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THE EXPANSION OF BLACK BUSINESS INTO THE SOUTH AFRICAN ECONOMY WITH SPECIFIC REFERENCE TO THE INITIATIVES OF THE NATIONAL AFRICAN FEDERATED CHAMBER OF COMMERCE IN THE 1970s

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'A Dissertation submitted to the Faculty of Arts, University of the Witwatersrand, Johannesburg(in fulfilment of the requirements) for the degree of Master of Arts'.

Johannesburg, 1981

ABSTRACT

Before the mid 1970s African business development was severely limited by Government legislation. This restriction resulted in a dependent African entrepreneurial class unable to compete with White business.

The National African Chamber of Commerce (NACOC) formed in 1964 and the National African Federated Chamber of Commerce (NAFCOC), which evolved from this organisation in 1969, were established by Black businessmen who united to fight this restrictive legislation. By the mid 1970s they were in a position, as a strong, united, national commercial body, to press for changes and to initiate business ventures which gained them a place in the South African economy.

Nevertheless, despite the co-operation and financial backing of White business, they were unable to bring about any effective changes in Government policy until after the Soweto riots of 1976.

The concessions granted to Black businessmen after that time, together with the important role played by the National African Federated Chamber of Commerce, stimulated Black business development in the late 1970s although Black businessmen continued to fight for the removal of all discriminatory legislation affecting Black business.

ACKNOWLEDGEMENTS

To members of NAFCOC and in particular

Mr S. M. Motsuenyane (President)

Mr S. Kutumela

Mr S. J. J. Lesolang

Mr M. J. Lefoka

Mr M. Maubane

To Mr J. W. Keeble, founder publisher of African Business magazine.

To Dr. P. L. Bonner for supervising this study.

TABLE OF CONTENTS

	PAGE
TITLE PAGE	i
ABSTRACT	ii
ACKNOWLEDGEMENT	iii
LIST OF TABLES	vii
LIST OF ABBREVIATIONS	viii
NOTE ON TERMINOLOGY USAGE	x
PREFACE	xi
NOTES	xxii
1. THE AFRICAN CHAMBER OF COMMERCE MOVEMENT IN SOUTH AFRICA BEFORE 1969	1
INTRODUCTION: THE CHAMBER OF COMMERCE MOVEMENT ..	1
1.(i) The Early Black Business Associations ...	4
1.(ii) African Chamber of Commerce formed in 1955	9
1.(iii) Ikaheng (Zakheni) Finance Corporation formed in 1958	15
1.(iv) Other Black Business Organisations formed in the 1950s	18
1.(v) Bigvai Masekela leadership	21
1.(vi) Johannesburg African Chamber of Commerce formed in 1963	22
1.(vii) National African Chamber of Commerce formed in 1964	27
NOTES	32
2. CONSTRAINTS ON AFRICAN BUSINESS BEFORE 1970	37
2.(i) Government legislation	38
2.(ii) Regionalisation Directive	65
2.(iii) Structural economic constraints	70
NOTES	81
3. THE FORMATION OF THE NATIONAL AFRICAN FEDERATED CHAMBER OF COMMERCE IN 1969	85
3.1. First points of focus	85
3.1.(i) The Implementation of Regionalisation	86
3.1.(ii)Conferences	103
3.2. NAFCOC'S early attempts at negotiation with the Government	110
3.3. Practical Action	123
3.3.(i) Buy-At-Home Campaign	123
3.3.(ii) Bulk buying	132
NOTES	140
4. NAFCOC'S FIVE YEAR PLAN	145
4.(i) Permanent Secretariat	148
4.(ii) Membership	155
4.(iii) Income	167
4.(iii) (a) Small donations and prizes ..	173
4.(iii) (b) Donations for conferences ...	173

4.(iii) (c) Donations for particular projects 175
4.(iii) (d) Quid pro quo offers - business initiatives 177
4.(iii) (e) S.A. Permanent Life Assurance Company 209
4.(iv) Training 224
4.(iv) (a) Masekela-Mavinbela Scholarship Fund 234
4.(iv) (b) NAFCOC Training Scheme 239
4.(iv) (c) Banks business counsellors scheme 244
4.(iv) (d) Other training schemes 248
4.(v) The Initiation of National Projects 252
4.(v) (a) The African Bank 253
4.(v) (b) African Business Publications.. 268
NOTES 282

5. SOWETO 1976 300
NOTES 318

6. SOWETO 1976-NEGOTIATIONS WITH THE GOVERNMENT 321
6.(i) New Deal Legislation 1977/79 - meetings with the Government 324
6.(ii) Community Councils 339
6.(iii)The Riekert Commission 1979 353
NOTES 362

7. SOWETO 1976 - NEW WHITE PRIVATE SECTOR INITIATIVES. 366
7.(i) The Urban Foundation 366
7.(ii) Die Transvaler Dinkskrum 372
NOTES 380

8. NAFCOC PROJECTS FROM 1976 382
8.(i) The Blackchain Company 383
8.(ii) African Development and Construction Company 401
8.(iii)NAFCOC National Trust Limited 410
8.(iv) NAFCOC Industrial Development Corporation .. 412
NOTES 419

9. PATH TO PROGRESS - ECONOMIC INTERDEPENDENCE AND THE HOMELANDS 424
9.(i) Tripartites 424
9.(ii) Southern African Economic Community 440
NOTES 451

10. NAFCOC PLANS FOR THE 80s 455
NOTES 466

11. MODELS FOR ACTION 467
11.(i) Afrikaner example 467
11.(ii) American Black example 478
NOTES 488

CONCLUSION 491

APPENDIX 1 - PORTRAIT OF A BLACK BUSINESS LEADER - SAM MOTSUENYANE 503
NOTES 536

APPENDIX 2 - Figures 1 - 25 538

BIBLIOGRAPHY 558

LIST OF TABLES

		PAGE
1.	Estimated number of Households in South Africa 1972	71
2.	Remuneration of all employees	72
3.	Claimed Average Household Income	72
4.	Grossing up of claimed Household Income 1970	73
5.	Estimated Budgets of White and Black Households in the main Metropolitan areas	74,75
6.	Customers All Commodities Value spending by race by store type	76
7.	Store type by region and area	77
8.	Preliminary Marketing Feasibility Study for Development of a Business Centre - Pimville Zone 7, Soweto - Black Households by Income	181
9.	NAFCOC Accounts - Year ending 1979	222
10.	Black businessman's opinion on the most pertinent limiting factors on the success of his business	226
11.	Qualifications of Black businessmen	226
12.	Business experience of Black businessmen	227

LIST OF ABBREVIATIONS

ACOC	African Chamber of Commerce
A.C.V.	All commodities value
AD & CC	African Development and Construction Company
ANC	African National Congress
ANSCA	African National Soil Conservation Association
ASSOCOM	Association of Chambers of Commerce of South Africa
ATASA	African Teachers Association of South Africa
BIC	Bantu Investment Corporation
BMR	Bureau of Market Research
BOCOC	Bophuthatswana Chamber of Commerce
BOFCOC	Bophuthatswana Federated Chamber of Commerce
CED	Corporation for Economic Development
COL	Cost of Living
E.C.O.W.A.S.	Economic Community of West African States
EDESA	Economic Development for Equatorial and Southern Africa
F.A.K.	Federasie van Afrikaanse Kultuurverenigings (Federation of Afrikaner Cultural Organisations)
F.V.B.	Federale Volksbeleggings
GAZACOC	Gazankulu Chamber of Commerce
GST	General Sales Tax
G.T.C.	Grocery, toiletry, confectionery
ICC	International Chamber of Commerce
IDAMASA	Independent African Ministers of Religion 'Trade Union' Association
Inkatha	Inkatha Yenkululeko Yesizwe (National Cultural Liberation Movement

Inqaba	Ciskei Chamber of Commerce
INSCA	Indian National Soil Conservation Association
Inyanda	Natal and Zululand Chamber of Commerce
JACOC	Johannesburg African Chamber of Commerce
MEL	Minimum Effective Level
METACOC	Masihambisane - Eastern Transvaal Chamber of Commerce
NACOC	National African Chamber of Commerce
NAFCOC	National African Federated Chamber of Commerce
NIDC	NAFCOC Industrial Development Corporation
NPI	National Productivity Institute
NRT	Die Nasionale Raad van Trustees (National Council of Trustees)
RDB	Reddingsdaadbond
SCCI	Soweto Chamber of Commerce and Industry
SOUTACOC	Southern Transvaal Chamber of Commerce
SSRC	Soweto Students' Representative Council
TAA	Tanganyika African Association
TACOC	Transvaal Chamber of Commerce
TANU	Tanganyika African National Union
T/O	Turnover
TRACOC	Transkei Chamber of Commerce
TUATA	Transvaal United African Teachers Association
UCT	University of Cape Town
UNISA	University of South Africa
USSALEP	United States - South Africa Leader Exchange Programme

NOTE ON TERMINOLOGY USAGE

Various Government Acts, such as the Bantu Land Act and the Native Trust and Land Act, have been given their original terminology although the words 'Bantu' and 'Native' have recently been replaced by the words 'Black' or 'Blacks'.

PREFACE

Black entrepreneurial activity in South Africa remained stunted by Government legislation until the mid 1970s. The effects of a wide range of restrictive legislation resulted in most Black businesses remaining small and isolated since they were confined to certain areas, limited by the types of businesses and range of commodities sold and lacked capital and expertise. These limitations created a dependent Black business community which was unable and unprepared to compete with White business.

At the same time these legal restrictions kept White business out of Black areas. As a result, all business which evolved in Black areas, in spite of the constraints, remained in the hands of undercapitalized Black entrepreneurs with little expertise.

It was against this background that the National African Chamber of Commerce (hereinafter NACOC) was established in 1964 to promote unity and self-help among Black businessmen and to fight for their interests in South Africa. But, this Black commercial organisation, which advocated co-operation amongst its members and contact and negotiation with the Government, was unable to achieve any significant results until major changes in the Government's economic and political policy began to occur in the mid 70s.

Major changes began when many groups, including the Government, expressed the need to develop a strong African middle class. The hope was that this middle class would be a stabilising factor in South Africa's political situation. Additionally, it would create a demand for services and consumer goods. Businessmen, who were an integral part of this group, would in turn provide those services and goods and create more jobs, which would act as a stimulant to further economic growth.

This new thinking in Government circles arose from steady and continual pressures for change. These pressures came from Black businessmen led by the National African Federated Chamber of Commerce (hereinafter NAFCOC), which evolved from NACOC in 1969, and from White business which called for a more equitable participation by Blacks in South Africa's economic sphere. These pressures were capped by upheavals and widespread rioting in Black townships in 1976.

The changes in legislation made after 1976, which granted concessions to Black businessmen, opened the door to Black business development, for the Government, in its efforts to encourage this Black entrepreneurial class, appeared to be more willing to compromise in this area than anywhere else.

The concessions, particularly to urban Black businessmen, together with the efforts of NAFCOC, played a significant role in the development of Black business. By the mid 70s NAFCOC was able to act as the sole Black commercial negotiating body through which the Government could channel its changes. Consequently, the Government was forced to accept NAFCOC'S leadership and position in order to discuss and negotiate appropriate changes in the restrictive legislation which applied to Black business.

The noted increase in Black buying power and the changes in legislation also led to White business wanting to trade in Black areas and with Black partners. Again, NAFCOC was one of the few responsible negotiating bodies available for the many White business proposals which were made in the late 70s, although it continued to press for Black controlling influence in urban Black business.

Consequently, the presence of NAFCOC in the 70s was vital to all those concerned with the development of Black business since it was an established Black commercial organisation with which they could communicate and negotiate. This study, in order to explain and describe Black business development in the 1970s, focuses on the role played by NAFCOC during those years.

Despite the central role of NAFCOC in African entrepreneurship there has been little analysis of the Movement. Many authors, like D.S. Pearson, T. Geiger and W. Armstrong,(1) who have discussed African commercial progress, have done so in the wider context of Africa generally and rarely refer

to South African Black business development. Others, such as Dr. G.P. Hart and R.B. Savage,[2] have tended to concentrate on the implications of Government policy and to play down or ignore the contributions of African businessmen themselves.

A few investigations like that of L. Reyburn's[3] have indicated the problems of African businessmen without explaining how they went about alleviating these problems. While many authors, such as T.E. Nyquist and N. Mkele,[4] have stressed the evolution of a Black entrepreneurial class in South Africa, only a few, like L. Kuper and G. Maré,[5] have mentioned the African Chamber of Commerce in this regard. Peter Marris and Anthony Somerset[6] have attempted to explain the attitudes which shaped African entrepreneurial activity but have not referred to South African Blacks.

Those who have discussed Black commercial co-operation, for example, P. Walshe,[7] have usually referred to the early Black business associations which evolved in the 1930s and 1950s. Where mention of the African Chamber of Commerce was made it was invariably brief, for example, in the works of L. Kuper and L. Reyburn.[8] References to the Chamber of Commerce Movement were either confined to a few paragraphs in commercial practice works[9] or publications of the International Chamber of Commerce in Geneva.[10]

Consequently, very little has been documented about the African Chamber of Commerce and there seems to be a dearth of material on the Chamber of Commerce Movement worldwide.[11]

A recent article by Roger Southall[12] which was published while this dissertation was in progress and, hence, has not been referred to in the text, does discuss briefly some of the major NAFCOC initiatives. While Southall mentions some ambiguities in NAFCOC'S relationships with the Central Government and the Homeland Governments, he sees NAFCOC'S 'favoured status'[13] arising from its espousal of free enterprise and its pragmatic acceptance of separate development, which 'indicate that it heads a stratum willing to collaborate with the apartheid regime.'[14]

...wever, my study, by discussing the internal organisation and development of NAFCOC, finds that, by working within Government policy NAFCOC was able to build a strong organisation with which Government was forced to negotiate the removal of discriminatory legislation. At the same time, economic strength, NAFCOC believed, was a prerequisite of political freedom.

Two important specific areas of weakness in Southall's article are in his analysis of the African Bank. Since these points have not been taken up explicitly in Chapter 4 (v) (a) they are briefly mentioned here. Firstly, Southall states that the Homeland Governments failed to make any contribution to the African Bank,[15] whereas, two of these Governments did take up their option to buy shares; and secondly, that NAFCOC itself purchased R250 000 worth of shares,[16]

when it was NAFCOC members who purchased shares as individuals, totalling R238 044,00 by September 1974.(17)

The purpose of this dissertation is to document the central role of NAFCOC in Black entrepreneurial activity in the 70s and to explain why, in contrast with other Chambers of Commerce, it assumed so central a role. It explains the contradictory evolution of an independently oriented Black business organisation striving to retain its autonomy in the context of a highly developed White capitalist sector and an ambivalent White governing class and Homeland authorities.

In its existing form NAFCOC comprises three distinct sectors, commerce, industry and farming. Although for the greater part of the 70s commerce was the sole sector, all three sectors followed similar development and goals and each had its own executive under the common umbrella of the central NAFCOC executive. The study of the organisation revealed certain distinct features about NAFCOC which differed from the traditional Western Chamber of Commerce Movement.

First, NAFCOC relied on its executive for achieving its objectives. It established an administrative system to meet its commercial needs and, at the same time, to safeguard its own support and survival as an autonomous

body. Second, NAFCOC depended on the various autonomous regional organisations and affiliated associations having access to the national executive and sharing in its deliberations, so that the interests of their members were advanced and their oganisational interests were safeguarded. Third, NAFCOC was a creator of ideas and projects for an inexperienced group. NAFCOC itself dealt with the various business proposals and business ventures for its members, unlike Western Chambers of Commerce which stimulate individual members to do the dealing.

Despite these distinct features, which clearly indicate its autonomous position as a Black business organisation, NAFCOC remained contradictory in nature. In the early 70s, although an established Black organisation with its own administration catering entirely for Black businessmen, with a strong 'Blacks only' identity, it was unable to operate efficiently and effectively without relying on White finance to establish its own Secretariat. Additionally, it was forced to introduce Whites into its organisation, in the form of Associate Members, partly to obtain finance for the running of its operation. Yet, reliance on White finance and membership did not destroy its autonomous nature and it remained entirely Black controlled and operated.

However, reliance on White capital did guide its choice of projects since it proved to be more expedient to choose those with a specific purpose, like education and training, which White business was prepared to support. Even so, once they were established, NAFCOC retained control over

them.

NAFCOC was also the initiator of several major business ventures for Black businessmen in the fields of banking, insurance, retailing, construction and publishing. The policy behind this move was to harness Black spending power and increase Black involvement in the South African economy. Although Black businessmen retained the major shareholding in these companies and Black control remained a longterm objective, they were still forced to accept a certain degree of White finance, shareholding and expertise to establish these ventures.

Again, with the many business deals which were offered to NAFCOC by White companies after 1976, NAFCOC was the decision maker on proposals involving Black/White partnerships. It prescribed only those which it considered were in its members best interests and refused to accept or authorise those which it considered to be detrimental to their interests.

NAFCOC'S relations with the Government were also contradictory. After 1969 it was forced, by the Government, to ethnicise its organisation. This was a move which might have divided the countrywide Chamber, but, instead, it united it more strongly and gave it greater efficiency. While the Government chose to ignore it at this stage NAFCOC was able to develop into a viable national organisation. Then, after the pressures of 1976,

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when the Government granted concessions to Black businessmen, it recognised and consulted with NAFCOC as the negotiating body for Black businessmens needs. Yet, although the Government dealt with NAFCOC, NAFCOC was backed up by pressure from White business which had been calling for changes to legislation restricting Black business development.

NAFCOC'S links with White institutions like the Urban Foundation, also resulted in co-operation and finance for some of its business initiatives, but it continued to declare that it could not go along with everything these institutions stood for.

In the Homelands and Black States NAFCOC remained an autonomous national organisation, with regional Chambers in those areas affiliated to the national body, despite pressures from the Homeland Governments in several of those regions to separate their Chambers from NAFCOC. It continued to negotiate and co-operate with all regional Governments, in the fields of commerce, industry and farming, as the national Chamber in South Africa.

Material for a study of this kind was not readily available. I was fortunate enough to gain access to NAFCOC'S archive documents and to the White Johannesburg Chamber of Commerce, African Affairs archive documents (since 1971).

I obtained the co-operation of many African businessmen and NAFCOC leaders. Mr. M.J. Lefoka, Managing Director of

the Ikaheng (Zakheni) Finance Corporation and an executive member of the African Chamber of Commerce, kindly provided documents relating to the Ikaheng Finance Corporation and the African Chamber of Commerce before 1964. Mr. S.J.J. Lesolang, a founder member of ACOC and treasurer of NAFCOC until 1979, kindly provided information and newspaper reports relating to the Chamber's activities in the 50s and 60s.

Interviews conducted with African businessmen, some dating back several years, revealed much new information about their problems, needs and activities. Important contributors included Mr. S.M. Motsuenyane, NAFCOC President, Mr. S. Kutumela, NAFCOC Treasurer and Mr. M. Maubane of the African Bank and formerly Executive Director of NAFCOC.

Mr. J.W. Keeble, founder publisher of African Business magazine provided comprehensive information on the development of NAFCOC. In addition, he made available personal documents and volumes of African Business magazine which were a vital source of information for NAFCOC'S activities since 1972.

Interviews were also conducted with White company executives connected with the Black market to gain an insight into their attitudes and actions when dealing with African entrepreneurs. Mr. S. Matus, Managing Director of the Spar Group and President of the White Johannesburg Chamber of Commerce, was particularly helpful. Interviews

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with officials of institutions and organisations, such as the Urban Foundation, the Human Awareness Programme and ASSOCOM, revealed how their activities were linked to African business development.

The IBM computer at the University of the Witwatersrand was used to analyse information on the shareholding in NAFCOC initiated companies which was kindly provided by the African Bank. A great deal of useful information was gathered from attendance at NAFCOC'S annual conferences between 1975 and 1980.

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CHAPTER 1

THE AFRICAN CHAMBER OF COMMERCE MOVEMENT IN SOUTH AFRICA BEFORE 1969

INTRODUCTION : THE CHAMBER OF COMMERCE MOVEMENT

Close co-operation in all matters of common concern is characteristic of commerce. Consequently, with the evolution of commerce, in Europe in the sixteenth Century, this social aspect of commerce revealed a need to form associations amongst businessmen, in particular regions, for the purposes of developing trade within the areas, and to protect the interests of their members.

The first time that the title Chamber of Commerce was used was in France in 1599 when the town council of Marseilles, unable to cope with looking after both the commercial and municipal functions of the region, established an association, which it called the 'chamber of commerce', to take over the commercial interests of the town.(1)

Chambers of Commerce promote their aims by:

1. Maintaining a high standard of integrity and commercial conduct amongst their members.
2. Providing information - by holding meetings and collecting and issuing bulletins on current economic conditions and relevant legislation affecting commerce.
3. Provision of advice:
   (i) On general business methods and overseas markets.
   (ii) On trade statistics, foreign tariffs and regulations, wage levels, taxes etc.

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(iii) Legal, e.g. shipment of goods and contract conditions, various government controls.

4. They may provide services,e.g. certification of invoices and other foreign trade documents, arbitration and settlement of disputes.

5. Making representations to Government in regard to:
   (i) domestic legislation affecting commerce
   (ii) foreign tariffs and regulations.

They also perform two valuable functions in the commercial sphere. The first is that they establish and expand overseas trade connections and the second is that they police the free enterprise system so as to guard against over-zealous interference by government departments. Undoubtedly, certain controls are necessary, but it is the function of Chambers of Commerce to ensure that such controls are kept within limits so that the free market system is not eroded by government regulations.

Nevertheless, the democratic nature of Chambers of Commerce varies in different countries. In France and the United Kingdom the Chambers of Commerce are voluntary public organisations. The United States of America brought in a voluntary, representative federation with autonomous Chambers of Commerce countrywide, while in the Federal Republic of Germany all are corporations under public law and membership is compulsory for industrial and commercial firms. But, in these countries the associations are independent

of Government. In Italy, the Chambers were initially voluntary public bodies but, with the advent of fascism, the old system gave way to full government control, instituted in 1926. In 1944, after the fall of fascism, freely-elected boards were established but provincial offices of commerce and industry, dependent on the Ministry of Commerce and Industry, were retained and the President of the Chamber of Commerce is appointed by the Minister.

The various Chambers of Commerce in South Africa were constituted along the lines of the United Kingdom bodies and are voluntary public organisations. The work of the autonomous Chambers is co-ordinated in one of three national bodies, The Association of Chambers of Commerce of South Africa (hereinafter ASSOCOM) Afrikaanse Handelsinstituut and the National African Federated Chamber of Commerce (hereinafter NAFCOC). These are members of the South African National Committee and of the International Chamber of Commerce.

The earliest Chamber of Commerce in South Africa was founded in 1804 as the Commercial Exchange of Cape Town, changed in 1861 to the Cape Town Chamber of Commerce, to settle by arbitration disputes between foreign ships and Cape merchants. The Association of Chambers of Commerce of South Africa (ASSOCOM) was formed in 1892.[2] By 1977 there were 100 Chambers in the Association in South Africa.

The Chamber of Commerce Movement in 'Black' South Africa started in February 1955 with the formation of the African Chamber of Commerce, although most of its founder members had belonged to the Orlando Traders association formed as early as 1945.

By 1979 the National African Federated Chamber of Commerce, formed in 1969, comprised 17 regions with 181 affiliated branches. NAFCOC is not affiliated to ASSOCOM, being, as it is, a similar umbrella organisation for its own 'Black' Chambers throughout South Africa.

1.(i) The Early Black Business Associations

The initial struggle by Africans to promote business enterprises among their own people began in the early thirties. Much of the enthusiasm for economic self-help was generated by calls from the African National Congress (hereinafter ANC), with its realization that African economic strength was a prerequisite for political influence.

In 1932, a Bantu Business League was formed in Natal, with the Rev. John Dube as President and N. Lithuli as Secretary.(3) This was followed, in 1938, by the African Business League,(4) formed by Selope Thema with the intention of setting up a wholesale co-operative. The Union's Co-operative Societies Act No. 29 of 1939 led to numerous inquiries in connection with the establishment of African co-operative trading shops and African savings banks societies, as well as Selope Thema's scheme. By 1940 there were three African co-operative shops established under the Act.

Although the enthusiasm was present, very little came of these co-operatives. To a large extent the irksome formalities

were to blame yet two societies, situated on the Reef, showed that the biggest problems were insufficient working capital and lack of expertise.(5)

The African Business League, though it proved unsuccessful as a business venture, did voice its opinion about the plight of the African businessman. A letter from the League, published in The Forum in May 1941,(6) protested against the difficulties placed in the way of Africans trying to obtain trading licences. The editorial in the same paper agreed that their protest was 'wholly justified' since

> the principle that Bantu should be encouraged to develop trades and industries in their own reserves, locations and townships has been clearly laid down by Parliament.(7)

It added that the delay of many months experienced by licence applicants was

> grossly unfair and contrary to the declared Native policy of the Union. Johannesburg, with its tradition of liberalism, should know better.(8)

Frustrated by these restrictions, the League appears to have tried to enlist the support of political parties. The League submitted the following resolution to the Annual Conference of the African National Congress in December 1942.

> That in view of the growing importance of the Trading and Business movement among Africans, Congress should take steps to create within its Secretariate, a Secretary for Trade and Business Activities.(9)

This Resolution was passed at the conference but, a year later, the Secretary of the League wrote to the ANC that they

had been waiting a year for the ANC to implement the Resolution, without results. While not giving up all hope of ANC co-operation, the League further planned a 'Union wide conference of Business Africans' to synchronise with the sittings of Congress, to take place in Bloemfontein in 1944.(10) However, these plans to unite businessmen and politicians came to nothing.

The Second World War brought about industrial expansion, and the resultant economic growth consolidated the dominance of the White community. This upturn in the economy also provided more job opportunities for Blacks thereby attracting vast numbers from their rural homes to the towns.

Black businessmen began to take advantage of this new purchasing power of their people and during the war and into the 50's, there was an increase in Black business activity, albeit much of it was illegal - undertaken by people without the stipulated licences and premises.(11)

Details of wage rates during this period reveal that, in the twenty five years from 1935 to 1960, real Black wages in the industrial sector (manufacturing and construction) increased by 82.5 per cent or 2.4 per cent per year. But, wages stagnated in many sectors of urban areas during the recessionary period of the 50's, and there was evidence of a widening Black/White income ratio in the 50's.(12)

Despite the increased Black business activity, figures given

by the Report of the Commission for the Socio-Economic Development of the Bantu Areas in the Union of South Africa, 1954-1956, indicated the low state of African retail trade at the end of the war. Of a total of 33 065 retail businesses in 1945-46, 891 were in African hands. These were almost all one-man businesses such as small-hawkers, peddlers, butchers, grocers and 'Native Trading Stores.' (13)

Nevertheless there was an increase in the number of businesses, including hawkers and speculators, in the Johannesburg township between 1938 and 1955 from 192 to 820 or 327,08 per cent with an average rate of growth per annum of nineteen per cent. A further increase from 820 to 1683 or 105,24 per cent with an average of thirty five per cent per annum was experienced between 1955 and 1958. (14)

The earlier efforts at African commercial co-operation were geared towards business ventures which proved to be largely unsuccessful. Therefore, in 1945 African businessmen seized the opportunity to organise themselves in order to acquire a greater understanding of business techniques and generally to develop business acumen. Thus, African co-operation looked to African trader's organisations to further their aims.

The 'Orlando Traders Association' headed by Jeremiah Mofokeng, with J. Mophiring as Secretary, and seven other businessmen, took the lead. It was this Association which laid the foundation on which the National African Federated Chamber

of Commerce stands today. Members of that Association, like S.J.J. Lesolang and David Pooe, are still active in the Chamber.

Lesolang took over the Chairmanship of the Association in 1946 and was instrumental in making representations to the Local Authorities for, among other things, the right to erect bigger and improved shops; this included the right for those traders with the means to design, plan and erect their own business premises. Representatives were also sent to the Railway authorities f r permission for Africans to lease railway coal sites at all stations serving African townships.(15) Lesolang was a coal merchant and was particularly opposed to White competition and threats of their infiltration into the townships.

Much of the motivation behind these Orlando businessmen came from the example set in Natal, where the Natal Bantu Co-operative Society had been formed with W.J. Mseleku as Director.(16) In 1949 this Society formed and registered a bank, for Africans, with assets of R7 000 and 1 051 shareholders.(17) Although it was unsuccessful it did provide inspiration for African businessmen in other parts of the country.

The Orlando traders, aware of the new urban townships springing up all over the country and the increasing number of African traders which these townships would require, set themselves the task of helping to finance, wherever possible,

those people who were unable to establish themselves in business. They did this by financing the erection of shop premises. Rantol Company, owned by Lesolang, financed four shops in this way during 1948/9.(18) Then, in 1952, they broadened their activities. Worried about the lack of adequate housing in the townships, and particularly freehold rights, the Association sought the help of the White Chamber of Commerce who negotiated with the Johannesburg City Council to get them to pass a resolution to accede to freehold rights in Orlando.

1.(ii) African Chamber of Commerce formed in 1955

During 1954, J.C.P. Mavimbela, J.M. Mohlala and S.J.J. Lesolang, all members of the Orlando Traders Association, attended a Moral Re-armament Conference in Salisbury. While in Rhodesia they took the opportunity to visit a Chamber organised by Rhodesian African traders. They were introduced to, among others, Mr. Samario, proprietor of a large Bus service company, and Mr. Moamoka, owner of a large general dealer concern. These men showed the visitors their Chamber offices and businesses. The South Africans were so impressed that they decided, on their return home, to change their traders association into one powerful Chamber.

'J.P.' Mavimbela took it upon himself to organise the traders. With his efforts P.R. Mosaka, W.S. Pela and S.J.J. Lesolang convened a general meeting of all African traders on the reef in February 1955.(19)

This meeting at George Goch, where Mavimbela conducted his business,was well attended and an organisation was established, known as the African Chamber of Commerce (hereinafter ACOC). Its constitution, modelled on the African Chamber in Rhodesia, provided that it should promote and protect the interests of African traders in South Africa, act as agents for and give advice to its members and co-operate with similar organisations. The constitution also provided for the eventual sub-division into Territorial Chambers of Commerce and the establishment of a Federation of African Chambers of Commerce.

Another provision envisaged the establishment of a wholesale organisation supplying the needs of members. This provision, proved to be a 'bone of contention' within the Chamber. First, it was felt that a wholesale organisation might compete with the members' businesses. Second, it was felt that the Chamber itself should not engage in trading.

Despite this dispute, the founding of the African Chamber of Commerce marked progress in African commercial organisation. A new class formation was evolving where educated men joined the Chamber and entered the commercial field.

The following people formed the first Executive of the Chamber: P.R. Mosaka, President; S.J.J. Lesolang, Vice President; J.C.P. Mavimbela, Secretary; W.D. Mpolokeng, Treasurer; J.M. Mohlala, B.J. Mabuza, A.B. Mathobela, E.R. Tshabalala, Executive members.(20)

They comprised six former school teachers, two of whom were university graduates, and one law student.(21)

Traditionally, one of the few professional fields open to Africans has been teaching. But Africans had never found this field sufficiently attractive, as far as salary and working conditions were concerned. Consequently, a great many African teachers used the teaching profession as a springboard to more lucrative occupations. While many moved into White industry, others saw the fields of business and the Ministry as offering the best chance for an enterprising African to succeed.(22)

The formation of the African Chamber of Commerce helped to put African businessmen on the same level as those businessmen in other similar White organisations and, it gave them the opportunity to make contact with their White counterparts in the Johannesburg Chamber of Commerce.

