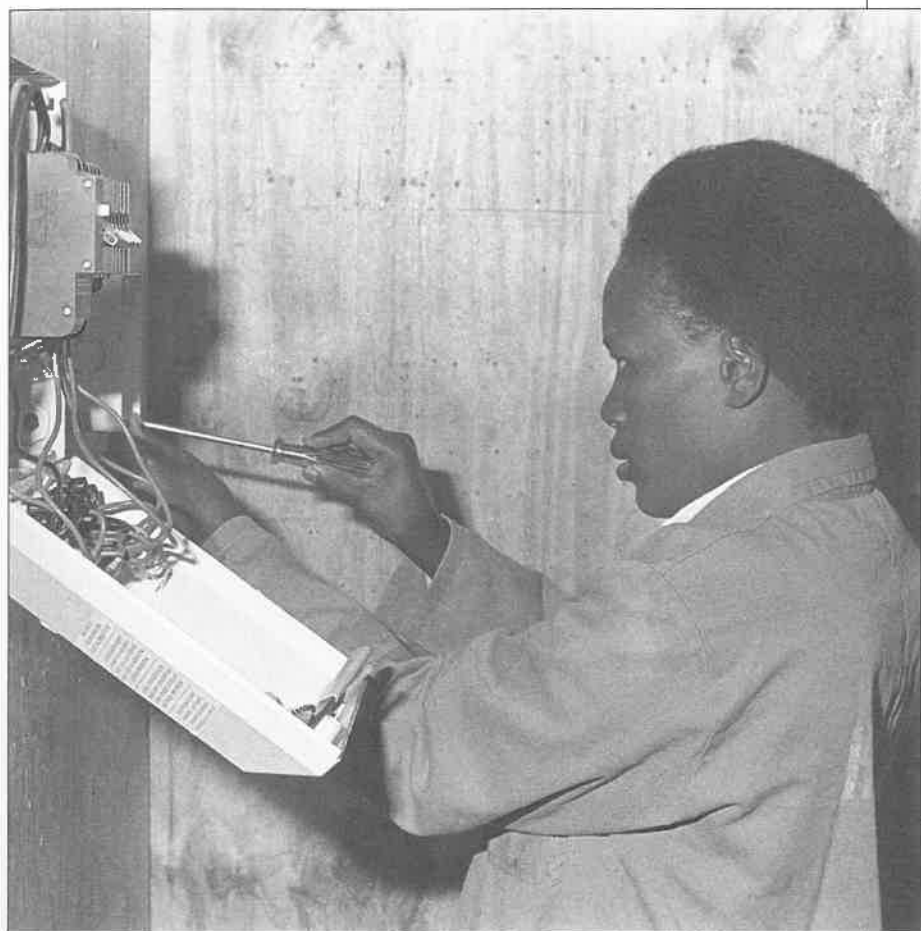
Of course, for buyers to have money, they need to have jobs. So employment is very important in an economy.

Some goods are sold to people living in other countries and some are made for local people. The sellers of the goods make the decisions about which buyers they want to produce for. In order to make these decisions, the sellers should have information about these buyers and also about the other sellers producing the same goods. Sellers of the same goods are often in competition with one another.

In addition to goods and services that are bought and sold, the government has to provide certain services, such as the police force, the defence force, roads and street lights. The government uses the money that it collects from tax payers to supply these services.

Who is part of the economy?

Here are some people who are part of our economy.



Thembi has learnt how to wire houses for electricity. She lives in KwaMashu and works in the area where new houses are being built.



Amina works in a timber factory.



Zodwa works from her home in Ndwedwe. She does beadwork and sells her goods at the Durban beach front.



Tholi is a teacher at the Thekwini High School.

There are many other examples of people who are part of the economy. Whether you are self-employed or whether you work for an employer you are part of the economy. When you buy, sell or swop something, you are taking part in the economy. People who pay taxes or VAT or visit a clinic or ride in a taxi are also part of the economy.

So you can see that the economy affects the lives of people, but also, that the economy could not run without people.

The population of South Africa

Since an economy depends on people, it is useful to know how many people live in a country, how many work and how many do not work.

There are about 42 million people living in South Africa. About half of them are women and half are men. Altogether, they are called the population.

The population of the country can be divided into those who are not available for work and those who are.

Those who are not available for work

Those who are not available for work make up by far the biggest group in the population. This is because children, students, and the old and sick are those who are not available for work. People who do unpaid work, like women who run their homes, cook and look after children, are also part of this group.

The economy of the country has to provide for many of these people. Children need schools, the sick need hospitals and care and the old need pensions and a place to live where they can be looked after.

At some time in their lives, everyone is part of this group of people who are not available for employment.

The rest of the population is called the economically active population. This means that they are willing and able to work and to contribute to the economy. There are about 15 million economically active people in South Africa. Many of them may not actually have work. About four out of every ten of the economically active population are women.

