

Selling in the Streets: Pedlary as an Entry Route to Entrepreneurship

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Abstract

Objectives

Pedlars are legally licensed to trade by roaming the streets or selling door-to-door. This paper aims to establish that many of this group can be classed as legitimate micro-entrepreneurs; how they form a class of trader distinct from those trading informally or illegally; and how the low entry barriers to pedlary might make it a rational choice for those with low capital endowments wishing to establish a fledgling retail business. It aims to show how pedlary can be a stepping stone to more mainstream trading, in particular for those engaged in selling goods in the informal economy.

Prior Work

Most studies of street traders concentrate on less developed economies. Studies based in developed countries tend to either focus on traders in the informal or illegal economies (Sassen, Williams & Windebank) or examine aspects of control and regulation of street trading (Hough). The literature on pedlars is largely in the latter category, in areas of law and human geography relating to the legal framework within which authorities regulate pedlary. This is the first significant piece of work looking at UK pedlars in their economic context, and follows Williams & Round (2007) in promoting a more nuanced view of informal and formal trading.

Approach

The data underlying this paper were collected as part of a major UK government consultation into pedlary and street trading. There being no trade association, pedlars were located via snowball sampling (using pedlars who had given evidence to Parliament as the initial contact points) and via publicity attached to the consultation. Some 62 pedlars were included in the research, via interviews, focus groups and a survey (mostly completed via telephone). Questions focused on pedlars' operating methods (good sold, distance travelled etc.), entry into pedlary and issues relating to the regulation of trading. In addition, opinions on pedlars were sought from a variety of stakeholders (local authorities, the police, consumer groups etc.).

Results

While some pedlars operate as employees, the majority are, effectively, small retail businesses. The fixed costs of entering pedlary are extremely low, and day-to-day operating costs, on a 'traditional' model of pedlary, are also low. A number of pedlars operate larger businesses (employing other pedlars to sell for them), while others use pedlary as an adjunct to other trading methods (such as online or fixed stalls).

Implications

The study shows that licensed itinerant traders are distinct from illegal street traders in their operating methods, and can be a valuable (if small) part of an urban economy. It also points to a degree of over-regulation and control among local authorities, and questions the reasons behind the tendency among authorities to seek greater regulatory powers over what might be called 'fringe' economic activity. It argues that what might, at first sight, seem to be informal economic activity is, in fact, a distinct form of trading, and a potential seedbed for the formation of more formally-constituted new enterprises.

Value

The low costs of entry (and exit) related to pedlary suggest it can be the basis for a distinct form of entrepreneurship, mixing elements from traditional conceptions of both formal and informal trading and as a possible component of portfolio careers. It may provide a potential routeway out of the informal economy or unemployment, particularly in the current economic climate.

Introduction

Street trading is an ancient tradition, with a long and varied history, and one which continues to have a place in modern society. Although such trading has its own culture and identity, the law differentiates between various types of activity and, in doing so, distinguishes between different types of trader. This paper derives from research commissioned by the UK Department of Business, Enterprise and Regulatory Reform (BERR, now the Department for Business, Innovation & Skills, BIS) to compile an evidence base to inform a consultative exercise on reforms of street trading law, in the face of pressure from local authorities for greater control of certain types of traders (Allinson *et al.*, 2009). At the time of writing, this consultation has been delayed due to issues surrounding devolved governance in Scotland and Wales. Following its conclusion, details of laws and regulations quoted herein may well be liable to change.

The Local Government (Miscellaneous Provisions) Act 1982 (hereafter, LGMPA82) defines street trading in England and Wales¹ defined as 'the selling or exposing or offering for sale any article or the supplying or offering to supply any service in a street for gain or reward'. The Act is adoptive i.e. local authorities must *choose* to adopt the provisions outlined therein. If it is not explicitly adopted, the Act does not apply in that locality. Under the Act, street trading permissions are issued by local authorities, at a price set by the individual authority, to traders operating from stalls, barrows etc. which remain in a specific, fixed location. The Act allows streets to be given one of three designations: (i) prohibited - no street trading allowed; (ii) consent streets – where traders must have a *consent* to trade issued by the local authority; and (iii) licence streets – where traders must have a *licence* to trade issued by the local authority (licences and consents having slightly different conditions). Trading in prohibited streets, or in consent or licence streets without the necessary permission, are offences under the Acts, carrying a maximum penalty of a 'level three fine' (currently defined as a maximum of £1,000).