Although the Chamber was active in the following few years, publishing a roneod paper the 'African Trader' and increasing its membership, it was unable to take advantage of its new position because serious disunity occurred within the Executive. P.R. Mosaka, the President, suspended the Secretary, W.S. Pela, for 'gross dereliction of duty' in connection with failing to submit an audited financial statement, failing to account for fifty six gross of matches, and attempting to intercept a cheque of £500 from the Bantu Welfare Trust thereby being

responsible for the Chamber's receipt of only £250 instead of the promised donation of £500.(23)

This suspension led to an action in the Supreme Court against Mosaka, by Pela and his supporters. The Supreme Court action was dismissed and a special general meeting was ordered to reconcile the differences. Certain members of the Executive were dismissed but, for some time afterwards, they continued to represent themselves as the true Executive. In the name of the Chamber they convened meetings with the Johannesburg City Council and the White Chamber of Commerce.

The Chamber's General Meeting in the Orlando Donaldson Community Centre on March 30 1958, brought about a partial reconciliation.(24) The Chamber realized that it would dd well to leave the past alone and set the Chamber working efficiently for the benefit of its members.

The reconciliation was short-lived. Mosaka was sued again about a cheque issued in his personal capacity instead of his representative capacity.

Since it was obvious that much of the conflict at this stage was personal animosity between certain members it is difficult to comprehend the involvement of the White Chamber of Commerce on the side of the dismissed Executive members.

These former Executive members convened a meeting on the 7th September 1958 to establish a rival organisation to the existing African Chamber of Commerce. The new organisation was to be styled 'The Reef (Native Areas) Chamber of Commerce' or 'Egoli Chamber of Commerce.' (25)

The meeting was convened by distributing notices in the township through the municipal township offices. One hundred and three businessmen attended as well as four members of the White Johannesburg Chamber of Commerce, three representatives of the White Junior Chamber of Commerce and a representative of the City Non-European Affairs Department.

The meeting was chaired by C.G. Corbett, President of the Johannesburg Chamber of Commerce. The Europeans sat at a table facing a hall of 100 Africans. The proposal for a new Chamber came from White men. No African introduced or welcomed the White committee.

'The ...ricans were visitors and the White men hosts.' (26)

It was proposed that this outside White help would establish an organisation that would represent all African traders. Its emphasis would be on economics and not on politics. Such a body would speak with one voice to European bodies like the White Chamber as well as the local and central authorities. The Whites, stated that they had 'reason to believe' (27) that the past troubles did not represent the

united voice of African traders and that they had come to assist the Africans present to establish an effective organisation.

The Whites seemed to be sadly misinformed about the true situation. At the meeting they were asked why they did not help to solve the difficulties of the African Chamber before proposing the establishment of a new chamber. Mosaka stated that the ill-advised meeting only created further division in the ranks of African traders. Another opinion voiced after the event was,

> Its like calling people from the street and saying 'we hear there is a row in the Anglican Church, let us form a new one.' (28)

The motion to establish a new Chamber was defeated, forty in favour and forty nine against.

'Golden City Post', commenting on the rejection of the White proposal, saw the incident as a 'lost opportunity.'(29) The African Trader, the Chamber's mouthpiece, found the whole proposal 'ill-inspired', and if it was desirable, the manner of approach was certainly maladroit and injudicious.(30) It stated further that those who voted for the proposal were partly influenced by political considerations. The December 1958 edition of Drum, endorsed this view, though it was inaccurate about the proposal.

> The White Johannesburg Chamber of Commerce asked the all-African Junior Chamber of Commerce for an alliance of the two bodies. But the Black body showed their distrust of the Whites by refusing, on a forty nine to forty vote,

> to have any official ties with the more experienced White Chamber... the incident went by as another demonstration of Black distrust for Whites. (31)

After these troubles the Chamber reverted to its true role of self-help for its members.

Although it was claimed that membership reached a peak in 1959, when there were about sixty paid up members and about forty others who had paid a portion of the annual membership fee of £3.3.0,(32) Chamber records for 1959 show that membership was only forty one paid up members.(33)

1.(iii) Ikaheng (Zakheni) Finance Corporation formed in 1958

As these changes were taking place a bill was introduced in Parliament during 1959, which provided for the establishment of the Bantu Investment Corporation (hereinafter BIC). The BIC was intended by the Government to, among other things, establish industries and business in the Homelands. Such investment would not cater for Africans in urban areas but only for Africans in rural areas. Therefore, leaders of the African business community in urban areas realized that an organisation needed to be established to help place urban African business on a proper footing.

It was against this background that the Ikaheng (Zakheni) Finance Corporation was founded by African businessmen under the auspices of the African Chamber of Commerce.

The Corporation was registered in December 1958, with a share capital of £100 000, of which £3 675 was subscribed by 1960.(34) Its purpose was to overcome the problems experienced by Africans who were unable to obtain loans for trading from commercial banks, as well as the problems created by wholesalers who were inclined to give limited credit to African traders and then allow them insufficient time to pay their accounts. The Corporation hoped to remove this lack of confidence, by banks and wholesalers, in the African trader.

The Corporation helped African businessmen with capital and stock and gave expert advice on trade and business. White consultants were seconded for the latter purpose. Efforts were made to persuade African shopkeepers to lower their prices so as to attract African shoppers from the city stores. Goods, such as coal and wood, were obtained from certain depots at lower prices by buying in bulk.

These practical steps at economic self-help were spurred on by the ideological calls of African leaders in the community. Robert M. Sobukwe, leader of the Pan African Congress, was the African Chamber's guest speaker at its general meeting on August 9, 1959. He stated that African businessmen suffered because they could not obtain loan facilities or secure freehold land tenure and they were harassed by Pass Laws.(35) Sam Motsuenyane, who became NAFCOC's President in 1968, said that the Corporation was meant for action which entailed sacrifices in order to achieve unity and progress. He added that it was important to have a pool of monies from Africans as well as to have control over it, and he stressed that,

'Economic independence leads to political freedom.' (36)

However the Corporation, although it lasted for more than seven years, experienced financial and business difficulties. Administrative costs for 1959 amounted to £838.13s.(37) The acquisition of expensive premises costing R2 400,00 used up a large proportion of the profits between 1964 and 1965. Despite the fact that the accounts at 30th June 1965 revealed a profit of R921,88, compared with R341,00 the previous year - an increase of 247 per cent, there was a loss of the coal business at Braakfontein Mines, one of their main supply sources. This was due to lack of funds to provide security for contracts with the mining company. Attempts to trade in firewood also failed because of the same problem.

After January 1965 the business activities of the Corporation began to slow down until, in 1967 the Corporation reported a loss of R87,20.(38)

Although the Corporation attempted to recover the arrears on unpaid shares it was never able to build up sufficient capital to achieve its aims. With the benefit of hindsight, Mr. M.J. Lefoka, the one time Managing Director of the Corporation, told me, in August 1978, that the basic reason for the Corporation's failure was that it was too localised. Its base remained in the Johannesburg area. In addition, at the very time when it was essential to publicise the activities of the Corporation in order for it to grow, the African Chamber of Commerce was unsuccessful in its attempts to produce a regular monthly

magazine for its members.(39)

Other authors have stated that the lack of success of such attempts lay in the widespread tendency of traders to regard one another as competitors rather than colleagues. Another factor was the unpopularity of some leaders of movements, and personality clashes within such movements.(40) These latter factors may have contributed to the setting up of other similar organisations during the late 50s.

1.(iv) Other Black Business organisations formed in the 1950s

One example was the Johannesburg and District Traders Association, which was formed in 1959 with similar aims to the Ikaheng Finance Corporation. However this Association expected borrowers to pledge their buildings as security and, in the event of default, the business was to be taken over by the Association. In 1960 there were 150 members, not all of whom were fully paid-up members.(41)

Two other Associations which were formed during 1958 had a more immediate bearing on the prevailing conditions in the townships during those years. The first was the African Commercial Travellers Association. Due to the lack of business premises in the early days of the townships' development many businessmen resorted to hawking and speculating. Consequently a great number spent their time cycling through the townships, as travellers, selling their wares to shops and private homes.(42)

The Travellers Association was an attempt to bring all these individuals together. This Association was one of the few formed in the 50s which managed to survive well into the 70s when it affiliated to NAFCOC.

The second Association was the Orlando African Cartage Association. The vast amount of slum clearance, as well as the large number of new houses being built in the townships, called for enterprising African businessmen with trucks who could do the job of removing rubble and delivering building materials. Consequently, in 1958, sixty Africans who owned trucks, formed themselves into the Cartage Association. This Association controlled the sixty trucks and larger contracts were secured, with the people working in groups, which enabled them to make greater overall profits. At least one of these members was able to build a thriving transport business which survives today.(43)

The largest membership claimed by any organisation at this time was that of the Bantoe Winkelierse Helpmekaar Vereeniging, with 2 000 members.(44) This organisation started in 1958 and though it was particularly strong in the South Western areas of Johannesburg, Pietersburg and the Free State it aimed for Union-wide membership. It used the cession of life insurance policies to the bank as security for overdrafts in favour of its members. If the trader fell behind in the payment of his insurance premiums, the organisation took over payment in order to cover the policy. The trader later repaid the organisation.

While recognizing the small nature of most of these ventures it is clear that they heralded the germ of African capitalism albeit 'petty' in form.

With these various associations springing up, many catering solely for specific occupations, the members of the African Chamber of Commerce became aware that the strength of African businessmen lay in unity. In addition, being a Chamber of Commerce organisation they knew that similar White South African Chambers, as well as Chambers worldwide, affiliated their various organisations under an umbrella body for greater efficiency. Consequently, in May 1959, the African Chamber resolved to amend its Constitution to allow for affiliation of smaller localised bodies of traders, some of whom had already expressed their desire to affiliate. They also strove to form a closer relationship with the City Council of Johannesburg so that they would be recognised as the official body representing the traders.(45)

Despite these enlightened steps taken by the Chamber, the following two years proved to be another difficult period in its history. Disunity was prevalent with old personal jealousies erupting once again. The President's intransigency over his refusal to refund a Chamber loan of £167.18.0, made by Mr. S.J.J. Lesolang in 1956,(46) eventually led to the Executive's vote of no confidence in the President, Mosaka and V.K. Ntshona took over the Presidency in 1960.

Despite Mosaka's claims of a membership of 101, there were no more than forty-one paid up members during 1959 and 1960.(47) Therefore, the Chamber's income was very low. It was unable to pay the office lease and was soon without office premises. There were debts in connection with the production of the Chamber's magazine and with loans made to the Chamber by several Executive members. The wages of the Secretary and Clerk also had to be paid.

(v) Bigvai Masekela leadership

The bright light on the horizon was the Secretary, B.M. Masekela. In the five years that Bigvai Masekela occupied that position, until his death in 1965, he instilled a new spirit in the Chamber. His personal inspiration and industry gave new direction to the Chamber.

Sam Motsuenyane said of him that,

> He was a positivist, believing that it was better to do something always than to stand still and criticise. He believed in self-help as the quickest way in which Africans could develop themselves... his sole ambition was to make the Chamber a powerful organisation that could play a useful role in the economic strivings of the African people .(48)

During 1961 Masekela gave immediate attention to the Chamber's difficulties. The offices of the Ikaheng Finance Corporation were used as a temporary measure. The Executive agreed to appeal for funds from the European Chamber (Senior and Junior),

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the Bantu Welfare Trust, individuals and friendly firms, and the Institute of Race Relations, and to increase membership.

The Bantu Welfare Trust donated R2 000 and Anglo-American Corporation donated R2 000 with the promise of a further R2 000 if the initial donation was used profitably.(49) The White Johannesburg Chamber of Commerce made a donation in 1962 and promised to assist with a membership campaign. In September 1961, the Chamber had set a target of 300 new members within twelve months. By February 1962, 150 new members had been enlisted and the White Chamber claimed that this new drive had increased membership to 1 921.(50) However, there is nothing on record to show that these 1 900 odd members were paid up members with their dues having been received by the Treasurer of the Chamber.

1.(vi) Johannesburg African Chamber of Commerce formed in 1963

In 1963, the Executive decided to change the name of the Chamber to the Johannesburg African Chamber of Commerce (hereinafter JACOC). The main reason for this change seems to have been that most of the leadership came from the Johannesburg area, and these aspiring leaders, undoubtedly wanting to retain control of the Chamber, caused a split by localising the name. But there were other factors which contributed to this split. Most of the members were Soweto traders and the authorities they dealt with were in the same area. All Executive meetings were held in South Western township premises and, consequently,

local members raised issues which affected the local community. These issues included the question of trading hours in the townships, the right to sell liquor in African areas, cinema facilities and firearm licences.

In order to reach all the traders Soweto was divided into eighteen cells.(51) These areas were visited by subcommittees. During 1963 the membership rose from fifty seven to 233 with another 250 potential members. The total cash paid by members was R246,00.(52) This enormous difference between the 1962 claims of 1 900 members and the actual 233 of the new Chamber would indicate that the early claims were vastly exaggerated and that the change to the more parochial set-up of Johannesburg caused a further loss of support.

Nevertheless, from the early donations, Masekela was able to send to members many well written letters of encouragement and advice. He covered a wide variety of subjects including information about what was happening to businesses in the Homelands, details of other Chamber branches, the Chamber's relations with the State, the trader's duty to his customers and to the Nation, advice to members about taking part in the Chamber's bulk buying scheme and investigations into the laws which restricted them so that they could share their grievances.(53)

In one of his letters 'Towards an Expanding Horizon', his prophetic words described the rise of Afrikaner capitalism

and advised African traders to attempt a similar course.

> I believe that if the Afrikaner had not taken his commercial life through co-ops and steady building of finance houses he would not have managed to take over political power as he has done from poor beginnings. Some ten years ago, the manager of Non-European Affairs of Germiston addressing our Social Workers' Conference, told us in simple language, the history of the struggles of his people towards the position in which they are. He ended his speech by saying 'Ladies and gentlemen, I can only say go and do likewise.'(54)

During the early 60s South Africa experienced an economic boom and real Black wages began to rise by 2.4 per cent annually in most sectors of the economy. The mining sector was an exception since real Black wages declined there until 1969, when the gold price started to rise.(55) Many successful Black enterprises developed around the White towns including 1 199 general dealers, 356 transport contractors and 114 bakeries and mills (56) as well as dry-cleaning factories, garages and filling stations, coal distributors and furniture factories.

This growth of African business was seen as a threat to the security of White commercial interests in White areas. Furthermore, the buying power of Africans, estimated in 1963 at R1 058 million,(57) encouraged White commerce to attempt to retain its grasp of this spending potential of the African population.

Consequently, the Secretary for Bantu Administration and Development issued a Circular Minute No A12/1 - A8/1 on 14th February 1963 * to local authorities concerning African trading rights in urban areas. Effectively it was meant to force African businessmen to establish themselves in the Homelands. The most contentious issue was that local authorities were ordered not to allow Africans to own more than one business.

The new directive represented a tightening of Government policy towards urban African trading. The threat to White traders, of the expansion of the activities of African traders could now be overcome in two ways, namely, restricting Africans to dealing only in goods necessary for daily existence and by making the African trader realise that he was in the urban areas only temporarily.

As the directive affected African traders, the members of the Johannesburg African Chamber of Commerce reacted strongly, since they were fearful of losing the small privileges that they had enjoyed thus far. Masekela sent letters to the South African Institute of Race Relations,(58) the Chief Bantu Affairs Commissioner(59) and the Department of Information(60) requesting clarification on the new directives.

On 18th November 1963, a Johannesburg African Chamber of Commerce deputation was granted an interview with the Deputy Minister of Bantu Administration and Development. This meeting, between the Deputy Minister, Mr. M.C. Botha (who was accompanied by two officials), and the fifty five members

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*Government Gazette Extraordinary 430, 8 Feb. 1963.

of the deputation, marked a milestone in the history of the Chamber Movement for the State had agreed to interchange views on policy with the material leaders of the African business community. 'We hope that a beginning is being made today to give the African trader a new status.'(61)

The traders claimed that the right to serve their people was not only in line with State policy but was also natural and fair. They requested aid from the BIC for Africans in urban areas. While they were not opposed to the development of the Homelands, they felt that the State should continue to allow their old privileges because industries and the money economy in the Homelands were negligible. Furthermore, they suggested that the State consider the following three points:

1. Africans, like all sections, do not wish to remain workers and labourers only but aspire to other classes of professions and merchant class which is a healthy component of a capitalistic country like ours.

2. Opportunities in the Homelands to build this type of middle class are limited.

3. Our children go to school to prepare for employment beyond the labourer's class... Let us encourage policies and act as if our generations to come will need to enjoy the life as we see it in our times .(62)

On the question of traders being moved to the Homelands, the

Minister pointed out misrepresentations of the intentions of the Government policy and said that it was never the intention to remove traders to the Homelands but merely to help those who were prepared to go there by giving them BIC loans. On the point about the limiting of licences, the Minister said that there was no limit to the number of licences one could obtain in 'Bantu' Residential Areas as long as they were obtained from the licensing officer and only one stand was used. On the one stand a trader could have many licences. He further assured the traders that the Urban Areas Act gave a monopoly of trade to Africans in their areas and that there would be no interference from White trade.

However, the Minister was adamant about not allowing large commercial or industrial undertakings in urban African areas and advised African people not to invest large sums of money in these areas. Although the Minister finished by suggesting further meetings and wondered why they had not met before,(63) the Circular remained unchanged.

Yet, with this policy, the Government unwittingly gave new strength to the African entrepreneur.

1.(vii) National African Chamber of Commerce formed in 1964

As there were only 1 682 African traders in Johannesburg's African areas in 1959(64) which constituted no real threat to the White trader or to Government policy, the Circular generated animosity and a feeling of insecurity among the African traders.

The natural reaction was for the African businessmen to unite and discuss the common danger that was threatening their survival.

There was, however, a further reason for unity. The Chamber of Commerce was keen to introduce a bulk-buying scheme in order to provide cheaper goods in township shops so as to curb the flow of Black money from African hands into that of White traders near African townships. The scheme required an organised local Chamber in every township. Therefore a national body was essential.

With these two great incentives for unity, Masekela began the task of organising the various African traders associations in the Republic for a conference which was held in Orlando, Johannesburg in April 1964.

Masekela's Inaugural Address to the Conference, emphasised that African businessmen had reached a point in commercial effort where they had to expand and use all their power to exploit their commercial advantage so as to qualify as financial trustees of their communities. He urged that the national body of Chambers of Commerce should be built as fast as possible with members making maximum use of such schemes as the envisaged bulk-buying organisation. He concluded by saying that,

> In this country there is a case for bloodless revolution, in spite of ourselves we have to consider the case without fear of favour. If we go the right way about it traders can play an important part in making life meaningful.... in using the State policies for material development. (65)

When the Conference ended, the principle of National Unity had been accepted and an organisation was created in the name of the National African Chamber of Commerce (NACOC).

Until 1968, NACOC was organised along provincial lines, and local Chamber branches were affiliated to Provincial organisations. Masekela had toured the country extensively during 1964 setting up Chambers in Vendaland, Ventersdorp, Lichtenburg, Klerksdorp, Cape Town, Transkei, Port Elizabeth, Bloemfontein, Louis Trichardt, Krugersdorp, Kwa Mashu, Hammanskraal and Lebowa. By 1965, forty seven Chambers were organised around the country. Annual Conferences were held and African traditional leaders like Cyprian Zulu Bekizulu King of the Zulus, Chief Mphephu and Chief Lerothodi Mamogole supported them with their attendance.(66)

The national body continued with its work of bringing to the notice of local authorities the many difficulties which hampered African businessmen.

NACOC received several small donations from White companies and organised small fund raising schemes of their own. However, at its inaugural conference, in 1964, the Chamber's finances showed a balance of R2 465,53, and, by 1968, this had dropped to a mere R19.(67) The Chamber was seriously in need of funds. This state of affairs was not caused through lack of members but because members' subscriptions alone could not cover the cost of running the National organisation. Masekela, the Secretary, had died in 1965 and Thagane who was appointed in his place died shortly afterwards. These events caused a

serious setback in the administration of the Chamber and, by 1968, it was in danger of collapse.

In 1969, the President, Sam Motsuenyane, sadly reported to the Conference that in the past five years many resolutions had been passed but not brought to fruition. This again was chiefly from lack of funds.(68)

Nevertheless, the period after 1968 was a period of phenomenal development for NACOC. Several factors were instrumental in bringing this change about. The first, and most important, was the Government's insistence in 1969, on ethnic regionalisation for NACOC. This regionalisation unintentionally strengthened the Chamber movement, by improving administration and communications, and by providing greater stability.

Additionally, in 1968 the Government had announced even tighter restrictions on African trading. In order to accommodate the new regions a newly structured organisation was required. But at the same time the Chamber aimed to build a new and stronger organisation to combat the insecurity and powerlessness which their African businessmen were being subjected to by the increasingly negative Government policy towards African trading.

Consequently, in 1969, a new organisation was formed called the National African Federated Chamber of Commerce (NAFCOC).

With better organisation, funds were acquired by the new Chamber. Because it was well organised and spread throughout the

country, instead of merely large conglomerations in certain areas, contact with White private business improved. NAFCOC was able to ask for and be given funds. White business was able to recognise a viable organised African group capable of using donations profitably.

Finally, contact with White private business, resulted in the establishment, in 1972, of 'African Business', a regular monthly magazine which was to be the voice of NAFCOC.

The participation of African businessmen in commercial organisations before 1969 was mainly in reaction to restrictive Government policy and in realisation of the need for economic self-help. Self-help required not only the development of expertise but also the pooling of resources to establish schemes like the Ikaheng (Zakheni) Finance Corporation and bulk buying enterprises. This economic incentive for unity was spurred on by claims that economic freedom would lead to political freedom. As these organisations evolved, NACOC attempted to represent itself as the only national commercial body for businessmen. Consequently, its members reacted strongly to the Government's 1963 and 1968 restrictive legislation on African business. Finally, NACOC responded to the Government's 1969 ethnic grouping directive, which applied to its organisation alone, by establishing a newly structured national organisation (NAFCOC) which aimed to change the Government's policy towards African business.

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(23) A full report of this dispute was published in African Trader, Aug./Sept./Oct., 1956, Vol. 1, Nos. 8,9 and 10, pp. 1-16.

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(25) 'Position-Mongers and a New Chamber', African Trader, Sept., 1958, Vol. 1, No. 7, pp. 5-9.

(26) 'Lost Opportunity', African Trader, Sept., 1958, Vol. 1, No. 7, p. 18.

(27) 'Position-Mongers and a New Chamber', African Trader, Sept., 1958, Vol. 1, No. 7, p.5.

(28) 'Comments After Meeting of the Johannesburg Chamber of Commerce', African Trader, Sept., 1958, Vol. 1, No. 7, p. 16.

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CHAPTER 2

CONSTRAINTS ON AFRICAN BUSINESS BEFORE 1970

This Chapter outlines the legislation which applied to African business before 1970. The restrictive effects of such legislation on African business development are indicated wherever possible.

The Government directive to the National African Chamber of Commerce, in 1969, to divide the organisation along ethnic lines, was an additional Government restriction which applied to this business organisation alone.

The structural economic constraints, which directly affected African businessmen in the late 60s, in the form of wages, buying power, bulk-buying and credit are also described.

The organisation which came into being to tackle these problems, in 1969, was the National African Federated Chamber of Commerce (NAFCOC).

The National African Federated Chamber of Commerce, formed in 1969, from the former National African Chamber of Commerce, was born in a climate of protest. It was brought into being by African businessmen, mainly traders, whose very limited opportun. ties in the 1960s were being eroded by Government action in the form of ever increasing restrictive, discriminatory legislation. Confronted with this curtailment of opportunities, particularly in the urban areas, Black businessmen felt that there was no other alternative open to them but to build an organisation,

> that would constitute a mouthpiece through which they could negotiate with the Government for better opportunities for African people in the urban areas .(1)

2.(i) Government legislation

During the 50s and 60s the Government policy which afforded a 'temporary' status to urban African businessmen in 'White' areas, together with pressures for protection put forward by White interest groups, were the basic factors inhibiting African enterprise.

From 1955 the Government vigorously implemented Section 6 of the Native (Urban Areas) Consolidation Act of 1945. These restrictions affected Africans who had acquired premises outside locations or 'native villages' since 1936. Local Authorities were directed to move these Africans to areas where they were legally allowed to operate. This move affected about 160 licensed traders in Johannesburg, 121 in Cape Town and a large number in Durban.(2) The Native Affairs Department admonished all Black businessmen in White areas to look for suitable sites in their own areas as soon as possible.

Section 2 of the Urban Areas Act of 1945 stated that Urban Blacks were only allowed to trade in Black residential areas. Not only did the Act, together with the regulations issued in accordance with that Act, set out where Blacks could trade, it also stated all the laws, rules and regulations related to

Black trading. The various aspects of the rights and obligations, stipulated by the 1945 Act, highlight the difficulties which confronted Black businessmen in the 60s.

1. Regulations regarding who was allowed to trade in Black residential areas

Residential areas were defined in Section 2 (1)(a)(b) and (c). Only Blacks who -

1.1. were 'lawful residents' in the residential areas could trade.

The requirements of 'lawful residence' were set out in Regulation 6(1) and (2) (site permits); Regulation 7(1) (residential permits); Regulation 8 (certificates of occupation). The conditions relating to the issue of permits, residential permits and certificates of occupation were as follows:
The superintendent could, with the approval of the Minister, issue a permit if he was satisfied that:

(a) a suitable site was available in the area set aside for the ethnic group to which the Black belonged;

(b) the applicant was a fit and proper person to reside in the area;

(c) the applicant was lawfully permitted to remain in the area in terms of section 10 (1) (a) or (b) of the 1945 Act;

(d) if the applicant was already the registered occupier in that particular area or any other urban area, undertook

that on the issue of the permit he agreed to the cancellation of the existing permit or certificate;

(e) the applicant, or his wife, was not a foreign Black as defined in section 12 of the Act;

(f) the applicant was financially able and willing to erect a dwelling of the required standard;

(g) the applicant should be free from any infectious disease;

(h) the site could only be occupied by the applicant and his dependants;

1.2. were twenty one years or older;

1.3. were born in the area or lawfully resided continuously in the area for not less than fifteen years, or worked continuously for one employer for not less than ten years and thereafter continued to reside in the area and was not employed outside the area;

Blacks were also allowed to -

1.4. form partnerships in which all partners complied with the conditions set out in 1.1., 1.2., 1.3.

1.5. form companies, all of whose shareholders complied with the conditions set out in 1.1., 1.2., 1.3.

2. Regulations regarding where trading could be conducted

The areas where urban Blacks could trade were in Black residential areas as defined in Section 2 of the 1945 Act.

3. Restrictions regarding employees

A trader was allowed to employ such number of Black assistants as he deemed necessary, as long as they complied with the residential and other requirements of Section 10 of the Act.

Many of the requirements of the Act and its regulations regarding the qualifications of a 'trader' were extremely rigorous and illogical. To be 'lawfully resident' became a major objective on its own. A prospective trader had to comply with these conditions as well as the other requirements of a trader's application to trade.

Having qualified as a trader, the trader might contravene one of the rules and have his site or residential permit cancelled, with the result that he became, an unlawful resident, had to stop trading and often lost his livelihood. The potentially harsh operation of this provision was illustrated by the fact that traders were sometimes deprived of their lawful residence for seemingly trivial offences. Factors which could give rise to cancellation of a permit included being sent to prison for more than six months, making a false statement in his application, using the premises for any purpose other than as a residence for

himself etc. An important factor was that his permit could be cancelled if he was no longer entitled to remain in the area in terms of Section 10.

With regard to companies and partnerships it seemed illogical that Black partners and shareholders needed themselves to qualify as traders if they did not take part in the management of the business.

The age restriciton of twenty one years or older appeared to have no foundation. No such restrictions were placed on White traders.

Section 23 (1) (g) of the Urban Areas Act prohibited

> any male 'Native' from working as a casual labourer or carrying on any work as an independent contractor unless the prescribed officer had by licence authorized him to do so...

The 1957 Native Laws Amendment Act (No.36) added, after the word 'work', the words, 'on his own account in any business, trade or other remunerative activity.'

This implied that African businessmen would require Departmental permission to carry on their own work, even in an African township. As Dr. G.P Hart points out[3] these restrictions on the rights of Africans to trade within the locations 'appear to have been precipitated by pressures from the Afrikaanse Sakekamer.' Its 1958 conference opposed the granting of trading licences within locations and recommended that White trading areas be established outside locations. The Afrikaanse

Sakekamer was worried that a policy of monopoly for Africans over African trade would seriously disadvantage the Afrikaner at a time when he was attempting to redress his own disadvantageous position against English-speaking businessmen.

As early as December 1957, the African Trader reported that Mr. D.J. van Vuuren addressing a congress of the Health Officials' Association of Southern Africa in Port Elizabeth, said there was a danger of impoverishing the economy of a city if Africans were encouraged to trade in their own townships and amongst their own people. He went on to say that Africans earned thousands of pounds in the city, and he questioned whether the city was protecting its main shopping areas.(4)

In 1959, the Minister of Bantu Administration and Development stressed the temporary status of urban Black businessmen, emphasising that they should be either persuaded or forced to to transfer themselves and their assets to the Reserves.(5) This positive enunciation by the Minister, of Government policy towards urban African businessmen, not only endorsed the view of the Afrikaanse Sakekamer but it was an indication that even stricter legislation, regarding Black urban business, was about to be implemented.

In the late 50s the African Chamber of Commerce was fully active. Though small, with about sixty paid up members and about forty others who had paid a portion of the annual membership fee of £3.3.0.(6) The Chamber Executive held regular monthly

meetings and tackled many issues which affected its members.

Examples of some of the issues taken up indicate that African traders were so severely hindered by legal restrictions on trading that they were forced to bring to the notice of the authorities often very minor annoyances and limitations which were arresting development of their business. Complaints voiced in this period were:

(a) The request to oil companies that African traders be allowed to sell paraffin through their outlets and that they be allowed to manage filling stations in African townships;

(b) The request that African traders be allowed to trade on railway premises in African townships or at stations used chiefly by Africans;

(c) The complaints to local authorities about unfair competition, by traders of other races, in the distribution of coal in African areas, as well as competition by non-African shopkeepers situated on the borders of African townships;

(d) The complaints to local authorities about the organisation of Christmas hampers by non-licensed and non-African persons;

(e) The continual requests to the Government for traders to be allowed to carry firearms as a protection for their businesses. (7)

With the maturing of the Government policy of separate development, as enshrined in the Promotion of Bantu Self Government Act of 1959,[8] new pressures were brought to bear on African businessmen. The rationale is to be found in the White Paper issued by the Government in connection with the Act which described the position as follows :

> The Bantu areas have consistently been preserved as living space solely for the Bantu. No European may settle in a Bantu area without the permission of the Bantu Community and the Union Government, and when permission is granted it is restricted to a specific purpose, for example the rendering of a particular service. Similarly, it was the intention that the Bantu should not enter the European area without the consent of the European community, and then, too, only for the rendering of a specific purpose.[9]

The implementation of this policy direction began in 1963 with Circular Minute (No. A 12/1 - A 8/1) from the Department of Bantu Administration to Local Authorities, which provided for even more stringent and limiting regulations regarding African trading.