The economically active population

The economically active population falls into three large groups.

The unemployed

There are those who have no income at all. They are the unemployed who are looking for jobs. Some draw unemployment benefits and some have to be supported by others.

There are about four million unemployed people in South Africa. One million of them are subsistence farmers. There are more unemployed women than men.

Formal economy workers

There are those who work for wages in what we call the formal economy.

There are about nine million people employed in the formal economy.

Jobs in the formal economy are in places like factories and farms and mines and in other people's houses doing domestic work or teaching or nursing. People working in the formal economy have proper contracts of employment and they are covered by labour laws. If their wages are higher than a certain amount, they have to pay tax.

Over the past thirty years there has been a big decrease in the number of black people employed in the formal economy.

Informal economy workers

The informal economy covers all businesses that bring in an income but are not registered with the government. People working in the informal economy

do not pay tax. Many of these businesses are owned by families and most of them are small scale operations which do not need a lot of machinery. Self-employed people are part of the informal economy.

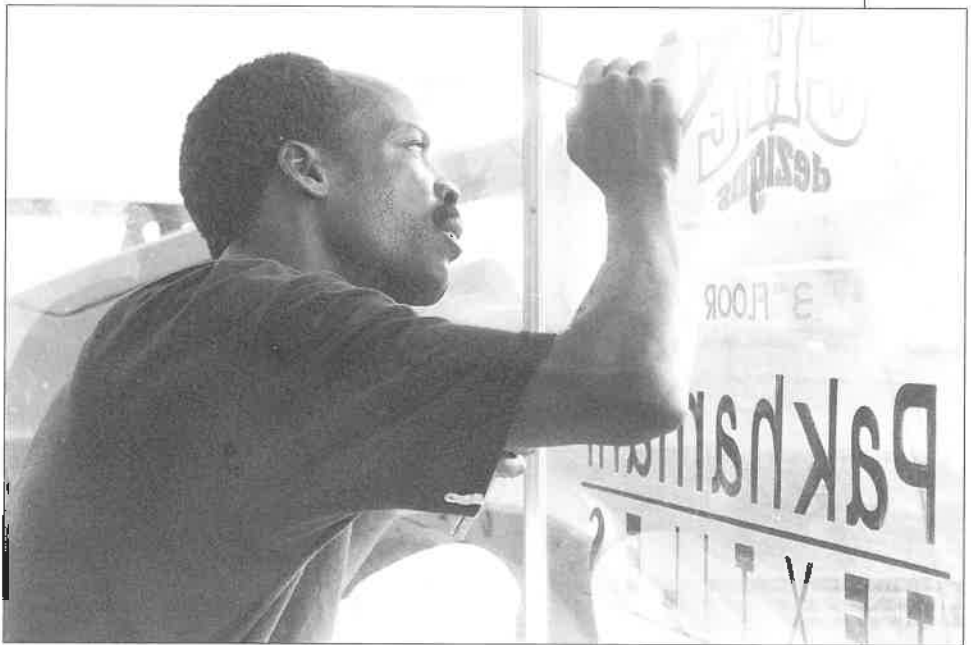
About two million people work in the informal economy.

Many people have been in each of these groups of the economically active population. They have been unemployed, employed for wages in the formal economy and have brought in an income through work in the informal economy.

Businesses and companies

Now that you know about the population in the country, this section looks at the different types of businesses that there are in an economy. These may be in the informal or the formal economy. Businesses can be owned by one person or by many people or by a company.

A Sole Trader



A sign-writer – an example of a sole trader

Most people in the informal economy are self-employed sole traders. This means that their business is owned by one person who collects all the profits and pays all the debts.

Small businesses

These are businesses owned by one person but usually with family members helping to run the business and at the most two employed people. They are usually not registered and do not have permits or business licences to operate.



A family business

A Partnership

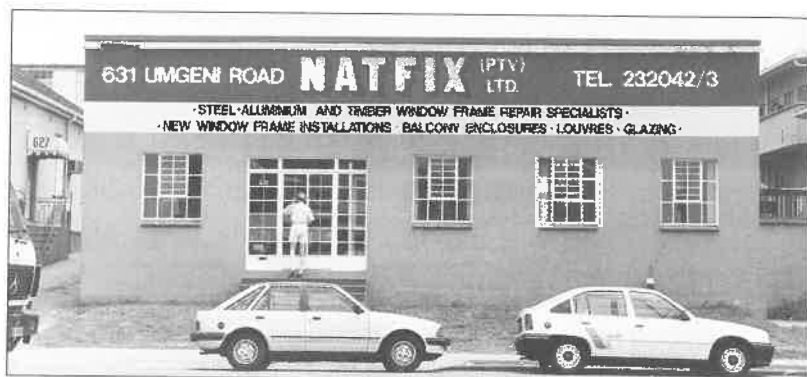
As soon as two people jointly own a business it is called a partnership. If a partnership is a registered business in the formal economy, it has to obey certain laws. Not more than twenty people are allowed to form a partnership. All the partners are responsible for paying the debts and they share the profits of the business.