However, LGMPA82 grants exemptions from these provisions to certain types of traders, who are allowed to operate in any street regardless of its designation. This paper concentrates on one of these exempted groups, namely pedlars. Such traders hold a certificate issued under the provisions of the Pedlars Acts 1871 and 1881. The Acts contain the following, somewhat archaic definition of these traders: 'any hawker, pedlar, petty chapman, tinker, caster of metals, mender of chairs, or other person who, without any horse or other beast bearing or drawing burden, travels and trades on foot and goes from town to town or to other men's houses, carrying to sell or exposing for sale any goods, wares, or merchandise, or procuring orders for goods, wares, or merchandise immediately to be delivered, or selling or offering for sale his skill in handicraft'. In operation, this permits the sale of goods to be offered to the customer *immediately*, rather than delivered later, with pedlars either roaming the streets or knocking on doors to attract custom. This law applies equally to services: supplying a service which is delivered immediately and on the spot (e.g. knife-sharpening) requires a Pedlars Certificate, whereas supplying a service which is delivered later and remotely (e.g. via insurance or utilities salespeople) does not. Thus, sales reps, roundsmen and other traders operating door-to-door do not fall under the definitions in the Pedlars Act, and do not require a certificate (their activities being governed by other laws and regulations).

This legal situation makes pedlars different from fixed street traders in three essential respects. First, implicit in the legal definition is that pedlars do not trade from a stall or other fixed location. Subsequent case law clarified this, establishing that pedlars must trade *while they travel*. The general rule is that pedlars must not remain static in any one location for longer than twenty minutes, unless they are actively trading (e.g. they have a steady stream of customers, or it takes longer than this to provide a given service). However, it is not clear how far they must move on after this twenty minutes has expired. Similarly, the case law has established that pedlars can use a small trolley to convey their merchandise, but not how large this trolley is permitted to be. (See Hough (2003) for a detailed exploration of the statute and case law concerning pedlary.)

A second crucial difference between pedlars and street traders is the source of their authority to trade. Street traders are only licensed to operate in the local authority area which issues their permission. By contrast, a Pedlars Certificate is issued by the police, and is valid throughout the United Kingdom, regardless of the force area in which it was issued. This situation is no longer as cut and dried as it was; in the past decade, Newcastle, Liverpool, Maidstone, Medway, Leicester and all London local authorities have been granted similarly-worded Private Acts of Parliament. These Acts alter the terms of LGMPA82, removing the exemption for pedlars to trade by roaming the streets, thereby restricting them, in these areas, to door-to-door trading only. Apart from in these areas, local authorities have no legal right to restrict the number or type of pedlars plying their trade in the area, or stop them trading in the street, unless the pedlar is in breach of the terms of

¹ The equivalent law in Scotland – the Civic Government (Scotland) Act 1982 – has some differences to these provisions, although it operates in broadly similar ways. For convenience, the discussion in this paper is limited to the English and Welsh legal context.

their certificate, or in breach of other legislation (public nuisance, obstruction or selling dangerous or counterfeit merchandise, for example).

Third, the fixed costs of licensing are substantially lower for pedlars than street traders. The annual fee for a Pedlars Certificate is currently £12.25, compared with a median of £580 and a mean of £1,009 for annual street trading permissions (among those local authorities which responded to our questionnaire).

The initial impression of pedlars, if encountered in the street or on one's doorstep, may well be that they are part of the informal or illegal economy – and, indeed, some of the pedlars in our sample did initially operate informally. However, those in possession of a Pedlars Certificate, and operating according to the conditions specified by the Pedlars Act and subsequent case law, are in reality perfectly legitimate self-employed traders, or employees of legitimate businesses². This paper examines the characteristics and business models of pedlars, and asks whether there could be a role for pedlary as a route into self-employment from unemployment, as opposed to trading in the informal economy.

Methodology

The data quoted in this paper derive from surveys of pedlars, local authorities, the police and other stakeholders, carried out as part of the research on pedlary on behalf of BERR.