Its provisions were as follows:

1.1. '... trading by Bantu in White areas is not an inherent primary opportunity for them, but should be allowed only where necessary...'

1.2. The acquisition by Africans of premises outside their residential areas (provided for by the Natives (Urban Areas) Consolidation Act (No. 25 of 1945) and the Group Areas Act, 1957 (No. 77 of 1957) was to be prohibited

1.3. African hawkers and pedlars (or speculators in livestock or produce) were not allowed to trade outside their residential areas

1.4. The number of Africans who were not employees would not be increased in White areas

2.0. If it became necessary to provide trading facilities in African residential areas it would have to be done on the following basis:

2.1. Trading rights would only be granted to Africans who qualified under Section 10 (1) (a) and (b) of the Natives (Urban Areas) Consolidation Act of 1945

2.2. Only one business would be allowed by the same African

2.3. Only businesses which provided for the daily essential necessities of the African would be allowed
Those excluded were dry-cleaners, garages and petrol filling stations. Existing like businesses would be closed at the first opportunity or their owners would be persuaded to move to African areas.

2.4. African companies and partnerships established with the aim of expansion would not be allowed

2.5. African-controlled financial institutions, industries and wholesale concerns would not be allowed

2.6. Local authorities would erect all buildings for trading purposes. African traders would not have the right to erect their own premises

2.7. Trading rights would not be granted to all Africans originating from areas outside the Republic

3.0. '... The Department will appreciate it if local authorities will ensure that no permission to carry on trade is given unless it is clear that the Bantu applicants conform to all the relevant legal provisions and the policy directives contained herein.'

The Institute of Race Relations reacted strongly to the 1963 policy directives for urban Black businessmen, since the directive endorsed the statement made by the Minister to the Afrikaanse Sakekamer in 1959 - that Black urban businessmen were temporary sojourners in urban areas. The Institute stated that

> Except for daily necessities, it is ensuring to White traders a monopoly of the big urban African market. South Africa is thus not a 'free enterprise economy' for Africans. (10)

The Government ignored these comments and five years later, in 1968, it limited the scope of urban African business activities still further. (Government Notice R1036 of 1968 and Government Notice R 1267 of 1968, Government Gazettes 2096, 14 June 1968 and 2134 26 July 1968.)

These regulations clearly defined:

1. Where trading could be conducted

(a) The Bantu Affairs Administration Board could set aside sites for allotment to traders for trading, business or professional purposes and it could specify the type of trade which might be carried on there.(Regulation 1, Chapter 3 of R1036)

(b) No person was allowed to carry on a trade unless he had been allotted a site for that purpose. In general, unless the Board had allocated sites for trading, no trade was

allowed to be carried on in the area. (Regulation 2 (1), Chapter 3 of R1036)

(c) The allocation of a trading site to a trader was at the discretion of the Board. When trading sites became available for allotment the superintendent was required to put up a notice to this effect in his office, inviting written applications for the sites. (Regulation 3 (1) of R1036)
He was to allow fourteen days to elapse after the date of the notice before he sent the applications received to the Board for its decision. The Board might decide not to select any applicant and might call for new applications. (Regulation (2) R 1036)

(d) A trader was allowed to have only one trading site allotted to him unless the approval of the Minister was obtained. (Regulation 1 (d), Chapter 3 of R1036) However, with written permission from the Board, he might carry on more than one trade or profession on the site.

These regulations indicated that the Board exercised sole power over trading sites. No criteria which the Board was required to take into consideration, when allotting sites to particular applicants, were indicated in the regulations.

The Board might allot or refuse the site in its sole discretion and consequently a trader might be refused a site even if he were the only applicant. If the Board chose to call for new

applications, it was at liberty to do this indefinitely and might elect never to allot the site.

2. Regulations regarding the buildings on the trading site

(a) The Board could erect buildings on trading sites which might be leased to traders or it might approve of the holder of a trading site permit erecting buildings from his own capital after having agreed to the building plans. A further stipulation was that if the buildings on a site were larger than the allowed 350 square metres, the application for the erection of the building, whether by the trader or by the Board, had to be submitted to the Minister for approval. (Regulation 1, Chapter 3 of R1036)

(b) If the Board owned the buildings, it maintained the exterior and the trader the interior. If the trader owned the buildings, he was liable for all maintenance. (Regulation 8 (1), Chapter 3 of R1036)

(c) Buildings owned by the Board that became damaged by hail, rain, wind etc. had to be repaired by the Board within a reasonable period after being notified by the trader. (Regulation (1), Chapter 3 of R1036)

(d) No structural alterations were to be made to the buildings or fittings and no fittings could be added without the Board's written permission. (Regulation 7, Chapter 3, of R1036) If the Board considered that the buildings

erected or purchased from it were not in a satisfactory condition, the tenant could be notified in writing to make the necessary improvements. Non-compliance by the trader might result in his right to trade being suspended. (Regulation 8 (2), Chapter 3 of R1036)

(e) If the Board required it, the trader had to fence the site and provide sanitary conveniences to the satisfaction of the Board.(Regulation 10, Chapter 3 of R1036)

(f) If the trader ceased trading for any reason his trading rights might be disposed of:

(i) If he occupied Board trading premises, he was not allowed to dispose of his trading rights without the Board's approval (Regulation 20 (1), Chapter 3 of R1036)

(ii) If the trader occupied his own premises, he could sell his rights to the Board or to a person approved by the Board (Regulation 20 (2), Chapter 3 of R1036)

(iii) If the trader's rights had been cancelled by the Board, he had the right to sell his buildings before his rights were terminated. He could sell his buildings either to the Board or to a person approved by the Board. If he failed to sell in

terms of this Regulation, the buildings became the property of the Board, but he was entitled to compensation to be agreed between him and the Board. Failing this agreement the Bantu Affairs Commissioner might determine the price. If there was still no agreement, the Board could sell the buildings by public auction.(Regulation 20 (3), Chapter 3 of R1036) Other provisions related to the insolvency of a trader. (Regulation 24 (2) and (3), Chapter 3 of R1036)

The African traders with self-built shops were expected to build store-rooms for all the separate areas of their business, for example, separate store-rooms for groceries, restaurant and butchery. This was insisted upon even if a common store-room was available. Where the yard was too small the trader was instructed, by the Health Inspector, to build all these store-rooms on top of the building, which meant not only additional costs but also the necessity to amend building plans and await the approval of the City Engineer before he could be granted a licence to continue trading.

The shops were situated in dusty and filthy surroundings, yet the Health Inspectors did not hesitate to prosecute the trader for dusty counters, broken showcase windows and unpainted shelves. Sometimes, the Health Inspector demanded a coolroom when he knew that the City Council was unable to instal an electricity service connection.(11)

The stipulation that no building could be in excess of 350 square metres, without the permission of the Minister, as well as the limiting of a trader to one site and then giving permission for several businesses to be conducted on that site, merely served to arrest business development and create inefficiency through lack of space in which to operate.

The rule that no structural alterations could be made to the buildings or fittings only seemed to be logical if the buildings were owned by the Board. It seemed an unnecessary restriction if the trader owned the buildings. The installation of additional fittings should have been welcomed by the Board provided that they were subject to normal municipal or town planning regulations. In addition the Regulations as a whole made no provision for compensation to the trader who, with the Board's permission, had added extra fittings or alterations to the buildings.

The Board also appeared to be entitled to require the trader to make alterations or improvements to a building which he owned and which had already been approved by the Board. While it might be necessary for him to keep his building in a proper state of repair, it might be beyond his financial capacity to alter or improve his buildings at the requirement of the Board. The penalty for failing to comply with this right of the Board, rendered the trader liable to have his right to trade suspended. Again, there was no penalty provided if the Board failed to effect essential repairs, in a reasonable time, to buildings owned by itself. Neither was the trader entitled to a reduction in rent if these repairs were not

forthcoming.

The requirements of fencing and sanitary conveniences provided no compensation to a trader who was required to make such improvements.

These regulations made it impossible for any trader to bequeath to his heirs his right to trade or his ownership of the building in which he traded. This, together with the other regulations, was extremely restrictive on the growth and type of business which a trader could conduct and effectively eliminated incentive to a trader to create a successful business which might in turn be taken over by his family.

If a trader became insolvent or his right to trade or his stock was attached, and if he had been trading from his own building, he was required to sell his building within three months after cancellation of his trading rights although he might continue his business with the trustee's permission. Provided that the trader had the trustee's approval there appeared to be no reason why the trustee should be forced to sell the building which the insolvent might own.

3. <u>The types of trading, business or professional activities which were allowed</u>

(a) Restrictions were placed on the types of trade which might be carried on - 'Schedule A' (Regulation 1, Chapter 3, of R1036)

(b) The Board, on granting a trading site, might specify the type of trade, business or profession which might be carried on. (Regulation 1, Chapter 3 of R1036) The trader was not allowed to use the site for any other purpose without the Board's approval.(Regulation 11, Chapter 3 of R1036)

(c) The trader had to obtain trading licences as were required by licensing authorities.(Regulation 2 (1), Chapter 3 of R1036)

These restrictions on the use to which the trading site might be put resulted in the trader having to exercise great care that he did not contravene his right to trade. Even though his business in keeping with normal business practice, might tend to change over a period of time, he needed to be ever vigilant that it stayed within the required range. This regulation, together with the fact that the trader required written permission from the Board for each new business on his site, tended to prevent him from expanding even when he had the capital to do so. Not only was the type of trade limited at the Board's discretion but the trader also had to satisfy the requirements of the local licensing authorities. This appeared to be a duplication of procedure creating double hardships for the trader.

4. Regulations regarding employees

(a) Only Blacks were allowed to be employed.(Regulation 4 (3) Chapter 3 of R1036)

(b) The trader had to conduct the business himself, and he had to supervise the work of his assistants. No manager could be employed but the superintendent might allow one as a substitute for a reasonable period if there were good reasons. (Regulation 12, Chapter 3 of R1036)

(c) The trader was allowed to employ such number of Black assistants as he decided necessary provided that they complied with the requirements of Section 10 of the 1945 Act.

Although the physical presence and supervision of the trader was required, this rule did not apply to other members of a partnership or company. Even though the expertise of an employee from another racial group could be of assistance to a trader commencing business his employment would be disallowed according to Section 10 of the 1945 Act. This regulation precluded the trader from employing the best available expertise in his business and he had to make do with what he could obtain within the regulations. The regulations as a whole did not preclude the employment of a White bookkeeper to assist the trader but he could not be employed within the African residential area.

5. Regulations regarding the financing of trading operations and profit sharing

The trader was not allowed to permit any person to share in the profit of his trade without the written approval of the

Board. (Regulation 14, Chapter 3 of R1036) But a trader might raise a loan for the purpose of his trade, business or profession. (Regulation 14, Chapter 3 of R1036)

From these regulations it appeared that no company might distribute its profits by way of dividends unless the Board had given its written approval.

6. Other specified duties of the trader

(i) The trader had to keep financial books. (Regulation 13, Chapter 3 of R1036)

(ii) The trader had to keep his premises and contents clean and remove all rubbish. He and his employees were also expected to be clean. (Regulation 15, Chapter 3 of R1036). He had to ensure that his premises and equipment were in a hygenic condition and complied with the health regulations of the local authority. (Regulation 17, Chapter 3 of R1036) He had to pay rent, light and water charges, debited by the Board, monthly in advance by the seventh day of each month. (Regulation 23, Chapter 3 of R1036)

(iii) A trader might give up his right to occupy his trading site, and hence his right to trade, by giving thirty days notice to the superintendent but he was not allowed to dispose of his rights to trade without the Board's consent. (Regulation 20, Chapter 3 of R1036)*

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*Some information relating to Government Notice R1036 was taken from Miranda Barker and Michael Katz, 'African Trading and Business in South Africa', (Johannesburg, 1977).

When the annual renewal of licences became due, a system started in 1969, a Superintendent would sometimes arbitrarily declare a person to be not financially sound even though he knew that the trader had invested thousands of Rands in erecting his shop. A trader who was physically and mentally fit could also be called an improper and unfit person to trade.

Because of the Government's insistence on annual renewals for trading licences, uncertainty prevailed amongst the traders. If their application for renewal was refused they could be warned to vacate their trading premises before January first of the following year. The result of this uncertainty was that many African traders, in order to exercise some caution, reduced their purchases towards the end of the year, whilst their White counterparts increased theirs to take advantage of the Christmas sales. Not only was the African businessman seriously disadvantaged by this system, but the system was open to abuse by the City Council officials.(12)

The effect of these regulations on African businessmen in the running of their businesses in the 60s, can best be seen from individual examples of limitations, restrictions, denials and sheer exasperation which they experienced. These examples can be extrapolated to cover the whole spectrum of African business activities at that time.

H. Majola, a Madadeni businessman and Director, Blackchain Limited since 1977, recalls that the Black entrepreneurs found that there were businesses which were declared, by township managers, as non-essentials. In other words this meant that

Black entrepreneurs were only allowed to operate businesses catering for the day to day basic necessities. He remembers, when he was applying for his trading rights, as a General Dealer in Soweto, that he was called to delete in his application the selling of household hardware.

> This meant that I could only sell food but not a pot in which food is cooked. Is it not a paradox that in a country where free enterprise is officially encouraged, discriminatory restrictions are imposed to the extent that the Black holder of a general dealers licence is not allowed to sell a pot? (13)

Solomon Moema, a past President of the Johannesburg African Chamber of Commerce and a Soweto businessman, stated that in the 60s, when he was a member of the Urban Bantu Council, it was common knowledge that, with the rapid expansion of Soweto, many African businessmen started to operate businesses and traded illegally without licences from their homes. Most found the long drawn out and complicated procedures of licence applications with no certainty of ever receiving one after one to three years too onerous to deal with.(14)

The problem of illegal trading in the townships was not new. As A.W. Stadler has pointed out,(15) the influx of large numbers of Africans from the rural areas into the townships between 1944 and 1947 brought with it squatter problems. Families were consolidated through squatting and this rapid growth of the population meant that community services were required. Since the only service which Africans could legally

provide in their communities was trading, and, since new trading opportunities in the form of shop premises were not available, many resorted to trading without premises and without licences.

Stadler found this to be one of the basic causes behind the 'disturbances at Moroka' in September 1947. In Moroka, part of the South Western townships of Johannesburg, James Mpanza, the leader of a band of squatters, illegally sold trading licences to Blacks. The Municipality, seeking to break his control, issued municipal licences in Moroka. Although the Council decided that it would give preference to illegal traders who did business with wholesalers, all but three licences went to people outside Moroka. And,in effect, the State supported the traders who had arrived in Johannesburg before the squatters.

Stadler submits that possibly, the crowd of about 200 which destroyed the licenced traders stalls and killed the policemen, were acting on behalf of the deposed illegal traders.

Further, the intervention of the authorities in trading had a decisive effect on the economic opportunities of particular individuals. The Municipality, in order to consolidate its control in the South-Western areas, sought to manipulate and divide the incipient class of African traders by insisting on wholesaler connections, capital and other criteria for licencees. Consequently, many entrepreneurs who drew their supplies from unacceptable sources, like local producers and the criminal element, found themselves effectively debarred from trading as part of the legal African trader class.(16)

James Mpanza, an unqualified advocate and leader of the squatters, was himself accused of providing illegal services by conducting a court in his backyard. He was also prosecuted for providing stabling for horses in his yard. Yet, seemingly debarred from the incipient African trader class, since he did not comply with the State's criteria for membership, he spent twenty five years of his life serving his community as a member of the Advisory Boards and later as a member of the Soweto Urban Council. When he died, in early 1971, it was the African traders, as members of the National African Federated Chamber of Commerce, who paid tribute to him, in their publication the African Trader, as a man who had spent his entire time and energy devoted to his people.(17)

His acceptance by this newly formed class would appear to demonstrate that the incipient class formation of 1947 comprised both legal and illegal traders and that the State was largely unsuccessful in its efforts to divide the two streams.

In the 60s the problem of illegal trading arose not only from the aspiring African businessman's inability to find the capital to erect his premises but it was compounded by the licensing procedure difficulties as stated earlier. In some areas illegal trading assumed disquieting proportions.

In Meadowlands, part of the South Western Townships of Johannesburg, butchers found themselves competing with a well organised group of illegal traders who operated their own trucks for the transport of meat from nearby farms where animals were slaughtered on the spot and sold at prices below those paid by legitimate traders. Coal and wood dealers encountered similar problems.(18)

Paul Monoa, a general dealer in Mamelodi, was one of the original members of the Mamelodi Chamber of Commerce, but in the early 60s Black businessmen in the area were not keen to join the Chamber because they felt it would be unable to bring about any changes for Black businessmen. Paul Monoa recalls that at that time their main problem was storage space since the law only allowed them very small premises. The Chamber approached the City Council and eventually managed to get separate storerooms erected in the township for collective use. Although this by-passed the law it still severely hampered business expansion because the storerooms were not part of the individual trader's premises. Nevertheless, this was a start and local Mamelodi businessmen soon realized that a united body could achieve some results. Consequently many more of them were keen to join the Chamber.(19)

Walter Dube, a filling station and restaurant owner, a general dealer and jewellery and diamond grader from Mabopane, waited six months for the licence for his beer hall in 1967, six months for the general dealer licence in 1968 and one year for the garage licence in 1968, despite the fact that the garage was started with a loan from the B.I.C. He personally

knew of others who had waited for three years for a cafe licence.(20)

Solomon Rabotapi, a general dealer from Evaton, entered his father's business straight from school in the early 60s. The business had to fight strong competition from five other general dealers in the vicinity and it would appear that the Licensing Authority paid little attention to the danger of overtrading and issued licences indiscriminately.(21)

The late Kenneth Masekela, in his position as Secretary of the Springs African Trade Association, in 1967, stated

> A man who was either a messenger or doing a similar job receives municipal approval to run a shop. No investigation is made as to whether or not he knows what is entailed. Some of the far reaching consequences are that business is stunted and a man who has been in business for ten years is still in essentially the same position as he was when he started. Another reason for the stunted phenomenon that characterises African business is that allocations are made, bearing reference to ethnic grouping.(22)

Moses Nyangiwe, an Orlando East trader, wrote to the Editor of the African Trader in April 1967 complaining that his area was badly arranged. Every street had at least three or four shops. This arrangement was recommended by the Advisory Board 'who felt that if the Indians and Chinese were able to run shops... next to one another, there was no reason why the African could not do the same and be successful.' He pointed out that the mushrooming of shops was undermining African businesses and many were unable to meet their rentals. Only one supermarket had remained in the same hands in recent years.

The problem was that there were not enough people to support the shops since most left early for work in the towns, where they purchased their goods.(23)

The formation of the National African Chamber of Commerce in 1964, from the old African Chamber of Commerce, came as a direct result of the 1963 Circular, when angry and insecure African traders united to discuss the common threat to their progress.

The 1968 legislation brought an even greater reaction from African businessmen. Sam Motsuenyane, who was elected President of the National African Chamber of Commerce in that year, stated that the grand design was to create an atmosphere of insecurity among urban Blacks and in that way to convince them of the wisdom of moving out to the Homelands, where it was promised that 'the sky would be the limit.' What the Government did not realise, initially, was the fact that the urbanization of any community anywhere was an irreversible process. Blacks in the cities would never gravitate back to the Homelands in any appreciable numbers, given the then prevailing circumstances in those areas. Blacks who had managed to build up businesses in the cities were doubly anxious to keep them and were not interested in attempting to move their businesses to untried, unknown Homeland areas. Indeed very few had the capital to make such a move even if they so desired.(24)

With the common goal for security of their businesses in the urban areas African businessmen joined the local Chambers, where these were already established on Provincial lines, in increasing numbers. Though no actual figures are available for this period, since many of the local Chambers failed to send lists of their members, and their subscriptions, to the National Executive, the accounts for 1968 show members fees to be R379,50.(25) With the average membership fee at R6 this gives an official number of approximately sixty three members. However, about 500 businessmen attended the annual conference of the Transvaal African Chamber of Commerce in Pretoria in 1969.(26) This discrepancy between the official paid-up membership and the numbers who attended Chamber meetings and conferences is enormous and has remained a feature of the Chamber membership to the present day.

Further evidence for the belief in the fact that the official figures did not reflect the true strength of the Chamber in the 60s is given in the records of the Johannesburg Chamber in 1963 when the total cash paid by members was R246,00 whereas the recorded membership was 233.(27) Furthermore, by 1964, forty seven Chambers had already been organised around the country.(28)

2.(ii) Regionalisation Directive

The response by African businessmen to the Government's restrictive legislation, culminating in the regulations of 1968, brought about a period of phenomenal development for the National African Chamber of Commerce after 1968. But apart

from the measures which Government inflicted on Black businessmen in general, it then insisted on what it expected to be restrictive measures on the National Chamber itself.

In 1969, three months after Sam Motsuenyane became President of the National Chamber, the organisation was directed by the then Deputy Minister of Bantu Administration and Development, Dr.P.J.Koornhof, to break up into ethnic components. The Minister requested that they consider the re-organisation of their local and Provincial Chambers along the lines of existing Government policy of ethnic grouping. The rationale behind this thinking was clarified in a letter sent by the Minister to NAFCOC a year later.

> If the development of the various Bantu nations is taken into consideration the reason for this view is obvious. The interests of the individual should at all times be subservient to the interests of the community. Your Chamber is urgently advised to consider this matter seriously as the Minister will probably not agree at any future date to consult with a body consisting of various ethnic groups as the interests of a specific ethnic group will differ from those of other groups. (29)

The Minister added that the 'integrated umbrella organisation at the top would be tolerated.'(30)

The initial reaction of the Chamber to this request was totally negative. At its Fifth Conference held at Pietermaritzburg in May 1969, five months after the request, the opinion of the country's various Chambers was sought. The response from local Chambers ranged from a blunt refusal to accede to

the Minister's request, to a reluctant acceptance of the pattern proposed by the Minister.

The Free State Chamber was against the request, reasoning that if ninety per cent or more of branch Chambers, of which NAFCOC was composed, were Chambers in urban areas, then the possibility of separating NACOC into ethnic Chambers was unrealistic. The proportion of African traders according to their nationalities, based on ethnicity, in different centres was so uneven that the Free State area with only two main ethnic groups would be confined to one or two Chambers operating for the whole Region. In addition, the existing organisation of NACOC utilised the resources of African traders irrespective of whether they were Tswana, Nguni or Sotho and with the existing difficulty of getting enough eligible office bearers at branch level, ethnic prescriptions would accentuate the difficulty.(31)

The Transvaal Chamber had called a meeting of Black businessmen in Pretoria in May 1969 to discuss the concept of regionalisation. About 500 people attended. The conference resolved that the demand was unacceptable and that TACOC was incompetent to discuss the issue because it was tinged with politics. Businessmen attending the conference argued that there were eight tribes in South Africa and that in certain areas some tribal groups were more predominant than others. If Chambers were formed on an ethnic basis a number of businessmen would be forced to close down. Soweto was cited, where the

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population was said to constitute sixty per cent Zulu-speaking people.

> If NACOC were to go according to the Minister's demands a Zulu Chamber would be formed in Soweto. What would happen to the Sotho, Tswana, Xhosa, Shangaan, Venda and Tsonga traders?

Again the problem of customers would crop up 'Would a Zulu Chamber be expected to cater for Zulu customers only?'(32) Consequently the Transvaal Chamber was against ethnicity, and reiterated at NACOC's conference that both NACOC and the Transvaal Chamber were already generally ethnically represented and that ethnic grouping would involve political issues which were outside commerce.(33) However, the Natal and Zululand Chamber known as 'Inyanda' which comprise almost entirely Zulu ethnic grouping, was prepared to remain as one regional Chamber, with branches all over the province. Other Chambers reluctantly agreed that, possibly, regionalisation would create smaller, more efficient and effective Chamber organisations. As things were, the Provincial Chambers were far from being fully representative of the traders in their areas.(34)

Finally, delegates at the Conference agreed that the question was not whether they favoured the policy of separate development or not, but rather, how they were to adjust to an already deeply entrenched Government policy. It was decided that the National Executive should prepare a memorandum which would form the basis of another discussion with the Minister on the matter.

Those present were disturbed by the Minister's suggestion because it came at a time when African businessmen were realising the need for a Chamber of Commerce and were joining in increasing numbers. They pointed out that,

> the suggestion to split the organisation of African businessmen into ethnic groups affected Africans only in South Africa. It was outmoded as it came at a time when White businessmen in the country were attempting to club themselves into one group to improve the industrial and commercial life of the country ... Commerce was indivisible; it was strange that Africans were expected to run their Chamber of Commerce on tribal lines. (35)

Searching for avenues in this new Government policy, the businessmen realized that it would be unwise to destroy the unity of their Chamber since it provided an adequate and suitable medium through which their needs and problems in commerce could be negotiated. Conference agreed that where running branches of the Chamber on'tribal'lines was unavoidable and practical, possibly on geographical grounds, the Executive would not interfere. But in areas where there was a multiplicity of'tribes'e.g. Soweto, the Chamber would not encourage the establishment of branches on'tribal'lines. Owing to the extremely cosmopolitan nature of this and similar communities, it would be impossible to divide them into ethnic groups anyway without seriously disrupting the organisation.

Conference resolved that the unity of NACOC be retained, but that the Provincial Chambers would be re-organised into regions so as to accommodate all existing Territorial divisions. The new regions would affiliate to Provincial organisations which in turn would affiliate to NACOC.

However, it was agreed that regional Chambers should promote the interests of all traders in an area, without any regard to ethnicity. In areas where branch members were of one tribe

they could write their documents in their language and communicate in the same language. But English would be used at Provincial and National levels.

Despite these movements by NACOC to come some way towards implementing the Government policy directive, the Department of Bantu Administration and Development had no direct dealings with the National Chamber for the following seven years.

2.(iii) Structural economic constraints

With the restriction of African businesses to African areas, African businessmen found that progress of business was partly, if not wholly, dependent on the buying power of the Africans in their respective communities.

Although, as stated earlier, in the twenty five years from 1935 to 1960, real Black wages increased by 2.4 per cent per year in the industrial sector, there was evidence of a widening Black/White income ratio until 1972.(36) From 1960 to 1971 wages increased by thirty per cent, also 2.4 per cent annually.

Some of these gains in 'real' wages were eroded by inflation, Black population growth, larger Black families and low earning occupations for Blacks.(37)

Nevertheless there were indications in the late 60s that the 'growing' buying power of the African had become a source of interest among Black business organisation in South Africa.

At a business seminar at Ga-Rankuwa in 1967, Dr. J. Adendorff, Managing Director of the BIC,stated that the buying power of Africans was R1 200 million per year and of that R240 million was earned by Homeland residents. He added,

> I doubt if half of this latter amount is actually being spent within the Homelands. (38)

At NAFCOC'S conference in 1969, Sam Motsuenyane quoted from figures of the Bureau for Market Research,

> Africans in Pretoria, Witwatersrand and the Vaal Triangle commrand a buying power of R487 million which is largely spent on consumer goods ... The buying power of the Africans would soar seven-fold to R7 500 million by the turn of the century. (39

How much money did Africans have to spend in the years up to 1970? As Mr. W. Langschmidt, Chairman of Market Research Africa stated at that time,

> There were as many estimates as there were researchers and economists. (40)

Therefore the following figures can, at best, only give a general indication of Black buying power up to 1970.

Table 1

Estimated number of Households in South Africa 1972

(earlier estimates unavailable) (Market Research Africa)

Whites	1 060 000
Coloureds	333 000
Asiatics	89 000
Africans	2 716 000
Total	4 198 000

Table 2

Remuneration of all employees

	Amount Rm.
1970	6868

(Bureau of Statistics)

Table 3

Claimed Average Household Income

Rand per month

	1962	1970
Whites	258	398
Coloureds	60	94
Asiatics	91	156
Africans	25	36

(National Readership Surveys, Radio Bantu Survey)

Table 4

Grossing up of claimed Household Income 1970

Racial Group	Est. no. of Households	Average Claimed Income	Total for group	Percentage of Total Income	Percentage of all Households
	'000	R.p.a.	R.m.	percentage	percentage
Whites	1060	4776	5062	74,7	25,5
Coloureds	333	1128	375	5,5	8,0
Asiatics	89	1872	166	2,5	2,1
Africans	2716	432	1173	17,3	64,7
Total	4198	8208	6776	100,0	100,0

Table 5

Estimated Budgets of White and Black Households in the main Metropolitan areas

Note - Figures based on 1966 Bureau of Statistics, C.O.L Survey and the 1970 Bureau of Market Research Budget Surveys

Item	Blacks		Whites		Black as a % of White
	Rand	%	Rand	%	
Food	500	40,3	1 165	18,7	43
Clothing and foot wear	152	12,2	536	8,6	28
Housing	101	8,1	884	14,2	11
Fuel and Light	38	3,1	118	1,9	32
Medical and Dental	5	0,5	181	2,9	3
Education	13	1,0	118	1,9	11
Insurance, Pension and Burial	10	0,8	374	6,0	3
Recreation and Entertainment	10	0,8	168	2,7	6
Alcohol	64	5,1	100	1,6	64

Item	Blacks		Whites		Black as a % of White
	Rand	%	Rand	%	
Cigarettes and Tobacco	24	1,9	112	1,8	21
Washing and Cleaning Materials	22	1,8	62	1,0	35
Laundry and Dry cleaning	22	1,8	37	0,6	59
Personal care and Medicine	43	3,5	162	2,6	26
Transport	72	5,8	1 009	16,2	7
Furniture and Equipment	96	7,7	417	6,7	23
Taxes	12	1,0	536	8,6	22
Miscellaneous	57	4,6	249	4,0	23
Total	1 241	100,0	6 225	100,0	20

The following Table 6 demonstrates that supermarkets received 77,2 per cent of their sales from Whites in 1970 and 12,2 per cent from Africans. African stores, not surprisingly, did 97,6 per cent of their turnover with Africans.

In Table 7, Soweto falls in the Region 1 where there are 995 African stores (37,3 per cent of all stores) doing 11,1 per cent of the grocery business against 185 supermarkets (6,9 per cent of stores) doing 53,5 per cent of the food business.