A sign outside the offices of a partnership

A Company

If more than twenty people put money into starting a business, it is called a company. A company has to be registered with the government. It has to have proper financial statements that have to be examined by people, called auditors, who do not work for the company. A company has to pay tax to the government. The profits of a company are divided amongst the people who have put money into the business. These people are called shareholders. The more money a person has put into a company, the



A company

more profits go to that person. Profits are the extra money that a business makes from sales after all the costs of the business have been paid.

There are different kinds of companies. Some are quite small and some are very big. Some employ thousands of workers and make millions of Rands worth of profits. Some of them are South African companies and others are foreign companies doing business in South Africa.

It is possible for one company to own one or more other companies. Big companies, like Anglo American, own hundreds of other smaller companies. These very big companies are called conglomerates. In South Africa, the conglomerates own so many of the smaller companies that we say that the conglomerates control much of the business of the country. Some companies are so big that they own companies in other parts of the world. They are called multinational companies.

The Informal Economy

In South Africa, there are more sole traders and small businesses than big companies. It has been estimated that these contribute quite a large amount to the total value of all the goods and services produced in the country. So the informal economy plays a very important role in the economy of South Africa.

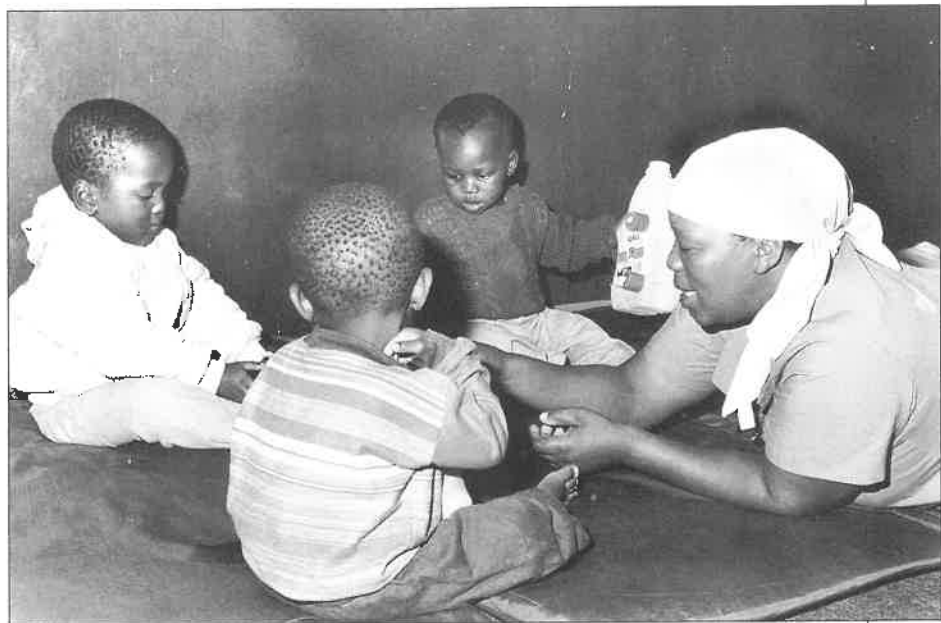
There are many many types of jobs in the informal economy. Here are some examples.