Pedlars. Pedlars are a diverse and diffuse group, with neither a central representative body (although, in the wake of our consultation, pedlars are discussing the formation of such a body), nor a national database of certificate registrations. In addition, given the nature of their operations, pedlars tend not to advertise their services, and do not have a fixed location where they can be contacted during business hours. However, they do tend to be relatively well-networked as a group, albeit on a fairly informal level. It also seems to be the case that this networking is increasing, given the rising number of Acts seeking to limit pedlars' activities and the concomitant need to present a common front against such Acts. Therefore, we adopted a primary strategy of snowball sampling, with the initial point of contact being the more high-profile pedlars who had presented evidence against the Private Acts in Parliament. In addition, the evidence collection exercise was publicised on BERR's website and through the media, asking pedlars to make contact with the research team, although very few responses came via this route.

Such a strategy does pose risks that all the pedlars contacted would have similar views to the initial contact (especially given that these initial contacts were opposed to any restrictions on their activity), which would limit the variety of pedlars questioned. In addition, we were aware that we would be unlikely to survey any pedlars who flouted (or would admit to flouting) the conditions attached to their certificate, nor would we survey traders using similar operating methods but without a certificate (those working in the illegal or informal economy).³

In total, we surveyed 62 pedlars, through a variety of methods. 31 detailed questionnaires were completed, via either post or telephone, covering the characteristics of the pedlar, how they started trading, what they sold, their operating methods, their interactions with enforcement authorities and their views on street trading and its legal context. A further 31 pedlars were involved in focus groups or more detailed one-on-one interviews, covering similar topics as the questionnaire.

Local authorities. Ten preliminary in-depth scoping interviews were undertaken with a range of local authorities. Questionnaires based on these interviews were then sent to all 408 local authorities in Great Britain, with preliminary telephone calls to determine the correct department/individual to contact (the functional area with responsibility for street trading issues varies between councils). These questionnaires covered the current street trading regime (costs, number of licences issued etc.), prosecutions and more general concerns about pedlars and views on possible changes to the relevant laws. We received 157 responses, a response rate of 38.4%, including several responses from authorities which had obtained Private Acts restricting pedlary.

Police. During our initial contacts with the police, we discovered that the procedures relating to the collation of data on Pedlars Certificates vary between forces. A pedlar must approach their local police station to request a certificate, but there is no automatic responsibility for that station to forward the number of applications or certificates issued to a higher administrative level. Some forces have centralised these procedures, while others collate no information on pedlars at all at a force level. Therefore, we sent questionnaires to every police command area (the lowest feasible administrative division), rather than to every force. In total, 42 of

² Although many are, a pedlar does not *necessarily* have to be self-employed – a certificate simply gives them the right to sell goods and services in the streets, which they could also do as an employee.

³ This latter group were not included in the consultation.

the 257 command areas replied individually, while 5 police forces (covering 23 further command areas) replied centrally, an overall response rate of 25%. In-depth interviews were conducted with 3 officers, covering the same topics in more depth.

Literature review

Little has been written on pedlars in the UK from an economic viewpoint. The majority of the literature relating specifically to pedlary looks at the various legal issues surrounding licensing and the permitted operating methods established by the Pedlars Act and subsequent case law (e.g. Hough 1994, 2003; Jones, Comfort & Hillier, 2004). Much of the literature on street trading as an activity more generally is focussed on poorer countries; literature on the economic role of street trading in Western economies focuses on its relationship with other forms of retailing (e.g. Benson, 2006), its threatened place in modern society (e.g. Cross, 2000) or the broader issues of the regulation of local markets and related forms of economic activity, as opposed to the characteristics of street trading as an economic activity in its own right. Street trading – and itinerant street trading in particular - is generally seen as something of a special case in modern economies, treated with suspicion by authorities who feel they cannot fully control it and – to an extent – cannot understand it. This can at least partly be ascribed to the complex spaces (both geographic and economic) in which street trading functions (Gregson, Crewe and Longstaff, 1997) and the complicated, synergistic relationship between street trading and more mainstream retailers (Benson, 2006). Planning has tended to concentrate on High Street retailers, or on spaces which the local authority can control, such as well-established local markets. The needs of other groups of traders (who tend to both be less visible, and lack representative bodies), and how best to respond to them, have tended to be marginalised.