CUSTOMERS ALL COMMODITIES VALUE SPENDING BY RACE BY STORE TYPE - TABLE 6

C.M. HALLÉ - AFRICAN GIANT CONFERENCE 1974

NIELSEN UNIVERSE SURVEY 1970

	Total	Large Grocers	Medium Grocers	Small Grocers	Specialised Foodstores	African Stores
All commodities value turnover	1 394,6	455,1	251,0	266,8	120,6	301,1
European Spending	690,0	351,4	146,5	110,9	75,8	5,4
European % of Spending	49,5	77,2	58,4	41,6	62,9	1,8
Asiatic Spending	33,7	5,4	10,8	14,5	2,0	1,0
Asiatic % of Spending	2,4	1,2	4,3	5,4	1,7	0,3
Coloured Spending	129,1	42,9	28,3	55,3	1,7	0,3
Coloured % of Spending	9,3	9,4	11,3	20,7	1,4	0,3
African Spending	541,8	55,4	65,4	86,1	41,1	293,8
African % of Spending	38,8	12,2	26,1	32,3	34,1	97,6

(T/O in Millions of Rands)

Table 7 - STORE TYPE BY REGION AND AREA

C.M. HALLE' - AFRICAN GIANT CONFERENCE 1974 NIELSEN UNIVERSE SURVEY 1970

		AREA 1									AREA 11		
		JOHANNESBURG REGION 1			REEF AND PRETORIA REGION 2			AREA TOTAL			REST OF TRANSVAAL REGION 3		
		Stores	A.C.V.	GTCT/O	Stores	A.C.V.	GTCT/O	Stores	A.C.V.	GTCT/O	Stores	A.C.V.	GTCT/O
Total	Number	2668	146,5	98,7	2525	175,3	105,0	5193	321,8	203,7	7975	282,8	138,6
	%	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Large Grocers	Number	185	64,1	52,8	150	65,0	55,4	335	129,1	108,2	161	52,0	37,7
	%	6,9	43,8	53,5	5,9	37,1	52,8	6,5	40,1	53,1	2,0	18,4	27,2
Medium Grocers	Number	373	24,5	17,6	421	34,6	21,1	794	59,1	38,7	489	37,0	20,7
	%	14,0	16,7	17,8	16,7	19,7	20,1	15,3	18,4	19,0	6,1	13,1	14,9
Small Grocers	Number	589	20,5	9,6	544	22,3	8,8	1133	42,8	19,4	1431	49,7	20,5
	%	22,1	14,0	9,7	21,5	12,7	8,4	21,8	13,3	9,0	17,9	17,6	14,8
Specialised Foodstores	Number	526	20,2	7,7	730	31,6	8,6	1256	51,8	16,3	1285	50,0	16,1
	%	19,7	13,8	7,8	28,9	18,0	8,2	24,2	16,1	8,0	16,1	17,7	11,6
African Stores	Number	995	17,2	11,0	680	21,8	11,1	1675	39,0	22,1	4609	94,1	43,6
	%	37,3	11,7	11,1	26,9	12,4	10,6	32,3	12,1	10,8	57,8	33,3	31,5

GTC - GROCERY, TOILETRY, CONFECTIONERY

T/O - in Millions of Rands

The basic conclusions gained from these figures are, that although African wages had risen slowly between 1960 and 1970, the wage gap between Black and White was not closing. Africans commanded only 17,3 per cent of the total income, as against 74,7 per cent of Whites. Although this did mean a buying power of R1 173 million in 1970, which, with rising wages, indicated that it might grow larger in the ensuing years, in Soweto alone, with Africans owning 37,3 per cent of the total stores in the Johannesburg area, only 11,1 per cent of the grocery business was commanded by African shopkeepers.

If we consider that African shopkeepers were doing 97,6 per cent of their turnover with Africans and this percentage was only 11,1 per cent of the grocery business (which virtually all African shopkeepers were involved with) then the economic constraints on Black business in 1970 are obvious.

Two other economic factors severely constrained African business at that time. These were the lack of credit facilities and the non-existence of Black bulk buying facilities.

A business can be operated without credit facilities provided that sufficient capital exists. However even if enough capital is available it is normal business practice to use certain types of credit facilities. But the situation of Black businessmen was quite different. They did not have the required security to obtain the required credit. In fact, no form of credit was available to the majority of them, and,

if available, the conditions were very stringent. Those who could obtain credit under certain conditions found it difficult to comply with the conditions. The few that could obtain credit reasonably easy, did so only on their good name with White wholesalers. Banks normally require security to be provided for overdraft facilities but since most Black businessmen could not supply any security, the banking sector was debarred from them.

Usually wholesale credit to African businessmen averaged about seven days. Therefore this credit could not be viewed as a form of finance. The effect of this situation was that most African businessmen were forced to buy on cash terms.(41)

With their small capital bases and inadequate store space most businessmen were forced to buy from White wholesalers. This often led to a situation where the businessmen felt that wholesalers, knowing this, took advantage of them in terms of price and quality.(42) Consequently, it became apparent that it would be in the longterm interest of Black businessmen to arrange some form of collective stock purchasing since the problem of stock purchasing was fundamental to successful business development.

Clearly there was an economic need for Black businessmen to unite and the National African Chamber of Commerce was quick to harness this need. But the members of the Black Chamber Movement were also aware that Black unity would give them greater bargaining power for the rights of the Black man in South Africa. For, only a strong, united national Black business

movement would be capable of fighting the ever increasing restrictive Government legislation being applied to African business, particularly in the Black urban areas. They realised that it would be difficult for any single ethnic group to effectively fight for greater opportunities for Black businessmen.

Consequently, at the annual conference of the African Chamber Movement in 1969, Black businessmen came together with a united voice, a voice born in a climate of protest. They agreed, that in order to give a greater measure of autonomy to the forthcoming new regional structure, the name National African Chamber of Commerce should be changed to the Nati :l African F derated Chamber of Commerce (NAFCOC).

NOTES

(1) SM.Motsuenyane, 'NAFCOC Objectives', S. Keeble (ed.), Path to Progress, (Johannesburg, 1980), p. 8.

(2) G.P. Hart, African Entrepreneurship, p. 103.

(3) Ibid.,p. 104.

(4) 'Notes and Notices', African Trader, Dec., 1957, Vol.1, No. 1, p. 6.

(5) Afrikaanse Sakekamer meeting, 1959. See M. Horrell (ed.), Survey of Race Relations in South Africa 1958-9, (Johannesburg, 1970), p. 249.

(6) L. Reyburn, African Traders - Their Position and Problems, Section 6, Difficulties experienced by Traders.

(7) Lefoka papers, Minutes of the Executive meeting, ACOC, 4 Jan., 1959.

(8) Promotion of Bantu Self Government Act, No. 46 of 1959

(9) State of the Union Year-Book for South Africa 1959-60, (Johannesburg), p. 92.

(10) South Africa Institute of Race Relations, correspondence, file No. 326: 658(68), 9 Feb., 1956.

(11) 'Different standards applied to traders in Soweto', African Trader, Feb., 1971, p. 15.

(12) 'Annual Renewal of Licences by the Location Superintendents', African Trader, Feb., 1971, p. 23.

(13) H. Majola, 'Free Trading', Keeble, Path to Progress, p. 45.

(14) Interview, S. Moema, Soweto businessman, Johannesburg, Aug., 1979.

(15) A.W. Stadler, 'Birds in the Cornfield', Journal of Southern African Studies, 1979, pp. 121-122.

(16) Ibid., p. 122.

(17) 'A Tribute to the late Sofasonke Mpaza', (sic) African Trader, Feb., 1971, pp. 8-9.

(18) L. Reyburn, African Traders - Their Position and Problems, Section 6, Difficulties experienced by traders.

(19) Interview, P. Monoa, Mamelodi businessman, Mamelodi, Aug., 1979.

(20) Interview, W. Dube, Mabopane businessman, Mabopane, Aug., 1979.

(21) Interview, S. Rabotapi, Evaton businessman, Evaton, Aug., 1979.

(22) 'Enter business plea to youth', Rand Daily Mail, 6 Sept., 1967.

(23) 'The Orlando East Trader', African Trader, April/June, 1967, p. 18.

(24) NAFCOC papers, S.M. Motsuenyane, Presidential Address, 5th Annual Conference of NACOC, Pietermaritzburg, 1969.

(25) NAFCOC papers, NACOC accounts, 1968.

(26) 'NACOC pleas to govt.', Rand Daily Mail, 6 May, 1969.

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(28) Lefoka papers, B. Masekela organisational reports, 1963.

(29) NAFCOC papers, Natal and Zululand Chamber Secretary's Report for 1970/71, 1 May, 1970, para. 8.

(30) 'Re-organisation of NACOC: 1969-74', African Business, June, 1974, p. 27.

(31) NAFCOC papers, letter from the Free State Chamber of Commerce to the Secretary of NACOC, 14 May, 1969.

(32) 'Traders snub ethnic call by Botha', Rand Daily Mail, 6 May, 1969.

(33) NAFCOC papers, letter from the Transvaal African Chamber of Commerce to the Secretary of NACOC, 12 May, 1969.

(34) NAFCOC papers, SM.Motsuenyane, Presidential Address, 5th Annual Conference, NACOC, 15 May, 1969.

(35) 'Koornhof's suggestion rejected', Rand Daily Mail, 4 June, 1969.

(36) W. Langschmidt, Chairman, Market Research Africa, 'Marketing and the African Giant', paper presented at the Marketing and the African Giant Conference, National Development and Management Foundation, Johannesburg, July, 1974.

(37) M. Lipton, 'British Investment in South Africa', South African Labour Bulletin, 1976, pp. 19-20.

(38) Dr. J. Adendorf, speaking at a business seminar, Ga-Rankuwa, 17 Aug., 1967.

(39) SM.Motsuenyane, NAFCOC Conference, 1969, quoted from J. Marais, President, Afrikaanse Handelsinstituut.

(40) W. Langschmidt, 'Marketing and the African Giant', Johannesburg, July, 1974.

(41) Dr. P.C. Schutte, assisted by Prof. N. Swart, Problems of Black Businessmen in Metropolitan Areas, p. 23.

(42) Ibid., p. 64.

CHAPTER 3

THE FORMATION OF THE NATIONAL AFRICAN FEDERATED CHAMBER OF COMMERCE IN 1969

3.1. First points of focus

This Chapter describes the activities of the first few years of NAFCOC'S new federated organisation. It outlines the first points of focus and the difficulties encountered.

There were three main spheres of operation. The first dealt with the building up of the organisation into an efficient national body. The main activities which this encompassed were first, the implementation of regionalisation, and second, the organisation of annual conferences.

The second sphere of operation, which was an on-going activity for NAFCOC, was the organisation's continual, and largely ineffective, attempts at negotiation with the Government, where it pointed out the grievances of African businessmen and requested the Government to change the restrictive legislation affecting them.

The third sphere of operation was a practical plan of action for its members in the form of a Buy-at-Home Campaign.

The fact that the negotiations with the Government and the Buy-at-Home Campaign were largely failures does not detract

from the successes of the regionalisation implementation and the annual conferences. For, by these two activities alone NAFCOC was in a position in the mid 70s, as an efficient and well organised body, to begin a plan of action which, during the following five years, would demonstrate its effectiveness as a Black businessmens' organisation in South Africa.

3.1.(i) The Implementation of Regionalisation

Though the directive from the Minister of Bantu Administration and Development, for the National Chamber to divide into ethnic groups, had been received in the middle of 1969, it was almost a full year later before the Chamber officially moved into action. The publicity given to the directive t the 1969 Annual Conference had caused much strong feeling among members, with most realizing that it would take a great deal of organisation and energy if it was ever to be achieved without loss of unity.

At the Annual Conference, held in Bloemfontein on 24th May 1970, after some prolonged discussion, Conference unanimously agreed that regionalisation should be implemented in accordance with the decision made at the Pietermaritzburg Conference in 1969.

From the directive sent out to members by the Chamber Executive, it appears that they had the foresight to see that, though they were effectively toeing the line as far as Government was concerned, they stood to gain a definite

advantage in the re-organisation of the C' ımber, in terms of increased efficiency. This was something Government may have overlooked. 'For more efficient organisation our country-wide Chamber must be demarcated into regions with due regard to the ethnic character of the various Chamber areas.'(1)

Consequently the Chamber machine rolled into action. Almost immediately the most difficult aspect of the operation became apparent. It was the sheer physical task of finding volunteers to tour the whole country to establish the branches. Time, expense and expertise loomed large. The Executive felt that the existing Provincial Chambers were best placed to decide where and how demarcation lines should be laid. Each Provincial office was to confine its suggestions to the area falling under its jurisdiction. Sketch maps would have to be provided to indicate clearly the boundary lines of each region.

From experience, it was expected that only a few people would actually volunteer to offer the dedicated service required in such an operation. Therefore, the Executive Committee, keen to familiarize itself with the problems and complications that might arise, did everything possible to gain knowledge about regionalisation by attending all the Regional meetings when they were organised.

An unforseen complication soon arose which was to be as difficult as the physical aspect. That was the propaganda required to try to convince the various people, with diverse opinions, about the need for a Chamber at all. In many areas

there were no organised Chambers or recognised traders Associations. In other places they had to contend with suspicion and disunity arising from petty local quarrels.

Therefore, though it was the honest belief of most members that their organisation would reap enormous benefits from regionalisation, since they anticipated a faster rate of growth of the association and also expected a greater measure of participation by members in the organisational activities of the Chambers, they realized that there was a need for sacrifice, tolerance and diplomacy on the part of those who were immediately charged with the responsibility of organising new branches and regional organisations.

Cognizance had to be taken of the autonomous nature of the regional chambers contemplated. It was also considered 'unwise' to fall for names that would suggest ethnic grouping.

The task of organising in the Transvaal fell to the Transvaal Chamber of Commerce. The Executive visited many areas in the Transvaal either to resuscitate dormant branches or to start new ones. Their early efforts were rewarded by the large number of delegates who attended the annual conference at Springs. An interesting feature was the attendance of the Dobsonville Township Manager,Advisory Board Members and Urban Councillors.

The formation of the Tswana Region (hereinafter BOCOC) on the 7th September 1970 was viewed as a tremendous achievement by the Transvaal Chamber. The area of operation for BOCOC stretched from

Hammanskraal to Upington in the Northern Cape i.e. all areas falling under the jurisdiction of the Bophuthatswana Government. Here the task of forming the branches had been very difficult because the BOCOC area was large and scattered. The Chamber was new and relatively unknown.

> All that traders had were the so-called 'Traders Associations' whose aims were to protect individual scattered groups 'of friends' interests and in the end served no useful purpose to the communities they served. (2)

Some Chambers in the area had been formed before the formation of BOCOC and had not yet registered with the new organisation. The Chamber had not been able to find out whether those traders were aware of their umbrella body or whether there were other obstacles preventing them from registering. Most branch areas in Bophuthatswana lay in rural areas and traders operating there were miles apart therefore to convene a meeting took a great deal of hard work, patience and persuasion on the part of TACOC's Executive committee. Some traders were very sensitive and apprehensive of new movements in their areas. Many had been running their businesses for several years and had never had anything like a Chamber of Commerce. Nevertheless, the committee faced up to this suspicious mentality and managed to form branches at Mahika - Mafeking and District, Western Transvaal - Lichtenburg, Coligny and Ventersdorp. These and GaRankuwa, which was already formed, affiliated to NAFCOC.

Three local executive meetings were held during the year and at its first meeting, the committee attempted to obtain recognition of BOCOC by the Tswana Government. A letter was

sent on the 16th November 1970. In the reply on the 14th December 1970, the Government expressed its 'satisfaction that a purely Tswana organisation has been formed'[3] and that, although there was no existing legislation by which the organisation could be recognised,

> the Council has however taken cognisance of the fact that your organisation exists and that it purports to represent the Tswana Traders. In this connection the Executive Council will consider any representations which you may have on their merits... [4]

However, the Government made comments on matters contained in the proposed Constitution of BOCOC - that the Name of the Chamber should be such that it signified the 'Tswana Character'[5] of the organisation, and also that the paragraph dealing with finances should be drawn up with the assistance of a Chartered Accountant who would help in drafting a more comprehensive set of rules dealing with finances.

On receipt of this communication from the Tswana Government, the Transvaal African Chamber of Commerce (TACOC) proudly announced its great achievement in getting the Bophuthatswana Chamber of Commerce (BOCOC) recognised by its respective Government. By 1974, membership of BOCOC had reached 250 and was increasing rapidly.[6] The Tswana Government's attitude changed from its original stance, since it now seemed to view BOCOC as a quasi-political organisation. Some of the leaders of BOCOC were in fact members of the Opposition Party in the Bophuthatswana Parliament.

Mr. S.J.J. Lesolang, NAFCOC'S Treasurer until he retired from

that post in 1979, was a member of the Tswana Territorial Authority from 1968 to 1971 and a Member of Parliament in the Bophuthatswana Legislative Assembly from 1971 to 1977, as a member of the opposition Seoposengwe (United) Party under the leadership of Chief Tidimane Pilane. Chief Lucas Mangope was First Vice Chairman in the Tswana Territorial Authority under Chief T.R. Pilane in 1961. It was not until 1972, when elections for the new Assembly were held, that the Chief Minister L. Mangope formed the Bophuthatswana National Party which, upon winning the elections, became the ruling party Then, in 1974, Chief Mangope established the Bophuthatswana Democratic Party.

Therefore several of the elder politicians, like Mr. Lesolang, who remained faithful to the original Seoposengwe Party, found themselves in opposition to Chief Mangope's new Party in the 70s.

Though better organised than many other regions BOCOC was not afforded official recognition and there was no contact with Government on matters pertaining to economic development in general or commerce and industry in particular. This uncertainty as to its status led BOCOC to send a Memorandum to the Chief Minister, Lucas Mangope, of Bophuthatswana in 1974,(7) stating that since its inauguration in 1970, BOCOC had been operating in the assumption of a de facto recognition, whereas the Chamber wanted to feel that it also had de jure recognition. The Chamber further stated that it was an economic organisation with aims and objects strictly confined to the field of economics. It emphasized that politics

were no part of it.

Despite this and further pleas the status of BOCOC was to remain uncertain throughout the greater part of the 70s - the Tswana Government taking no part in NAFCOC initiated projects like the African Bank and the Homelands Leaders Conferences - until further harsh directives to split the region in Bophuthatswana came with that State's independence in 1978. This crisis was delicately handled by NAFCOC'S Executive in the middle of 1979 when it held talks with Chief Mangope to resolve the differences.

During 1970, the Transvaal Chamber also attempted to establish a region in the North Eastern Transvaal. A meeting was held on 10th October 1970, at the Jane Furse Hospital in Sekhukhuniland. Four hundred traders attended and the meeting was given some prominance by the attendance of the Chief Minister of Lebowa, Dr.C. Phatudi who was the Minister of Education, the Paramount Chieftainess of the area and members of the BTC. However, regionalisation was not finalised at that time due to some minor difference between traders in the East and in the North. Therefore TACOC left a well established Eastern Transvaal Executive as caretaker.(8)

The TACOC Executive travelled to the Pietersburg region on 1st April 1971 in order to see whether they could finalise its formation. Unfortunately the turn out was not as good as at Jane Furse and members present asked to be given an opportunity to convene another meeting for 9th May 1971 when they would have the majority of their members present to

explain matters to them. However the principle of regionalisation was accepted and the TACOC committee was requested to visit them again for finalisation on 12th July 1971.(9)

The differences in these areas stemmed from the fact that many of the branches were geographically far apart and some of the branch members felt that this also made a difference to the particular problems which affected each business community. Consequently, they preferred to operate as three sub-regions, that is, Eastern Transvaal embracing Groblersdal, Sekhukhuniland and Lydenburg/Steelpoort areas, Pietersburg region embracing Pietersburg and surrounding areas up to Phalaborwa and lastly the Mandebele region embracing Potgietersrus, Mahwelereng, Zebedelia stretching up to the Botswana border in the North. Nowever, during 1972, all three sections amicably agreed to federate as a Lebowa region.

Bethal, Ermelo, Klerksdorp, Witbank and Lichtenburg were also visited in 1971.

By 1973 a strong Southern Transvaal Region had been established, though the far North and North West sectors of the Transvaal, Sibasa and Louis Trichardt, were still being organised. As there were no definite links with any national body there, the formation of Regional chambers proved to be rather time consuming.

With the autonomous regional chambers in the Transvaal affiliated directly to the National organisation, the part played by the TACOC body had become somewhat dubious by 1973.

There were two schools of thought about it:

1. There was a feeling that TACOC had in fact completed its important task and should therefore dissolve.

2. Others maintained that TACOC should remain as a co-ordinating body among the regional chambers of the Transvaal, although if it was to be retained it should operate in a clearly defined area where it would not interfere with the autonomy of the regional chambers. Its existence should also be reconciled with the concept of the three tier organisation as visualized in the new Constitution.(10)

However in June 1974 TACOC was eventually disbanded to allow the newly established regions to function autonomously.

The Transkei Region was formally launched in November 1972, and given recognition by the Minister of Justice of the Transkei Government at an inaugural function at the Transkei Hotel on the 14th January 1973. It affiliated to NAFCOC in March 1973. Due to the geographical distribution of the Transkei peoples it was decided to divide the Chamber into a number of local branches which would be better acquainted with the local needs of their respective business communities. In this manner the whole of the Transkei was represented in the Chamber Movement by 1974, with seven local branches. At this stage, with its eye on the forthcoming independence of Transkei in 1976, the White Chamber of Commerce in Transkei requested amalgamation which was favourably received by the Black Chamber.

The Ciskei Region was formed in 1974 at King Williamstown, though not before difficulties had been overcome. A mainly rural Ciskeian African Traders Association had existed for some time.[11] In 1970, Mr. S. Zuma reported that prospects for Chamber work in the Eastern Cape were extremely bleak because of the unsettling effect of the mass removals of traders in the Western Province.

The application of the 1968 Regulations with regard to the control of business rights and occupation of premises appears to have been particularly stringent in the Cape Province. The Cape Province was a declared preferential work area for Coloureds and the practice was to admit African workers into the Cape Province solely on a contract labour system. These contracts had to be renewed annually. Consequently, Cape township African businessmen were considered to be inessential and even more 'temporary' than their counterparts in other provinces. It appeared to be the Government's intention, at that time, to cut down on their numbers wherever possible. These African businessmen complained that they were

> forced to endure perpetual agony, frustration and threats of withdrawal of our business rights by officials[12]

The lack of security in their businesses, caused by the stipulation that they make annual applications for occupation of their premises, created an untenable position of fear. Problems also arose when a licencee of a business died. There was no guarantee that a widow or heir would be allowed to take over the business. It meant that the family faced an

immediate and complete reversal of fortune. Often this had resulted in the loss of not only thousands of Rands but also status and position in the community. In 1972 the National office of NAFCOC reported that no reliable contacts had been concluded with the local Chambers in the Cape therefore they made a special effort to organise the area during 1973. The resuscitation and organisation of this region was so great that by 1975 it was able to send a Memorandum to the Deputy Minister of Bantu Administration and Development setting out its difficulties which included general harassment by junior officials. It stated that when the Bantu Administration Boards took control of the Townships in the Cape their position towards the organisation changed.

> Instead of being sympathetically received we have, over the past few months been treated like 'naughty children' by junior officials and threatened with eviction and closure. Officials also resented the existence of our organisation.(13)

The Chamber, magnanimously stated that though this untenable situation prevailed, some senior officials had saved the situation The Chamber emphasised that it was a responsible organisation and desired, at all times, to act responsibly. It appealed to the Government to recognise officially that it was a legitimate organisation protecting the interests of businessmen in the townships.

The NAFCOC Executive drew up a tentative regional plan for the Orange Free State in May 1971. This area had once formed a very strong branch of the National organisation, but, by January 1972 there was little Chamber activity. The main

problem was thought to be a lack of sound and consistent leadership in the area. However reports soon came in that the Orange Free State was organising a regional conference for the 22nd April 1972.

Inyanda, the Natal and Zululand area, was perhaps the easiest to organise since the Chamber operated as a homogenous entity, under one administrative authority. Therefore, the need for autonomous regional chambers such as those formed in the Transvaal was not considered essential. Whilst the old Provincial Chamber was of the opinion that its area was too wide and therefore needed to be sub-divided, it was also of the opinion that any sub-division, as may be created, should remain an integral part of one unified Chamber organisation in Natal. During 1970 the Inyanda organising Committee worked tirelessly criss-crossing Natal and Zululand, taking the Chamber voice to the remotest areas in an effort to publicise the organisation and increase membership. The first branches formed were Harding and Richmond which, oddly, until that time had been places which were hard to convince about the Chamber's value.

Nineteen seventy one found the Inyanda committee experiencing great difficulties with the immensity of the area that they had to cover as well as the diverse opinions.

> We as a'scattered Homeland region...' gave us extra work of having to deal with people of all opinions, even to the point where we began

> to wonder what our own opinion really was, when we put across the objects of the Chamber and the reasons and the existence of the need for a Chamber at all. (14)

In order to lessen the burden, the organising committee temporarily divided the Province into four regions though by 1972 they decided to remain as one official region. Their greatest complaint was that they did not have enough funds for a fulltime organiser for the project and the work had to be left in the hands of volunteers. By 1974 membership of Inyanda was 400 with twenty one branches.

The twenty one branches were : Madedeni/Osizweni African Chamber, Bergville, Mtubatuba, Nongoma, Maphumulo, Msinga, Kliprivier, Port Shepstone, Umzinto, Paulpietersburg, Natal and Kwazulu African Commercial Representatives Association, Zulu Thuthuka Trading Society, Pholela African Traders Association, Ixopo, Mpumalanga, Mondlo Zakhe, Umlazi, Pietermaritzburg, Pinetown and District, Estcourt and Indwedwe.

It should be noted that where active business associations were already in operation these were largely allowed to remain intact and given the status of a branch organisation within one of the four semi-autonomous regions. These regions were: Durban and South Coast, Durban and North Coast, Northern Natal and Zululand.

To give greater efficiency to the process of regionalisation, the National Executive insisted upon yearly regional

reports in order to give them an idea of the state of affairs in the Regional Chambers. These also formed a basis for future planning. The contents of these reports were to list:

(a) Name of local branch
(b) Place where its activities were mainly centred or its headquarters
(c) Name of Office-bearers
(d) Number of registered members
(e) Membership potential
(f) Local branch activities during the particular year under review
(g) Future activity plans

The local branch Chambers were to be the strength of NAFCOC. They formed the base supporting the three tier pyramidal structure of NAFCOC. If the base was weak and unstable, so would the whole structure be weak.

It was recommended that when drawing up the programme of activities for the year, these activities should form part of NAFCOC'S master-plan, to attempt to gain a share of the growing African market. Suggested activities were:

(a) Buy-at-Home campaign
(b) Functions to which customers were invited
(c) Donation of School Trophies, donations to Football Clubs etc., bursaries
(d) Socials
(e) Beauty contests
(f) Seminars and addresses by eminent authorities in commerce
(g) Frequent and regular meetings

'In fact an enterprising businessman can still find the list well nigh inexhaustible.'(15)

With the process of regionalisation almost completed in May 1973, it was felt that the general application of the new Federal Constitution could no longer be delayed. Whereas the Constitution was in fact adopted at the Mamelodi Conference in May 1971, to accommodate the principle of federalism and regionalisation, on an objection raised by Inyanda in 1972 it was agreed that the general application of the new Constitution be withheld in order to enable members to study it and suggest appropriate amendments, if necessary.

The dispute which arose over the implememtation of the Constitution stemmed from more basic problems which were affecting the Inyanda Chamber during 1972.

Mr. S.C. Conco, Chairman of Northern Natal region and later a Member of the KwaZulu Legislative Assembly, together with Mr. A.S. Nene, who spoke for Inyanda at the 1972 conference, assured the Chamber that, although Natal stood with the other provinces as far as African unity was concerned, instructions had been given to the Inyanda Executive, by the KwaZulu Government, to withdraw from NAFCOC. This instruction was given because of the stand taken by the Inyanda Chamber with regard to the operations of the BIC.(16)

The Chamber, while acknowledging that the BIC was a Government sponsored institute created to sponsor economic development in the Homelands, was critical about the manner in which the

Corporation operated. The lack of consultation between the BIC and the Chamber was the main factor, although the complicated applications and the delays which these involved, the Corporation's acquisition of business sites and its involvement in the brewing business, the bonding of all assets to the BIC for loans and the provision of pro-forma invoices in lieu of cash, inexperienced field officials and the non-impartiality caused by the presence of the BIC as part of the screening committee for applicants, were also cited.(17)

Because Inyanda was at the forefront of this dispute it complained to NAFCOC that Natal 'carried the National Executive on their back with little help from the other provinces.'(18) Whenever Inyanda delegates raised objections, they were over-ruled. Inyanda also claimed that the Constitution had been tampered with unconstitutionally since sufficient time was not allowed for notices to amend the Constitution.

Consequently, in an attempt to resolve this dispute amicably, conference decided that the status quo be maintained until such time as the affiliated Chambers had circularised a draft constitution to be considered the following year, and that no election of office bearers was to be held until that time.

In addition, NAFCOC supported Inyanda by giving it a mandate to take up the various issues with the BIC and, by May 1973, Inyanda and the KwaZulu Government were in accord about BIC policy.

The principle objective in amending NACOC'S Constitution was to provide for regionalisation without destroying national unity, when regional Chambers had to be provided with a measure of autonomy. The clauses on the categories of membership also proved contentious. Thus, only slight alterations were made to the wording but not to the meaning of some of the aims of NAFCOC'S Constitution:

1. Affected especially the category of membership. There were to be six classes of members comprising Ordinary, Regional and local Chambers, Professional associates, Honorary, Affiliated organisations and Affiliated members. It was hoped that this diverse membership would, in the long run, serve to revitalize the whole Chamber Movement.

2. With the creation of autonomous regional branch Chambers, the structure of NACOC changed from one of a unitary body into a federal body.

3. As this change in structure also necessitated a change in the name of the federal body, the Executive recommended that NACOC be substituted by NAFCOC, which would characterise the nature of the organisation more accurately.

Since no other amendments were received from members, the Constitution was formally adopted at the Annual Conference in Mafeking in 1973. This was the last time that elections, delegation system and affiliation fees were based on the old NACOC Constitution.

After regionalisation, in 1974, the Constitution was further amended:

1. The composition of the Federal National Executive was to comprise of members directly elected for two years, from each region.

2. A new system of representation of Regional Chambers at NAFCOC'S Annual Conferences.

3. A uniform minimum subscription of R[illegible].00 per Chamber per member per annum.

3.1.(ii) Conferences

During the difficult and busy years of regionalisation NAFCOC continued the Chamber tradition of organising Annual Conferences for its members and interested parties.

The Chamber attained very great success in this area, since all the conferences were well attended, not only by members but by Government officials and private sector individuals, and were generally very inspiring for the Black Chamber Movement in South Africa. The topics discussed at the conferences give some indication of the general direction in which the Chamber moved during the 70s. The degree of participation at the conferences emphasised the growing interest and awareness of Black businessmen in the Chamber Movement and of Black needs and aspirations generally.

The fifth Annual Conference held at Edendale, Pietermaritzburg in 1969 dealt mainly with the re-organisation of NAFCOC, due to regionalisation, as well as the projected Buy-at-Home Campaign. The following sixth and seventh Conferences at Bloemfontein in 1970 and at Mamelodi in 1971, where attendance was about 400, were still engaged in regionalisation and aspects of the new Constitution as well as explicit directives about the activities of the new local branches. Therefore, these first three years were really an attempt to instil a sense of unity, efficiency and order into the organisation. In fact recognition of NAFCOC'S success in this direction came in 1972 when its unity was acknowledged by Chief M.G. Buthelezi of KwaZulu, when he opened the eighth Conference at Umlazi. He stated that it was highly creditable that the Chamber of Commerce organisation was still in operation after eight years of existence since

> Blacks seem to be great experts in all wanting to be leaders and this is the reason why most Black organisations soon end up as splinter groups. (19)

Chief Buthelezi's presence at that conference marked a step forward for the Chamber, since it saw the beginnings of NAFCOC involvement and hoped for co-operation with Homeland Governments. Sam Motsuenyane, NAFCOC'S President said,

> This unique day and occasion will go down into the history of our Chamber of Commerce, as the day of great beginnings; a day that one hopes will mark the beginning of true and closer co-operation and collaboration between our organisation and homeland Government ... (20)

The announcement, that African Business magazine, which was

first published in June 1972, the month of that conference, was to be the official voice of NAFCOC, was welcomed by the members. Details about the publication of this magazine, as well as the failure of earlier attempts at publishing, are given in Chapter 4 (v) (b) of this dissertation.

