

The socio-economic impact of trade liberalisation and employment  
loss on women in the South African clothing industry:  
A Cape Town case study

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**FULL REPORT**

(a Summary for Session 1 is also available)

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## Glossary

ANC - African National Congress

AGOA - Africa Growth and Opportunity Act (2000)

CMT - Cut, Make and Trim or informal home-based operations

DTI - Department of Trade and Industry

EU-SA-FTA - Free Trade Agreement between European Union and South Africa (2000)

GATT - General Agreement on Tariffs and Trade (1994)

GEAR - Growth, Employment and Redistribution Strategy (1996)

IMF - International Monetary Fund, one of the Bretton Woods institutions

NP - National Party

Neo-liberalism - A set of ideas, promoted by powerful economists, think-tanks, research institutes, politicians and corporate businesses, according to which the laws of the market should determine the prices of all goods and services (including labour costs, profits, cost of basic services) in society. These ideas form the basis of economic policy prescriptions by governments and international institutions such as cuts in budget spending, monetary discipline, privatisation, and trade liberalisation.

SACU - Southern African Customs Union

SADC - Southern African Development Community

SAP - Structural Adjustment Programme

Trade liberalisation - The reduction or elimination of import taxes, customs duties, and other 'barriers' to imports entering the national market. The latter can include quota restrictions, domestic subsidies, and strict laws to regulate the activities of foreign investors.

WTO - World Trade Organization (1995)

## Background

Over the past ten years the South African government has pursued various strategies to achieve higher economic growth to improve the socio-economic conditions of South Africans. One of its key strategies has been the liberalisation of trade. Trade liberalisation began in 1985 under the apartheid government, and was further entrenched by its Structural Adjustment Programme of 1989. This trend continued with the signing and implementation in 1994 of the General Agreement on Trades and Tariffs (GATT) by the ANC-led Government of National Unity. The ANC government subsequently joined the World Trade Organization (WTO) and adopted a neo-liberal macroeconomic strategy known as the Growth, Employment and Redistribution policy (Gear), which focuses on trade liberalisation, fiscal austerity and monetary discipline as important means to economic and human development in South Africa.

The South African government and many other WTO members tout increased competition through trade liberalisation as the key to socio-economic progress. But various studies in South Africa have found that the poor, and especially women, suffer when they lose their jobs when companies close down or scale down because they cannot compete with cheap imports. A 2003 study<sup>1</sup> established a clear link between trade liberalisation and widespread job losses in the clothing and textile industry. In the study, firms indicated that lower-priced imports were exerting downward pressure on margins, which increased pressure to raise worker productivity and lower labour costs, partly through shedding jobs.

In addition, the depreciation of the Rand in the mid-1990s made imported inputs more expensive. Without a significant increase in domestic demand, higher input costs and downward pressures on retail prices threatened manufacturers' profits. They therefore looked for ways to reduce costs by cutting jobs and improving productivity.

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<sup>1</sup> ESSET 2003 'The impact of trade liberalization on workers in the textile industry' Ecumenical Service for Socio-Economic Transformation/Economic Policy Institute/KHIB Women's Centre.

As shown in Table 1, official statistics create the impression that employment in the clothing industry has fluctuated rather than declined steadily. This is mainly due to the substantial shift of workers from the formal to the informal sector as manufacturers adopt strategies like outsourcing and subcontracting to maintain their profit margins. But not all workers find work in the informal sector, and 'new jobs' in the informal sector tend to be more insecure and unregulated, with lower wages and no social benefits.

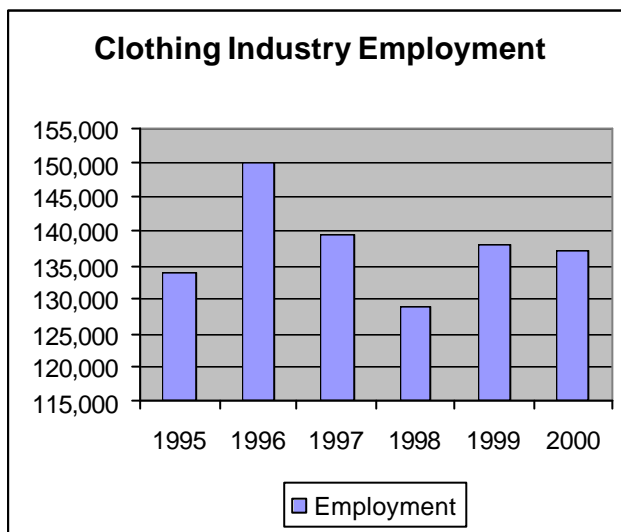


Table 1. Clothing Industry Employment (Source: DTI / Statistics SA in WESGRO, 2002:8)

The Western Cape forms the heart of the clothing industry. Between 1989 and 1998, the number of workers in formal employment in the clothing industry in the Western Cape alone fell from 55 288 to 39 512. As 80 per cent of clothing workers are women who are paid low wages (37 per cent of the average manufacturing wage [Singer et al. 1998 in ESSET, 2003: 21]), this drop in employment has had a severe impact on the socio-economic status of women. In addition to earning an income – with many women already the sole breadwinner in a household – women also play a vital role as carers, food providers, educators and budget keepers in both their family and their community. This is a role that is too often undervalued and unpaid. Therefore, when women lose their income, it has a disproportionate impact on poverty in their families and communities.

This report provides a brief overview of the development of the clothing industry and the impact of trade liberalisation in South Africa, which provides the broader context for understanding the impact of socio-economic effects of job losses within this industry. It then sketches a vivid picture of the gendered impact of the adjustment costs of trade liberalisation on women in the clothing industry, illustrated through personal experiences. This material is drawn from interviews and focus group discussions conducted in 2003 among a random sample of 50 women clothing workers in the Western Cape who lost their jobs. While this is not a 'representative' sample, the documented lived experience of these women gives us a compelling picture of the human cost of job losses and the additional burdens this places on the day-to-day lives of thousands of women and their families. Statistics alone cannot tell their story.

## Trade liberalisation and employment loss in the clothing industry

### **Liberalisation and the clothing industry**

The South African clothing industry grew from a need to overcome supply restrictions during World War I. The industry supplied 87 per cent of local demand by the 1950s and 93 per cent by the 1980s (October 1996:6). Changes in the industry came about after the international oil shock of 1973. This led to a breakdown in the government's economic development strategy, which promoted exports of primary products, inward looking import-substitution industrialisation, and 'violently regimented labour supply' (Marais 1998:100, 101).