Developing this theme, Cross (2000) specifically identifies the tensions between (i) the modernist project of public order and control, with its inherent anathema towards older, more unruly forms of trading; (ii) the roots and traditions of street trading in premodern attitudes and economic forms which were perceived to be inefficient; and (iii) the flexibility of postmodern societies, which should – in theory - embrace the informal ethos underlying street trading, allowing it to thrive and for street traders to become formal businesses. The numerous court cases brought by authorities throughout the twentieth century to attempt to restrict pedlars' activities are highlighted by Hough (2003), which also makes evident the tenacity and ability to fend off attacks that Cross (2000) identifies as part of the vitality of street trading.

This paper broadly follows this line of reasoning, arguing that pedlary, under the terms ascribed to it by UK legislation, can be seen as a hybrid form of retail activity, falling between informality and more mainstream small retail businesses. Many pedlars in our sample started by trading informally, and retain some characteristics of that activity, even though they now operate formally registered businesses. The following sections examine the characteristics and trading methods of pedlars, illustrating how they operate in a manner which retains a degree of informality.

Personal characteristics of pedlars

The overwhelming majority of pedlars in our sample were men. The small number of female pedlars in the sample had all entered the profession through family connections and interviewees often talked of the trade being handed down 'from father to son'; two respondents were third generation pedlars. Indeed, pedlars often operate in partnership with their life-partner, and/or with other family members, such that pedlary, in some cases, accounts for virtually all household income. Respondents had worked as pedlars for between six months and 40 years, with an average of 12½ years and a median of 9 years. The age of the sampled pedlars ranged between 25 and 75 years old, with an average of 44.

More than half of pedlar respondents had some retail or customer service experience in their employment or family history, which they indicated was useful preparation for becoming pedlars. Some had experience of working on markets, fairs and carnivals, or had owned their own shops, whilst others had been an employee in a retailer or telesales. One-third of the pedlars had been self-employed prior to obtaining their pedlar's certificate, while several entered pedlary from unemployment, one noting that he became a pedlar out of '*desperation – I couldn't get another job*'. Many had also travelled extensively, which they cited as contributory to their becoming a pedlar (often by learning to sell in foreign countries, where the relevant regulations are – or were – more lax). However, whilst these personal histories provided a good basis for pedlary, respondents had also worked in a wide range of previous jobs that were not directly relevant, both relatively low skilled (factory work, general building, gardening, postal worker etc.) and more highly skilled professions (journalist, engineer, geologist).

The average level of qualifications held by pedlars was not high. A quarter of those completing the survey had no formal qualifications, and a further quarter had not progressed beyond GCSE/O-Levels, emphasising that pedlary does not require a high level of entry qualifications. Instead, personality was emphasised by our

interviewees as key to their success, in particular the ability to engage with customers while walking the streets.⁴ Indeed, several characterised themselves as *'entertainers'* as much as traders, contributing to the colour and life of cities, in contrast to the *'drab'* hegemony of chain stores. Thus, pedlary requires a high level of interpersonal skills, but relatively low levels of formal education for entry.

Business models of pedlars

The pedlars included in our survey were all what could be termed 'genuine' pedlars, i.e. they abided by the terms of their certificates and most traded in a fairly traditional manner, by travelling to different towns. All sampled pedlars traded in goods, rather than services, and our interviews suggested that few, if any, pedlars outside the sample were known to supply services. This was thought to be because there was no longer sufficient demand for 'traditional' pedlar services delivered door-to-door (e.g. knife-sharpening, repairing pots and pans or chair-mending). This can be attributed partly to changes in consumer tastes, influenced by increased affluence and a preference for new rather than repaired goods, and partly to hostility towards door-to-door selling methods in general.⁵ Instead, genuine pedlars now seem almost exclusively geared towards selling goods by roaming the streets, with the merchandise tailored towards this form of activity. Indeed, anecdotal evidence from pedlars and the police suggests that the majority of those selling goods door-to-door for immediate collection are not certificated pedlars i.e. they are operating illegally.