The increased attendance at the ninth Annual Conference in 1973 at Mafeking, was evidence of the remarkable growth that occurred in the organisation during 1973. The organisation was achieving a new status both at home and abroad. The new image was mainly attributed to NAFCOC'S involvement in its African Bank project.

Members were informed at this conference that Barclays International Bank was prepared to give full support to the African Bank project. Details about the African Bank are given in Chapter 4 (v) (a) of this dissertation.

It was also announced that NAFCOC had been accepted as a member of the International Chamber of Commerce. On 27th April 1973, the members of the South African committee of the International Chamber met and unanimously agreed to the affiliation. This not only entitled NAFCOC to representation on the South African committee of the International Chamber but they were also in a position to send delegates to the International Congress of Chambers of Commerce which met once in two years in various parts of the world.

Being members of the International Chamber, to which both the Afrikaanse Handelsinstituut and ASSOCOM were affiliated,

meant that NAFCOC had attained the same status as those organisations. Therefore conference resolved that NAFCOC should take immediate steps towards meeting and establishing good working relationships with these groups in South Africa.

The tenth Annual Conference at Umtata in 1974 was opened by the Transkeian Minister of Justice, Chief George Matanzima who stressed Transkei's support for free enterprise and a stable middle class Black elite. He said that the South African Government was gradually losing the political bonds which had restrained the Black man and although the process was opposed by many Whites, opposition was crumbling at an increasing rate.

> Our capitalist society is often accused of favouring the rich. In fact it does nothing of the sort. What it does favour is initiative, drive and hard work. (21)

The presence of Chief Matanzima emphasised the growth and influence that the NAFCOC organisation had attained since 1969. The Conference attracted senior Ministers from Homeland Governments, observers from many White organisations, Black representatives from Rhodesia and close on 800 delegates from African Chambers of Commerce throughout the Republic.

Apart from the main talking point, details about the progress of the African Bank project, the President informed the delegates that NAFCOC'S Executive had been instrumental in bringing together the heads of the following employer organisations: ASSOCOM, Afrikaanse Handels instituut, BIC, Federated Chamber of Industries, the National Development Foundation and the South African Foundation with a view to sponsoring a joint National

Symposium to discuss Black participation in the economy of South Africa 'above the servant level.' The discussions which took place led to the formation of a sub-committee consisting of academics under the chairmanship of NAFCOC'S President Sam Motsuenyane, who were conducting a thorough study of the problem with a view to finding the real strangle-holds to African economic progress in South Africa.*

The Witzieshoek Conference of 1975, chose the name for the Bank as 'The African Bank of South Africa Limited.' By April 1975 an amount of R700 000 was fully subscribed towards the capital of the Bank and plans were drawn up for the establishment of the Bank later in the year.

During that year a number of consultations took place between NAFCOC and officials of the BIC about the tripartite issue. The Corporation came forward with a new proposal supporting the establishment of tripartite companies in which the partners involved would be:-

(a) White entrepreneur or company

(b) The BIC and

(c) A Black entrepreneur or company

However, conference decided that NAFCOC could not agree to have the BIC as a partner in any company or partnership

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* The findings published by Dr. P.C. Schutte assisted by Professor N. Swart in Problems of Black Businessmen in Metropolitan Areas,(1975) , revealed that the primary development areas required were : training and consulting, capital, physical facilities and shared development; while the secondary development aspects were : credit facilities, collective buying, procedures in homeland transfer and legal restrictions.

involving Black entrepreneurs in the Homelands. Consequently NAFCOC decided not to support the establishment of joint companies in the Homelands in which Africans did not have majority shareholding since they regarded the 50/50 or 45/50 basis of Black/White partnership which had been proposed by certain White companies as being unfair. Nothing of a similar quid pro quo existed in White areas for Africans.

Following this decision a Research Committee was constituted, by NAFCOC, to investigate and recommend to the Executive, business and development projects in the Homelands.

In order to encourage Chamber development at both regional and national level, through a spirit of competition, a President's Shield, donated by Unilever, was presented for the first time at this eleventh Conference, to the best organised region.

In 1976, it was announced at the twelfth Conference, held at the University of the North in Lebowa, that the President Sam Motsuenyane had been nominated 'Business Statesman of the Year' by the Harvard Business School Club in America. The Odi Chamber of Commerce arranged a prestige dinner on his behalf to celebrate this award.(22)

The President's policy statement for 1976 contained details of a new Five-Year-Plan* for NAFCOC which, it was hoped would serve to place NAFCOC in a position to cope with the growth and interest in Black business projects during the coming years, since the unplanned and haphazard development of the

*Five Year Plan 1975-1980, see Chapter 4.

work of the organisation had been recognised as a weakness which needed an immediate remedy. The initiation of a Black insurance project as well as a Black Supermarket Chain were also announced. Details of these projects are given in Chapters 4 (iii) (e) and 8 (i) of this dissertation.

Hoping to foster communication and co-operation among the Chambers of Commerce in Southern Africa, NAFCOC took the initiative, during 1975, in trying to organise a Southern African Conference of Chambers of Commerce in Lesotho. It was announced at the 1976 Conference that Swaziland, Lesotho, Malawi and Rhodesian Chambers supported the move, but lack of funds prevented the Malawian and Rhodesian Chambers from sending delegates to a preparatory meeting held at Roma University in Lesotho. The President also visited Zambia where he held informal talks with members of the Zambian Commercial and Industrial Association. Their response was positive towards the idea of forming a co-ordinating body of Chambers of Commerce in Southern Africa as long as they could avoid any formal links with South Africa that might embarrass their Government. Consequently NAFCOC decided to keep the project in mind because it was only through co-operation among businessmen in Southern Africa that the problems of economic development for the Black man in South Africa could be overcome.

At each of the Annual Conferences held in 1977 at Belville in the Cape, in 1978 at Durban, and finally in 1979 at the Carlton Hotel at Johannesburg, the Chamber attained an attendance of about 1000 delegates. It had become the

largest gathering of any business association in Southern Africa, and, by 1979, the organisation was in a quandry as to where to hold future conferences since there were no facilities available for such a large number. The unprecedented step of limiting the number of delegates from each region was proposed. The undoubted value and success of the Annual Conferences could not be ignored since they provided an annual forum for discussion and mobilisation of policy by Chamber members, as well as a meeting place with outsiders, White company officials, White organisations, Government officials, Homeland Government officials and overseas delegates. In fifteen years of conferences the changed status of NAFCOC was succinctly put by Sam Motsuenyane at the 1979 conference when he opened his speech by saying,

> Exactly fifteen years ago our organisation held its inaugural conference in the Orlando East Donaldson Community Centre in Soweto. It is most gratifying that we can return to Johannesburg this year and meet in the very heart of the city, a venue which in those days was regarded as forbidden territory to the Blacks. (23)

3.2. NAFCOC'S early attempts at negotiation with the Government

Although NAFCOC was preoccupied from 1969 with the physical practicalities of regionalisation and its new constitution, it was eager to consult immediately with the Department of Bantu Administration and Development about legislation which affected Black businessmen.

Consequently, when NAFCOC sent its reply, about regionalisation, to the Minister on 29th August 1969, in the form of a Memorandum, it seized the opportunity to re-emphasise difficulties which had been submitted in an earlier Memorandum in October 1966, which had produced no positive results from the Government.

However, the Minister was not prepared to negotiate with NAFCOC at that time and instead insisted on the Chamber's regionalisation along ethnic lines if it wanted the Government to consider its activities.(24)

The main points in the 1969 Memorandum were :(25)

1. Restriction against business expansion due to policy

The Chamber, though it understood the policy of one man one business in urban African areas to be confined to 'White' areas only found that it had been extended to some Homeland areas especially in places where the BIC had established shopping centres. NAFCOC claimed that this practice restricted business expansion in the Homelands. Business expansion in urban African areas was also affected by the political, and not business, qualification that a particular ethnic group should be served only by members of that specific ethnic group. It was also pointed out that urban African businessmen were not easily permitted to open new businesses in the Homelands without closing down their original businesses. As Kuper pointed out, in the homelands White traders who

were long established, demanded the protection of their interests 'while Africans exert pressure both against White traders and the Government, for fulfilment of the promises of separate development.'(26) Consequently Government policy tended to fluctuate between offering assurances of security to Whites and assuring Africans of their paramount interests in the homelands.

Businessmen who had tried to form companies in order to be able to buy White-owned businesses in the homelands encountered difficulties from junior officials of the Department of Bantu Administration and Development. African businessmen complained that some White-owned businesses were too big and expensive for an individual African to afford. If Blacks were discouraged from forming partnerships in the homelands then individual Africans would never be able to buy Whites out of the homelands.(27)

2. Suggested amendments to the structure and operations of the BIC

While the Chamber appreciated the work being done by the BIC, it felt that certain changes would make the BIC more acceptable to African traders. It was suggested that Blacks be appointed as members of the Board of Directors of the BIC, failing which a National African Advisory Council on Commerce and Industries, comprised of African businessmen, should be created. The proposed Council would work in collaboration with the Government and the BIC.

The Chamber also recommended that all business sites in Homeland African townships should be sold to African businessmen instead of being owned by the BIC. In areas where the BIC established wholesale stores which did not carry all the merchandise requested by traders in the area it should continue to allow other wholesalers to compete in competition with its operations. Although NAFCOC was of the opinion that, preferably, the BIC'S participation should be limited to the financing of business transactions.

It was further suggested that shareholding in the BIC be opened to Blacks.

3. The status of African businessmen

Referring to its earlier meeting with the Minister, NAFCOC contended that, "current legislation does not place the 'Bantu' businessman in the position of respectibility that befits his high status and responsibilities in his community."(28)

Consequently the Chamber recommended that African businessmen be freed from influx control regulations and be allowed to establish their own businesses anywhere in the African areas. To this end they requested exemption from the inconvenient and time-consuming practice of having to submit Reference books for endorsement each month to the local Labour Registration offices in urban African areas.

4. The issue of fire-arms to responsible African traders

This request had been a constant plea of African traders for many years. The Chamber reminded the Minister that in 1966 the matter was discussed at great length and he had undertaken to meet the Minister of Justice and then to notify the Chamber of their decision. As no communication about the matter had been received by the Chamber, from the Minister, and because there had been an alarming increase in the number of cases of armed robbery where African traders were the victims, the Chamber felt compelled to appeal to the Minister once more.

5. <u>African representatives of Local Chambers to serve on Licensing Boards</u>

The Chamber had noted that, when considering the allocation of trading sites and licences, certain authorities in the Homelands, for example, Hammanskraal, included in the committee considering applications, a representative of the local African Chamber of Commerce. Therefore, the Chamber recommended that this privilege be extended to the Urban areas as well.

6. <u>Development of Industries inside the Homelands</u>

It was pointed out that the Border industries, which had been established near the Homelands, could not possibly lead to the level of industrial development required in Homeland areas. Therefore, the Chamber requested that more emphasis be put on the establishment of industries inside the Homelands.

Though NAFCOC, since its inception in 1969, desperately tried to promote a sound working relationship with the Central Government, the above Memorandum, together with further requests for interviews with Dr. P.G.J. Koornhof, the Deputy Minister of Bantu Administration and Development, were totally ignored. Two years later in October 1971, Sam Motsuenyane NAFCOC'S President, said he thought that the Chamber was deliberately being ignored because it had not met Dr. Koornhof's demands that it run its organisation on 'tribal' lines . He added that the last time members of the Chamber Executive had met Dr. Koornhof, was two years before.(29)

Nevertheless, undeterred, NAFCOC persisted in trying to use the now strongly formed organisation as a mouthpiece for negotiation with the Government. In the first five years the NAFCOC Executive was pre-occupied with drafting memorandum after memorandum to the Government, trying to state the Black businessman's case in the urban areas.(30) Most of these presentations were made to the Hon. M.C. Botha, Minister of Bantu Administration and Development. No replies were forthcoming but NAFCOC persisted. Each year after the Chamber's annual conference, NAFCOC prepared yet another memorandum to Government in the hope that whatever they did as a positive organisation, would, eventually, bring about the desired results as far as the Government was concerned.

Apart from the points mentioned in the 1969 Memorandum, which were presented yearly through to 1974, NAFCOC stressed the following points in the intervening years.

1. Change of policy regarding urban traders

NAFCOC pointed out the necessity for the Government to recognise the permanency of urban Black businessmen. In view of the fact that more and more Africans were moving into the urban areas, and because the country's economy could not do without urban African workers, it was unrealistic to expect urban African businessmen to move to the homelands where limited opportunities for expansion were available, when the natural development of business was in the urban areas. Consequently NAFCOC pleaded for businessmen to be allowed to own property. The Land Tenure system restricted the aspirations of businessmen who were keen to enter estate development and property mortgaging.

The lack of security of tenure in the urban areas, together with restrictions on the size of businesses, companies and partnerships, capital loans for business expansion, the provision such as the twenty mile radius required between any two businesses owned by a licencee or his spouse and the two mile radius rule in terms of Proclamation 244 of 1934, denied Black people the opportunity of unrestricted participation in the economy and it was NAFCOC'S fervent contention that these laws and regulations were not in the country's interests if it wished to promote a spirit of harmony and lasting economic stability.(31)

2. Trading by Whites on the outskirts of African townships

NAFCOC was of the opinion that trading by Whites on the perimeters of Black townships represented an unfair practice which directly militated against the growth and development of urban Black business. It requested that these trading licences be withdrawn.

3. White Capital in homeland areas

Although NAFCOC supported the establishment of large shopping centres in urban homeland townships, because this would in effect harness the growing buying power of the homeland population, it stressed that White companies should be allowed to operate there only if the major controlling interest lay with the Black people in those areas.

However, NAFCOC also encouraged the establishment of chain stores on a partnership basis between the resident Blacks and foreign partners.

4. Bantu Investment Corporation

Apart from the continual calls for shareholding and representation by Blacks in the BIC, NAFCOC recommended the adoption of a sliding scale of interest charges on all loans given to Black entrepreneurs by the BIC. NAFCOC'S reasons for this suggestion were that invariably, when loans were made, they were not based on varying profitability margins of the enterprises undertaken. For example, agricultural projects, which were normally subject to considerable risks and low profit margins, should be charged a lower interest rate.

5. Discriminatory tax law

The complaints about tax discrimination were voiced yearly. Althou NAFCOC accepted that Blacks should pay their fair share of tax, they disagreed with the principles of taxation underlying the Bantu Tax regulations. Black people became taxable at a much lower income level than other race groups. Furthermore, Africans were not given tax rebates in respect of their children. Consequently, NAFCOC requested that the existing Bantu Tax Laws be amended to bri g them in line with the prov ons of tax laws which affected other race groups.

6. Inadequate telephone facilities

In view of the gross inconveniences to which African businessmen were subjected, owing to the inadequate telephone services at their disposal in all African areas, NAFCOC made yearly representations to the Government requesting it to do something to alleviate the situation.

7. Compulsory Chamber membership for Black Businessmen

In 1974, NAFCOC, recognising the need for all Black businessmen to be involved in the development of a strong Federation of Black Chambers of Commerce in South Africa, requested the Government to authorise compulsory membership of the organisation. This would, they hoped, bring it in line with a similar system practiced in West Germany.

Consequently NAFCOC recommended that :

(a) Both the central and homeland Governments be urged to promulgate appropriate regulations requiring every licenced Black businessman to become a Chamber member in the area in which he is trading.

(b) Chamber membership be a condition for the granting of a new licence or the renewal of an existing one.

(c) A Chamber membership receipt be produced to a licensing officer before a licence is issued.

(d) As the independence of the Chamber movement and its autonomy needed to be safe-guarded at all costs, the Chamber should in no way become identified with the Government, it must all the same enjoy the full recognition of the Government and be used as a source of consultation and negotiation with Black businessmen.(32)

There are several possible reasons why the Government did not assent to NAFCOC'S request for compulsory membership of its Chamber for African businessmen. First, although it was true that it would bring it in line with West Germany where Chamber membership was compulsory for businessmen, in countries like Britain and France membership was not compulsory and, since the South African Chamber of Commerce movement was modelled on that of Britain's, compulsory membership of NAFCOC only would set it apart from the other White Chamber organisations in the country.

Second, compulsory membership of NAFCOC would turn it into a

much larger, and possibly much more powerful,organisation than it was in 1974. With the backing of every Black businessman in the country it would have the strength to demand and get greater benefits for Black businessmen.

Finally, if the Government acceded to the request it would be giving tacit recognition to NAFCOC as the leader of African businessmen in South Africa. In 1974 the Government was not prepared to grant this recognition. Neither would it recommend that the homeland Governments give such recognition.

There were no meetings or direct negotiations between NAFCOC and the Government between 1969 and 1975. NAFCOC waited nine months for a reply to its 1974 Memorandum only to be informed that the Minister responsible had chosen, instead, to discuss NAFCOC'S latest Memorandum with the Homeland leaders and had decided that there was no need to meet NAFCOC representatives.(33)

Although NAFCOC was happy that the Memorandum had been discussed with the Homeland leaders, and even quoted in Parliament by the Hon. the Deputy Minister of Bantu Administration and Development Mr. T.N.H. Janson, they were displeased at the lack of consultation and the length of time for the Minister's reply. Consequently, NAFCOC promptly drew the Minister's attention to the fact that the Homeland leaders were not in a position to deal with the points in the Memorandum as competently as NAFCOC could and requested an immediate response from the Minister. Two months later the Minister's Secretary replied that they were still investigating the Memorandum and another month was required before they could

give any comprehensive response.

NAFCOC'S pressure produced results, when, on the 1st May, 1975 the Minister of Bantu Administration and Development announced in the Assembly that, the procedure regarding the annual renewal of trading licences or permits for African traders in African urban residential areas would be changed. It was the intention to bring the position of African traders as closely as possible in line with the procedure followed in the case of White traders, as far as licences were concerned. Traders would also be permitted to trade in a larger range of commodities, and also to establish more than one business on the same premises. Partnerships would also be allowed and where traders had already established businesses in a Homeland, they would be permitted to retain their existing business in the urban residential area. The ownership of buildings on leasehold stands for businessmen in African residential areas would now be possible again, as was the case before 1968.(34)

It was not until May 1976 that this stated policy was implemented.

After NAFCOC'S Witzieshoek conference in June 1975, NAFCOC, as usual, supplied the Minister with a Memorandum containing the Resolutions of the Conference. In 1976 the Minister favoured NAFCOC with a comprehensive response to its memorandum. However, NAFCOC was not satisfied with some of the Minister's replies which merely stated that, 'certain requests could not be met as they were in conflict with the existing policy',(35) and they pressed for an interview with

the Minister.

Although this was not immediately forthcoming, NAFCOC was granted an interview on 20th August 1976, with the Deputy Minister Mr. W. Cruywagen on an entirely different matter. The interview was the first since the NAFCOC consultations with the then Deputy Minister, Dr. P.G.J. Koornhof, in 1968, and it represented a major breakthrough for NAFCOC in its attempts to negotiate directly with Government officials. The delegation conferred with the Minister to discuss a memorandum submitted to him following a study conducted by the University of South Africa's Bureau of Market Research and the Small Business Advisory Bureau of Potchefstroom University.(36) The memorandum, based on the following reports : problems of Black businessmen in metropolitan areas; attitudes of Black consumers towards Black businessmen in Johannesburg and the Black man in the South African economy, was commissioned and paid for by NAFCOC, therefore, the Government was compelled in this instance to consult with NAFCOC on the subject.

Despite NAFCOC'S efforts it was a sad reflection on the Ministry of Bantu Administration and Development that, only after this meeting with the Deputy Minister in 1976 did the Department agree to grant NAFCOC recognition, to the extent of having an annual meeting with the Deputy Minister to discuss the problems affecting Black businessmen in South Africa. It was only in August 1978 that NAFCOC was finally granted an interview with the Minister himself, Dr. C. Mulder.

> It was indeed the lack of effective communication between government and Black businessmen which accounted for many of the wrongs of the past. (37)

It should be noted that the Government's willingness to communicate with NAFCOC at this late stage came after NAFCOC founded the African Bank and an insurance company and had planned the Blackchain retail outlet. It also came after the Soweto riots of 1976.

3.3. Practical Action

3.3.(i) Buy-at-Home Campaign

As indicated in earlier Chapters the newly acquired buying power of the African was a source of interest and debate among Black businessmen in the late 60s and early 70s.

The desire to capture this African market, which showed signs of rapid expansion in the 70s, sparked off NAFCOC'S first major campaign - the Buy-at-Home Campaign.

The decision to attempt the campaign was made at the Annual conference in Pietermaritzburg in May 1969, when NAFCOC was constituted, and hopes ran high that Black united action would help to uplift the African business community.

Those members present at the conference realized that unless the Black businessmen could begin to interest themselves in the enormous, and much, discussed, 'growing buying power' of the African, and how they as traders could benefit from it, their whole future as businessmen was at stake. Though they knew that they needed to educate their community to support them in their own ventures they were careful to

stress that it was only their own ability to 'to compete'(38) that would safeguard their future.

Essentially, then, the Buy-at-Home campaign was an effort to restore Black money to Black people. The published aims of the campaign, which in fact were sent to members as early as February 1969, were:

1. To encourage Africans to give greater support (patronage) to their own businessmen and;

2. To demonstrate that the African businessman can give service to his community.(39)

However, underlying these published aims were further aims. These were, to enable Black businessmen to get good publicity for their shops and businesses and so raise the standard of business generally, and further to get publicity for the Chambers themselves and increase the membership.

> To organise our people for the Buy-at-Home campaign, we shall also be giving life and meaning to the objective for which our Chamber stands. (40)

For their part, businessmen were expected to give good service, sell goods cheaply and show boundless appreciation of the support that their people gave them. They were expected to display courtesy over their counters and to play a big role in the social services of the people who had supported them. Each trader was requested to contribute R2 towards the running costs of the campaign.

Interestingly, in Zambia in 1970, a 'Buy Zambia' campaign was started by the national Indeco group. Companies were requested to buy petroleum from Shell, which was partly owned by Indeco, and Indeco companies were instructed to advertise only in the state-owned Zambian Mail in preference to other foreign owned papers. A campaign against using non-Zambian made goods on the national airline was started later in the same year. It was also reported that printing of magazines and brochures should be tackled locally wherever possible. Items like clothes, sweets, and paper cups, which were available in Zambian-owned concerns, were given special mention.(41)

Although this campaign undoubtedly had political overtones it, nevertheless, revealed a desire on the part of the Africans involved to keep African money in African hands and can be equated with the similar aims of NAFCOC'S Buy-at-Home Campaign which operated during that time.

The original date for NAFCOC'S campaign was scheduled for 29th August to 7th September 1969. However two things delayed the campaign until the end of the year. The first was the intimate involvement of a White wholesale company, the Afmark Organisation. At a meeting between Afmark and the Chamber Executive on 23rd May 1969, the discussion centred on plans to ensure the success of the Buy-at-Home campaign. Afmark reassured the Chamber that expenses for the running of the campaign would be borne by itself. It would also pay for two clerks, advertising and the printing of hand bills etc.

NAFCOC later announced that in order to help traders achieve the goal of the campaign, the Executive had contacted certain wholesalers, operating nationally, with a view to getting them to supply merchandise at rock bottom prices for the occasion and that one firm in particular, was prepared to spend R7 500 and more on publicity as well as supplying goods at low prices to all Chamber members during that week. Consequently, at Afmark's request, the Chamber postponed the campaign until 27th November to 13th December and possibly until Christmas, in order that they, both Afmark and African businessmen, could take advantage of the Christmas period when much of the Africans' money was usually spent outside their own areas.

The second factor which delayed the campaign, was that the Chamber, and Afmark, needed time to organise the campaign more intensively throughout the country. A confidential price list of 'rock bottom' prices from Afmark was sent to local Chambers for distribution to all traders in their areas on 9th September 1969.(42) They were requested to decide on their orders as soon as possible and send them to the Afmark offices so as to give them enough time to work on the orders. All orders were to be sent to the traders concerned in early November. The orders were for cash but bulk orders could be made through the Chambers.

It was not until July 1972 that African Business Magazine, NAFCOC'S Voice, reporting on the on-going campaign indicated that Afmark was 'assisting'(43) the Buy-at-Home Campaign.*

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* An obvious reason for this was that the magazine only commenced publishing a month earlier in June 1972

Afmark's reasons,as stated in African Business, for assisting were that they realised the unfairness to African retailers who were in need of technical advice and assistance. Too many distributors provided only 'hardsell' service which created confusion and the African overbought or wrongly bought goods. With the growing competition from chain stores and supermarkets it was necessary to help the African retailer to develop and expand his business knowledge and so his profits, rather than just sell as much as possible to him. Afmark stated that it assisted in merchandising, promotions and display and modern business techniques thereby generating an ever increasing flow of consumers to the dealer.

It was not possible to obtain a more personal view of Afmark's reasons for involvement in NAFCOC'S Buy-at-Home Campaign because, in the late 70s some of the officials involved were no longer part of the new company, Metro Cash and Carry, which took over Afmark's business. Although there was undoubtedly good personal co-operation between Afmark's directors and NAFCOC officials and, consequently, there was probably a desire on the part of Afmark's directors to help NAFCOC members, the fact that other wholesale companies were not drawn into the campaign at the early stages leads one to the conclusion that Afmark's main interest was profit. This does not necessarily mean profit from the campaign itself but profit in the long run, which it hoped to gain from its involvement and publicity amongst African businessmen as an efficient and low priced wholesaler.

Nevertheless, in 1969, with its intimate involvement in the campaign, in the form of financial assistance, publicity and offers of low wholesale prices and early deliveries, Afmark did steal a march on its competitors who loudly voiced their scepticism once the campaign had started.

Possibly, Lionel Katz, Managing Director of Metro Cash and Carry, best summed up Afmark's attit de, when in 1979 he admitted that Metro's success was : uilt out of philanthropy. 'My fight is for the small trader - but I make a living out of it too.'(44)

The plan of action of the campaign was left to local Chambers who were expected to organise public meetings so that all businessmen in the area could be contacted and involved in the campaign. During the campaign all African traders, throughout the Republic, would be urged to lower their prices. The local Chambers were 'to make the biggest noise ever' in their respective areas. Loudspeakers were to blare through the towns and villages so that the Chamber's message could be carried to the people. It was suggested that there should be as many meetings, functions and pageants with floats, as possible.(45)

The campaign was launched in Soweto on the appointed date. A large procession drew thousands of people who followed it through the streets. They came by all manner of transport from horse-drawn carts to motorcars. This gala day ended with a cabaret in the evening. The hoped for results were to be reaped later. Over one thousand people were entertained in the

evening at Hammanskraal and, in Lichtenburg, a multi-racial beauty contest was held with a number of top officials attending.(46)

A businessman reported from Kwa Thema near Springs on the East Rand that the shops in Kwa Thema were set out in a block system which allowed each shopkeeper about 1 000 customers though some only got as little as a quarter of this amount. He stated that, in an attempt to improve his business, he invested R800 in advertising and necessary equipment. He emphasised reduced prices for meat. Within six month he had his money back with a greatly increased profit. Regular customers doubled and he had to increase his staff. This coincided with the campaign.(47)

To lend support to this Kwa Thema claim of a successful campaign the vice President of the local Chamber reported that it was unfortunate that the White-owned newspapers that were circulating in our townships did not support our campaign. However, he added that the exception was the Springs African Reporter, which boosted the campaign to such an extent that it contributed magnificently to the increased turnover enjoyed by the Kwa Thema traders.(48)

'The success led to the decision to sell permanently at reduced prices.'(49)

The Rand Daily Mail reported success in some areas, particularly the East Rand, where it stated that some shopkeepers had had

to employ additional staff to cope with the large flow of customers.(50) In Natal, it reported that Mr. P.G. Gumede, Vice President of the Chamber, had said that they were competing favourably with chain stores in the towns. He added that some White residents, discovering that they were selling some items at much lower prices than chain stores, were sending their African servants to buy from them.(51)

These reports of slashed prices in the shops caused many non-members of the Chamber to come forward and join so that they could be helped to sell at reduced prices and so join in the bonanza.

After this initial burst of enthusiasm and success, the Chamber Executive visited many areas during the year to keep the momentum of the campaign going, for it had been decided that where possible it was to be an on-going project.

The Inyanda Chamber reported that the campaign had gone well in Madadeni, Umlazi and Kwa Mashu. In these areas they had stressed the need to place orders together (with the resultant big discounts) since they believed that these benefits would condition them for future schemes that would need to be done together. They resolved to continue it as a long-term project.(52)

However the Executive was disappointed to find that very little was being done by other Chambers, to continue this campaign. In the Transvaal the Chamber was pre-occupied with the formation of its regional and branch Chambers and in the Cape and the

Orange Free State very little had been done in the way of organisation.(53)

By January 1971, The Star headline ran 'Buy Black Campaign Dismissed.'(54) It reported that so many factors militated against Africans altering their shopping habits in order to buy only from African businessmen that they expected the campaign to have little success.

Other Whites were also sceptical about the campaign, clearly stating their views about its expected failure.

Mr. H.J. Van Der Merwe of the Johannesburg Chamber of Commerce had this to say about the campaign,

> Much as I sympathise with Bantu traders, I do not think such a campaign can be successful. (55)

Stressing that 'Bantu' traders problems were not based simply on 'Bantu' buying in White areas, he said,

> Their problems are not going to be solved by asking them to buy only in non-White areas. (56)

His reasons for his pessimistic view of the campaign were:

1. Disparity in prices between the township stores and especially the discount chain stores in White areas.
2. Convenience for African shopping in White areas where they worked.
3. The fact that shopping areas in the townships were not always conveniently situated.
4. Severe limitations placed on the expansion of African-owned stores in urban areas.

5. The Buy Black Campaign was impractical.
6. It was also to the detriment of the non-White consumer whose best interests would not be served by it.(57)

He added that business did not work on racial lines and the campaign appeared to be trying to introduce a factor into trading 'which we have always tried to avoid.'(58) He further pointed out that the Chamber (the White) had worked to prevent legislation precluding non-Whites from buying in White shops.

The Managing Director of OK Bazaars, a country wide chain of stores, Stanley Cohen, described the campaign as a 'non-starter'(59) with no hope of success. It was something that need not worry White businessmen.

> I think Africans get the best deal from White traders, who buy in bulk. Their prices cannot be matched in the townships. African customers are treated the same as anyone else.(60)

3.3.(ii) Bulk-buying

With this talk of bulk buying, Mr. Cohen had hit the nail on the head. That the African businessmen were perfectly aware of this White 'goldmine' was shown by Sam Motsuenyane in his Presidential Address at the Annual Chamber conference in 1969 when he said,

> There was a general belief and hope that bulk-buying, properly organised and supported, would render the African businessman victor in the big war for customers which goes on constantly between the small traders of Soweto and the big business tycoon down Eloff Street.(61)

Again in 1971, when the campaign started to fizzle out, the Chamber Executive not only emphasised that it must be a commitment for all time so that it became 'a National Economic Ideology of our people'(62) but that they should also be in a position to obtain their merchandise at low prices by uniting for the purposes of bulk-buying. Failure to unite, even on a small scale was a weakness that would cripple the campaign.