The shift to trade liberalisation began in 1982 when the National Party (NP) government accepted a loan from the International Monetary Fund (IMF) with conditions in line with neo-liberal orthodoxy (Marais 1998:105). By 1985 the NP introduced duty-free import provisions for the clothing industry and import volumes of clothing started to grow (Sellars 2000:492; Altman 1993:89). In 1989 the NP government's Structural Adjustment Programme (SAP) increased exposure to international competition and boosted import penetration to over 40 per cent of the local market between 1989 and 1991. Worn clothes

constituted a substantial part of these imports, increasing by more than 64 per cent between 1989 and 1990 (Altman, 1993:vi, 15, 95, 115).

### **Trade agreements and clothing flows**

In 1993 the transitional government signed an IMF Letter of Intent for a loan. It stipulated that the government had to liberalise trade as a condition for the loan. In 1994 the ANC-led Government of National Unity signed the General Agreement on Tariffs and Trade (GATT). The Clothing and Textiles Agreement, which formed part of the GATT, required that all quotas on clothing imports be scrapped by 2005. Subsequent to the adoption of GEAR in 1996, tariffs were reduced more rapidly – over eight years – and to lower levels than required by GATT. In respect of clothing, *ad valorem* tariffs were reduced to an end-rate of 40 per cent by 2000 instead of the prescribed 45 per cent (Swart Commission 1994:vi; Gibbon 2002:16; Hirschsohn et al. 2000: 74).

The US government's 2000 Africa Growth and Opportunity Act (AGOA) opened up the previously closed US textiles and clothing market to African countries, albeit under very restrictive conditions. As a result, the value of South African clothing and textile exports to the US rose from US\$2,242,000 in 2000 to US\$33,621,000 in 2001 (Mattoo et al. 2002:34; DTI 2002). However these increases in export earnings have not offset the social fallout following the loss of local markets, as they have not been associated with job creation.

High tariffs serve to protect clothing manufacturing as it is a labour-intensive industry and therefore susceptible to the threat of low-wage competition (Hirschsohn et al 2000: 69). This threat has become reality in South Africa. As a semi-peripheral country in the world economy, South Africa's labour costs are lower than most developed countries and higher than that of many other developing countries. In 1996, manufacturing sector labour costs in South Africa were 90 per cent higher than in China and 95 per cent higher than in Indonesia (National Productivity Institute (NPI) 1998 in WESGRO 2002:11). But these figures conceal the fact that South African wages were historically lower than other

middle-income countries, and below subsistence (Altman (1993:iii). Table 2 below shows the balance between clothing imports and exports between 1991 and 2000. It does not reflect the impact of the Africa Growth and Opportunity Act (2000). The trade balance became negative in 1998.

**Table 2. South Africa's clothing imports and exports**

Year	1991	1993	1995	1997	1998	1999	2000
Imports (R'000)	187 710	251 306	225 030	428 063	578 750	671 392	873 126
Exports (R'000)	219 206	473 485	393 707	465 309	505 696	591 754	722 395

*Source: ABSA 2001:14-15*

The lack of protection from countries with cheaper labour has resulted in a growing inflow of clothes since the introduction of a structural adjustment programme by the National Party in 1989. But GEAR, which emphasised the competitive effects of lower tariffs, has given the clothing industry the hardest knock. From 1998 onwards the value of clothing imports has surpassed that of clothing exports. The bulk of clothing imports in 2000 came from Asia (R680m out of the total value of imported clothes of R873m), particularly China and India, with a significant inflow from Africa (R103m) [see Table 3 below]. The weakened Rand (1996-2002) combined with the shift of manufacturing activities to exploit cheap labour in neighbouring countries explain the increase in imports from Africa. Clothing is also brought into the country illegally through criminal means (Interview with the South African Clothing and Textiles Workers Union (SACTWU), 27/6/03).

**Table 3. The breakdown in 2000 for imports of clothing and worn clothing from SADC countries with which South Africa has bilateral agreements**

Imports	Clothing	Worn Clothing
Malawi	R64,2m	R20,7m
Mozambique	R19,3m	R282,000
Zimbabwe	R15,6m	R3,6m
Zambia	R228,000	R65,000

*Source: ABSA, 2001:51*

### **Companies' responses to trade liberalisation and growing unemployment**

The rapid liberalisation of trade since 1989 gave manufacturers little time to adjust to international competition. Minimal public support for clothing companies compounded the Department of Trade and Industry's (DTI) supply-side policies, which boosted capital-intensive rather than labour-intensive production (Mokate 2000:63; Michie & Padayachee 1997:20; Hirschsohn et al. 2000: 72). The capital-to-labour ratio in manufacturing has been increasing as trade liberalisation took hold in South Africa (ESSET 2003:15). The Department of Trade and Industry (DTI) conceded that the decline in employment since 1994 occurred mostly in labour-intensive sectors in a context of higher levels of import penetration (*Business Day*, 28 October 2002). DTI policies have also had minimal beneficial effects on the informal economy where the majority of female workers are active (Skinner & Valodia 2001:76).

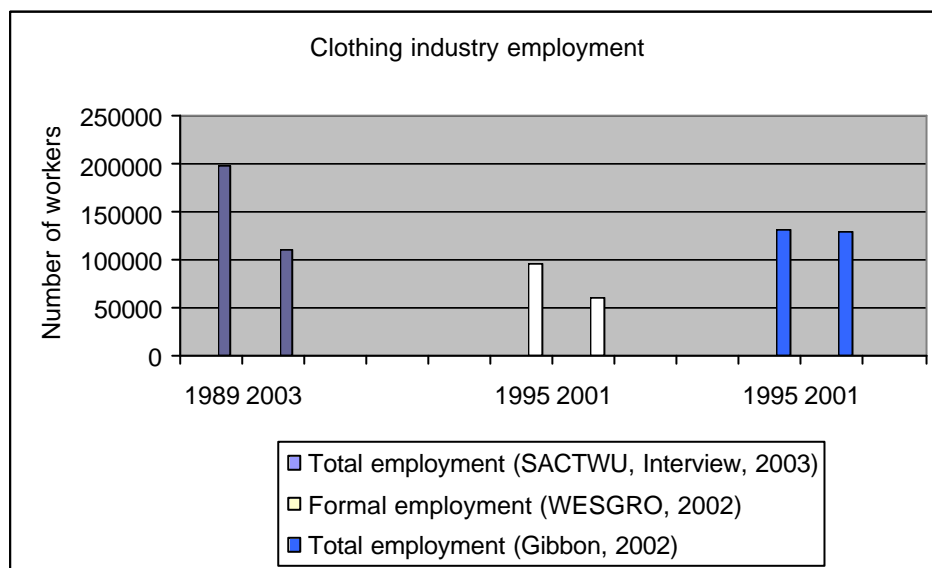
Despite the official emphasis on export orientation, the South African clothing industry has not become competitive in the global market – especially in the face of international competitors with higher productivity. However, workers in these competitor companies often have no guarantee to minimum labour standards. Looking at the domestic picture, retailers have experienced a real market contraction of 10.4 per cent between 1995 and 2000 (Gibbon 2002: 22). The value of sales measured against inflation has been in decline since 1997 (WESGRO 2002:6-7), although this trend could be reversing as major retailers Edgars and Truworths respectively reported a 30 per cent and 16.2 per cent increase in sales in 2003 compared to similar periods in 2002 (*Sake-Burger*, 17 July 2003). Nationally, the industry's output slumped by almost 20 per cent between 1995 and 2000 in real terms (Gibbon 2002:26–27).