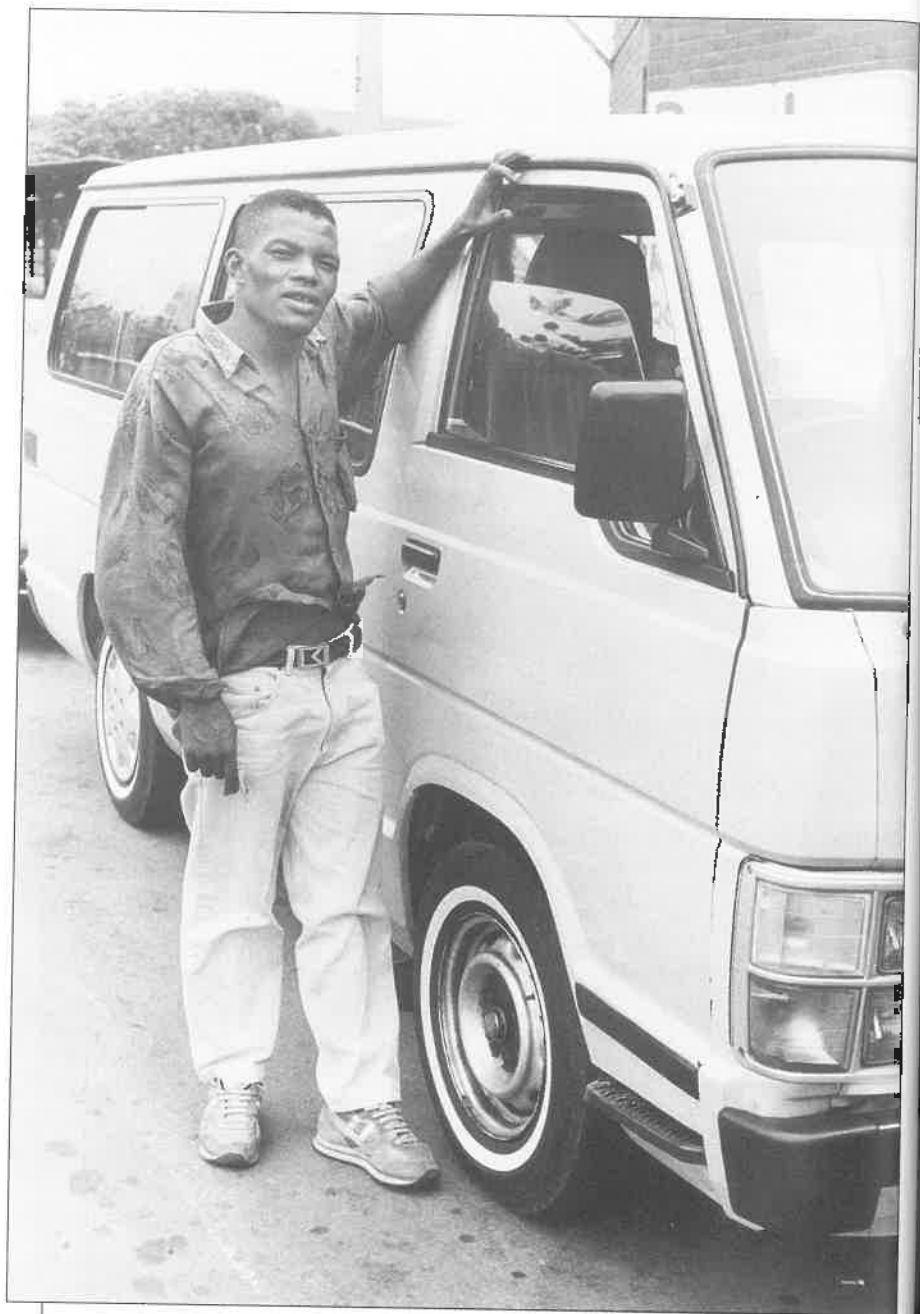
Market gardening



Muthi selling



Home based work such as child minding



Taxi driving



Cardboard collecting



Retailing – when people buy goods and sell them again at a higher price. This retailer is selling shoes at a market.

Some small businesses in the informal economy do employ a few people and pay them wages. For instance, someone who owns a spaza shop or a shebeen may employ a person to help serve in the shop.

Illegal economic activities such as prostitution and crime also form part of the informal economy.

People in the informal economy have often taught themselves the skills that they need for their work. They are used to being independent and on having to rely on their own resources to meet their needs.

Working in the informal economy

Business in the informal economy is affected by changing conditions in the rest of the economy. Here are some stories from self-employed women. They have all noticed changes in their trade. For some women, trading conditions have become better, but for others they have got worse. The reasons for these changes are important.

“My name is Fezile. Ten years ago I was retrenched from garment factory. I looked for another wage earning job but I could not find one. So I decided to become a sole trader and sew and sell pinafores.

At first I did quite well. Now it is becoming harder and harder for me to sell my pinafores. It seems to me that there are more women losing their jobs in the clothing and textile factories. Many of them are doing what I did and are trying to make a living by sewing clothes, including pinafores. In order to sell I have to bring my prices down below anyone else and it is becoming harder for me to cover my costs and make profits.

I have found out that in Cape Town there are not so many pinafores like the ones I make and so it is easier to find buyers there. Sometimes I travel down to the Cape in the bus to sell my things.”

This story tells you a lot about buyers and sellers and prices. It says that when there are many sellers of the same kind of goods, then the buyers can pick and choose. Sellers have to bring their prices down and it may be very difficult to cover costs or even to find buyers. Sellers may have to travel far away to find buyers. It also shows that when lots of people who have been earning wages lose their jobs, there will be more people trying to make a living from self employment.





“My name is Ngenzeni. I was also retrenched from a clothing factory. When I left, two of my friends who had also been retrenched and I put our savings together. We decided to run a small business. We bought one good sewing machine and we had lessons in how to use it. With our skills and our better quality machine we found that we could make some garments such as track suits that most other self employed sewers could not make.

Now we do not have such difficulty finding buyers for our clothes because our clothes are cheaper than the factory clothes but their quality is just as good and there are not that many people from the informal economy making these tracksuits. We have now been able to buy two more machines. We are thinking of making wedding dresses too because there are not many people doing this.”

This story says some important things about skills, quality and what to make. It shows that new machines can do some things better and faster than old machines and the owners of these machines will have an advantage over those who do not. It also shows that it is easier to sell goods when there are not many other sellers making the same goods.