For the following two years the project was left in the hands of regional and local Chambers. The result was that only a few of their very active branches, Huhudi, Batlharo-Thlaping and Inyanda were engaged in schemes to attract support from their local people.

The Inyanda scheme, called 'Mazidle 'khaya' was quite an extensive bulk-buying scheme encompassing traders throughout Natal and Zululand. The Chamber Executive resolved to watch this development with keen interest in the hope that it would be successful, to such an extent that it could become their showpiece for future large-scale bulk-buying undertakings. The important fact was that it was entirely in the hands of their own members with no other party involved as a middleman.(63)

The Huhudi branch Chamber of BOCOC, had, to a large extent, applied the campaign as well as bulk-buying with a fair amount of success.(64)

In Batlharo-Thlaping, also a branch of BOCOC, apart from some individual attempts to practice bulk-buying in soap,

sweets and sugar, the Chamber itself decided to buy sugar in bulk. This project proved very successful. In order to encourage a competitive spirit, the area was divided into four zones, with a bulk-buying committee headed by Mr. Ditrebe. In March 1973, they were in need of a warehouse to store their bulk buys.(65) In a similar position the Taung branch built itself a warehouse to serve all businesses in the area. It was built by one member on his own initiative.(66) However, the Chamber reported in June 1975, that though the bulk-buying syndicate revealed a healthy balance, they needed another warehouse because goods stored in the original warehouse had been spoiled by rain.(67)

The Bophuthatswana Region of NAFCOC reported, in June 1974, that among the branches of Hammanskraal, Vryburg, Taung and Kuruman, bulk-buying was progressing fairly. Since 1973 one branch, which started with R1 000, had increased this to R1 535.(68)

As early as January 1972, the Chamber Executive had drawn up a detailed report on the feasibility of a national bulk-buying scheme for its members.(69) Details of the report revealed that it would be an immense task with many problems to be solved if it was ever to get off the ground. Among the principal points raised were:

1. Would the introduction of the scheme have the desired effect of increasing the share of the market accruing to African traders, or was this perhaps one of the problems, so that solving it would not make any difference to the overall problem?

2. Since the establishment of a wholesale distribution organisation may not be in strict accordance with policy, the Department of Bantu Administration and Development needed to be consulted, at an early stage, for permission to proceed. Should the BIC be approached?

   Apart from anything else, it was thought that the BIC might have useful information as to how a wholesale distribution system worked in the Homelands, e.g. the Vendaland Trading Company.

3. Could they learn anything from Spar's operation? Similarly they might learn lessons from their previous experiment with S.A. Bulk Buyers.

   On 24th April 1964, when NACOC was born,one of the uniting themes had been bulk-buying. At that time S.A. Bulk Buyers, a White Company, was employed by NACOC on a ten year contract to organise bulk-buying facilities for African traders. However, the White wholesalers insisted that African traders settle their debts with them before joining the new scheme. Blacks responded by saying that White wholesalers had been exploiting them by dumping goods on them, where they were forced to buy them since they still owed for previous orders. A year later, in June 1965, NACOC severed relations with S.A. Bulk Buyers in order to undertake bulk-buying for its own members.

   Again, this scheme failed since it was thwarted by White wholesalers who exerted pressure on manufacturers in order

to stop them dealing directly with African traders. Evidence was shown that one tobacco company was known to have complied with these demands.(70)

4. There was little clarity as to any definite ideas about how the scheme would operate on such a large scale.

   (a) If it was to be a strictly cash-and-carry scheme then enquiries would have to be made as to whether the large majority of traders had their own transport.

   Additionally, would one depot in a central position, suffice for the whole of the Reef?

   (b) If it was to be a non-profit organisation, would there be any difficulties in securing credit, since there would be little or no security to be offered?

   Should wholesalers be involved in the scheme? Their involvement appeared essential in practice since many large manufacturing concerns were also wholesale distributors, handling a range of imported lines as well as their own manufactured goods.

   If African traders were to be put in as competitive a position as possible there needed to be a wide range of suppliers participating so that a comprehensive range of products could be offered to the consumer.

5. Most important of all detailed calculations were required on the economics of such a scheme - the capital

required and the size of the establishment, assuming that the aim was to supply at least forty per cent of the requirements of African traders. The total value of stocks required for a two week turnover as well as depot expenses would also have to be calculated. For this, it was necessary to know whether manufacturers could give an indication of their prices before any commitment could be entered into.

The Chamber went no further than to ask these questions about a national bulk-buying scheme, preferring instead to allow the local chambers to start bulk-buying in a small way. They had learnt their lesson in 1964 and were not yet ready to attempt the scheme again.

By 1974, the Chamber admitted that the campaign was over, that it was no longer a national commitment and that it had failed because it was started too ambitiously and without funds and expertise to back it.(71)

Another important factor was that during the time of the launch of the campaign, in 1969, until 1972, the Chamber was without any form of publication with which to put its ideas across and rally the African businessmen. David Pooe, President of the Kwa Thema branch mooted the idea of reviving their old publication,'The African Trader', in 1970 so that they could provide lists of prices for traders, but the suggestion came to nothing.(72)

From this failure the Chamber learnt a great lesson in that,

their approach to bulk-buying in any form, big or small, would be more practical, would acquire capital and expertise and would be organised efficiently.

Added to this, by 1974, the Chamber had already thought about establishing its own Black chain stores with a wholesale distribution outlet for its members. In August 1974, Mr. B.R. Dalberg of Unilever, pointed out that manufacturers would become more dependent on the endorsement and approval of the Black businessman for promoting their products.

> Black identity would bind traders together into an effective force for negotiating with manufacturers. This would probably happen before capital was consolidated in Black chain stores. (73)

For many years the Black trader had been involved in a battle for survival with large White organisations who used sophisticated marketing techniques and their capital resources to attract Black consumers. The changing situation in the African market, whereby African businessmen acquired the skills of cost control and stock evaluation, would soon result in businessmen negotiating directly with manufacturers for the type and quality of goods they desired. Dalberg, of Unilever, felt that African businessmen were fast approaching this position and that it would have a more general and more immediate effect on negotiations with manufacturers, than the large Black owned Chain stores of the future with their capacity for bulk buying.

NAFCOC'S initiatives in its first five years of operation reflected a mixture of successes and failures. Its regionalisation

and conferences were successful but attempts at negotiation with the Government and the Buy At Home and bulk buying campaigns were ineffective. However, these did indicate that NAFCOC was an active organisation. Through these diverse activities it was able to gain a certain amount of recognition, particularly from White business, as a viable and potentially useful Black businessmens organisation despite the fact that the Government was not yet prepared to negotiate with it. Inspired by this recognition of its position, NAFCOC announced a Five Year Plan in 1975 which was designed to establish a more efficient and effective organisation. NAFCOC'S aim was to attain Government recognition so that it could communicate directly with the Government in order to change legislation which hindered African business development.

NOTES

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(2) NAFCOC papers, Transvaal Chamber report, 1970.

(3) Ibid., BOCOC Secretary's report, Sept. 1970 - May 1971.

(4) Ibid.

(5) Ibid.

(6) NAFCOC papers, BOCOC report, 1974.

(7) Ibid., BOCOC Memorandum to Chief L. Mangope, 1974.

(8) NAFCOC papers, Transvaal Chamber report, 1970-71.

(9) Ibid.

(10) NAFCOC papers, Transvaal Chamber report, 1973.

(11) 'Presidential Address delivered by the President, Mr. S.Z. Conco, at the Third Annual Conference of the National African Chamber of Commerce held at Cape Town, 20th May, 1967', African Trader, Jan./March, 1967, p. 6.

(12) NAFCOC papers, Western Province report, 1972.

(13) NAFCOC papers, Cape report, 1975.

(14) NAFCOC papers, Natal and Zululand report, 1971-72.

(15) NAFCOC papers, National Executive report, 1970-71.

(16) NAFCOC papers, Executive meeting minutes, 11 May, 1972.

(17) 'Inyanda President on BIC Policy Stand', African Business, May, 1973, pp. 8-9.

(18) NAFCOC papers, Executive meeting minutes, 11 May, 1972.

(19) 'Businessmen can pave the way to prosperity - Chief Buthelezi', African Business, June, 1972, p.6.

(20) 'The President's Address', African Business, June, 1972, p.7.

(21) 'Chief Matanzima opens Congress', African Business, July, 1974, p.2.

(22) NAFCOC papers, Executive meeting minutes, 19 Aug., 1976.

(23) 'Presidential Policy Statement 1979', African Business, June, 1979, p.4.

(24) 'Hard Choice for Business Africans', Rand Daily Mail, 25 Aug., 1970.

(25) NAFCOC papers, Memorandum to the Minister of Bantu Administration and Development, 1969.

(26) L. Kuper, An African Bourgeoisie, p. 275.

(27) 'Homelands business curb in unofficial', Rand Daily Mail, 5 Aug., 1969.

(28) NAFCOC papers, Memorandum to the Minister of Bantu Administration and Development, 1969.

(29) 'Koornhof demands tribalism', Rand Daily Mail, 13 Oct., 1971.

(30) S M.Motsuenyane, 'NAFCOC Objectives', Keeble, Path to Progress, p.8.

(31) NAFCOC papers, Memorandum to the Minister of Bantu Administration and Development, 11 Oct., 1974.

(32) Ibid.

(33) 'Presidential Address', African Business, June, 1975, p. 11.
The meeting between the Government and Homeland leaders was held on 22 Jan., 1975.

(34) Assembly 1 May, 1975, Hansard 12, Col. 5233.

(35) 'Presidential Policy Statement 1976', African Business, June, 1976, p. 11.

(36) 'NAFCOC delegation meets Willem Cruywagen', African Business, Sept., 1976, pp. 6,7,9 .

(37) 'Presidential Policy Statement 1977', African Business, June, 1977, p. 13.

(38) NAFCOC papers, Presidential message, 10 Feb., 1969.

(39) Ibid.

(40) 'Buy at Home 1972', African Business, Aug., 1972, p.3.

(41) 'Buy Zambia', Zambian Review, Sept., 1970, p. 49.

(42) NAFCOC papers, Afmark distribution to traders report, 9 Sept., 1969.

(43) "Assisting the 'Buy at Home' Campaign", African Business, July, 1972, pp. 14-15.

(44) 'Black is beautiful', Financial Mail, 30 Nov., 1979.

(45) NAFCOC papers, Executive meeting minutes, 15 May, 1969.

(46) NAFCOC papers, Transvaal Chamber report, 1970.

(47) NAFCOC papers, TRACOC report, 17 March, 1970.

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(49) "'Buy from our shops' campaign succeeding", Rand Daily Mail, 18 March, 1970.

(50) Ibid.

(51) Ibid.

(52) NAFCOC papers, Natal and Zululand Chamber report, 1970/71.

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(58) Ibid.

(59) Ibid.

(60) Ibid.

(61) NAFCOC papers, Presidential Address, NAFCOC Annual Conference, 1969.

(62) NAFCOC papers, Presidential Address, NAFCOC Annual Conference, 1971.

(63) 'Buy at Home', African Business, June,1973, p. 8.

(64) 'Regional News', African Business, March/April, 1973, p. 14.

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(67) 'Annual Reports', African Business, June, 1975, p. 21.

(68) NAFCOC papers, Executive meeting minutes, 5 June, 1974.

(69) NAFCOC papers, National bulk-buying scheme report, 1972.

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(71) '1974 Presidential Address', African Business, June, 1974, p. 13.

(72) NAFCOC papers, TRACOC report, 1970.

(73) 'Black Identity a New Power', African Business, Aug., 1974, p. 8.

(67) 'Annual Reports', African Business, June, 1975, p. 21.

(68) NAFCOC papers, Executive meeting minutes, 5 June, 1974.

(69) NAFCOC papers, National bulk-buying scheme report, 1972.

(70) Ibid.

(71) '1974 Presidential Address', African Business, June, 1974, p. 13.

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(73) 'Black Identity a New Power', African Business, Aug., 1974, p. 8.

CHAPTER 4

NAFCOC'S FIVE YEAR PLAN

This Chapter deals with NAFCOC'S Five Year Plan which was introduced in 1975. The reasons for the plan are outlined. The details of the Plan, together with the implementation of its various facets, showing its strengths and weaknesses, are analysed at length. The development of NAFCOC, stimulated by the various projects in the Plan, is highlighted and the importance of NAFCOC'S increased contact with White business is emphasised.

One section of the Plan provided for national projects. Although the African Bank was the culmination of many years of effort by NAFCOC it was founded during the first year of the Plan in 1975. As it was the most significant of the national projects and provided a stimulus for all future successful initiatives it has been analysed in this Chapter. National projects, such as the Masekela-Mavimbela Scholarship Fund, the S.A. Permanent Life Assurance Company and African Business Publications formed an integral part of other facets of the Plan and are also dealt with in this Chapter. Details of other NAFCOC projects have required lengthy explanation and have been itemised separately in following Chapters.

The reasons for NAFCOC'S introduction of a Five Year Plan in 1975 were plain. Although it had achieved a certain status and it had regionalised the organisation and held successful Conferences, it found that it was still not in a strong enough position to advance the interests of Black business to any great degree.

It was obvious that Government felt this way too since it still refused to have any real communication with NAFCOC except through consultations with its various Bantu Administration Boards and the Bantu Investment Corporation, which were usually ineffectual.

Although NAFCOC put out feelers to ASSOCOM and the Afrikaanse Handelsinstituut their response too was largely superficial. The White Johannesburg Chamber of Commerce, affiliated to ASSOCOM had, as part of its organisation, an African Affairs Department but the work of this group dealt largely with labour relations, trade unions and education and social amenities for Africans rather than directly involving itself in any support for African business. At other times ASSOCOM went ahead and negotiated on matters relating to Black business without even consulting NAFCOC. After ASSOCOM'S 1975 Congress in Margate, NAFCOC'S President pointed out the irregularity of the White Chamber deciding on matters affecting Blacks without consulting them. They felt that more communication was needed.(1)

After this dispute ASSOCOM requested the co-option of a delegate onto NAFCOC'S National Executive. However, this was accompanied by a request for NAFCOC to join an ASSOCOM Sub-Committee to fight against 'Creeping Socialism.' NAFCOC declined the invitation. (2)

Nevertheless, NAFCOC, when it received a reply from the Minister of Bantu Administration and Development refusing its request to be allowed to serve on licensing and Administration Boards, resolved to enlist ASSOCOM'S aid. ASSOCOM'S reply was that

it was not responsible for the present situation, and that NAFCOC should reconsider taking part in the discussion on the free enterprise system which ASSOCOM was keen to sponsor. Caught between two thorns, NAFCOC reviewed its decision and rescinded its original refusal, reasoning that it stood a better chance of fighting from within than from outside. Consequently, two members were nominated to co-operate with ASSOCOM and attend the 11th May 1976 meeting.(3)*

A further decision was made to approach the Afrikaanse Handelsinstituut for better co-operation. A useful meeting and contact had been made in December 1974 but nothing constructive had come of the meeting.

In an effort to forge links with Homeland Governments in rural areas, NAFCOC had formulated a policy and approach, for giving advice to Homeland Governments, by setting up a Research Committee in 1975. Most Homeland Governments, with the exception of KwaZulu and Gazankulu, were not even buying shares in the African Bank and, much to NAFCOC'S dismay, Transkei, with its impending independence, was actively supporting the establishment of ties with Volkskas Bank. Therefore, it became imperative that NAFCOC strengthen itself in order to negotiate on the same level as these groups.

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* As late as 1977, ASSOCOM published a booklet, about the Association of Chambers of Commerce and the Chamber of Commerce Movement in South Africa, for its seventy fifth Annual Congress at East London, and failed to even mention the existence of NAFCOC or the Black Chamber of Commerce Movement in South Africa.

The reasons why NAFCOC had not been in a position to do just that before 1975 become apparent when details of the Five-Year-Plan are studied since they indicate clearly the weak areas of NAFCOC up to that stage.

4.(i) Permanent Secretariat

Until 1975, NAFCOC did not have a permanent paid Secretariat like its counterpart ASSOCOM. It had had to rely on volunteers in the form of members of its National Executive as well as members of Regional Committees throughout the Republic. However it did pay an honorarium to its President, only raised to R400,00 per month in September 1974, as well as a car.(4) Nevertheless these emoluments barely covered the President's expenses let alone payment for the time he spent on the Chamber's work. His duties involved travelling the length and breadth of the country to attend meetings, a great deal of time spent on drawing up Memoranda and speeches for the various functions he was expected to attend, time spent outside the country on Chamber business as well as the day to day running of the National Chamber offices.

In addition the Chamber, at its small offices, employed two part time clerks to attend to the Chamber's affairs.

After eleven years NAFCOC had reached a stage of development where its activities could no longer be efficiently managed by a few officials on a part time basis. There existed an urgent need for the Association to be reorganised, in such a manner that a permanent Secretariat could be created, with a full time staff.

The financial report of NAFCOC for the year ending July 1974 showed a balance of R11 195,75 which was totally inadequate to contemplate employing any full-time staff.(5)

Therefore, it was evident that the successful function of the Secretariat needed support from outside.

On 6th September 1974, the Rembrandt Group invited NAFCOC'S Executive to a dinner at the President Hotel in Johannesburg, where the Company announced that it would be donating R5,000 per annum towards establishing a permanent Secretariat for NAFCOC.(6) This donation resulted from personal negotiations between Sam Motsuenyane and Rembrandts's directors and can be viewed as a recognition, on the part of Rembrandt's directors, of NAFCOC'S new status as an affiliated member of the International Chamber of Commerce, and prime mover in the inauguration of the African Bank.

In order to be in a position to present a realistic picture especially to those organisations from whom further assistance would be sought, a budget covering the period September 1974 to September 1975 was prepared by NAFCOC, with professional help given by the Rembrandt organisation. Consequently, a well motivated appeal for financial assistance was directed to more than one hundred large and small firms in the Republic. The response to this initial appeal was most encouraging resulting in a constant flow of other donations from White companies during the following six months.(7) These donations contributed towards ninety per cent of NAFCOC'S funds at that time and enabled NAFCOC to acquire

new offices in the new shopping centre, BIC premises, at Ga-Rankuwa in August 1975, in addition to the four temporary offices that were occupied at the beginning of 1975. The donations comprised R5 000 per annum from Metro Cash and Carry; R200 per annum for three years from Toyota; R50 from Superior Rocks and Gems; R20 from the National Cash Register Company; R2 000 from General Motors as well as a further R10 000 from Toyota. Norton Abrasives contributed towards the President's honorarium.

NAFCOC employed a full-time Administrative Secretary and a National Organiser, both of whom operated under the President's supervision. These new members of NAFCOC'S staff, B. Khumalo and E. Mahlo, spent four months in Paris at the end of 1975, studying the administration of Chambers of Commerce under the sponsorship of the Paris Chamber of Commerce. A secretary was also employed and two cars were purchased to aid Chamber members in their work.

NAFCOC was managed by an executive on which the ten regions were represented.

The National Executive

1. Representatives nominated by each region.
2. Office Bearers - elected by the Annual Conference from the names under 1.

Regional Executive

The Regional Executive was nominated by the different branches. These nominees were ratified by the Regional Annual Conferences. The Office Bearers were elected by the Annual Regional Conference from the names on the Executive.

Branch Executive

The Branch Executive was elected annually at a Branch meeting.

In 1975 the Executive consisted of :

S.M. MOTSUENYANE	President
P.G.GUMEDE	Vice President
S.J.J. LESOLANG	Treasurer
C.D.M. ROBOTHO	Secretary
S.M. ZUMA	
J.T. OLIPHANT	
D.W.S. KAMBULA	
H. BUBU	
MRS. O. NHLUMAYO	
D.J. POOE	
REV. I.L. SHEMBE	
A.R.T. KUMALO	
K.T. MASEMOLA	
J.H. KHAAS	
J.C. MOLOISI	
L.G. MAKLEIN	
H.M. PITJE	
E. GOBODO	

The regions represented were as follows:

1. Inyanda, representing Natal and Zululand
2. Lebowa
3. Bophuthatswana
4. Orange Free State
5. Southern Transvaal
6. Transkei
7. Inqaba, representing Ciskei
8. Eastern Cape, representing the area from Grahamstown to Humansdorp
9. Western Province
10. North Eastern Cape

At the next level were the regional committees and finally the different local branches numbering about 200.

NAFCOC'S Constitution set out its objectives as:

(i) To promote a spirit of co-operation and unity among Black businessmen in South Africa

(ii) To mobilise the African community towards self-help and full participation in the economy of South Africa

(iii) To further the development of the Black business community by sponsoring needed industrial and commercial projects; collating and disseminating information on business matters; creating scholarships for commercial training, and organising special training courses and seminars for businessmen.

(iv) To protect the rights and interests of Black South Africans in business by proposing any measures which

directly or indirectly further their progress.

The work of NAFCOC'S new Secretariat was geared towards ensuring that the above objectives of the Chamber were well publicised and that they were effectively carried out. It was the Administrative Secretary's task, as Chief Executive of the Organisation, to be in overall charge of the activities of the Chamber, thus leaving the President free to embark on Government and quasi-Government contacts etc. The Administrative Secretary controlled both the office and field staff; ensured that proper records of the proceedings of the Executive, including Conferences, were kept; ensured that proper books of accounts were kept, including the setting up and administration of budgets; ensured that the finances of the organisation were efficiently and profitably managed and in particular to supply regular information in this connection to the Executive Committee as well as information relating to the organisation so as to enable them to arrive at decisions. He was also the co-ordinator between the various Chambers and maintained contact with other institutions and Government Departments.

African Businessmen were increasingly looking to NAFCOC to cater for their particular interests. Therefore it was important that NAFCOC was sufficiently organised to cater adequately otherwise the tendency might be for businessmen to start new organisations.

During the following four years the Secretariat bought two more cars in order to strengthen its field services and it was paying salaries of R1 000 per month to its staff.(9)

Although a great deal in the way of organisation was achieved this did not lead to the hoped for increased membership of NAFCOC. Additional field officer posts were created in 1978 to get more information from the Regions. The Regions in general were notoriously bad at sending in the then stipulated quarterly reports and it had become impossible for the National office to plan its activities 'in the dark.'

By August 1977, the offices at Ga-Rankuwa had become too cramped to cope with the volume of work and new offices were sought in Pretoria. Unfortunately, the President had fallen out with Chief Lucas Mangope,in whose territory Ga-Rankuwa lay,over the suggestion from Chief Mangope that BOCOC should cecede from NAFCOC. The President was also forced to move from his farm in Bophuthatswana, at Noodgedicht. Therefore, it was thought best for NAFCOC to move its offices to avoid further conflict. Office accomodation was available at Mutual Centre in Pretoria but not only was the suggested rent too high, R4,25 per square metre, an exemption permit from the Group Areas Act would also be required for any move to Pretoria. No move was made because six months later, with a R5 000 donation from Anglo American, NAFCOC opened an Education office in Johannesburg.(10) This was at the African Bank's premises, where the Group Areas Act was seemingly overcome. It was decided to use the Johannesburg office as extra temporary offices for NAFCOC.

The last aspect of NAFCOC'S re-organisation was its specialized and Ad-hoc committees. These committees did not represent any sectoral interest. They were appointed by the National

Executive to investigate certain matters or to fulfil certain functions. An example of a Committee to investigate a certain matter was the Committee that investigated the feasibility of establishing a supermarket chain. This was formed in 1975 and ceased to exist when its recommendation to the Executive was accepted and implemented. An example of a Committee for performing a certain function was the Education Committee formed in 1976. This Committee continues to exist and renders an education and training service for members. Although the National Executive appointed these Committees they were normally given power to co-opt members, who had specialist knowledge, to serve on them.

Other Committees set up by NAFCOC after 1975 included a Research Committee to report on agricultural and industrial projects; an Ad-hoc committee to investigate economic development in Black areas; a sub-committee to investigate differentiated membership fees; three sub-committees investigating industrialisation, legal restrictions and the problems of raising capital in the Black urban community; and a Captial raising committee. This last was intended to channel foreign funds so as to reach deserving Black entrepreneurs.

4.(ii) Membership

The actual membership of NAFCOC has been a constant problem and source of difficulty to the National Executive since the organisation was formed. Membership figures were supposed to be sent from the Regions in their Annual Reports. However many Regions either sent no report or reports which made no mention

of membership. There are four possible reasons for this lack. The first was the natural element of competition which existed between the regions. They were not keen to reveal their true membership in case it was lower than that of other regions and they would not appear to be running their regions efficiently. The second was that some regions were not honest in the amount of membership fees that they had collected, and which were to be forwarded to the National office, preferring, instead, to keep back some of the funds in order to finance their regional and branch activities better than the other regions. The third was that many members who attended meetings paid no subscriptions, often because they could not afford it, or paid part of their subscription only. The last arose from a mixture of mismanagement in the branch offices, where figures were improperly kept, and lack of volunteers to do the practical job of collecting subscriptions and forwarding the relevant information to the National office.

That NAFCOC'S actual membership was far greater than its paid up membership was borne out by large numbers of members who attended Annual Conferences of the National Chamber and Regional Chambers. Approximately 400 delegates attended the seventh conference at Mamelodi in 1971,(11) whereas close on 800 delegates attended the tenth conference at Umtata in 1974.(12)

As indicated earlier, in June 1974, NAFCOC sent a Memorandum to Government requesting that membership of NAFCOC be made compulsory for all African businessmen(13) but this was not accepted. In 1975 the Five-Year-Plan envisaged the increasing of membership from 4 000 to 16 000 during the following five

years. The Presidential policy statement published in June 1976 stated that, 'All our Chambers with few exceptions have registered more members during the year.'(14) However, the National Executive Minutes for August 1976 reveal that the President was, only three months later, emphasizing the need for intensified membership campaigns in all regions because, from the figures obtained at the last Conference, it was evident that numbers had diminished overall, rather than increased.(15) The Minutes of 15th March 1977 showed that there had been a significant decline from 1 951 in 1975, to 1 730 in 1976. These figures gave cause for great concern amongst the Executive. Consequently they resolved to reverse the trend during 1977..

A possible reason for these low figures was that they were collected during the first six months of the riots in South Africa which occurred in 1976. Poor collection and poor attendance at meetings were not conducive to obtaining actual or paid up membership at that time.

Early in 1977, Lebowa reported a slight increase in membership and the Eastern Transvaal reported an increase from fifty four to 104 since 1976. Vaal Triangle rose from fifty to 100 while Standerton stood at twenty five. These last two areas were in the Southern Transvaal Region (hereinafter SOUTACOC) whose reported membership was 334, 'which does not of course represent actual membership.'(16) SOUTACOC was the fastest growing region. In 1976 it was awarded the President's Shield for the best attended and most organised region, and, in 1977 it was

awarded the Reckitt and Colman prize for the fastest growing region.(17) However, its growth potential was in fact much higher than all other Chambers put together. This region consisted of the major growth areas of the Pretoria-Witwatersrand and Vaal Triangle complex as well as areas like Standerton, Middleburg, Ermelo, Bethal and Witbank. In Soweto alone with its approximately 2 000 traders, JACOC had claimed membership of 300 in May 1975.(18) Therefore it would seem reasonable to agree with SOUTACOC remarks in May 1977 that the reported membership of 334 for the whole region did not represent actual membership.

The Western Province by contrast reported a lower membership in May 1977, citing the riots as a reason for the decline. The regions were then urged to try to recruit professional men, doctors and lawyers, into the organisation in an effort to swell the numbers.(19) The implications of this move were that NAFCOC, essentially comprised of middle class African businessmen, was attempting to unite with the professional sector of the African middle class. Thus it would strengthen its ranks and gain the active participation of that sector in its struggle for change. At the same time NAFCOC would hope to assume leadership of these middle class groups.

Although there is no evidence to suggest that NAFCOC was successful in this direction, the move might have posed serious problems for NAFCOC. While the Government's policies had attempted to retard the emergence of an African middle class, that middle class, because it suffered the same restrictions as other Africans, identified its struggle with that of all

Africans. Consequently, if NAFCOC aspired to lead, by acting as the negotiating body between the Government and the African people, would it have been able to exert enough pressure and, at the same time, retain its moderate position? If the Government continued to exclude Africans from full participation in the economic activities of the country and from political participation then NAFCOC might have been compelled to change its stance and provide a more radical type of leadership in order to satisfy the masses and retain its power.

In August 1977, a new organiser was employed by NAFCOC'S Executive at head office to try to do something about increasing the membership.

Dr. A. Makunyane, President of the Lebowa Chamber, gave several reasons for Lebowa's fluctuating membership.(20) During 1977 the Lebowa Chamber experienced leadership problems resulting in personal disputes and lack of interest by certain Executive members and a general lack of management control. In addition, the Chamber's financial reports were delayed because of the claimed fraudulent involvement of a certain Mr. Cooper in its affairs. Consequently a new Executive was elected in March 1978.

The geographical position of the branches often meant that members were forced to travel long distances to attend meetings. Therefore, it was decided that some of the branches would be sub-divided to make them more accessible to members. The overall effect of these difficulties was a lack of communication.

There was an over expectation on the part of members about the role the Chamber should play in their activities and impatience about the Chamber's achievement of results.

Members had long been keen to develop a milling company in Lebowa and they wanted closer liaison with the Lebowa Development Corporation. The old Executive had done little to promote these activities. Consequently, the new Executive immediately formed committees to deal with these proposals.

In order to improve the overall membership situation the NAFCOC Executive proposed that members of a financial committee should be given the task of getting the membership figures and subscriptions from the Regions. A circular was sent to all Regions reminding them of the importance of submitting written reports.

The following list, which indicated membership of the Southern Transvaal Chamber of Commerce (SOUTACOC) for 1979,[21] demonstrates what NAFCOC was up against in trying to attain clear details about its members and their subscriptions.

Atteridgeville	13 paid up	45 unpaid
Daveyton	33 paid up	47 unpaid
JACOC	15 paid up?	
Krugersdorp	22 paid up	13 unpaid
Kwa Thema	48 paid up?	
Katlehong	15 paid up?	
Mamelodi	30 paid up	55 unpaid
Soweto	100 paid up?	

Standerton	20 paid up?	
Tembisa	64 paid up?	
Tokoza	15 paid up	10 unpaid
Vaal Triangle	85 paid up?	
Witbank	30 paid up	15 unpaid
Vosloorus	39 paid up?	
Duduza (New)		
Balfour (Absent)		
Total	529	185

Whether there was a lack of actual membership or not is hard to determine but what can be determined is the amount of money which NAFCOC was receiving from membership fees. For the year ending 28th February 1975, the affiliation, subscription and membership fees received were R2 814,00,[22] an amount which was far too small to pay the expenses of running the Organisation. Hence, at the beginning of the Five-Year-Plan, NAFCOC'S funds showed a deficit of R5 504,00[23]

These membership claims compare roughly, though not exactly, with claims by other Chambers of Commerce e.g. Lesotho. The President and Executive of the Lesotho National Chamber claim a membership of 10 000.[24] This claim is backed up by the fact that they send a monthly circular to an equal number of people. However a much smaller number actually pay an annual subscription. Only seventy people attended the 1980 Annual conference in Maseru. There are only 800 business ventures in the main commercial centre of Maseru. Only forty White

Standerton	20 paid up?	
Tembisa	64 paid up?	
Tokoza	15 paid up	10 unpaid
Vaal Triangle	85 paid up?	
Witbank	30 paid up	15 unpaid
Vosloorus	39 paid up?	
Duduza (New)		
Balfour (Absent)		
Total	529	185

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members are paid up in the non-racial organisation. These latter points would seem to imply that a great many of the 10 000 are not actually Lesotho businessmen in the entrepreneurial sense. The point is that a great deal of the commerce in Lesotho falls under quasi-Government leadership. The Lesotho National Development Corporation alone handles about 180 companies. Consequently the Chamber circular is sent to many professional management people.