Interviewees repeatedly cited the intuitive methods they adopted towards their trade, often referring to cultural or traditional aspects of pedlary. Although all pedlars operated as formal businesses - being registered as self-employed for tax purposes, taking out business insurance where necessary and obeying product safety and intellectual property laws - they often prided themselves on being *'mavericks'* or *'doing their own thing'*, rather than simply opting for straightforward employment. Market research was conducted by (almost literally) *'listening to the man in the street'*; decisions about stock purchases could be conducted on the spur of the moment, dependent on where they opted to trade that day, the weather conditions etc. Pedlars see themselves as highly entrepreneurial, often either creating or selecting merchandise at short notice, or selling unique merchandise unavailable elsewhere. Those pedlars who sell more 'mainstream' goods (e.g. character balloons) emphasise other aspects of entrepreneurialism - their salesmanship and ability to establish connections with people - as the key to their success.

This entrepreneurial spirit was cited as a key success factor in pedlary, particularly in terms of their responsiveness to consumer demand. This was pithily summarised as *'I sell sunglasses when its sunny and umbrellas when it rains'*. Another pedlar indicated that he sold, *'balloons, whistles and silly novelty items for a festival; flags, hats and horns for a football match or victory celebration; light-up items for an evening event late into winter'*. Thus, although some traders had their own 'niche' and sold the same product wherever they travelled, others were highly flexible and customised their stock to suit the event, season or even the particular weather conditions prevalent on the day they were trading. Again, this reinforces the simplicity of pedlars' selling and marketing strategies; the primary imperative is that their products must appeal to impulse buyers in the street on the day they are selling. As such, complicating their offering by, for example, carrying too great a variety of products, or products new to the public or difficult for passers-by to quickly grasp the purpose of, would likely lead to lower sales. A good example of a 'modern' pedlar's product is 'The World's Smallest Kite' - a novelty which can be summed up in four words, and with a price which is low enough (£3) to lead to impulse sales to those interested .by the sales pitch.

However, pedlars need not be self-employed. Six respondents (all holders of pedlars certificates themselves) operated micro/small businesses using a 'pedlar model' in combination with more mainstream selling through market stalls, shops or online. In these cases, pedlars were most often used to cover one-off events on a sporadic basis - the employed pedlars thus only worked a small number of days per year, to earn income supplementary to their main job.⁶ The owners also often worked as pedlars on these occasions. This model opens up an extra income stream to these businesses, enabling them to use pedlary on occasions and in locations where they either could not sell, or where a fixed stall would be less effective at reaching all potential customers. Thus, in the case of the three football-related manufacturers the 'pedlar model' is used alongside street trading, with static pitches licensed to the company and close to the sporting venue being supplemented

⁴ Dodd (2007) provides an illustration of an *unsuccessful* pedlar, a poet selling his own books. It ascribes this failure to his shyness and diffidence i.e. his lack of outgoing salesmanship.

⁵ In a survey conducted by the Office of Fair Trading, 61% of respondents had never purchased from a door-to-door seller. The majority of this group regarded such salespeople with wariness, and around 80% of those not making a doorstep purchase in the previous six months believed that unsolicited doorstep trading calls should not be allowed (OFT, 2004)

⁶ The owners were not questioned about - and did not volunteer information on - the extent to which this employment relationship operated on a cash-in-hand/off-the-books basis.

by pedlars who work the crowd. Pedlars' certificates also allow these businesses to travel to other sporting venues where they do not hold street trader licences. 'Lone' pedlars sometimes followed this pattern in reverse: obtaining permissions *in addition* to their pedlar's certificate, for carnivals or other events on private land (where the certificates are not valid).

The days spent trading as a pedlar can therefore be highly variable. In addition to those who only peddle infrequently, full-time pedlars will not trade on days where they consider they will not attract sufficient passing trade – the most obvious example being during spells of weather sufficiently bad that there are either few customers on the street or they are unwilling to stop and buy from a pedlar. Among our sample, the mean annual length of time spent trading as a pedlar was 157 days, while the median was 140 days. Some only worked from April-December (ending with the busy Christmas period), because takings were lower in winter, whilst others followed the football season, and some simply worked as much of the year as possible. The majority of our sample therefore worked full-time as pedlars, with the remainder using pedlary to supplement their income from other work or (in some cases) to supplement their retirement pensions.