“My name is Sizakele. I buy and sell fruit and vegetables outside the Durban station. I used to have a lot of problems finding a safe place to sell from and quite a few times the police raided my tables and chased me away. Once I had to go to jail for selling on the pavement without a permit. Now things have got much better and the police do not worry me anymore.

Although I am pleased about this, there is another problem now. There are too many people wanting a place on the pavement and often we are all selling the same goods and so we are competing with each other. In order to make a living I have to try to find a place where other people are not selling or otherwise I have to bring my prices down below the others.”

This story shows how trade can be affected by the laws that a government makes. When a government takes away laws that used to control trade, we call this deregulation. When these laws have been oppressive it can be a good thing when they are taken away but it can also lead to new problems. Deregulation can make it easier to start a small business, but it can also lead to greater competition and can cause lower prices. This is good for buyers but difficult for sellers.





"My name is Nokwazi. I live in Ndwedwe and I raise chickens and when they are ready, I take them to the Warwick Avenue market in Durban to sell. I also do thatching for people who live in my area."

I also do beadwork. I have found a tourist shop that will buy my beads. Although I notice that the shop sells the beads for much more than I am paid for them, at least I do not have to sit in the sun all day waiting for buyers and I can get on with my other jobs. So I go to the shop once every two months with my beads. Sometimes there are not many people from overseas wanting to buy beads and then the shop does not want to take them, but in July and December I can usually sell everything I make. Now that there is a new government in this country there are many more tourists than in the past."

This story shows that it is useful to have a number of different skills, especially if you are making goods that sell better in certain seasons. It also shows that foreign tourists can be important buyers, if you can supply them with something that they cannot buy in their own country. It also shows that the way a country is governed can affect whether people wish to visit that country and spend their money in that country. The other thing that you learn from this story is that selling goods to a shop or someone who is going to sell to the public, can save you a lot of time and trouble but it will always mean that you cannot get as much money as when you sell to the public yourself. So there are a number choices to be made when you are self-employed.



"My name is Thoko. I run a spaza shop in Kwa Dabeka. I have noticed two things that are making it more and more difficult for me to encourage people to come to my shop and to cover my expenses and make a profit. Firstly, there have been a number of retrenchments in Pinetown and so fewer people have jobs and money to spend. They do not buy as much as they used to in my shop or they ask if I will give them credit. The other thing is that a big supermarket has been built in Kwa Dabeka and their prices are sometimes lower than mine. They can buy cheaply from the wholesalers."

This story makes two points. The more unemployed people there are, the less money there is to spend and the more difficult it is for sellers. It also shows that bigger shops can sometimes sell their goods at lower prices. This is because they sell more goods and so they can afford to make less profit on each item. However, self-employed people do not have to pay wages to workers or high rent on their buildings, like the bigger shops.

You can see that it is useful to know more about the whole economy in order to understand why certain things are happening to your own trade. You will also realise that through your own business you have got to know quite a lot about how an economy works.

What these stories show

Retrenchments and **unemployment** will mean that people have less money and will not be able to buy all the things they could when they earned wages. More people will try to make a living from being self employed and there will be more **competition** amongst the self-employed. All this is likely to lead to lower prices. This is good for the buyers but bad for the sellers.

The **deregulation** of laws makes it easier for people to trade and make a living but it can also lead to greater competition.

Skills are important in order to compete successfully in the informal economy. It is particularly useful to have more than one skill and to have skills that most other people do not have.

If there is a **shortage** of goods there will be more buyers and prices will go up. So if sellers want good prices they may need to sell their goods in places where there is a shortage. They can also think of making goods that other sellers are not making.

It is important to **understand the market** for your goods. You need to make what people want to buy. There will be times in the year when certain goods sell better than at other times. There will be some goods which foreign people will want to buy but which may not interest local people.

Starting a business with a **group** of women can be more profitable than working on your own.

Advantages and disadvantages of working in the informal economy

If you had a big group of people all from the informal economy and you asked them whether they wanted to remain in the informal economy or whether they would prefer a job in the formal economy, you would find a number of different answers.

Those in favour of a job in the formal economy would give reasons such as these:-

“At least I would know that I was going to bring home a wage at the end of each week, and I would know exactly how much it would be.”

“My employer and I would be paying into the unemployment fund so I would have something to live off if I lost my job.”

“At the end of my work I would probably receive a pension.”

“I would have the law to protect me from an unfair employer.”

“I would get paid if I was sick or on leave or stopped work to have a baby.”

But there would be others who would say that they would rather work in the informal economy. They would say:-

"In this work I am my own boss. There is no one who checks on me if I am late or if I want to take time off to see to my children's school teacher."

"I can decide on my own working hours and the amount of leave that I get. I do not have to worry that if I go away for a few days I may not have a job when I get back."