This is not necessarily the case in South Africa since there are about 30 000 known African businessmen conducting their own businesses. Most of the claimed membership of NAFCOC refers to this type of businessman who runs his own business.

NAFCOC'S way out of its membership dilemma was to amend the Constitution to allow a new category of membership as Associate Members. In November 1975 it was agreed that since many White companies, who had dealings with the African market, were keen to be members (the African Bank was cited as one of them), they should be invited to join NAFCOC as associate members.(25) This decision enabled White company representatives to attend and speak at all general meetings and conferences, although they were not given voting rights.

The response from White companies was immediate and by July 1976, these Associate Members stood at forty one.

These were : African Bank of South Africa Ltd.; Norton Company (Pty) Ltd.; Barclays Bank; United Building Society; Anglo American Corporation; The Prudential Equity Building

Society; Afribank Brokers; Glenville Enthoven (S.A.) Ltd,; S.C. Johnson & Son S.A. (Pty) Ltd.; Standard Bank; Index Film and TV Products S.A. (Pty) Ltd.; Maizecor; Barlow Rand Ltd.; Thomas Cook (Pty) Ltd.; Greenstein & Rosen (Pty) Ltd.; Ruto Flour Mills (Pty) Ltd.; Premier Milling Company Ltd.; Gerstle & Hochstadter (Pty) Ltd.; Cargo Motor Corporation Ltd.; T.W. Beckett & Company Ltd.; Superior Rocks and Gems (Pty) Ltd.; United Tobacco Company Ltd.; B.P. Southern African (Pty) Ltd.; S.A. Associated Newspapers; World Printing and Publishing Company (Pty) Ltd.; The Keeble Prins Company (Pty) Ltd.; Coca-Cola Export Corporation; Mobil Cil S.A. (Pty) Ltd.; S.A. Philips (Pty) Ltd.; Legal and General Assurance Society Ltd.; Volkskas Ltd.; Homes Trust Life Assurance Company; Siemens (Pty) Ltd.; Old Mutual; Rembrandt Tobacco Manufacturing Corporation; Nordberg Manufacturing Company S.A. (Pty) Ltd.; W.L. Tansley & Company (Pty) Ltd.; Messrs ICI S.A. Ltd.; Reckitt & Colman (Pty) Ltd.; S.A. Marine Corporation Ltd.; European Banks International.(26)

In August, General Mining and Finance Corporation Ltd.; Jacob Frankel Ltd.; S.A. Breweries Ltd.; and African Oxygen Ltd.; joined the list.(27)

The reasons for this White company response to NAFCOC'S invitation for Associate membership, were several, and some comprised a mixture of these reasons. Generally it provided better scope for wider co-operation and better communication between the Black and the White business communities. However, many saw it as a chance to participate in the development of Black business people. It would be pointless to attempt to

indicate which companies felt this way because, if they had been questioned about their involvement, then most companies would probably have claimed this motive. Nevertheless, there were certain companies, both large and small, which had developed close affiliations with NAFCOC over the years, either in the fields of donations, expertise and advice, or merely on a personal interest level. Obviously companies like the African Bank and the Keeble Prins Publishing Company, which had direct connections with NAFCOC, come into this category. But companies like Unilever , Barclays Bank, Anglo American, Rembrandt and B.P. Southern Africa, to mention just a few, had been involved in NAFCOC'S activities, and were therefore keen to continue their contacts and participation in its development. There were others who, until that time, had had little to do with NAFCOC but who were directly or indirectly economically connected with the African market and African businessmen. Companies like wholesalers, banks and newspaper groups were in this category.

Finally there was the business strategy for survival and what ASSOCOM'S Secretary termed 'conscience money.'(28) Undoubtedly, social responsibility on the part of certain companies was a reason for becoming an associated member of NAFCOC. But it was also sheer common sense on the part of White business to become involved in the activities of the Black business community in South Africa.

> It would be a grave act of folly if the White private sector in South Africa continued to expand without recognising its immense responsibility for the development of a fully integrated economy in which the Blacks would share increasingly as partners... I can therefore only view the introduction of Associate members in our organisation as a process of mutual

enrichment which in the long run will yield enormous benefit for South Africa. (29

Associate membership fees went according to a grading system based on the size of the company though it was left quite flexible so that members who wished could pay more and were encouraged to do so. Membership scale for Associate members was as follows:

Turnover	R5 000 000	R100
	R5 to R10 million	R250
	R10 million and over	R500

The 1977 financial statement of NAFCOC showed a total income of R64 511,35 as against R56 870,00 for 1976. Of this figure, amounts of R19 274,08 were donations from Associate members and R22 783,34 were Associate membership fees.(30)

Therefore, this consociation of Black and White business proved to be of very considerable benefit to Black entrepreneurship not only in its improvement of communication but also in its financial benefits. The ASSOCOM view that most of these companies joined merely to pay 'conscience money'(31) cannot really be upheld. The list indicates that the companies included South African public companies, overseas arms of British and American companies as well as quite small private companies.

In July 1977, NAFCOC added a further type of membership to its Constitution in the form of Special Members. These Special Members were to be those individuals and companies in the

African community who, after satisfying their normal local and Regional Chamber dues, subscribed directly to the National African Federated Chamber of Commerce on the following basis:

A business or individual with an Annual turnover of up to R30 000 pays R30 per annum; R40 000 pays R40· R50 000 pays R50; and R100 000 pays R100; R200 000 pays R200; R300 000 pays R300 membership fees.

These Special members were entitled to the full benefits of ordinary members provided that they in no way neglected their local or Regional Chambers.

Part of the reason for this new type of membership was that it could accommodate those businessmen who wished to join NAFCOC and who had no brarch Chamber in their area. A businessman in Alexandra had sent R30 to join as he had no Chamber in his area.(32) But the main reason was that it was another way of increasing membership fees, and thus income, to be paid voluntarily by those businessmen who could afford to pay more than the ordinary membership fee of R13.

Nevertheless, despite these new categories of membership and the large membership drive after 1975, the projected membership income, with the hoped for 12 000 members for 1979 did not materialise.

The projected membership income for 1979 was R60 000(33) but the actual income was R14 350 from ordinary members and R18 372 from Associate members, making an actual total income

from membership fees of R32 722.[34] This amount, together with donations of R10000,04[35] went some way towards making NAFCOC self-sufficient by 1979 but, the costs and expenses incurred in the running of the organisation rose rapidly, so much so, that the projected cost of running the Secretariat alone, for 1979, was in the region of R64 000.[36]

Therefore, though it would be true to say that Associate member fees and donations did help NAFCOC financially in the years 1975-79 they were not the sole source of income and, by 1979, were supplemented by other sources of income, gained very much by NAFCOC'S own initiative and negotiations.

4.(iii) Income

The third part of the Five-Year-Plan was NAFCOC'S aim to attain a measure of financial self-sufficiency to make it possible for the organisation to meet its commitments. Increasing membership was one way of acquiring funds but the problem of income was something in its own right. There was little chance that membership funds would be able to continue financing NAFCOC'S growing activities.

The plan called for capital of R20 000 per annum for general expenses, rising to R50 000 within five years.[37] NAFCOC'S financial report for the end of 1974 showed a balance of R6 962[38] and the Treasurer complained that the system of fund control left much to be desired since there was much that was not approved by the auditors. He stated that even the sales money from the magazines did not all reach the office. Therefore, by 1975, the problem of finance was

twofold; firstly to get enough funds, and secondly to channel the funds that were raised in an efficient manner. Apart from funds accruing from membership fees, fund raising in the organisation took various forms, some minor and some large scale.

NAFCOC'S magazine African Business brought in a certain amount of money from its sales to non-members in the regions. All members received their copies free of charge. About 4000 copies, usually the Conference issue, were donated annually by the publishers to help bring in funds. In addition a sum of about R3 000was donated from the proceeds of the Annual Conference programme.

Inyanda Chamber spent a good deal of its time during 1974 and 1975 organising football matches and live shows as well as a Jackpot competition which they organised with 'The World' newspaper.(39) But the most important small fund raising efforts were the beauty contests which the Chambers ran to find a 'Miss NAFCOC' and later a 'Miss Black Bank'. Committees were organised to lay down rules governing the annual contests. In 1976 there was so much interest in them that it was necessary to apply stringent rules so that there was better judging, and disciplinary measures could be taken against those who displayed unbecoming behaviour at the contests since it was brought to the notice of the National Executive that the behaviour of some members at the contests left much to be desired.(40)

The finals were held each year at the Annual Conference with the contestants usually being housed in a separate hotel from

conference delegates. The sponsorship of prizes for these contests turned into something of a competition between the White sponsoring companies when, after a Potchefstroom company donated a trophy in 1974,(41) United Tobacco donated a prize of R500, Permanent Life Assurance donated R500 in 1977,(42) Beechams donated gifts in 1978, and the Elida Gibbs Company sent in a proposal in 1978 to give the Regions R200 for sole rights to sponsor the Beauty contests. They also offered R500 as a cash prize to the National body for sole rights to sponsor the National Competition.(43) This proposal was turned down with such vehemence that the National Executive recorded, 'that no company shall be allowed to dominate our Organisation in any manner whatsoever.'(44)

The 1977 figures reveal that R403 were the proceeds from the Beauty Contest(45) as against R367 in 1975,(46) the value of the prizes far outstripping the proceeds.

Sponsorships provide an excellent springboard for publicity. Basically sponsorship can be broken down into three main categories.(47) These are:

1. External special events, which usually involve the sponsorship of a number of organisations and focus attention more on the events themselves than upon an individual sponsor. Conferences fall into this category and they offer specific publicity opportunities in the form of newspaper coverage, assembling representative leaders of organisations from all over as well as interest to the public as legitimate news.

2. Internal special events, which usually involve the sponsorship of a single organisation and focus attention more on the sponsor than on the event. Contests like the Black Businessman of the Year competition are in this category. The accompanying banquet ceremony and presentation of prizes symbolises and dramatises accomplished facts and there is also the possibility of sustaining a series of stories throughout the course of the competition. Public service programmes are also included under this heading, where many companies engage in a 'public service' type of operation, which simultaneously performs a good deed and generates widespread public interest and news coverage, for example, the provision of educational facilities.

3. Gimmicks, differ from other special events in that they are more of a single shot operation. A company's sponsorship of a beauty contest would fall into this category.

Frequently, sponsorship as a form of publicity, is confused with other activities such as advertising. However, there are four characteristics which identify advertising. (48) These are:

1. It is paid for by the advertiser.
2. It is a non-personal presentation.
3. It is used to sell ideas and service as well as goods.
4. It has an identifiable sponsor.

Assuming a company decides on sponsorship, as its medium of publicity, it might be interesting to consider why it should

choose to do this through a Chamber of Commerce.

Chamber of Commerce organisations to which businessmen belong can influence the thinking and decisions of their members. The President of such a group often has much to say about the organisation's official attitude. In addition, every opinion leader has a following in his community or sphere of activity, for example, editors, ministers, teachers and public officials.(49)

The task of obtaining an organisation's endorsement can sometimes be accomplished by simply contacting the President in person. Or, it may be as complicated as canvassing all members of a committee, sending a speaker to address the membership or making personal contacts by telephone call to key members and committee chairmen. The support of such leaders can be publicised in the press.

Therefore, a Chamber of Commerce can be an excellent publicity medium within a community.(50) The well organised Chamber's programme of activities encompassing publicity about the development of business, negotiations with government and general contributions to community welfare, all offer raw material for an imaginative publicity executive.

A Chamber may award plaques or certificates to companies for suitable accomplishments thereby making legitimate business news.

By making these events legitimate and newsworthy, acceptance is built up in the media and benefits accrue to the association, its members and the community.

NAFCOC gained other sundry income from the sale of badges, cuff links and ties as part of the NAFCOC uniform which was adopted in 1975.

Another interesting method of fund raising was the 'Malihambe', or spot cash collection. This appears to be a peculiarly African traditional way of collecting funds, where those present at the meeting, after being goaded and cajoled by the Master of Ceremonies who stirs their consciences about a particular project which needs more funds, respond by placing whatever small cash they have available into an open box, which is passed between them. The collection is accompanied by much laughter and loud cheers as each person dips into his or her pocket trying to better the last person. During a meeting on 18th August 1975 a collection of this sort resulted in R739,10[51] being raised for funds. A similar collection was also made amongst the many guests and officials, both Black and White, who attended the opening of the African Bank at Ga-Rankuwa in 1975.

However, these small fund raising efforts apart, most of NAFCOC'S funds in the years directly following the Five-Year-Plan came from donations from White companies. In many cases these were solicited by NAFCOC who regularly sent out letters to companies asking for sponsorship for its various activities. Positive responses were nearly always forthcoming.

NAFCOC'S main sources of income can be divided into five categories. The first three are donation income whereas the last two involve business initiatives.

4.(iii).(a) Small donations and prizes

In 1974, Reckitt and Colman ran a competition with a prize for the new NAFCOC c. . and emblem.(52) Unilever donated the President's Shield for the Region with the best achievement in 1975.(53) This was followed, in 1976, by Reckitt and Colmans R250 prize and trophy for the fastest growing Chamber.(54) They also contributed Certificates of Merit and gifts to Associate members, a new scheme started in 1976.(55) Mobil Oil donated a Presidential Chain of Office in 1977.(56)

4.(iii).(b) Donations for conferences

With the increased attendance at the Annual Conferences, this proved to be one of NAFCOC'S largest expenses. Consequently sponsorship of the various aspects of the functions was sought from as many companies as possible. The total cost of the 1976 Conference was R9 247,32, less income from Registration and amounts paid to hotels etc. of R6338,00, resulting in a cost to NAFCOC of R2 909,32.(57) In 1977 an amount of R29 020 was paid to a Cape hotel for conference expenses and the figure was rising yearly.(58)

Unilever sponsored the Annual Banquet but in February 1976 they sent a controversial letter asking what benefits would accrue from their Associate membership. They wanted their

case to be treated as special since they were old sponsors.(59)

This query seems to have come from one of Unilever's officials on his own initiative. Since he was the person actively involved in supporting NAFCOC events with sponsorships from his company, he merely sought an explanation from NAFCOC about why he should ask his company for still more funds to be channelled into African sponsorship. The consensus of the Executive was that Unilever was not the only firm to have given NAFCOC 'unstinting' support. A letter was sent to Unilever to that effect expressing gratitude for services rendered but they could not see their way to acceding to Unilever's request.

S.A. Breweries, Stellenbosch Wineries and Coca-Cola usually donated drinks and liquor at the Conferences. In 1977, S.A. Permanent Life donated a Cadillac car to the President.(60) This donation put NAFCOC in a quandry since it questioned whether a Cadillac car would harm the image of NAFCOC. After a discussion the consensus was that it would not. Nevertheless they agreed to dispose of it after six months. It was said to be a 1965 model anyway.

The list of donations for the 1978 Conference reveals that quite large amounts were given by Associate members: Permanent Life R12 000 including folders and reception; B.P. R1 000 Transport and Braai; Alida Gibbs R1 000 Beauty Contests; Standard Bank R2 000; S.A. Breweries R2 000; Coca-Cola R2 000; Via Afrika R1 000; Barlow Rand R1 000; UTC R7 000 and Carlton Paper R500.(61)

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4.(iii).(c) Donations for particular projects

Donations for particular projects were usually, though not always, given by Associate Member companies or institutions. In 1974 the 'Bread of Life' organisation gave R15 000 for printing the African Bank prospectus.(62) The following year several companies gave funds for the establishment of the Secretariat. General Motors gave R2 000 and Toyota R10 000 towards NAFCOC'S general office expenses.(63) In 1976, the United States-South Africa Leader Exchange Programme (hereinafter USSALEP), in its careers development programme, donated R6 000 over six years, for management training.(64) This was followed, in 1977, with Anglo American's contribution of R7 000 annually towards educational training courses.(65) Though these latter donations did not strictly add to NAFCOC'S funds they were given to, and administered by, NAFCOC in its general expense account. Similarly, in 1978, when NAFCOC established an Education office, Anglo American and Rembrandt Tobacco Company donated R5 000 each, Barlow Rand R3 000 and Mobil Oil R10 000 per annum for five years.(66) Shell Oil donated R26 000 towards the Blackchain project in 1978.(67)

Since 1974, Gilbeys Distillers and S.A. Airways have sponsored the Black Businessman of the Year award, run by African Business magazine in conjunction with NAFCOC.

There are several reasons for these large donations from mainly big South African companies. But the reasons, in most cases, would appear to overlap so it would be

unwise and unfair to indicate any particular reason for a specific company.

Obviously, in some cases, donations might have been given with a particular idea in mind, for example, publicity from sponsorship, but this need not necessarily preclude philanthropy. It would appear that most of the donations, given either at the direction of individual company executives or at the direction of company board policy, were presented with one or more of the following reasons in mind:

(a) With a genuine view to help with the upliftment of African business in South Africa. A natural concomitant of this would be that if African business was upgraded then business in general would expand.

(b) Solely for publicity. Many large sponsorships could be put into this category.

(c) For publicity and White business expansion, as well as for publicity accrued from helping Black business.

(d) Conscience money. This could be the individual's conscience who persuaded his company to donate the money or it could involve all the members of the company's board.

(a) and (d) overlap in that a genuine desire to do something to help Black business, particularly after the 1976 riots, often involved the consciences of the donors who had not done more in the earlier years. Some decisions to donate, as in the case of Anglo American, were made by the Board on behalf of shareholders, when Mr. H. Oppenheimer announced that it was 'the moral duty of companies to invest i.e. donate company funds towards the upliftment of Blacks in

South Africa.'(68)

Some sponsorships gained very little publicity over the years but they were continued with, either in the hope of increased publicity, and therefore sales, or because there was an underlying philanthropic reason on the part of the sponsors. Again it would be foolish to pretend that most White company donors were merely being beneficent. Most probably saw the value of the African market and were keen to be involved with it in any way possible even if that meant giving large donations in the early years so that they could benefit later on.

4.(iii).(d) Quid pro quo offers - business initiatives

During the years of the Five-Year-Plan and with the corresponding growth of the Chamber, NAFCOC received many business offers from White companies. Some were accepted for specific reasons while others were refused outright. The increased interest of White business in the Black consumer market in the mid and late 70s stemmed from two factors. First, the increasing Black buying power which arose from the rising Black wages. Second, the changes in legislation after 1976.

At the beginning of the 70s it was widely claimed that Blacks had gained little from economic growth in South Africa. The example of the mining industry, where real wages declined between 1911 and 1969, was used, although it was also claimed that, even in manufacturing, construction and commerce, few

Blacks had gained.(69) However, as indicated earlier, these claims were disputed by people like Merle Lipton, who showed that in many sectors Blacks had made substantial gains in real wages. Consequently, most researchers accepted that real wages of Blacks had increased since 1960.(70)

Changing trends in personal disposal income, claimed personal income and employer income confirmed that from about 1972 the ratio of White to Black incomes began to narrow.(71)

The need for higher wages to increase the Black's spending power and reduce the expanding wage gap between White and Black wages became a matter of urgency only after 1971 when discontent prevailed amongst workers in the form of militant African strikes. These strikes, which continued for two years, started in December 1971 with the Ovambo strike. This was followed with strikes by African and Indian workers from October 1972 to February 1973 until, eventually, about 50 000 workers were on strike in Durban. There was also a walk out en masse by part-time Black doctors in Soweto clinics, a strike by Durban and Cape Town stevedores, a strike, in January 1973, by 5 000 brickworkers in Durban, as well as strikes by other smaller groups.(72)

These strikes brought wage rises and, after 1972, there was a narrowing of the wage gap.

The following figures show the narrowing of the wage gap by 1974:

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The following figures show the narrowing of the wage gap by 1974:

	1969	1974
Gold Mining	20 to 1	11,9 to 1
Manufacturing	6 to 1	4,7 to 1
Construction	6,9 to 1	4,9 to 1
Commerce	4,2 to 1	3,8 to 1
Government Service	6,2 to 1	4,6 to 1(73)

However, possibly more important than the wage gap or the new rises was the wage level compared with living costs. A survey by the Productivity and Wages Association found in 1971-1972 that, in private industry, eighty five per cent of Africans were paid less than R15 per week, while the Poverty Datum line for Johannesburg, caused partly by a rent rise in August 1972, was estimated, by the city's non-European Affairs Committee, at R73,55 per month for a family of five, while the minimum effective level (hereinafter MEL) was one and a half times as much. Assuming two-thirds of a family's income was derived from one wage earner, the breadwinner needed R82,18 per month to keep the family at the MEL.(74)

Although, as Merle Lipton states, from mid-1971 to mid-1975 (when the annual Black industrial wage equalled R1 264), wages increased by thirty seven per cent, an annual rise of 8,2 per cent since 1972, food prices rose much faster than the general cost of living index, by which these rises were deflated. Nevertheless, there was a rapid and accelerated real rise.(75)

Subsequent calculations of income shares by Nattrass confirmed

the redistribution trend since 1970, showing a clear shift of personal income from Whites to others (including Coloureds and Indians), whose share increased from twenty six per cent in 1970 to thirty two per cent in 1975 - a rise of over one-fifth in five years.(76)

In 1975, when researchers were looking for quantitative bases on which to forecast potential markets for certain durables, they discovered that the average expenditure of Black urban families (as surveyed by the Bureau of Market Research in Report fifty four) equalled for the first time the lowest White income group measured in the Department of Statistics survey of Household Expenditure. They also discovered that, if Black incomes grew at the 5,3 per cent for Blacks postulated in the Theron Report, then the income of the average urban Black family would, after ten years, slightly exceed that of the second lowest income level in the White Household Survey in 1975.(77)

These discoveries led to questions being asked in all business sectors about how fast Black markets would grow, what future there was in the traditional White markets, and how far (and in what sectors) Black spending would offset the fall-off in these traditional markets.

During 1977 it was estimated that Blacks spent R3 800 million and, by 1990, it was projected that they would account for fifty per cent of total expenditure in South Africa.(78)

Table eight indicates Black households by income for Soweto,

Table 8

Preliminary Marketing Feasibility Study for Development of a Business Centre - Pimville Zone 7, Soweto
The Urban Foundation, March 1979

Black Households by Income

Income Intervals	Soweto	Dube	Alexandra
R (Sample Size)	508	307	316
	%	%	%
0 - 500	2,8	2,0	6,6
501 - 1 000	4,9	3,2	6,0
1 001 - 1 500	11,0	11,7	14,6
1 501 - 2 000	14,2	7,5	18,1
2 001 - 2 500	15,4	16,5	15,8
2 501 - 3 000	11,6	7,8	9,8
3 001 - 3 500	10,5	7,2	11,1
3 501 - 4 000	8,1	7,8	5,4
4 001 - 4 500	5,5	7,2	5,7
4 501 - 5 000	4,1	8,5	3,5
5 001 - 5 500	3,4	2,6	1,9
5 501 - 6 000	2,2	1,6	0,6
6 001 - 6 500	2,0	5,2	0,6
6 501 - 7 000	1,8	2,6	0,0
7 001 - 7 500	0,8	2,0	0,3
7 501 - 8 000	0,2	1,6	0,0
8 001 - 8 500	0,4	1,6	0,0
8 501 - 9 000	0,2	2,0	0,0
9 001 - 9 500	0,0	0,4	0,0
9 501 - 10 000	0,0	0,0	0,0
10 001 - 10 500	0,4	0,6	0,0
10 501 - 11 000	0,4	0,2	0,0
11 001 - 11 500	0,0	0,0	0,0
11 501 - 12 000	0,0	0,0	0,0
12 000 +	0,2	0,2	0,0
TOTAL	100,0	100,0	100,0
$\bar{x}$ (Arithmetic mean for average annual income in Rand)	2 950	3 606	2 353
σ (Sample error)	80,2	129,8	73,6
95% Confidence interval	2 793- 3 107	3 352- 3 360	2 209 2 497

Number of inhabitants } BMR 1977 more than one million
Average income } R2 950 = R245 per month
Average household size } 5,9

Dube and Alexandra in 1977, where the average income was found to be R245 per month in an average household size of 5,9.

Therefore, if Black incomes continued to rise at even 5,3 per cent per annum in real income, their expenditure patterns would more closely resemble that of Whites. These facts, together with changes in legislation after 1976, began to make the demands on both Black and White retailers similar. Consequently, changes were necessarily occurring in Black retailing in order to compete, and this change affected wholesaling which was largely in White hands. In many cases, White business interests, aware of the changing income and expenditure patterns, sought avenues into the Black market by attempting to unite commercially with Black businessmen.

In 1976, Thomas Cook travel agency offered credit facilities to Chamber members.(79) During 1978, when most offers were made, McCarthy Motors offered to donate to NAFCOC twenty five Rand as commission for every car bought by a Chamber member.(80) This offer was accepted provided NAFCOC continued to advertise its own people in similar businesses. A proposal by Consolidated Power, dry cell battery manufacturers, to sell its products through members outlets was approved provided that members were contacted directly.(81) Via Afrika proposed that, in partnership with NAFCOC, they should start a Stationery Manufacturing company.(82) A committee was set up to look into this proposal and at the same time the NAFCOC Executive reasoned that they should exercise caution when working on similar programmes so that they could be tackled systematically.

After several months of negotiation, this offer fell away when Via Afrika decided, instead, to establish stationery manufacturing companies in the homeland areas in conjunction with the Governments of Bophuthatswana and KwaZulu.

An offer from Wimpy Restaurants for Chamber members to be involved in their franchise operation was rejected as being unacceptable to the organisation.(83) The reason for this was that a pilot operation had been started in Umlazi the previous year and had not met with much success. It was found that, since most Africans were employed outside the township during the day, the restaura did little business. In the evenings, when workers returned to the township, they seemed to prefer eating at home with their families. Therefore business was slack at that time too.

Franchising undoubtedly has much to offer the small businessman since the system represents a means of marketing a product or service and generally expanding his business without depleting capital, going heavily into debt or diluting his ownership through the sale of equity. Staff are usually better motivated, there is a common marketing approach and most franchisers provide training programmes. In the United States, the International Franchise Association estimated the failures in the first year of operation of independent non-franchise operations at between fifty one per cent and fifty seven per cent, whereas the failure of franchise operations, in their first year, was put as low as two to four per cent.(84) In the United Kingdom ninety five per cent of independent businesses fail within five years, whereas, again, franchise failures remain at a low level of two

per cent.[85] Although franchisers claim that their operations are valuable because they impart know-how and create self-employed businessmen, in the case of South Africa, franchisers' attempts at entry into urban African townships, particularly in the field of 'fast food' restaurants, appear to have overlooked the prevailing situation. Consequently, it would seem that, until workers are able to find employment closer to their homes the development of franchised 'fast food' outlets in the townships is limited.

Therefore, NAFCOC'S rejection in this case was on purely economic grounds.

Kodak's invitation, to assist businessmen willing to open up photographic businesses, was favourably received by NAFCOC.[86]

The USA Johnson and Johnson company wrote to NAFCOC stating that they were keen to involve it in a business supplying and distributing Black beauty products in South Africa and its neighbouring territories.[87] It was emphasised that the partnership should be with NAFCOC rather than with an individual (a former President of NACOC had approached them before). There was a positive response to this proposal since it was felt that the Chamber should be innovative in its business dealings if Black business was to progress and prosper. However, a note of caution was sounded when it was realized that no one Chamber branch was strong enough to handle the project alone. The President took on the responsibility of further contact with Johnson and Johnson, and, together with Minister Nxumalo of the Swaziland Government (who had shown an interest in the proposal), he later visited the American

company. A year passed and nothing positive was achieved. The reason for this was partly Johnson and Johnson's insistence on dealing with and having Black partners only. But an added stipulation was that the company should be registered and operated outside South Africa, probably in one of the neighbouring territories. This explained the involvement of Swaziland interests. Although NAFCOC tried hard to establish this company it soon became obvious that there were too many problems, in areas such as capitalisation and company control, for NAFCOC to become actively involved in such a venture. Consequently, tne project was dropped.

A further business proposal, from a local Coal Merchant Company, was rejected when it was decided to support instead, Mr. S.J.J. Lesolang's (the Chamber Treasurer) company's project which was stated to be similar.(88) An unrevealed offer from the Institute of Retail Management was rejected outright. NAFCOC was particularly wary about offers from institutes and educational institutions because many were found to be taking money from Africans without really providing suitable or satisfactory courses.(89) Again, some conflicted with NAFCOC'S own educational courses.

Most of these offers, those accepted and those rejected, appeared to be normal business deals, with NAFCOC or its members participating as far as possible in a normal free enterprise way. There were several other similar offers. The reasons why many came to nothing, or NAFCOC saw fit to reject them, appear to have stemmed from a concern to protect the particular business interests of members, a lack of

immediate Black capital and expertise and the desire for better business deals.

It is also possible that, in some cases, NAFCOC felt that the companies expected too much from them in the way of shareholding, capital, expertise, publicity or even the acceptance of 'charity' in the form of donations. Any one of these 'expectations' could have been a cause for failure or rejection.

There were other business proposals made to NAFCOC which more clearly reveal NAFCOC's stance in this regard. Some companies, particularly those in the wholesale and grocery retail trades, were keen to tie up with NAFCOC as an organisation. The objectives behind the offers of a partnership with NAFCOC included good publicity for these companies, with increased membership awareness of them, as well as press coverage, since NAFCOC was in an influential position in the African business sphere; increased sales with profits to the companies and to NAFCOC; and, to a lesser degree, an attempt to promote African business. Nevertheless, NAFCOC rejected some and accepted others. It rejected those that tended to conflict with its interests and chose those that it felt would be in the best interests of NAFCOC.

As early as 1974, Metro Cash and Carry, which had taken over Afmark, NAFCOC'S 'old friend' from its Buy At Home Campaign in 1969, suggested that it was interested in taking up equity in the Black Bank.(90) It would also contribute towards the running and establishment of NAFCOC'S office.

During 1974 NAFCOC indicated that it was to go ahead with its plan to establish a chain of Black owned supermarkets to compete with the White giants in the field. Therefore, Metro, as a wholesale operator, saw this as a good chance to enlarge its operation if it could sell merchandise to the proposed supermarkets. Metro, having already established its bona fides with NAFCOC, stated that it was keen to establish a partnership between itself, Tswana entrepreneurs from NAFCOC and the BIC, to develop a cash and carry wholesale outlet near Rustenburg. Metro, a public company, was prepared to make skills available to such a partnership.