The statistics for the decline in employment reveal the strategies followed by employers in response to import competition. The government's Labour Force Survey indicates that in terms of the expanded definition of unemployment, 40 per cent of South Africa's workers are unemployed (Statistics SA 2002:2.65, 2.69). The International Labour Organisation



(ILO) estimates an 18 per cent drop in employment in the South African clothing and textile industry between 1994 and 1997. The biggest union in the industry, the South African Clothing and Textiles Workers Union, puts the job losses at 88,000, with numbers falling from 198,000 in 1989 to 110,000 in 2003 (Interview 27/6/03). Formal employment under the jurisdiction of the bargaining councils dropped almost 40 per cent between 1995 and 2001 from 96,443 to 59,580 (WESGRO 2002:8). The number of clothing factories decreased from 1,248 in 1990 to 1,064 in 1995 and thereafter at an average of 7 per cent a year to 654 in 2001. In the Western Cape alone, where the bulk of clothing manufacturing occurs, factory numbers have declined by almost 6 per cent a year between 1990 and 2001 while formal Bargaining Council employment dropped from about 47,000 to 36,655 (Clofed in WESGRO 2002:4, 9).

**Table 4. A comparison between different figures for total and formal employment**



There is an apparent anomaly between different sets of official employment statistics in the clothing industry. Table 1 shows that, between 1995 and 2000, the number of jobs fluctuated between a low of 129,000 (1998) and a high of 150,000 (1996), standing at 137,000 in 2000 (Statistics SA in WESGRO 2002:8). A comparison between different sources of employment figures (as seen in Table 4) seems to indicate no job losses.

To understand these figures, a clear distinction needs to be made between formal and informal jobs. Official statistics do not differentiate between formal and informal jobs. By conflating the figures for the formal and informal sectors they have led to a belief that that there have been no job losses. For example, Gibbon (2002:27) maintains that total employment in the clothing sector has remained relatively constant at between 131,000 (1995) and 130,000 (2001).

Statements made by Minister of Finance Trevor Manuel, the DTI, the Department of Labour, the Clothing Federation (CLOFED) and even the Southern African Clothing and Textile Workers' Union (SACTWU) declare that most of the formal jobs that have been lost, have 'moved' to the informal economy (Treasury 2001; DTI 2000). However, this presupposes that everybody that loses a formal job finds an informal job (Interview with SACTWU 27/6/03). This is far from the case.

The basis for figures that show constant employment is questionable as the extent of informalisation in the clothing industry to home-based workers is unknown to the DTI, Cape Clothing Association (CCA, representing manufacturers) and SACTWU (van der Westhuizen 2003: 41). The DTI cannot provide figures, while the CCA estimates that the number of informal operations (Cut Make and Trim or CMTs) stands between 143 and 154 in the Western Cape, involving some 23,000 workers. A CMT is a small, usually home-based operation that assembles clothing for subcontractors who supply formal retailers. SACTWU estimate the number of home-based workers in the Cape Town suburb of Mitchell's Plain at between 5,000 and 15,000 (van der Westhuizen 2003: 41).

Informalisation of the industry is the result of some of the strategies used by manufacturers to deal with difficult economic conditions. In response to the stagnation in consumer demand from the 1970s onwards, manufacturers and retailers have moved away from mass production and marketing to improve market penetration (Gibbon 2002:11; Altman 1993:ii). In clothing manufacturing, this trend resulted in 'niche marketing', style variations and smaller orders, translating into shorter lead times and production runs, which

in turn created a demand for smaller, more flexible production units. Rather than reorganising factory production processes, manufacturers have opted to outsource this function to home-based operations. Therefore, as seen elsewhere in the world (Klein 2001:196-8), there has been a shift from formal to informal labour. Certain functions of factories are being moved to co-ordinated clusters of predominantly informal workers, connected with the formal economy through subcontracting (Castels & Portes 1989:29-30). Between 2000 and 2001 alone, the number of informal workers in the informal clothing, footwear and textile industries has increased by 151 per cent (ESSET 2003: 30). In the clothing industry, retrenched female clothing workers have been forced to take up employment in informal home-based factories that are not covered by labour laws (Smith 2001:42; van der Westhuizen 2003: 85). Local retailers have contributed to this situation by importing those garments with a long production run and leaving local manufacturers to supply garments with a short production run and short lead times (Gibbon 2002:23-24). To produce these smaller orders at cutthroat deadlines, smaller flexible units such as home-based operations are needed.

These new sourcing and production strategies go hand in hand with the creation of jobs that exploit women. There is a clear division of labour between men and women in clothing factories. Men are generally in the position of owners or managers or working in higher paid jobs as cutters or in the mechanical repair departments, while most women work as machinists, packers and line feeders.

Outside the formal clothing industry, female workers are moving from secure jobs with social security and labour law protection into invisible, home-based jobs that are unstable and precarious and where they lack bargaining power. As these women also work in the 'reproductive' economy raising children, they have little choice but to accept these jobs. They are forced to accept wages and employment conditions determined by the profit-driven whims of subcontractors and the owners of home-based operations. Their average wage is R4,210 a year less than in the formal sector (ESSET 2003: 34) and they have no social benefits such as the Sick Fund and the Provident Fund. During peak times women in home-based operations could work up to 70 hours a week (Van der Westhuizen 2003: 64).

Manufacturers are increasingly sourcing garments from 'unregulated' areas, located in the former so-called Bantustans (African labour reserves), which were not regarded as part of South Africa under the apartheid regime and were therefore not covered by wage negotiations and labour laws (Gibbon 2002: 19). This racial legacy persists in the highly unequal wage levels between Cape Town-based clothing workers and the 'decentralised' areas of Kwa-Zulu Natal. In 2002 the minimum wage per week for a machinist in the formal industry in Cape Town was R467 per week, contrasting sharply with the R211 per week earned by a machinist in Kwa-Zulu Natal (SACTWU 2002). Manufacturers have been relocating to these areas to take advantage of the wage differential (WESGRO 2002:10; van der Westhuizen 2003: 82).