"Without paying tax and pension contributions I can earn more than I would be earning in the formal economy. I think it is the duty of the government to provide a pension for me when I am old."

"All the profits that I make go straight into my own pocket."

The Formal Economy

This section looks at the formal economy. What happens in the formal economy also affects work in the informal economy and may change decisions about the type of business you set up or the training you decide to have.

The formal economy can be divided into a number of different groups or sectors, depending on the type of business or activity that goes on in that group. Here are examples of some of the most important sectors in the formal economy.

Agriculture

This is an important sector in the economy. It covers all activities connected with farming, fishing and forestry. It supplies the food for the country and also sells some food to other countries.

Although it employs the fourth highest number of people in the country, the numbers employed have been dropping over the past ten years. This is because machines are taking people's jobs and because of drought.



Sugarcane farming is part of the agricultural sector.

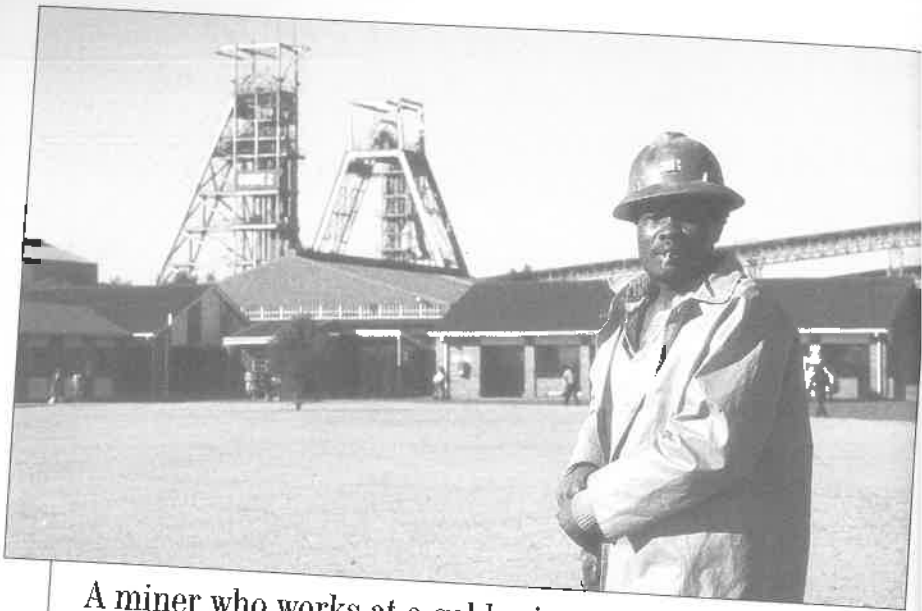
People in the informal economy who buy and sell fruit and vegetables are linked directly to the formal agricultural sector. If there is a drought and a shortage of vegetables then the prices will rise and this will bring down the profits of the street sellers.

Mining

South Africa is one of the most important mining countries in the world. It is especially rich in gold, manganese and chromium. These are called minerals. They are used around the world for making other products.

In South Africa, the mining sector is becoming less and less important and thousands of mine workers have lost their jobs over the past ten years. Part of the reason for this is that the price of gold has been dropping over the years.

Many men who used to work on the mines and send wages back to their families are now without jobs. This means the women at home have to look for work. Many more mining jobs may still be lost.



A miner who works at a gold mine

Construction

This is one of the sectors of the formal economy which should be growing because of the increase in the number of low cost houses that are due to be built and because it is becoming easier to get loans for houses.

People in the informal sector can make use of the growth in construction in a number of ways. There will be an increased need for building blocks and for people who can build, lay roofs, wire houses for electricity, do plumbing and painting. In addition as more people have access to electricity there will be a growing need for electricians to fix broken appliances.



Building roads is part of the construction industry.

Services

Here are some jobs that are found in the services sector:

- ◆ packing at a supermarket;
- ◆ nursing in a hospital;
- ◆ cooking fish and chips at a Fast Food outlet in Pinetown;
- ◆ working in a bank as a teller;
- ◆ driving a bus.

As you can see, the services sector is made up of a wide range of different economic activities. They all provide some kind of service to people. The services sector is grouped into wholesale and retail trades, catering, communications, banks, hospitals and tourism. Some of these activities are run by the government and some are run by private business.

Here we look at two of these in particular – the retail trade and tourism.

The retail trade

Retailers sell goods to the public. They buy their goods from companies called wholesalers. The retail trade is growing fast and retailers are doing well.

Many retailers are building new stores and spreading into areas that were previously not so well supplied with shops. Millions and millions of Rands are being spent on this. There is also strong competition between different shops.

This affects self-employed people in different ways. Often prices come down if there are many stores in an area all competing with each other. This suits most buyers. However people running spaza shops or selling goods in the streets will find these new shops with their lower prices a problem. If they want people to buy from them, they will also have to lower their prices or move to areas where there are no big supermarkets.