> The partnership would benefit from Metro's already established buying power and depending upon financial arrangements.., Metro would contribute its share of the capital.
> The benefits to Tswana traders and consumers would be numerous - the most significant being a reduction in consumer prices. (91)

Despite the 'carrot' offering, NAFCOC did not take up this offer. The main reason was that NAFCOC wanted to continue with its own project of a wholly-owned and run Black retail chain. In addition, NAFCOC was not interested merely in a wholesale business since it hoped to incorporate both retail and wholesale into its own project. Neither did it want to confine the trade to Tswanas because the original concept was for a nationwide business. Lastly, NAFCOC was definitely not interested in a business venture which would involve the BIC in any way since it smacked of partnership with a Government agency. Other hidden details of NAFCOC'S expected capital involvement could also have contributed towards the refusal. That Metro's heart was not really in the proposal or that NAFCOC was right to refuse, possibly came to light some years later, when, in 1979, Lionel Katz,

Metro's Managing Director, commented on the company's expected sales of R450 million, by saying, 'I didn't build that out of philanthropy.'(92) He added that it was a case of you scratch my back and I'll scratch yours. 'I am where I am because of black trade. To a degree black trade is where it is because of me.'(93) He further stated, in a complete reversal of his 1974 policy, that he did not believe in a partnership philosophy to advance Black entrepreneurship, admitting instead that he had been lobbying for overdraft facilities, lease protection and training facilities for Black businessmen. 'This is what is needed - not a partnership philosophy.'(94) Katz felt that more realistic and practical solutions could be found to aid the development of Black business if Africans had access to credit facilities and better training and if they had security of tenure of their businesses, rather than merely relying on the injection of White capital in the form of partnerships.

Pick 'n Pay's offer in 1977 also fell victim to Black businessmen's rejection of White capital as long as it jeopardised 'our controlling role in our business.'(95) Pick 'n Pay, a White retail group, started in 1967, comprised thirty nine supermarkets and five hypermarkets throughout South Africa with a combined sales of more than R400 million, proposed that it would share its ownership in enterprises in White areas.(96) This was the first proposal of this sort. Basically there were to be two companies, one in which Pick 'n Pay held eighty per cent shareholding in White areas with NAFCOC, or its proposed Blackchain* trading arm, acquiring twenty per cent of the equity of all future Pick 'n Pay

*See The Blackchain Company Chapter 8 (i)

stores in White areas; and another in which NAFCOC would hold eighty per cent shareholding in Black areas and Pick 'n Pay acquiring twenty per cent equity in all Black area stores. Pick 'n Pay proposed to supply expertise in the form of management control as well as training and credit facilities for supplies.(97)

Initial reaction to this offer among Chamber members was one of overwhelming support in favour of a partnership arrangement in the manner proposed. However during the following six months there was a complete reversal of opinion. It would seem that Pick 'n Pay itself was partly to blame although from the final reasons given for the rejection of the offer it would appear that there was never any real likelihood of the project being given the go ahead.

From the start NAFCOC was keen that a large flagship store with R1 million investment and turnover of R500000 should be the initial plan. Then would come the smaller convenience stores. Pick 'n Pay's idea was the reverse. In addition Blackchain wanted to be free to reserve the right to determine which of its outlets it would prefer to run jointly with Pick 'n Pay, since it did not want to be swallowed up, nor rendered ineffective, in its influence within the Black community. Pick 'n Pay pushed for joint ownership in all Black stores.(98) But, more important, NAFCOC stated that its basic requirement in Black areas must be a fifty one/forty nine per cent partnership with Black control in the flagship type store, before it would consider the eighty/twenty deal in the smaller convenience stores. In 1975 Pick 'n Pay's Raymond Ackerman had said that he would be willing to have fifty one

per cent Black control of any venture he might undertake, provided that he was given guarantees that Pick 'n Pay could recoup any capital that they invested and make a reasonable profit.(99) In 1978, by rejecting NAFCOC'S insistence on fifty one per cent he was presumably doing so because he felt that Pick 'n Pay would not recoup its capital and make a reasonable profit, if it had only forty nine per cent equity in a large store. Whatever the reason Ackerman was fairly confident that his offer would be accepted and indeed, in April 1978, had been led to believe that the eighty/twenty shares deal was acceptable to NAFCOC.(100) In July 1978, in an interview published in To The Point, Ackerman announced the scheme stating that,

> We are trying to do it on an eighty/twenty basis to convince black traders that we are not trying to intrude on their preserve, but that we genuinely want to help them to become entrepreneurs. (101)

However NAFCOC was not convinced, neither did it appreciate Ackerman's untimely press statement, and, in the same week, sent Pick 'n Pay its formal rejection of the whole proposal.(102) The reasons given were that

> whilst partnership between Black and White business was considered desirable in business ventures where Black businessmen had not yet acquired the necessary expertise, it was felt that there was at present no need to extend Black/White partnership into the retail trade, especially in view of the creation of Blackchain which intended to establish larger retail facilities in Black Townships all over the Republic. (103)

NAFCOC had rejected the offer because it felt that such a partnership was not realistic in the existing climate and NAFCOC had established a policy of insisting upon at least fifty one per cent of equity, from the onset, in any operation

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which it initiated for its members. Because of the lack of facilities in Black areas it was likely that far more supermarkets would be opened in Black areas than in White areas. There appeared to be a near saturation point of supermarkets in White shopping centres, consequently Pick 'n Pay's gain in Black areas was likely to be far greater than Blackchain's in White areas. Enthusiasm over the launching of its own Blackchain company led NAFCOC to the decision that it would be better to pursue that project in order to build first and so place itself in a stronger position to negotiate with similar White groups at a later stage.

Although Pick 'n Pay's proposal was initially felt to be well-motivated there were other offers, from White companies during 1978, which NAFCOC reasoned would be detrimental to the interests of its members. Under circumstances where Black and White businessmen had equal rights and opportunity to trade wherever they wanted, NAFCOC would have considered these business offers from White companies to be a healthy development.

Another method of penetration of Whites into African business involved the use of front organisations whereby a White nominee leased premises for a member of another race group. Although this custom had a long history already restrictions had undoubtedly led, during the late 1970s, to the spate of front operations and, in the view of Nigel Mandy of the Johannesburg Central Business District Association, the practice held 'the possibility of corruption.'(104) Nevertheless, the practice appeared to be quite widespread and was not confined to White Central Business Districts. It took place in White zoned business areas which were close to African townships. One African accountant

operated his business from a Kempton Park White zoned office area near Tembisa. He had no fear of being closed down because he employed Whites whom he was quite prepared to say owned the operation instead of himself.(105) Fronting also took place within African areas whereby Whites owned the businesses and used Africans as the 'front' owner. A large supermarket and night club in Kwa Mashu ostensibly had an African proprietor but the business was owned by a company of French accountants. Similarly, in Soweto, many small businesses had Indian owners and African 'front' proprietors.(106) The overall situation had caused much bitterness amongst African businessmen, as well as businessmen from other race groups, who contested the necessity for nominees, which were in fact encouraged by law, in order to operate a business, when the Government, meanwhile, professed to support a free enterprise system in South Africa.

It is interesting to note that these reasons for the increase in front organisations in recent years differ from the reasons given during the 60s when similar complaints were made about the number of frontmen operating in the townships.

In 1964 it was revealed that the Johannesburg City Council was aware that some African businessmen did not own their shops and that the businesses were owned by White wholesalers.(107) Consequently the Council let it be known that it was about to start a campaign to weed out those African shopkeepers who did not own their own businesses. To this end it met with thirty five well-known African traders to discuss a complete overhaul of trade in Soweto - and a proposal for ' complete apartheid' in the townships. The deputation of African traders

was led by Mr. R.J.P. Maponya, President of the African Chamber of Commerce. One of the chief complaints was against White businessmen who used African 'pirates' to compete against licensed traders. He said that Africans were expected to pay for milk in advance but found that the milk was sometimes diluted and delivered late. Tenders for coal in the townships, given to Whites, when African firms were capable of doing the job, was another complaint.(108) But the reasons for the many frontmen operating in the townships at that time, which the negotiations set out to stop, were basically financial. A prospective African businessman spent all his savings in putting up his business premises. Then he found himself without cash to buy stock. Consequently he acquired goods on credit from White wholesalers on condition that he bought his stock from that wholesaler. When he failed to do so, or when he defaulted on goods already acquired, the wholesaler took over his shop. In these cases it was advantageous for the White wholesaler to retain the shop so that the African shopkeeper, then wholly at the mercy of the wholesaler, continued to sell the wholesalers stock and no-one else's.

The Council decided that the only way out of the dilemma was to discontinue the policy of allowing Africans to build their own shops in Soweto. Instead, the Council hinted that it might in future build modern shopping centres and lease the premises to African businessmen.(109)

Therefore, whereas in the 60s frontmen took advantage of the plight of the African businessman's lack of capital, in

the 70s African businessmen themselves seemed to be prepared to allow frontmen in the townships because of the licensing difficulties. In these cases they would rather act as a manager than not be in business at all. However, in White areas it was a different question. There, African businessmen were keen to conduct businesses and expand into business, such as banks, accounting and financial institutions, which were prohibited. Consequently the only recourse open to them was a 'front' while they themselves actually owned the business.

Another attempt by White business to infiltrate the Black market without Black partnership occurred during 1977, when White property developers proposed building a shopping complex at Sondelang on the border of Soweto. This scheme was vehemently opposed by all Black businessmen in Soweto. But, these businessmen realized that if they were to succeed in stopping the building of this complex they would have to speak with a united voice, through recognised channels of communication. However, in Soweto, petty jealousies and personal ambitions had tended to hinder the advancement of Black business associations and the National African Chamber of Commerce, in particular, was not generally accepted by Black businessmen.

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two thousand traders.(110) One of the problems in Soweto had been the grim and constant struggle for positions and leadership which had raged within Chamber circles since the days of P.R. Mosaka in the 50s. This struggle for positions became the prime consideration. In the 70s leading businessmen like Richard Maponya, who had been President of the Chamber in the 60s, and E. Tshabalala, found their positions usurped by newcomers. In February 1975, the National Executive appointed a Committee to look into the difficulties of the Soweto organisation. Because of the problems it was found that many traders avoided the Chamber or joined other smaller business associations in the area.

Sam Motsuenyane, NAFCOC'S President, called for an end to the worthless, time-consuming struggle for positions and for the beginning of a new era of progressive and competent Chamber leadership. The NAFCOC branch in Soweto should have been the biggest and best organised branch in the Republic, but it was not.(111) Mr. J. Kumalo, President of the Soweto branch, warned local businessmen that he could not continue to represent them unless they were prepared to work together so that the Soweto executive could become an effective force, truly representative of local businessmen.(112) After these calls for unity, Mr. David Pooe, President of the Southern Transvaal Region, reported favourably that Soweto had taken to heart the warning and had held several well attended traders meetings where support for NAFCOC was affirmed.(113) But this support was shortlived when some JACOC members complained that the rents issue, which arose

when shopkeepers rents were increased in April 1975, was ignored by NAFCOC.

Then, in 1976, the new Soweto Traders Association was formed, which complicated matters further for this region of the National Chamber. By 1978, there were three traders associations in Soweto. However, at NAFCOC'S 1978 conference in Durban, the new leaders of the Soweto Traders Association, by then the largest of the three traders organisations, declared its support for NAFCOC and affiliated to the organisation.

This affiliation came about largely through the desire for unity among Soweto businessmen in order to fight the threat of the proposed White Sondelang shopping complex.

Early in September 1977, the fears expressed by some Soweto businessmen, about NAFCOC'S Blackhain project faded with the announcement of the Klipspruit Sondelang shopping centre to be established under White auspices. NAFCOC leapt to the defence of Soweto businessmen and led a delegation to meet the Johannesburg City Council on 7th September 1977. NAFCOC stated that it supported the establishment of a Central Business District at Jabulani Civic Centre and was negotiating the establishment of a shopping centre and supermarket complex to house a branch of its Blackchain company. NAFCOC asked for Sondelang, which bordered Soweto, to be incorporated into Soweto as a regional shopping area, offering business opportunities to Blacks only.

The City Council expressed surprise at the delegation's comments saying that, it had been totally ignorant of the attitudes of Black businessmen and their aspirations to take the initiative in the establishment of business themselves. The City Council promised to review the matter, although the White company concerned had already secured the necessary permission from the City Council.

NAFCOC stated that Mr. Aron Cohen, the company representative, had failed to convince it that his project would not prejudice the development of the Blackchain project and the small businesses in Soweto.

> In the course of a protracted verbal battle with this company, which culminated with NAFCOC sending a deputation to meet the Minister of Plural Relations, a great deal of publicity, and consequently support for the small businesses, was generated. (114)

The Minister also stated that he was opposed to the Sondelang project.

Although the provision of a wholesale arm for Blackchain might have served to allay the fears of Soweto businessmen, White wholesale operators were very wary of NAFCOC'S announcement that it was to go into the wholesale business. In an effort to stem this possible competition several White wholesalers made offers of partnership with NAFCOC during 1978. Some companies entered into activities which in fact tended to hinder or fragment the attempts at unity, taking place in Soweto, among the Black business community. Gerstle and Hochstadter, a large White Reef wholesale company, sought to establish a joint venture with Black traders on the Reef and Pretoria.(115) Here, again, NAFCOC,

and the directors of the Blackchain, held consultations with the company's directors which did not result in an agreement being reached. The proposed scheme was not acceptable to its members. Consequently, the company contacted traders in the problem area of Soweto, who were not connected with the NAFCOC movement and encouraged them to join independently in a trading scheme.

In May 1978, Gerstle and Hochstadter announced that it had sold forty nine per cent of its shares to Black traders. The sales were carried out as a private transaction between existing shareholders and traders, and involved about 200 traders.

As part of the deal, the existing shareholders would buy back the shares any time up to one year after the purchase if the new shareholders were not satisfied. In addition, shareholders qualified for special rebates on purchases and the company would continue to assist traders with merchandising techniques. Four Black directors were elected to the company's board in July 1978.(116)

Another White wholesaler, who faced the expected strong competition from Blackchain was the Spar Group. It too moved into Soweto to deal with Black traders outside NAFCOC. The group joined these Black traders in a 'Spar' type traders guild organisation, but no participation, by Blacks, in the wholesale venture was given in return and it remained totally White controlled until 1980 when it was announced that a Black had been invited to join the Board.

Rubinstein states that there are basically two types of associations of Black retailers in South Africa, (i) Chambers of Commerce, and (ii) Buying/Supplier Associations.(117) This erroneous assumption further underlines the White view of Black bus. ess which divides that business into those that deal with Blacks and those that deal with Whites.

Firstly, there are Black Chambers of Commerce which are open to all Black businessmen, not just Black retailers. Therefore, they are also open to those Black retailers who choose to belong to the White controlled wholesale i.e. Buying/Supplier Associations. The Chambers operate for the sole benefit of their members.

Secondly, there are Buying/Supplier Associations, but these are White controlled and White run and are established solely for profit on the part of the White groups. Obviously the White groups will not profit if their Black members do not profit as well. However the portion of profit between Buyer and Supplier need not be, and rarely is, the same. Therefore, the two 'types' can hardly be put under the same umbrella, since the first is a Black service organisation, run solely for the benefit of its members, and the second is a White business, with its main aim to ensure maximum profit for its White shareholders.

However, when the Chamber members come together and set up a Black business, as they did in the case of the Blackchain Supermarket group, and if that business competes in the same field as the White business, i.e. the Spar groups

Buying/ Supplier Association, then they can be classed as two types of Black retailer 'associations'. Therefore, the lack of co-operation between Spar and NAFCOC, through its Blackchain group, stemmed largely from NAFCOC members encroaching on Spar's 'territory', and consequently from a fear of competition on the part of both groups. Yet they were in agreement about their primary aims in the grocery business field - to make a profit and to help uplift Black retailers.

A closer inspection of the make up and workings of the Spar Group over the past ten years explains why it felt that it had something to offer Black retailers and, consequently, why Blackchain itself should be part of Spar.

The Spar group which is an international grocery concern, saw itself as a wholesale operation. It was a voluntary guild. Members joined by 'word of mouth' and could leave in the same way. No contracts were signed. Individuals were given franchises and there was only one store per locality. (This is loosely defined - it may be a small shopping centre or a town. If two stores wish to operate under the Spar banner they are consulted about competition, if they are in the same vicinity. If the incumbant operator states that the competition would be excessive then the second applicant is refused).

Spar's main objective was to supply goods (the correct goods) to the retailer in the best form (lowest prices to make a good turnover and best profit).(118)

After consolidating itself among White retailers, the South

African arm of Spar launched a group called Save-Mor. By 1979 the total membership of the Group was 600, 200 of whom were members of Save-Mor. The difference between the two groups stems from the type of merchandise marketed. All members of Save-Mor - 100 are Black stores and 100 are White stores - must have Black consumers. Consequently, most products in the Save-Mor group are aimed at the Black market.

Save-Mor, which has been operating for more than ten years, started in the Natal and Zululand country districts. Initially it was a failure. Spar put this failure down to two main reasons:

1. Spar did not understand Black business.
2. Restrictive laws.

Spar felt that because of the low level of education of the businessmen, they themselves had failed to see that they were dealing with a different 'level' of people.(119)

Initially, most of the Black store members had turnovers of between R5 000-R10 000 per month. They joined Save-Mor. They were given no training. However, many of them increased their turnover to R20 000-R30 000 per month. As soon as the business was built up they neglected it by leaving even less experienced and untrustworthy people in control. Most were failures. Spar then resorted to choosing its members more carefully and it trained them in various aspects of business e.g. cash books, cash flow, showed them how much of the income really belonged to them etc.

Success came in three ways:

(a) With the training scheme

(b) Blacks saw Whites successfully trading with Black consumers in Zululand and with Spar's encouragement, were keen to be equally successful

(c) Many of the stores increased turnovers to R50 000 - R100 000 per month and this provided incentive for other traders to join the Spar organisation.(120)

After its experience in dealing with African business in Natal and Zululand, Spar felt that it was ready to tackle the job in the townships. The management chose the late 70s as an appropriate time to start since there was 'a better, more conducive businessman involved.'(121) This was put down to the relaxation of the laws, larger stores and better educated businessmen.

> Supermarketing is a high volume business, and particularly in the townships the area of the average store was between ten square metres and twenty square metres. You cannot operate a successful supermarket in such a limited space.(122)

In 1977, the Government lifted the restrictions so that Blacks could trade in areas up to $350m^2$. Also, whereas they could formerly handle only twenty four categories of goods they could now trade in just about everything.

Although Blacks still lacked business expertise, and Spar had a trained team to provide for those who started at the beginning and taught them the rudiments of business, the relaxation of restrictions in the late 70s saw them keen to form companies and enter into partnerships. It was this group-minded attitude towards business which the Spar group attributed to better educated businessmen and which it

felt augured well for the expansion of its outlets.

In 1979 there were thirty member stores in Soweto. Spar professed a good relationship with these members, dealing with them on a person to person basis as well as holding local conferences. All the member's turnovers had increased and they were making money. However, Spar's Managing Director, Mr. S. Matus felt that the prices in Soweto were still too high. The reasons for this stemmed from the low value of most of the stores, they were too small and the stocks were still too small. The smaller the stocks, the higher the prices.(123)

The development of new outlets in the homelands e.g. OK Bazaars and Checkers, led to the relevant homeland Governments insisting that the retail outlets have wholesale outlets attached, in order to show the small man that he would not be forced out by the big developers and to allow him to purchase at reasonable prices.(124)

Nevertheless, despite this 'evolution' of wholesaling, it remained the contention of the Spar Group officials that retail and wholesale ventures could not exist or be run by the same company. Consequently, they severely criticised Blackchain for its intention to go ahead as a retail and wholesale business. Contrary to its declared opinion Spar owned nine retail outlets (purely to get the 'feel' of the market). It was also prepared to finance retail outlets which it saw as viable propositions (many stores, both Black and White, had already been financed in that way).(125)

Spar officials declared that they were keen to see Blackchain get started, but only as a retail outlet and preferably as part of the Save-Mor Group. They felt that with the large capital outlay which was involved with such a venture as Blackchain that it would be impossible for it to have a wholesale business anyway. In addition, the expertise was not available amongst the Black community. Majola's (Managing Director of Blackchain) plan to train a buyer for six months, they saw as ridiculous and unlikely to be successful.(126) In fact, Spar's main drawcard should have been its expertise, expertise in running a wholesale business and experience in training its Black retail customers. However, unhappily for Spar, as with Pick 'n Pay, this proved to be the one thing which the African businessmen, involved with Blackchain, claimed they did not require. They claimed, quite rightly, that grocery retailing was the one field in which Africans had some experience because for more than fifty years it was about the only field open to Black businessmen. The one thing they did not know was whether, with the lifting of trading restrictions, they could achieve the same heights as the White businessmen. But they were prepared to try, in their own areas at first if that was all they were allowed, and later in White areas. Sam Motsuenyane emphasised their feelings on the matter when he stated that, as long as 'Blacks are debarred from trading in White areas, it is not morally defensible for Whites to want to trade unconditionally in Black areas.'(127)

Spar's response to NAFCOC'S view was to bypass NAFCOC and deal with the businessmen direct. It reasoned that NAFCOC,

by not wanting Whites in Black areas except on their terms, was arresting the development of Black retailers even further. White partners could provide capital and expertise. If NAFCOC 'ran before it could walk' and continued to promote Black business in White areas, then it would find itself competing, with little capital and expertise, against the experienced White retailers. In the short term this would slow their development.(128)

Consequent , Spar, in view of NAFCOC'S policies concerning partnerships with Whites, embarked on its scheme for the Save-Mor guild in the townships, Soweto in particular, without NAFCOC'S blessing. Though it claimed to be dealing with individual traders in order to enrol them in the guild, it very soon came to NAFCOC'S notice that the Soweto Traders Association's members (unaffiliated to NAFCOC at that time), were heavily involved in Save-Mor. Spar was accused of driving a wedge between the already fragile alliance of the two associations. Spar's Managing Director, Mr. S. Matus, later denied that his company had ever had dealings with either NAFCOC or the Soweto Traders Association. He emphasised that all those in Soweto who had joined Save-Mor were happy with their progress and relationship with Spar, and they did not want competition from Blackchain. Matus said that he felt it would be a long time, if ever, before Blackchain was in competition with Spar. Nevertheless, he added that, if Blackchain opened a store near, or in competition with, a Save-Mor outlet, and Blackchain was not itself a member of Save-Mor, then Spar would fight Blackchain by giving a great deal of promotional publicity to the affected

store as well as giving it goods at lower prices and on long term credit. In addition, if Blackchain set up as a wholesaler Spar would also fight it in the same way. This was not anti-Black, but business.(129)

This was how things stood between the two groups, when in July 1979, at NAFCOC'S Conference, Spar offered another deal to Black township traders. Spar was prepared to move into the townships and own and operate stores. It would pull out when African businessmen were ready to take over. However, the conference announcement of 'no strings attached' was later altered somewhat. Spar would remain as the wholesaler, since it claimed that it was unlikely that there would be anyone else to deal with, and it would tie up its own brands.

The motivation behind this offer was purely profit. Spar was in business to supply stores with goods and make a profit. It claimed to be a completely non-racial organisation and would deal with anyone whom it felt could give it a profit. From figures available, it saw the Black market as its growth point, consequently it was interested in making inroads into this area as fast as possible.

However, once again, NAFCOC refused to rise to the bait. It was in the process of acquiring the required capital to start Blackchain; it had gained the affiliation of the Soweto Traders Association and it was busy allaying any fears which Soweto's businessmen might have over competition from Blackchain. It continued to view Spar as a White competitor.

Spar was left to deal with traders as individuals in order to being them into its group. However during the following year it did set out to change its image. In 1979, Spar claimed that it had not considered asking Blacks to join its Board, since all the Directors were qualified accountants and there were no Blacks suitably qualified for a position on the Board. There were also no Blacks qualified as buyers who could be put in managerial positions at Spar. Spar was not prepared to 'window dress to change its image to make it more presentable to Blacks - Profit must come first.'(130) In April 1980, a Black was invited to join Spar's Board of Directors.

NAFCOC received two further acceptable offers from White companies who wanted to enter the African market. The first was from the B & S Kitchen Manufacturing firm in Brits.(131) This proposal was accepted in principle since it offered NAFCOC a fifty one per cent share in a joint venture. However, since the enterprise involved supplying and fitting kitchens into houses, its natural partner was a construction company. Therefore, NAFCOC referred the company to the holding company of the African Development and Construction Group (hereinafter AD & CC) which NAFCOC had already established with Roberts Construction. If AD & CC became actively involved in the construction of houses in the African townships, then NAFCOC reasoned that, B & S's offer might prove to be valuable.

The second offer came from the Carden Taylor Corporation.(132) This overwhelming interest by White companies wishing to get Blacks involved in their affairs, led NAFCOC to refer this latest offer to two committees the capital raising

committee and the industrial - to get their opinions on the proposal. These committees were in the process of studying the feasibility of setting up either a Trust Fund or an Urban Industrial Development Corporation, or both, from which African businessmen could obtain the necessary capital to involve themselves in the many offers which were forthcoming. The committees recommended the acceptance in principle of a Trust Fund to permit Blacks to obtain shares in South African companies and they saw no conflict between that Trust Fund and the proposed Urban Industrial Development Corporation. They warned that there was a need to watch that they were not overwhelmed by the number of projects undertaken and, that any Black involvement in those projects should be seen to be creative and not subservient. They recommended the pursual of the Carden Taylor offer suggesting that the shares should be acquired through the Trust Fund. In addition the company should prepare a report on its activities which should be submitted to the Graduate School of Business at the University of the Witwatersrand.(133)

Although, the NAFCOC Executive agreed with the committees' recommendation to go ahead with the offer, it decided that the deal would be acceptable if money was channelled into the Urban Development Corporation where Blacks could borrow the money to buy shares. It vetoed the suggestion of involving the University Business School. NAFCOC had been complaining for many years that there was no Development Corporation available to urban Black business, as there was for homeland Blacks, and there seemed to be insurmountable difficulties surrounding the establishment of a suitable

Trust Fund. Therefore, this new offer, appeared to present the chance that they had been waiting for to press their case for the setting up on an Urban Industrial Development Corporation, especially if it could be backed by the large Carden Taylor Group. No reasons were given for vetoeing the University but presumably they were unwilling at this stage to involve a third party of academics, in a purely business proposition where they were being offered the expertise of a large White company.

Another offer came from Cannon Organic Products for NAFCOC to act as distributors of its products[134], but,in keeping with its now formed policy, NAFCOC refused the proposal, stating that it would only consider those offers where full equity participation was extended, rather than as distributors or such like relationships.

These business offers to NAFCOC have been placed under the heading of NAFCOC'S income because they (those that were accepted) were all sources of income, or potentially so, either for NAFCOC itself or its associated companies, or for its members. Because they all took place in recent years no figures are yet available to show to what degree this has been successful. However one deal, as yet unmentioned, was concluded by NAFCOC, which gave it an immediate direct source of income. This was in the field of insurance.

4.(iii).(e) S.A. Permanent Life Assurance Company

The success of NAFCOC'S project, the African Bank* in 1975

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* This is dealt with later in this Chapter Section(v) (a)

rapidly brought it to the conclusion that the associated field of insurance should be tackled next.

The announcement in February 1979 that Black businessmen had entered the big league insurance business, in a deal involving the Permanent Life Assurance Company of Johannesburg and the giant American Sentry Insurance Company[135] was the culmination of more than three years of negotiation between NAFCOC'S Executive and various insurance companies in Southern Africa and America.

During July 1975, when NAFCOC'S President reported that the final stages of the African Bank project had been reached, with its opening due in December 1975, the Executive's attention was drawn to the importance of insurance as an essential element for success in running a bank.[136]

When a company makes a public issue, it is usually necessary to employ agents, particularly banks and stock-brokers, in order to bring the issue to the notice of their clients by displaying copies of the prospectus. Such agents are entitled to brokerage on the shares allotted. If the issue is handled by a bank, that organisation will prepare brokerage lists from applications supplied by stockbrokers and/or other banks, and will forward these lists to the company for the appropriate cheques to be drawn.[137]

Companies involved in share issues usually take out insurance against the possibility of loss arising from the issue of an incorrect share certificate, and this cover is usually

included in a comprehensive policy covering all aspects of the share transaction.(138) Two officials from the Prosperity Insurance Company attended the July Executive meeting in order to elaborate on these points. Details of the advantages of an insurance company in order to keep more money for longer periods to enable the bank to advance more loans were outlined, and the case of Sanlam and Volkskas, which made impressive progress because each was essential to the economic progress of the other* was cited.

Mr. Guzana, one of the officials, stated that Prosperity had thought it would be a good idea for NAFCOC to interest itself in its company rather than start a new insurance company and they would appreciate NAFCOC working with Prosperity provided that the latter could retain its identity. Prosperity was a company with its headquarters in Umtata, Transkei, it had a share capital of R200 000 shared equally between the BIC and African shareholders. In fact it was revealed later that the capital structure of the Prosperity Insurance

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*In 1937, Sanlam, which had been formed twenty years earlier by a handful of Afrikaner professional men in Cape Town and Stellenbosch, was keen to mobilise Afrikaner workers savings in a central investment company on a national scale. Since Sanlam did not have sufficient funds at that time, an Economic Congress held in 1939 resolved a strategy to co-ordinate and tap Afrikaner resources in savings. To this end, Volkskas bank, which had originally been established as a co-operative bank in 1934, was registered as a commercial bank in 1941.

Company was R200 000 shares, of these R100 000 were acquired by the BIC and R70 000 by African shareholders. A balance of R30 000 unacquired shares was reported. It was then suggested that the first pricrity was for Africans to buy the remaining shares.(139) Seventy five per cent of its policy holders resided outside Transkei in other parts of South Africa. NAFCOC was given the assurance by, Mr. Guzana, that the BIC would eventually withdraw. It was decided to investigate the offer.

Later discussions in NAFCOC revealed that several other insurance groups were keen to offer brokerage to the African Bank. The advantages of establishing a brokerage company as well as an insurance company become apparent when one looks at the interaction between the insurance and brokerage businesses.

A contract of insurance, in which a man seeks to protect himself against loss arising from adverse circumstances, is a contract of indemnity, to which the general principles of the law of contract apply. These contracts are frequently negotiated through insurance brokers, whose specialized knowledge of insurance enables the insured to obtain the best terms available. In addition, the broker advises his clients regarding technical insurance matters. These services are available to the insured without the payment of any brokerage, since the insurance companies allow brokers a commission which is not passed on to the insured should the latter wish to negotiate his insurance business direct with the company.(140)

The Standard Bank Brokerage Company, Glenville Enthoven InternationalCompany and a Black company Octagon Brokerage all put forward offers of a joint venture with the African Bank.(141 S.A. Mutual Insurance Company also offered a Mutual Pension Scheme working in some way with NAFCOC. A member from Inqaba, Mr. Belu, felt that 'too many hawks are ready to stoop and prey on us.'(142) As usual, he saw 'White businesses waiting Black money'(143) but he suggested that since they lacked expertise the Standard Bank, who had long been using their money, should be called in to do service.

Consequently, NAFCOC had the option of either forming its own brokerage company or taking up one of the offers presented to it. It chose the latter course and announced, in November 1975, that the African Bank had decided to form the Afribank Brokerage Company in which Glenville Enthoven would be the managers with a thirty per cent participatory equity. However it was unanimously agreed that NAFCOC should continue with its desired aim to establish a million Rand based insurance group. To this end it formed a committee to look into the matter with Prosperity, with the object of meeting the BIC in Pretoria and asking them to sell their shares to the African public. Negotiations also continued with the Old Mutual on a pension fund scheme.

First reports from this insurance committee were favourable.(144) NAFCOC revealed its intention to expand and develop the Prosperity Insurance Company into a hundred per cent Black insurance company. The BIC was reported to be willing to phase out in favour of Black shareholders and even offered

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