As a result of the combined effect of these two trends, formal employment under bargaining council jurisdiction was almost 40 per cent lower in 2001 than in 1995 (WESGRO 2002:8).

### **Restructuring and working conditions**

Faced with cheap imports, dumping, illegal goods and second-hand clothing, manufacturers in the Western Cape have opted for various strategies to avoid closures. Some converted their operations into CMTs, while others reorganised their business by downsizing, outsourcing non-core functions, shifting from permanent to casual contracts, or outsourcing to informal operations.

The women interviewed for this study have all experienced changes in the workplace in the past 13 years. One recalled that,

*In the 1990s we began to work differently. Pressure was applied on the supervisor to ensure production and she in turn pressurised us. The workers had to finish the units very quickly.*

Some drew a direct link between the intensification of production processes and pressures on the domestic market. Many cited the influx of cheap imports as a major reason for losing their jobs. The women connected the production peaks and the introduction of 'short time'<sup>1</sup> work to the demands and import practices of major domestic retailers.

Women were aware of employer strategies such as decentralising production through outsourcing. The owners of one factory also own a CMT for which the cutters at the factory had to prepare fabric. Workers speculated that the owners would 'fall back' on the CMT after the company was liquidated. Former workers at the factory described how fabric was cut for a retail order, after which they were put on short time and the job was completed elsewhere. In one case, a company outsourced work to up to 50 CMTs. This factory was not only producing for the local market, but also for export for the past year. But, as one of the workers remarked,

*The export people are full of nonsense. They send their own quality controllers in. A thing is never right, even if it looks perfect to you.*

Another worker complained that overseas companies were 'too strict about the quality of work'. She also linked difficulties at work to the increase in the Rand's value that led to 'the bosses not making as much money'.

Thami's story shows the harsh consequences of the strategy whereby owners liquidate a business and then re-opens it under another name.

*Thami (41) from Brown's Farm is one of the few African women working as a machinist in the Cape Town clothing industry. In 1997, she moved to Cape Town, 'looking for green pastures but we don't find them'. Since 1984 Thami had worked as a machinist in the Eastern Cape but left because of poor pay. Sadly, her experience in Cape Town has been worse. In six years she has lost five jobs, and continued to be abused by the same group of bosses who close and re-open factories to duck financial commitments. After each closure, she and the other workers were offered jobs by the same bosses. At their last unregistered cut, make and trim (CMT) operation she left without being paid for several weeks. She then joined a new factory, but that was liquidated in November 2002. 'I don't feel right to go to another*

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<sup>1</sup> The average working week is forty hours. When employers reduce the working hours resulting in unpaid time off, it is referred to as short time.

*factory. All the time they are closing down and I have nothing for the children,' says Thami, who has been medically treated for stress since her last job loss. 'I must get a job but I don't feel up to going.' Although her husband earns a 'good' salary (R4000 a month), since her loss of employment they always run out of food towards the end of the month. She and her husband can now only afford to send R150 to each of their mothers back in the Eastern Cape.*

Another worker, Portia, was also forced to work in CMTs after her retrenchment. She describes the work as 'tiring' and payment as unsure:

*I would like a secure work where I can work for a couple of years. Everywhere you go, you sign a (temporary) contract. It's a new thing. When the contract is finished, you have to go.*

Most of the women were already working 'short time' before their retrenchment. Despite describing the relations between workers and management as generally good, many expressed their disappointment at how the retrenchment or liquidation was handled. For example, workers at one factory returned to work one day to find the gates locked and private security officers protecting the premises. Months later, they were still waiting for their Provident Fund to be paid out, and some cannot even afford the many phone calls necessary to query this delay. The women interviewed were also facing delays in processing applications at the Unemployment Insurance Fund (UIF). Many women could not afford the transport costs to go to 'sign' on each month, and two months after signing on, they still had not received any money.

### Job losses in the clothing industry: Effects and repercussions

This section draws on examples from the lives and experiences – before and after losing their jobs – of the 50 women interviewed for this study, to show how job losses in the formal sector impact on the nutrition, health, education, and mental state of women and their families. Given that these women still have to contribute unpaid labour to the reproductive economy – caring for children and other dependants, looking after the nutrition of the household, and looking after older parents and the sick – their loss of a

stable income and access to health and insurance services puts the entire household at risk of falling into a poverty trap.

**Table 3. Profile of the clothing workers interviewed, prior to job loss**

Age	Between 30 and 49
Race	Coloured
Language	Afrikaans
Qualifications	Grade 9 (Standard 7)
Type of work	Machinist/ Examiner
Earnings	Between R420 and R504 a week
Number of children	Two to four
Number of dependants	Three to eight
Access to sick fund	Yes
Access to housing, water and electricity, telephones	Yes
Transport	Public/Taxis

Most of the women interviewed were in their early thirties to late forties, and most had not completed secondary school education – often because of lack of money. According to Kay<sup>2</sup>, *‘We wouldn’t have had these problems if we finished school, if our parents had money to help us with education. There wasn’t money.’* Most of the women left school to look for work because of desperate conditions at home. Rushnia (57) left school after primary school as her mother did not earn enough as a domestic worker to support the family. As a child, Marion (47) lived with relatives because her mother, also a domestic worker, lived ‘in’ at her place of employment. Marion was abused by her relatives and ran away, leaving school in Grade 4. 23-year old Niesa failed Grade 12 in 1998 and although she would like to attend

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<sup>2</sup> Names have been changed to protect peoples’ identity.

night school, she is unable to because she has no transport and it is too dangerous to walk at night.

Sadly, the barriers to education these women workers experienced in their youth still are still limiting their children's education. While all minor children dependants in the study were at school, very few over the age of 18 were engaged in tertiary education. As Johanna explains:

*I left school because it was difficult at home. My dad couldn't work anymore, my mom was the only one working and I wanted to help her. I had dreams. I so badly wanted to complete Grade 12 and learn further. I can't do that anymore but I have those dreams for my children. How can their dreams be fulfilled if I don't have work and I'm unemployed? It depends on me to make something better of their lives. I don't want them to lead such an existence of toil like me.*

Most of the women interviewed had two to three children (mostly between 6 and 18 years of age). More than half were sole breadwinners while employed. Many were single-handedly raising children without state assistance or maintenance support from the fathers. The majority of male partners had been unemployed for years, and even where partners were working, their jobs were relatively insecure or seasonal.