The variety of other work undertaken by pedlars was quite broad. Several pedlars also traded through other retail outlets (market stalls or online, most commonly), or supply other traders with artisan and craft products. Others have adopted pedlary as part of a portfolio career - for example, a showman combined employment in fairs during the summer with pedlary in the fairs' off-season. Larger businesses indicated that some of their pedlar employees only peddle for a few days per year, when the potential takings are highest – e.g. major sporting events, festivals, Christmas shopping season (the switching on of Christmas lights, in particular). This aspect of pedlary is encouraged by the low fixed costs of entry – the only *necessary* cost is the minimal expense of obtaining a certificate (£12.25).

Pedlary is dependent to a large extent on passing trade, and on those passers-by being disposed to buy from a trader in the street, rather than more mainstream retail outlets. In practice, this translates to the majority of pedlary being undertaken in town centres during shopping hours (69% of the total annual working hours of all pedlars in our sample), with virtually all the remainder - 29% - at festivals, sporting events and similar locations. The right to trade anywhere in the UK is integral to this business model. Novelty goods are one-off or irregular purchases and, once consumers have been exposed to these goods for a limited time, there are diminishing returns from operating in the same area. Mobility optimises the level of returns by creating greater exposure to larger numbers of people. Pedlars also deliberately choose to attend a variety of events, festivals and fairs where there are relatively high levels of footfall and consumers are most disposed to make 'leisure-related' or 'fun' purchases. Goods related to a specific event are sometimes described as 'perishable' - the opportunity to sell is limited to particular days when the event is running (e.g. football merchandise relating to a particular match is out of date after that match has been played). Sport-related pedlars often sell goods related to teams in cups, creating an unpredictable pattern of travelling activity, dependent on the outcome of ties.

This implies that transport costs – more specifically, the costs of owning and operating a private vehicle – should be regarded as part of the normal operating costs of pedlary. It is possible to peddle within a narrow radius of the pedlar's home base, and this strategy may be successful in the short-term (particularly where the pedlar lives near a major city or tourist location), or in combination with other work (such that the individual only trades as a pedlar in the same location infrequently). Indeed, several pedlars in the sample had adopted this latter model, peddling only on selected days in nearby towns when they considered they would get the best returns, and selling through other means for the majority of the year. However, to make a full-time career from pedlary seems to require travelling – the mean distance travelled per day's pedlary was 95 miles, and the median 66 miles, while pedlars visited 25 different locations, on average, per year.

Beyond this, the cost of setting up a pedlary business is minimal – one interviewee noted that he had been trading on stalls or in shops since 1980, but preferred pedlary because *'the overheads almost nil, so it allows the possibility of working where and when I want to... I want a simple business'*. Most are home-based, and the requirement that stock is carried on the person implies that the storage space required for goods is not large. In addition, several respondents indicated that they simply buy stock daily or weekly on a sale or return basis from wholesalers, allowing rapid changes of stock as conditions dictate (e.g. sunglasses if the weather forecast is good, umbrellas if it is poor), and a minimum amount of goods held at any one time.

Informal trading and pedlary

Although no survey evidence is available, it was clear while conducting this research that the concept of pedlary is not well-known, in particular the concept of pedlars' certificates. Thus, when encountered in the street or doorstep selling, legitimate pedlars can easily be mistaken as working in the informal or illegal economy. However, many legitimate pedlars in our sample did, in fact, begin their careers informally, before moving on to become formally registered.

The 'informal economy' has been defined as 'all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements' (ILO, 2002). This definition is broader than those previously in use (see e.g. EC, 1998), and is careful to cover both informal enterprise and unregulated or exploited workers (Alderslade, Talmage and Freeman, 2006). Informal street traders are thus both those trading on their own account and those who are employees of companies (which could be either formal or informal).

Informal trading can be distinguished from illegal trading by the nature of goods and services supplied. The *working practices* in an informal business are semi-legal or illegal (i.e. unlicensed street trading), but the goods are usually legal; in the criminal economy, both working practices and goods supplied would be illegal. Goods supplied by informal traders may be of relatively poor quality - the most commonly cited example being cheap pashminas – but not necessarily of worse quality than those sold by pedlars or discount retailers (e.g. 'pound shops', Primark). As several pedlars noted, customers buying cheap goods in the street are under no illusions that they are getting the best quality goods; these are often impulse purchases, and there is not necessarily an expectation that they will be durable.