A check-out point at a retail store

Tourism

There are more than a million visitors to South Africa each year. We call these visitors tourists.

The tourism industry includes all the hotels and tours run for tourists. This is why it is part of the formal economy. But South Africa's tourism industry is growing fast and there is a lot of potential for small scale services to tourists. In addition to buying traditional African gifts such as beads and baskets, many visitors would like to visit townships or stay in a township. They need guides, interpreters and places to stay and eat.



People from the informal sector benefit from the growing tourism industry.

Manufacturing

Manufacturing is the biggest and most important sector in South Africa's economy. It is worth the most money and employs the most people. This is the sector where most of the production of goods takes place. Here raw materials, for example wool or steel, are made into products such as jerseys or steel pipes.

This sector has experienced many difficulties. Lots of jobs have been lost in the past ten years. In the past many countries did not trade with South Africa because of the Apartheid government. But more countries are now trading with South Africa. This means that there is more competition. Some goods are coming into the country that are cheaper than the goods that are made here. Often the quality of the goods from outside is also better. This is good for the buyers but it is a problem for the manufacturers in these industries and has caused lots of retrenchments, especially amongst women.

The industries that suffer the most in this way are industries that employ lots of workers and use few machines. These are called labour intensive industries. They also employ more women than men.

Different industries in the manufacturing sector

Here is a list of the main products that are produced in the manufacturing sector.

beverages



chemicals

clothes

electrical machinery and equipment such as TV sets and video's

food



footwear

furniture

glass



iron and steel such as machinery and equipment

metal

mineral products

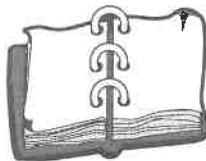


motor vehicles and parts

paper

plastics

pottery

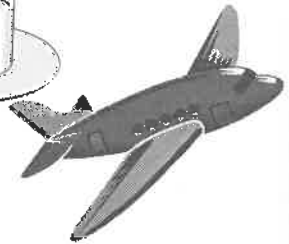


printing and publishing

rubber

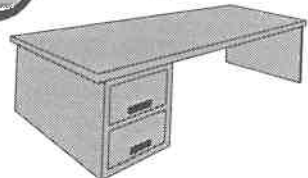
textiles

tobacco



transport equipment

wood products



Some industries in the manufacturing sector are doing well and growing bigger, but others are doing badly. Some of the industries that have done well recently are plastics, food, paper, chemicals and furniture. These companies are growing faster than others. Unfortunately the plastics and chemical industries are capital intensive industries, which means that they use lots of machines to make their products and not so many workers.

Some of the industries that have done badly recently are footwear, clothing, textiles, electrical machinery, motor vehicles and motor parts and glass.

These are industries which suffer from competition from companies in foreign countries.

Clothing and textile industries

The clothing and textile industries are two industries that affect self-employed people.

Many countries in the rest of the world produce clothing and textiles more cheaply than they are produced in South Africa. Until recently, these countries did not sell their goods inside South Africa. The government put a tax on these goods that made them expensive compared to South African clothes and textiles. Now the government is removing this

tax. Clothes and textiles from countries like India and China are being sold in South Africa. They are often cheaper than South African clothing and textiles, so buyers prefer to buy them. This means that the local industry suffers. Many companies are closing down and retrenching workers.

Many of the workers retrenched from these companies are women who decide to make a living by sewing. Now there are too many self-employed people doing this and they all compete with each other. In order to sell their goods, prices have to be very low. It is becoming difficult to make any profit.



The local textile industry – suffering from foreign competition.

Who makes decisions about the way the economy is run?

Decisions that affect the economy are made daily by individual people. When you decide what kind of business you are going to start or where you are going to sell your goods, or what you are going to buy, you are making economic decisions. Self-employed people contribute in a major way to the economy of the country.

Other decisions, that affect large groups of people and the overall economy are made by the government, by private companies, organisations of business, trade unions and trade union federations.

The Government

The government makes the laws that relate to the running of the economy. For instance, the government passes laws about tax that must be paid by companies and by individuals. The government decides how much Value Added Tax (VAT) will be paid on goods.

The government can decide to put extra taxes on foreign goods coming into South Africa or to remove the taxes on foreign goods in order to encourage foreign trade. This removal of taxes is what is happening at the moment. So lots of foreign goods are coming into the country and are competing with local goods and are bringing down prices. The government also decides whether it will own and run certain businesses such as the supply of electricity or water or whether it will allow these businesses to be owned by private companies.

Companies

Companies also make decisions that affect the economy. Just as you decide for yourself what goods you will make and sell and what prices you will charge, so directors and managers make these decisions for their companies. If a company is doing badly they can decide what needs to be done to improve its profits. They can change the type of goods it is producing or the way it is producing goods. They decide on prices. These decisions can lead to more workers being employed or to retrenchments. Sometimes these decisions lead to goods being produced for buyers in other countries instead of in South Africa.