Many clothing workers support or help to support other dependants as well – almost a quarter of the women interviewed contributed in some way to supporting their extended families, including parents, siblings, cousins and siblings' children. While some were receiving financial contributions from their siblings for doing so, most did not. One woman had been one of two breadwinners supporting a household of ten people. In another instance, the parents of a former worker depended entirely on her financial support, in addition to her financial responsibilities to her immediate family. While most of the 'other breadwinners' in households were partners or husbands, siblings and parents were co-breadwinners in a significant number of cases. Many families depend on a variety of sources of income in



addition to the worker's income. These include the wages of other family members, state pensions, the child support grant, state foster grant and the state disability grant.

Most of the women interviewed had access to water and electricity in their homes. However, two respondents who live in wooden sheds in the backyard of a family member's house fetched water in buckets from the main house. The one was living with four children aged 20, 17, 13 and 9, while the other was living with her unemployed husband and two children aged 5 and 3.

Most of the women were living in formal structures such as houses or council flats. Some were fortunate enough to own their council homes and were only liable for rates. Others rented a garage or a room, or lived in backyard sheds. In many cases a home was accommodating an extended family. Sylvia (39) and her three children were living with five other adults, including her mother, in a house. Shereen (40) was sharing a house with her two children, her mother, her sister and her sister's child. The types of meals provided to dependants were typically cooked food for dinner and bread during the day.

Before losing their jobs the women all had access to health insurance in the form of a Sick Fund administered by the statutory Bargaining Council for the clothing sector. Weekly contributions were deducted from their salaries. Their dependents were excluded from the sick fund, but state-supported 'day hospitals' could provide cheap medical care.

Most of women interviewed had a telephone in their home. Those who didn't were contactable via the phone number of a friend, family member or neighbour. One of the respondents shared a cell phone with the six adults living in her home, while yet another shared one with neighbours.

### **Quality of life**

This section describes the effects of job loss on the quality of life of retrenched workers and their families. In the interviews women described some of the survival strategies they have adopted such as pooling resources, changing spending patterns and sending children

away. What was starkly evident were the heightened anxiety and stress levels of these women who have joined the growing ranks of the unemployed in their communities and in South Africa. The quality of the lives of these women has clearly deteriorated. They were feeling frustrated and helpless, and were facing relentless financial pressure in their struggle to cope as mothers and caregivers to a wide range of dependants. This was affecting their mental and physical health.

### **Access to income**

Just over half of the women interviewed had been the sole breadwinners before they lost their jobs. Some women entered the informal sector, and set up small businesses like selling bread, crisps and sweets. In a few cases, women came to depend entirely on the goodwill of family members or neighbours who lent them food and money. Job losses in South Africa mean that even the limited income from sources like state pensions and the child support grant can become the sole income for a household. In one household with four unemployed adults and seven children, the R320 monthly child support grant that Nadia received for her two children was a lifeline. In another, the meagre pension that Zelda's mother received, along with R240 from Zelda's sister as maintenance for her son who stays with them, supported a household of five people. The R500 monthly foster grant that Rushnia received from the government supported her, her unemployed husband and her three children. When Anne lost her job, an extended family of eight had to survive on the 'couple of hundred Rands' that her father earned each week as a road construction worker. Verna explained that because her husband earned a relatively 'good' income of R4000 a month, her family had become a target for desperate neighbours for whom crime offered a source of income. While most of the respondents had applied for their payout under the Unemployment Insurance Fund, they were still waiting to receive their benefits months after they had applied.

### **Nutrition of children and women**

One of the most severe impacts of the sudden loss of income was the change in nutritional intake of affected families. A take-away treat on Fridays, a daily hot meal, and roast

chicken on Sundays have all become part of 'a dream'. Even white bread has become an unaffordable luxury.

Children's daily diets consisted mainly of bread. Margarine, peanut butter or eggs were unaffordable. If clothing workers were already supporting several family members, the effects of this loss of income have been most extreme. Marion and both her daughters lost their jobs in May 2003. Together they had been supporting seven children and one unemployed husband. Marion tells of the daily struggle:

*There is no food. I'll say to the child: go and ask that auntie for a small piece of old bread or some pap (corn porridge). I'll make toast from the old bread. I borrow here and there to fill the pot.*

On Tuesdays and Thursdays the family would have soup at the church. Rushnia collected food from the mosque and Muslim organisations in the neighbourhood to feed her three children and unemployed husband, but at times she could not find the transport money to collect the food. Sylvia could not feed her three-year-old daughter adequately. The child went on medication after a doctor diagnosed her as underweight. Maggie graphically described her situation since she had lost her job:

*I live with my family and I have to scrape together odds and ends here and there to buy a loaf of bread. There are days when I have nothing. When my children get up to go to school there's no breakfast, no bread for lunch and when they get home from school, there's still nothing to eat. Do you know how hard this life is and how hard it is for a mother to see her children go hungry? The children are young and they don't understand. They keep asking. You become so frustrated that you lash out at them by hitting or screaming.*

Another woman told how her family had resorted to eating porridge and stale bread for dinner:

*There are nights when I send my children to sleep with mealie meal porridge, because there is nothing else to eat. We can no longer eat like we used to. When I was working I would put white bread that was stale in the freezer. Today I am taking out from that same bread and toasting it. At times I cut off the mouldy parts*

*and make toast. My children don't know what is fresh white bread. My little one is five and he doesn't understand. Seeing my child's face when he comes to ask me for more and I tell him he cannot have more even when he says he is still hungry is heartbreaking.*

### **Health and health care**

Most clothing workers in formal employment have access to a medical aid for themselves and their dependant children. The loss of this benefit leaves more people dependent on an already over-burdened state health care system, particularly the 'day hospitals'. In the 'African' townships patients queue from 3 o'clock in the morning, even though this increases the risk of being robbed while waiting in the dark. In the 'coloured' townships, people, including the elderly, queue from 6 o'clock in the morning. Johanna (30) explained:

*You have to sit for the whole day at the clinic. Sometimes you are turned away because a certain doctor is not there. I am grateful to the Lord because my children are healthy.*

To add to this, the public health service is often of a low quality. Maria (43) told how her elderly mother, dependent on monthly prescriptions for essential medicines, had at times been turned away because the medication had not been available. She had to return and queue again the next day.

Portia (33) was six months pregnant and on medication because of a threatened miscarriage. After being retrenched and losing her medical aid, she now had to foot the bill for essential medicines.