The actual level of activity in the informal economy is difficult to quantify (Alderslade, Talmage and Freeman, 2006), particularly when examining a subset of such activity, namely trading in the street. Respondents to our survey from local authorities in urban centres tended to argue that street trading without any form of licence is common, although none provided definitive estimates. This is partly because of the nature of enforcement activity surrounding illegal street trading. The costs of prosecution are high compared to both the chances of obtaining a conviction and the typical fines that result, meaning that illegal traders are often simply moved on by enforcement officers, rather than taken to court. However, since the action of moving someone on is usually not recorded, evidence for the incidence of illegal street trading tends to largely be anecdotal. One local authority made an effort to be more systematic in recording this activity in their main town (a shopping hub for the surrounding area) over a twelve month period, logging and categorising every contact with traders in prohibited streets. The town is not in an area covered by a private act, so pedlars can legally trade in these streets, as long as they are not static. The exercise revealed that only two of the 70 individuals stopped did *not* hold a pedlars' certificate i.e. the incidence of informal/illegal pedlary in this particular town was very low.

How far this extends to other towns, particularly large cities, is unknown, although some estimates have been calculated. In the UK, the informal economy is thought to represent between 7-16% of GDP (Schneider, 2002). However, relatively little of this is *directly* attributable to illegal street trading. On the basis of a relatively small sample (80 informal workers), 'trade', as a separate category, only accounted for 0.7% of all undeclared work in Great Britain in 2000 (data from Pedersen (2003), reanalyzed for Renooy et al., 2004). Construction or service activities together make up around 70% of undeclared work; while some workers (e.g. household repairs, gardening) will attract some custom by trading door-to-door, the majority of activities in these categories are not conducive to pedlary *per se*, as the services would be unlikely to be delivered immediately (one of the necessary conditions of the pedlars' certificate). Similarly, some of the products of informal manufacturing operations may be sold through illegal street trading, but it is difficult to gauge the extent of this. On this evidence, informal pedlary is likely to be relatively uncommon. However, this may be linked to the fact that legal pedlary *itself* is fairly uncommon – our estimate of the number of pedlars' certificates issued in the UK is between 3,000-4,500 (see Allinson *et al*, 2009, p38, for details of how this estimate was arrived at). Furthermore, many of our sample began their pedlary careers informally, before becoming fully registered as self-employed traders. Therefore, it is worth examining the methods by which informal businesses are established, and various routes towards formalisation.

One method of establishing an informal business is through knocking on doors or approaching friends and businesses in the entrepreneur's locality, establishing an initial client base who go on to recommend the business by word-of-mouth (noted in several case studies in Williams, 2006 *passim*), possibly with the intention of only earning some additional income, rather than as a career. This can be categorised as a form of 'test trading', to determine the viability of the business, without the burdens of tax and government bureaucracy in the initial stages of trading, although there is a recognition that formal registration is necessary for the business to grow beyond a certain point and be able to provide a full income for the owner. Another common route is initial informal trading as an add-on to a hobby (e.g. handicrafts), which eventually becomes a fully-fledged business (Llanes & Barbour, 2008).

These routes correspond to the journeys into pedlary of around two-thirds of our sample. Relatively few made a conscious decision from the outset to be a pedlar; those that did tended to be the ones with family connections to the trade. Most, however, were trading in some other capacity already before becoming certificated pedlars – for example, through market stalls, craft fairs or informal trading in the street (i.e. illegal pedlary). Pedlary was often discovered by accident, through talking to other traders or, in some cases, following contact with the police or other regulatory bodies.

Therefore, pedlary is not necessarily a route towards formalisation for those currently working in the informal economy. Rather, pedlars often begin trading informally but progress towards formalisation relatively quickly, aided by the low cost of obtaining a pedlars' certificate. However, a case can be made that, particularly in the current economic climate, pedlary is a useful way of encouraging the unemployed to start their own business. Given the low barriers to entry and exit, it is possible to use pedlary as a means of earning income on one's own account without large overheads, or to earn extra income alongside other employment or (where the person has some craft skills, say) alongside other means of selling one's own products.

There are some caveats to this argument. It is worth reiterating that pedlary suits a particular type of personality (outgoing, confident etc.), and is not likely to be a mass solution. Also, the conditions attached to the certificate restrict the activities which pedlars can undertake, and, in recent years, local authorities have displayed increasing hostility towards pedlars, restricting their activities even further in some localities through Private Acts (although, as noted above, the outcome of the current consultation may change this situation). Nonetheless, pedlary remains a possible, and under-explored, route out of unemployment. How then, could it be encouraged, and, in particular, how can potential pedlars be encouraged to enter the occupation without first trading informally?

