CHAPTER SEVEN

SUMMARY OF FINDINGS

The potential for small-scale production to generate economic growth and employment has been a much debated issue over the past decade and a half. From being regarded as a transitory phenomenon or a residual occupation, it is now widely acknowledged that small producers are vital for the economic development of a nation. The evolution and expansion of Black small-scale producers in South Africa has been chronicled and constitutes a contribution to the body of literature which seeks to understand the growth potential of informal or backyard producers. The analysis has been conducted from an historical perspective in order to understand the changing nature of the constraints affecting the development of small-scale manufacturers. The major findings of the study are set out in brief below.

1. Issues in Small-Scale Industry Research

1.1 Perspectives on the developmental potential of the small-scale sector differ with respect to the focus of research on either the Third World or the advanced industrial nations.

1.2 Writings on the advanced countries tend to emphasise the impact of small-scale industries on regional economic development. By contrast, the literature on the Third World raises more contentious issues, in particular those associated with the dualist versus the petty commodity production schools of thought.

1.3 A major concern in the debates on the growth potential of small-scale producers is the internal or external nature of the constraints hampering their development.

1.4 South Africa offers a unique setting for the examination of small enterprise development. Whereas the country’s Black areas bear close resemblance to the Third World, the White areas are equated more with the developed world.

1.5 Emerging from such a juxtaposed economic environment is a unique set of problems affecting small-scale Black producers.

1.6 The underdeveloped nature of backyard production in South Africa is attributable to the deliberate erection of racial
barriers which have served to defend the interests of the White ruling minority.

2. Missions, the State, and the Origins of Small-Scale Industry in the Reserves.

2.1 The most important factor influencing small-scale manufacturers in the early rural areas was state action which alternately promoted and retarded the development of craft industries.

2.2 'Native' craft production was actively supported by the colonial government of the Cape and Natal in particular but only insofar as 'Native' goods did not conflict with White industrial interests.

2.3 The possibility of 'Native' competition with White producers provoked the immediate withdrawal of government funding from 'Native' training centres and clamps on 'Native' production and distribution of articles.

2.4 The effect of government regulations on 'Native' manufacturers was to restrict their production and marketing opportunities as well as the financial capacity of the missionaries for promoting 'Native' enterprise.

2.5 Insofar as 'Native' producers experienced the problems of access to marketing outlets, capital and limits on their range of production, these constraints parallel those emphasised in the international literature on small-scale producers.

2.6 Within the South African context obstacles to development were not induced by the monopolistic actions of large enterprises, but by government discriminatory measures against early 'Native' manufacturers.


3.1 In the period from the mid-1930s to the early 1970s the government's dominant concern with respect to industrialising the Reserves was in stimulating large-scale development.

3.2 The preoccupation with developing large-scale concerns through a policy of decentralisation was to the detriment of small-scale industries which received scant assistance during this period.

3.3 Only when it became apparent that the incentives for decentralised growth in the rural areas were having little effect in nurturing an indigenous industrial base did the government turn its attention to production on a small-scale.

3.4 Consistent with the renewed focus on small-scale enterprise the government established individual development corporations for each of the 'independent' Black states or Bantustans.

3.5 The development corporations' objectives to stimulate Black small-scale industries has been manifested in the erection of a number of industrial parks for existing and commencing small-scale entrepreneurs.
3.6 Despite attention on the promotion of small-scale enterprise in the Bantustans, constraining factors, in the form of strict bureaucratic regulations, continue to obstruct the growth of Black producers.

3.7 Whereas previously the main obstacle to small-scale industrial development was government discrimination in favour of large-scale enterprises, discriminatory measures continue to retard small-scale entrepreneurship but in terms of the unequal application of promotional incentives.

4. Small-Scale Industry on the Witwatersrand: 1900-1950

4.1 In the Black township areas of White South Africa government policy also influenced the course of entrepreneurial development.

4.2 The most significant issue emerging from the case-study on the Witwatersrand is the tenacity of township producers in the face of repressive action.

4.3 In the three spheres of industry examined, beer-brewing, artisanate/repair works, and furniture-making, Black manufacturers demonstrated their technical and entrepreneurial skills to conduct thriving industries.

4.4 The successful development of Black businesses on the Witwatersrand is indicative that internal factors do not constitute the setbacks to industrial growth.

4.5 The constraints were externally derived from structural conditions such as inadequate working premises, a financially-limited Black market, and a lack of starting and working capital.

4.6 Urban Black producers were constrained particularly by repressive government policy which sought to eliminate the incidence of Black manufacturing from the urban areas for fear of their competitive threat to white enterprise.


5.1 In the last decade the South African state has come to acknowledge the strategic and economic importance of Black township industries.

5.2 The more positive approach to Black entrepreneurship has been accompanied by the establishment of government-sponsored corporations which aim to upgrade and promote township industries.

5.3 Under the direction of promotional organisations the majority of South Africa's Black townships have experienced renewed industrial growth with the establishment of industrial parks to formally accommodate manufacturing activities.

5.4 Township producers are still beset by externally derived problems such as lack of access to credit facilities, raw materials, marketing outlets, and adequate working premises.

5.5 The existence of constraining factors has prompted some township producers to enter into subcontracting relationships.
with large-scale White enterprises, thereby incurring the risk of exploitation by large-scale corporations.

5.6 The problems identified as confronting small-scale producers in Black South Africa reflect many of the constraining factors discussed in the international literature on small-scale industry. Further, in common with the international experience, external rather than internal factors are of paramount importance in limiting small-scale industrial development.

The investigation of Black entrepreneurship in South Africa reveals that the constraints binding small-scale entrepreneurs have varied both geographically and through time. In the early twentieth century the obstacles to small-scale entrepreneurial development in the rural areas arose from government restrictions on production, marketing outlets, and finance. Towards the latter part of the century Black entrepreneurial activity in the Reserves or Bantustans was hampered by government bias in favour of large-scale rather than small-scale production. In the urban areas, by contrast, the main constraining factor to small-scale producers in the early 1900s was repressive government action spurred by White protestations against the competitive effects of Black manufacturing businesses. Government and public prejudice against township industries was manifest in legislative regulations which prohibited the existence of Black enterprises in White areas. In the final analysis, it is the specific nature of apartheid political economy which is responsible for the underdevelopment of Black enterprise in both rural and urban South Africa. Recent government incentives for the promotion of Black entrepreneurial activities give rise to a more optimistic outlook towards future developments in Black industry. Progress in terms of industrialising the townships and Bantustans is slow, however, in view of the strict controls accompanying promotional schemes for development, but also because of past government prejudices which small-scale industrialists still need to overcome. In this respect, the present historical study has contributed to a deeper understanding of the circumstances which have moulded the contemporary situation of small-scale industry in Black South Africa.

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The references are organised in terms of a basic division between primary and secondary sources. The category primary sources is further subdivided into: (1) archival material; (2) published primary material; (3) newspapers and periodicals, and (4) annual reports. The category of secondary sources includes all references made in the dissertation to books, articles and unpublished theses.

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