Many of the respondents complained about constant headaches, backaches and neck-aches. A few reported that they suffered from hypertension and high blood pressure. One respondent was under such stress that she required regular injections to prevent her joints from going into spasm.

### **Mental state of women**

Some women described how they have lost hope after losing yet another job. Johanna, who had three children and looked after her mother, was retrenched in 2003 after nearly a year's employment. She described her feelings of desperation:

*I can't help the situation that I'm in. It's not that I want people to feel sorry for me. People look at me and think I just want to sit. Sometimes I feel so tired and my head is so sore. I don't know which way anymore because I have looked here and there. I ask people on the street and in front of shops if they don't have work... In this life people can't help you. Only the Lord can help you... A roof is the most important thing. I have realised if you don't have a house and you don't have work, then you are nothing in this life.*

Another woman was receiving medical treatment for anxiety. She said that she could not even think about the next day since it could bring on a relapse. Many of the women were anxious about their financial future, concerned about finding other work, and frustrated about their battle to find ways to put food on the table each day.

### **Education of dependent children**

Most of the women interviewed had children still at school. They indicated that they already had or would soon have difficulty in paying school fees. Although children have a constitutional right to education in South Africa, schools tell parents and children that payment of school fees are compulsory. At school, children would be embarrassed, sent home, threatened or their school reports withheld in an attempt to force parents to pay.

[Quote of little boy]

Anne was forced to approach the school principal to explain that she 'has been liquidated' and was able to arrange for extra time to pay her child's school fees. Only one woman reported that the school authorities were sympathetic and allowed her to pay 'R5 here and R5 there', when she had money. Thami depended on her sister to pay her daughter's college fees, without which she would not have been allowed to write exams.

Loss of income might curtail the future school careers of dependants and limit their prospects of further training or tertiary education, perpetuating the cycle that forced many of their mothers to leave school and seek work at a very young age.

### **Debt burden**

Many of the women interviewed owed money on account for clothes, furniture or household goods. While some of the women had their debt cancelled after showing proof of loss of employment, in cases where they had already fallen behind with repayment, debt was not cancelled. Many respondents originally fell behind with monthly payments because they had been placed on short time (and earned less) before their retrenchment. Women who handed their cases over to attorneys also saw their debts increase to cover legal costs. Women reported having been threatened with the repossession of goods, and receiving legal letters for amounts as small as R285. Finding money for food and other basic necessities took priority over servicing debt.

The sudden loss of income added further to their existing debt burden. A significant number of women had to borrow money regularly from neighbours and friends just to buy food for their families. Shereen explained:

*We have to borrow money every day for food and when my mother gets her pension it goes to pay debt. When we have paid the debt, there's nothing left.*

### **Water, electricity, transport and communication**

Some women reported that their water and/or electricity had been cut off since they fell into payment arrears after losing their jobs. One woman who was in arrears on her water bill explained:

*When I go and speak to the municipality, I've got to have a certain amount of money to put down before they make an agreement for me to pay off the rest. But I haven't received a cent since I've been laid off.*

Marion borrowed money 'from here and there' to buy electricity. In Sally's case:

*I've had to sit in the dark more than once. There was no money for lights. As far as the water goes, I use it sparingly because I am in arrears since I have been retrenched. But I will have to make a plan soon to go and see the council, before they cut off my water.*

Most of the women interviewed were on the prepaid card system, which was introduced by the government to recover costs for basic services from low-income consumers. This means that electricity runs out when the card runs out, forcing these women to make difficult choices – sometimes between electricity or food. As Joanne said:

*If there's no power, then there's no light and then it's cold. So I get power and that costs as much as a bread.*

Transport costs were a huge problem for the retrenched women. The apartheid planning system whereby all 'non-white' citizens were relocated or settled in townships far from urban economic centres remained a burden for these women. Even when put on 'short time' before retrenchment, women had to pay the same train or bus fare from their reduced wages. [transport quote]

Since she had lost her job, Verna has been battling to find R100 every week for her children's bus fare to school. Zelda's mother had difficulty paying the bus fare to get to the day hospital where she had to collect the asthma pump she desperately needed. Rushnia sometimes had problems finding enough money to travel to locations where organisations were handing out food parcels. Finding even the R10 return fare to go to the factories to look for work was a problem for women like Johanna:

*The train and the taxi are exactly the same. Some people would say they are taking people in at those places (some distance off). But I don't have money to travel there.*

Travelling to 'sign' on or collect UIF money also became difficult, as Johanna had to travel to the labour office in another township to do this.

When women have to make difficult financial choices, communication is one of the first services they cut. Shereen said that it has become too expensive to use the phone:

*It costs R1,50 and that's for only saying hello.*

Phone calls to find out about UIF pay, retrenchment pay or Provident Fund payouts, all cost money that is in short supply.

### **Conflict and change in personal relationships**

Financial pressure and tightening of the purse strings inevitably gave rise to more tensions in families, affecting both marital/love relations and relations with parents, siblings and children. The women interviewed were not keen to answer questions about how their job loss had affected their relationship with their partners. Thami admitted that her husband had a drinking problem but she said that he understood that she was now unable to contribute to the household. Rita also described her partner as 'understanding'. Portia was more upfront:

*It can break up marriages if there's no money in the house. People get stressed quickly.*

Johanna said:

*A lot of men turn to the liquor bottle. They look for a solution there.*

When asked about the difference in how men and women spend money, the women were more forthcoming. Sandra said:

*When I earn money I make sure there is enough of everything in the house before I buy anything for myself.*

Kay elaborated further:

*A woman will always think, oh, I want to put money away, I want to pay that debt. A man won't.*

Jo-Ann was more critical, describing unemployed male partners as 'sitting at home in the morning when you go to work, waiting for Fridays when you get your pay package'.

These observations showed that these women still carried the main responsibility for the reproductive economy. The men they knew seemed not only to shirk their reproductive responsibility, but also presented obstacles to women who do fulfil the responsibility.



Ironically, women who had been sole breadwinners were forced to contact men who have either abandoned their children, or who have provided no financial or other support. Many women resented this deeply, and even broke down emotionally during the interviews. One recalled how she had to phone her ex-husband and plead for a new pair of school shoes their child badly needed. Another mother was forced to call her ex-husband to ask money to buy a loaf of bread for his children because she could not bear to send them to sleep without food.