There are two broad choices facing policy-makers aiming to reduce the size of the informal economy: (a) deterrence, stopping informal workers from operating through punitive measures; and (b) harnessing the entrepreneurial talent evident in informal operations and encouraging formalisation of these businesses. UK policies concentrate on deterrence (Williams, 2001). This is based on a view of such work and workers as fairly homogeneous, and only undertaking informal work for economic reasons. Policies are often based more on 'push' – deterrent – initiatives, while 'pull' initiatives – which aim to encourage a greater degree of formalization – tend to be downplayed or marginalized (Williams, 2008). Illegal/informal street traders face fines and confiscation of goods, rather than a co-ordinated attempt to transition them towards legitimate self-employment. More generally, informal traders show no desire to quickly formalise their business, preferring to do so only when it becomes necessary (Llanes & Barbour, 2008), while there is no obvious, straightforward route for someone who is unemployed to make use of their interpersonal and other skills on a small (legitimate) scale while working towards establishing a more formal business. Indeed, Williams (2006) notes that 'tackling underground employment and nurturing an enterprise culture have been treated as separate policy realms' (p4).

This implies that, if there is to be a role for pedlary – and other similar small-scale nascent businesses – there should be incentives to encourage a degree of formalisation of these businesses which, in turn, requires a more nuanced appreciation of the informal sector and the variety of forms informal business can take (Williams & Round, 2007). There are a range of possible interventions which could facilitate the establishment of businesses which are formal from the outset (or very close to the outset), rather than initially trading informally. While it is not the focus of this paper to explore these interventions in depth, examples include:

- (i) *Mini-jobs*. This German scheme reduces social security and tax payments for jobs earning less than a certain income level. This would facilitate entry into formal self-employment on a small-scale, which would particularly aid businesses – such as pedlary – with small overheads.
- (ii) *Rich Aunt Agatha Scheme*. Originating in the Netherlands, this scheme exempts some small private loans to businesses from some taxes. Again, with the small costs of setting up a pedlary business, this would put the business finance on a more formal footing, and facilitate loans from friends and family.
- (iii) *Test trading*. In the UK, test trading is available, under New Deal, to allow participants to trial a business idea for six months while still receiving benefits. However, the lengthy period of unemployment before participants are eligible (6 months for under-24s, 18 months for those 25+) means it is not suitable for those wishing to enter trading soon after losing their job, which renders the option of informal trading more attractive. An alternative may be the German *Ich AG* business form, which allows unemployed people to set up as a sole trader or a family business with a graduated reduction in unemployment benefits over the first three years of trading.

Conclusions

Pedlary is a good example of a trade which is often begun in an informal manner - to earn money out of desperation in some cases, as an adjunct to additional employment in others, or as a method of selling products manufactured by the pedlars themselves - before progressing to become a more formal source of income through legitimate self-employment. Pedlars are a diverse group, in terms of their previous employment histories, educational qualifications and routes into pedlary, including some who have successfully traded since entering the occupation during the recession in the early 1990s. The key requirements for success can be categorised as confidence, communication and selling skills – i.e. the ability to roam the streets attracting customers. Entry and exit costs tend to be low, such that it can be a person's

main profession, a source of income additional to a main job (which may be complementary or not) or even a temporary source of income while seeking other employment.

It would thus be possible for pedlary have a role in encouraging unemployed or informal workers to establish a formal business, albeit in a limited way, and as part of a broader raft of measures aimed at unemployment, enterprise and the informal economy. In particular, pedlary may appeal to unemployed people with relatively few specific occupational skills, or with previous experience in an occupational area which is not suited to being offered from home, but with the requisite interpersonal skills to sell on the streets and/or door-to-door. The freedom it offers, and the low entry and exit costs, would also be appealing to some of this group. However, the opportunities to sell in the informal economy may well currently be more attractive, offering similar advantages but without the need for formal certification or to register as self-employed. Therefore, to be effective, a policy to encourage pedlary (and, indeed, any other routeway into formal self-employment) would have to be one strand in a coherent policy offering, combining both carrot and stick approaches.

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