Foreign governments or companies

Foreign governments or companies can make decisions which affect the economy of South Africa. For example, in the Apartheid days many foreign governments decided not to buy from or sell anything to South Africa. Now that South Africa has changed, these governments have made decisions to trade with South Africa.

Trade Unions

Trade unions fight for better wages and working conditions for their members. The power of the unions and the amount of pressure they can put on the government or on bosses, can influence the economy of a country.

Here are three decisions that these economic players have made recently that have affected the economy.

Decisions by the government

Price of petrol goes up

Recently the government decided to put up the price of petrol. This affects the economy in all kinds of ways. Businesses that rely on transport to move their goods around the country will be paying more for transport. They are likely to put up the prices for their goods in order to cover the increases in transport costs. This will have an affect on buyers who will now pay more for the goods.

For workers, it often means that bus fares will increase and so they pay more towards transport and have less money to bring home at the end of the day.

Decisions by companies

R60 million spent on new machinery and equipment

Ten years ago Frame Textiles employed about 40 000 people in plants in KwaZulu Natal and the Eastern Cape. The firm decided to restructure its factories and by 1996 it only employed 6 000 workers. But the firm is making bigger profits. Frame plans to spend

R60 million on new machinery and equipment in 1996. This will take the place of more of its workers.

Pepsi is a foreign company which has decided to set up factories in South Africa. This decision will have a positive effect on the economy because it will bring money into the country and give jobs to people.

Decisions by trade unions

Unions challenge the banks

The role of trade unions in an economy is to advance and protect the rights of workers and put pressure on business and the government when workers rights are threatened. Unions do this in numbers of ways such as bargaining for increased wages and improved benefits. But the trade unions also protect their members in other ways. In 1996 Cosatu decided to challenge the banks which were putting up the rates of interest to be paid on borrowed money. Increased interest rates would have affected many people who are having to pay back loans to the bank. The banks dropped their interest rates as a result.

Changes in the South African economy

The economy suffered under the Apartheid government. Many jobs were lost, prices of goods increased and quality was often not very good. Countries did not want to buy South African goods. The population grew but the country produced less and employed fewer people. It was like a family that was growing while its income was getting smaller.

Everyone agreed that the economy was in a very bad way and needed to be changed. Now the new government is trying to improve the economy and to get it to grow much faster than before so that it can provide jobs for the unemployed and basic necessities that are not overpriced. This task of changing the economy is sometimes called restructuring the economy. What it will mean is that some industries get stronger and employ more people and others get weaker and employ even less people.

The economy is certainly growing faster than in the Apartheid days. But it is not growing fast enough to provide jobs for the unemployed. Some of the sectors of the economy that are improving are those that use machines instead of people. This is good for profits but bad for workers.

How do the changes in the economy affect self-employed people?

Some of these changes have already been mentioned but we look at them again, as a conclusion to this book.

1. There is more competition in the formal economy. This means that:
 - ◆ The price and quality of foreign goods in the country is sometimes better than local goods.
 - ◆ Prices should come down for those goods where competition is strong.
 - ◆ Some of these foreign goods will also compete with informal sector traders. For instance, grass baskets and mats from Taiwan are for sale in many large department stores and supermarkets and are competing with some types of locally made grass work.
 - ◆ Street traders will find more foreigners competing with them. For instance, numbers of Taiwanese people are starting to set up stalls and sell their goods on the pavement and in flea markets. There are also more people from other countries in Africa competing in the informal sector.

2. There is more competition in the informal economy. Unemployment is still high and jobs are being lost, particularly in the mining, clothing and textile industries. So more people will be trying to make a living in the informal economy and there will be more competition. This means that:
 - ◆ Trading will be more difficult in those areas where competition is strong and prices will be lower, so profits may be lower
 - ◆ Self-employed people will have to learn new skills so they can sell goods or services that are not oversupplied.
3. Tourism in South Africa is increasing. This gives self-employed people a number of opportunities, particularly with foreign tourists.
4. The new government is taking away many of the old laws that stopped self-employed people trading freely. This means that there are more opportunities and choices for where you can sell your goods and services and what goods and services you can sell.
5. The new government has undertaken to assist people in the informal economy with loans, training, health and housing development. Formal economy business is also being encouraged to make use of informal operators where possible.

These are important changes for all workers. Some of the changes will make earning a living more difficult, but others will benefit workers and in particular those who are self-employed.

"We believe that every person can understand how the economy works . . ."

"This book is meant for all those people who want to read more about the economy but have not been able to find anything which explains it in a way that everyone understands."

"(It) gives proper recognition to all those workers, especially women, whose contribution to the economy goes unnoticed."

Pat Horn, Self Employed Women's Union

Understanding the economy provides basic information on the country's population and the economic activities of those who work in the formal and informal sectors. It briefly describes how important decisions are made and how these decisions affect the people of the country.

The book is richly illustrated with photographs and is also available in Zulu.