Respondents who were previously independent from families have been forced into situations of dependency with mothers and/or fathers who received pensions. Margaret, who had to live with her parents again, described how her family members monitor how much her children eat:

*The situation is unbearable. They look and pick on everything. How much the children eat, how many times they ask for bread. When my mother gives my children something, there is a big argument. I have to grit my teeth and shut up. I have nowhere else to go.*

### **Relationship with family support networks**

Income loss not only increases financial and emotional pressure on the worker and her immediate dependants, but also on her extended family. Johanna had to send her five-year-old daughter to live with her grandparents who pay the fees for her pre-school. She had sent her other two children, aged 11 and 7, to live with her brother, his wife and two children because he had a job selling insurance.

Before their retrenchments, Marion and her two daughters had managed by pooling their income and living on the same property (in wooden sheds). Losing their jobs has forced them to beg neighbours for food. Portia depended on her sister-in-law, 'an incredible angel' who helped with money and food. She could not ask her 'brothers and sisters because they are also having a hard time'. Anne and her family previously survived by pooling resources. Before her retrenchment, she and her father supported her two sisters, sickly mother and three children. Now they all depended on her father's meagre wages. After her

retrenchment, Zaina and her husband and two children moved in with his parents to pool resources.

While some women depended on loans and support from friends and neighbours, others expressed a deep sense of isolation and distance from their neighbours. While they would greet each other, they felt unable to knock on neighbours' doors and ask for help. As one respondent explained:

*We know we are suffering but no-one reaches out. One day you see there's your neighbour moving out of the house because he can no longer afford living there. It's sad.*

Rita agrees that people are 'too selfish'. Or as Johanna puts it:

*The people don't give. Everybody is suffering, especially where I am living. There are a lot who are unemployed.*

Most of the respondents were unaware of any official support available – whether from government or nongovernmental organisations in their area. Many of the respondents were not aware that they were eligible for social assistance like the childcare grant and many did not seek the assistance of social services. Many also assumed that they had to pay schools fees without knowing about their child's constitutional right to education.

Many women cited their faith as the source of their strength. Most of the women interviewed were either of the Christian or Islamic faith. Frequent responses were: 'I believe the Lord shall provide'; 'I believe the Lord shall make a way for us'; 'Allah does not sleep, he will do what's right'. As one woman put it:

*Look I am a sister of the church and I was very upset about my retrenchment because what they did was unfair. God will look after me; that I am sure of.*

Only two women were given aid from churches or mosques. As Verna remarked:

*There are too many people in need. The church won't be able to help all of them. How will they give to people without work if most of the people sit without work?*

### **Conflict and violence in the community**

Crime is the main source of conflict and violence in communities. With high unemployment and limited social assistance, retrenched workers and their dependants saw a clear link between crime and the lack of job opportunities. Elizabeth, whose daughter Janette was retrenched, told how her other daughter had been looking for work for the past three years since finishing school:

*A lot of young people look for jobs but there are no jobs. What will become of them at the end of the day? They turn gangster. They want clothes and sneakers with names (labels). If kids can finish with school and walk into a job, there will be hope for them. But there are no options. That's why they go and stand on the street corner. They don't do the right work; they do wrong work because there is no income in their homes. How must they live? They have to put a plate of food on the table tonight. There's a radio ad where the girl asks her mother for another piece of bread. She cannot have because the other child still has to eat. There is not enough for the whole family. These things need to be looked at because these children are the new generation.*

Verna and her family, who lived in a poorer suburb, had become targets because of their higher income. They had been accused of 'pretending to be like white people'. As Verna said:

*There is a group near my house, they don't go to school; they sit around at home doing nothing. So they broke into the house one day. And they know me. They visit my house. When they ask for something, I give them if I have. They are looking for spending money because they want to give themselves a good time. If you look into their circumstances they don't have money because they don't have work.*

### **Opportunities for re-employment**

The length of service of respondents before retrenchment varied widely – from 20 years to 6 months. Almost all of the women who had had previous jobs, had lost those jobs because of retrenchments or factory closures. In most cases, this was because of the cost-saving strategies adopted by employers. Thami had worked for the same employers who closed businesses and re-started three times under different names. Each time Thami and other workers were phoned to join the new company. The last business was an unregistered CMT. CMTs have proliferated in Cape Town over the past decade. The women interviewed were generally pessimistic about working for these operations. Payment was haphazard – sometimes workers were not paid for work completed. As these businesses were unregistered, workers did not receive any social benefits. Women were also not remunerated if they were absent because of illness. But some retrenched workers said they would work for CMTs out of 'desperation'. One described her experience in a CMT:

*I went to work for a CMT but that woman never paid me. I worked day and night for that woman (and) I did not see a cent. I went to her yesterday again but she told me to come back on. In the mean time I am struggling all on my own for my kids.*

CMTs are part of a work environment that has grown increasingly hostile over the past decade. Workers comment that insecure contract work, another strategy used by employers to cut costs, has become common in factories. Skills influence workers' chances of re-employment – machinists have less difficulty finding work than examiners, packers and line feeders. Most versatile machinists, examiners and cutters seemed confident that they will find work – either at a CMT or within the clothing sector – but some expressed concern about getting work in formal factories at their age. Many spoke of starting a small operation from home sewing and using their Provident Fund money to establish this enterprise. Some women expressed grave reservations about ever returning to work in the clothing industry as a result of the shock of retrenchment to their own their families' lives.

### **Conclusions**

The experiences of this small sample of retrenched women workers shows that the South African government's efforts to slot into the global economy by lifting protective taxes on

clothing imports has wrecked havoc in the lives of female workers in the clothing industry. These efforts are part of its GEAR strategy, which has led the government to lift import taxes on clothing imports at an even higher rate than it is committed to under the GATT Clothing and Textiles Agreement. It did so without assessing the impact this would have on poverty levels, especially given that women form the bulk of the workers in this industry. This industry is labour-intensive and vulnerable to competition from cheap clothing products exported by businesses operating in countries where workers are not protected and earn very low wages.

In addition, the government has not used mechanisms available to it in trade agreements such as antidumping rules and rules of origin to protect this vulnerable industry. Since 1990 it has become trapped in a job-shedding crisis. In a context of very little public support apart from incentives to become more capital intensive, manufacturers have used various strategies to cope with the growing influx of clothes from especially China and India, but also Malawi and Mozambique. These strategies include restructuring and downsizing factories as well as using contract workers, temporary workers and outsourcing work to home-based workers.

While we cannot over-generalise from the results of this study, the picture that emerges shows clearly that retrenchment and liquidations have pushed women workers into deeper levels of poverty. It is also clear that labour markets exploit the weak position from which women enter the economy and reinforce gender inequality. As the profile of workers *before* loss of employment shows, female clothing workers are an especially insecure group. Many of these women were already battling to survive on their low wages, and many of them were the breadwinners in the household. They were already pooling resources and sharing basic living requirements with extended families. In many cases, their low wages also helped to support other dependants, in addition to their own children.

As a number of people are dependent on the clothing worker's income, the impact of job loss has a ripple effect on households, especially on children. This increases the burden on these women who also fulfil domestic and reproductive functions in the home. Tensions rise over

food, money and space. Women who were once active players in the labour market often lose their independence along with their income. Job loss pushes them into new power relations with ex-partners, partners or husbands, parents, and other members of their family. These women are not only financially disempowered, but can experience a diminished sense of worth and identity.

The ripple effect extends beyond the family and into the broader community as the clothing worker and her family become more dependent on others to provide their basic needs – for everything from food, money for transport fares, electricity, water and rent.

Some women coped by moving in with family members to pool resources; others sent their children away to live with other family members. This has a direct effect on the social fabric of families and communities as parents are separated from their children.

It is impossible to maintain healthy nutrition under these conditions as income losses curtail spending on food. This again builds reliance on family and community networks to get food. But these sources can be exhausted. Workers who had only been unemployed for two months were forced to ask neighbours for food and at times, finding their request denied. With broad unemployment in South Africa at 40 per cent, more and more people are edging below the breadline, with nothing to share. Losing a job means losing access to a sick fund, and unemployed workers join the ranks of those who depend on overburdened and under-resourced state facilities.

Most of the women interviewed had not completed secondary education, irrespective of their age. This shows that the attainment of secondary school qualifications is as difficult for a younger post-apartheid generation as for their older counterparts. After job loss, even paying school fees for preschool, primary and secondary school children becomes a problem, and children will eventually have to leave school to help earn an income. In this way the cycle of low education and all its consequences is perpetuated for another generation.

Conflict and violence in communities are mostly the result of crime. With high unemployment crime becomes rife. This provides the context for the endemic proportions of sexual violence against women and children. Ironically, coping strategies that lead to overpopulated dwellings can also breed conditions for sexual assault.

The women in the study were forced to manage their lives after retrenchment with little financial or emotional support. There were no community outreach programmes or services to address their needs or anxieties. The vast majority were not aware of any state institutions that they could even approach for help. While some women were receiving state grants – mostly old age pensions – most women experienced great difficulty in accessing their unemployment payouts, despite the fact that they have contributed to the Unemployment Insurance Fund while employed. All the women cited unaffordable transport costs as a barrier to finding new employment and accessing food aid, health care services or state benefits. Bureaucratic hold-ups in the payment of Provident Fund money made it even more difficult for women to maintain their livelihoods. It is particularly telling that although most women had lost their jobs only two months prior to the interviews, they were already battling, with no ‘safety-net’ to fall back on.

Like thousands of other women in South Africa who have lost their jobs over the past decade, the women in this study are in an emergency situation. The government, trade unions, and groups representing the interests of women need to learn from this experience for their future involvement in trade policy-making, and take immediate steps to prevent these women, their families and communities from slipping into a poverty trap.

## Recommendations

Based on discussions with retrenched clothing workers, the South African Clothing and Textiles Workers Union, and other concerned groups and individuals<sup>3</sup>, EJN makes the following recommendations:

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<sup>3</sup> These include the Ecumenical Services Centre for Social and Economic Transformation (ESSET), the Alternative Information and Development Centre (AIDC), the Economic Policy Institute, the Commission for Gender Equality

1.To the South African government:

- Introduce formal mechanisms to ensure participation in trade policy making from a broad range of stakeholders in South Africa that do not have access to NEDLAC processes
- Assess the poverty and social impact of all future trade policies and trade negotiation positions to develop policies that will contribute to reducing, and not to deepening poverty
- Re-evaluate the speed, scope and level of tariff reductions for clothing imports to allow employers to adopt improved productivity strategies that provide secure and stable employment to their mainly female workforce
- Investigate the quality of employment in the informal clothing sector specifically, and the informal sector generally. The findings should be reflected in the exclusion of certain types of informal employment official employment statistics
- Regulate all informal producers using home-based operations and establish protection under labour laws for all workers engaged in 'atypical' work, including contract and temporary workers. Develop the capacity of Bargaining Council and Department of Labour inspectors to ensure the enforcement of labour laws.
- Regulate retailer practices that set labour costs at a much lower rate than the living wage
- Change tax frameworks to subsidise labour, instead of capital investments in the clothing sector.
- Introduce policies to assist women-owned small businesses
- Investigate the sources of below cost clothing 'dumped' on the South African market and develop strategies to keep out illegal imports.
- Extend the social security net to include a basic income grant. Grant all citizens their constitutional right to basic education and healthcare by making these services more accessible to all citizens



- Introduce emergency interim measures to protect the quality of life of retrenched workers: speed up payments of UIF; grant temporary targeted assistance to retrenched workers and other jobseekers to provide them with basic skills and resources to find new jobs

2. To the South African Clothing and Textiles Workers Union and the Congress of South African Trade Unions:

- Develop strategies to organise 'atypical' workers such as contract, part-time, temporary, casual and home-based workers. A possible model is the Self-Employed Women's Association (SEWA) in India
- Do a gender analysis of its organising principles, economic policy recommendations, and services to members, and implement findings to include the needs and interests of its female membership, given their role in the reproductive economy

3. To the South African Commission on Gender Equality:

- Investigate the social and poverty impact on women of government economic and trade policies.
- Put pressure on the government to develop trade and economic policies with the participation of women who will be affected by these policies.
- Put pressure on the government to adopt economic and trade policies that recognise the contribution of women to the reproductive economy, protect their livelihoods, and create quality employment

4. To the churches:

- Investigate the social and poverty impact of trade and other economic policies on women and in communities where the church is playing an active social role

- Continue to develop the theology of justice and rights based on the findings
- Provide a platform for affected women to articulate their experiences and needs, raise the awareness of church members of the impact of economic and trade policies on the daily lives of women in their communities. Invite the local and national media to these 'speak outs'
- Put pressure on the government to develop trade and economic policies that will contribute to quality employment and the quality of life of women and the communities they service

## **Interviews**

Interviews conducted with 50 women in Bishop Lavis, Belhar, Delft, Browns Farm, Elsie's River, Manenberg and Mitchell's Plain between 8–11 July 2003.

Expert interviews conducted with:

Bennett, M., Head of Research at the Southern African Clothing and Textiles Workers Union (SACTWU), 27 June 2003.

Meintjes, S., Commissioner at Commission for Gender Equality, 7 July 2003.

Pheko, M., Head of Gender and Trade Network, 1 July 2003.

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